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Senate Hearings

Before the Committee on Appropriations

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Fiscal Year 1980

96*th* CONGRESS, FIRST SESSION

PART 3—(Pages 1–797)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
AMERICAN PRINTING HOUSE FOR THE BLIND
GALLAUDET COLLEGE
HOWARD UNIVERSITY
HUMAN DEVELOPMENT SERVICES
NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

HEARINGS

BEFORE A

SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS UNITED STATES SENATE

NINETY-SIXTH CONGRESS

FIRST SESSION

PART 3 (Pages 1–797)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Department of Health, Education, and Welfare
American Printing House for the Blind
Gallaudet College
Howard University
Human Development Services
National Technical Institute for the Deaf

Printed for the use of the Committee on Appropriations

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CONTENTS

MONDAY, MARCH 12, 1979

Page

Department of Health, Education, and Welfare:
Office of the Secretary 1

TUESDAY, MARCH 13, 1979

Department of Health, Education, and Welfare 129

WEDNESDAY, MARCH 14, 1979

Department of Health, Education, and Welfare:
Office of Education:
Handicapped, Occupational, Vocational, and Adult Education (room S-128) 245
Education of the Handicapped (room S-128) 289
Student Financial Assistance (room S-146) 333

THURSDAY, MARCH 15, 1979

Department of Health, Education, and Welfare:
Office of Education:
Education Division 391
Higher and Continuing Education (room S-128) 399
Special Projects and Training (room 1318) 463
Office of Libraries and Learning Resources (room 1318) 505
National Institute of Education (room 1318) 523

MONDAY, MARCH 19, 1979

Gallaudet College 553
Howard University 554
National Technical Institute for the Deaf 558
American Printing House for the Blind 562
Human Development Services 581

TUESDAY, MARCH 20, 1979

Department of Health, Education, and Welfare:
Social Security Administration 665
National Commission on Social Security 735
Office of the Secretary 743
National Commission on the International Year of the Child 785

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

MONDAY, MARCH 12, 1979

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

The subcommittee met at 10 a.m., in room S-128, the Capitol, Senator William Proxmire presiding.

Present: Senator Proxmire.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF THE SECRETARY

STATEMENTS OF:

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
DR. ERNEST L. BOYER, COMMISSIONER, OFFICE OF EDUCATION
JAMES PICKMAN, EXECUTIVE DEPUTY COMMISSIONER FOR RESOURCES AND OPERATIONS

ACCOMPANIED BY:

PATRICIA ALBJERG GRAHAM, DIRECTOR, NATIONAL INSTITUTE OF EDUCATION
MARIE D. ELDRIDGE, ADMINISTRATOR, NATIONAL CENTER FOR EDUCATION STATISTICS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
JOHN ELLIS, EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS
CHUCK BUNTING, DEPUTY DIRECTOR, FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
DOMENIC R. RUSCIO, DEPUTY ASSISTANT SECRETARY FOR EDUCATION (EDUCATION RESOURCES)

OVERVIEW—1980 BUDGET REQUEST

Senator PROXMIRE. The subcommittee will come to order.

This morning we begin our consideration of the fiscal 1980 budget requests for education.

We will lead off with Dr. Mary Berry, the Assistant Secretary for Education and with Dr. Ernest Boyer, the Commissioner of Education. They will present us with a brief overview of the fiscal year 1980 budget for education.

The 1980 education budget request totals $12.2 billion; this is a $100 million increase over the fiscal year 1979 appropriation of $12.1 billion. The education budget for 1980 is basically a hold-the-line budget. The only major increase recommended comes in title I, grants for the disadvantaged, elementary, and secondary education, where an additional $400 million is being requested in fiscal year 1980, as well as a $258 million supplemental for 1979. The largest reduction proposed is in the impact aid program where the budget recommends that no funding be provided for the so-called B students or for hold-harmless provisions. If accepted, this recommendation will reduce impact aid funding to $528 million from its current level of $816.1 million.

Now that's a recommendation I strongly support. Every President since Harry Truman has been trying to trim back funding for this program. This is certainly the year to push strongly for the end of funding for the B students. But don't hold your breath until Congress does it. [Laughter.]

I believe the strengths of this country—as in any country—are in the strength of its people. The skill, the understanding, the training of its citizens, is what makes a nation strong. This is more important than our factories, our farms, or our natural resources. The quality of our people is what will make this country succeed or fail. And we now have a number of indications which appear to reveal both the failures of the present public school system and the fruitlessness of the present Federal school aid approach.

FUNDING FOR EDUCATION

During the last 15 years, our nation has increased spending on public schools not twofold, not threefold, but fourfold.

EDUCATIONAL ACHIEVEMENT

And the results? Since 1963 the educational achievement as measured by scholastic aptitude tests of college-bound students has fallen year after year in both verbal and math skills. The level of functional illiteracy among all 17-year-olds is at least 13 percent and is three times higher for 17-year-old blacks.

Studies supported by the Office of Education show a gradual decline in test scores over the last decade for grades 5 and above. What is particularly alarming is that the decline is greater at the higher grades. These disappointing statistics reinforce the beliefs of many that there has been a serious deterioration in the ability of our young people to perform satisfactorily as informed citizens and skilled workers.

I welcome this opportunity to discuss this critical situation with such outstanding and dedicated educators.

Dr. Berry and Dr. Boyer, you have both been in office now for nearly 2 years and, of course, have appeared before this committee previously. If you will introduce those seated at the table with you, we can then proceed with your opening statements.

Dr. Berry. Thank you very much, Senator. On my left, Patricia Graham, Director of the National Institute for Education, Marie Eldridge, Administrator of the National Center for Education Statistics; Chuck Bunting, Deputy Director, Fund for the Improvement

of Postsecondary Education. Bill Forbush is Deputy Assistant Secretary for Budget in the Office of the Secretary of the Department.

Dr. BOYER. Senator, I have two executive deputies—John Ellis, Executive Deputy for Educational Programs and Jim Pickman, Executive Deputy for Resources and Operations. Cora Beebe is the Director of Planning and Budgeting, working with Jim Pickman.

Dr. BERRY. I have sitting behind me my Deputy Assistant Secretary for Education Resources, Dom Ruscio.

I have a statement for the record but with your permission I will submit it and simply summarize some points.

Senator PROXMIRE. I would appreciate that very much. It will be printed in full in the record.

[The statements follow:]

STATEMENT OF DR. ERNEST L. BOYER

Mr. Chairman and Members of the Committee:

We are pleased to be here today to present to you our 1980 budget and our 1979 supplemental requests for the Office of Education.

When I appeared before you just one year ago, I referred to our 1979 budget as the Administration's first statement of our national priorities because it declared a clear fiscal commitment to education. Since then, President Carter has made two further declarations--the elementary and secondary education legislation, which emphasized the attainment of basic skills for all children; and the middle income assistance proposal which expanded higher education access.

I look upon this 1980 budget, then, as the Administration's fourth major policy statement on education. It dramatically reflects our highest priorities in education while at the same time reinforcing the President's commitment to fiscal responsibility and spending restraint.

Major Educational Goals

Before going into the specifics of our request, I would like to share briefly with you my thoughts on our overall goals in American education. I feel these can be summarized in one simple phrase--Access to Excellence.

> By access I mean education for all who have the ability and desire to pursue it. This includes those children and adults who have been historically bypassed and neglected--those from low-income families and minorities, those with physical and mental handicaps, as well as those from middle-income families whose college budgets are rapidly shrinking due to inflation.
>
> And by excellence I mean quality in the education itself. It is quality which provides students the fundamental skills needed to function in our complicated world; which enables persons to fulfill themselves as individuals and effectively contribute to society; and which responds to the diverse learning styles and needs of students.

These continue to be our major commitments. And they are the premises on which we built our budget and developed our priorities.

Summary of 1980 Request

Our 1980 total request to this Committee is $12.1 billion. The budget proposes increases in several major programs, offset by reductions in selected programs which are not well targeted or where projections of needed fiscal resources to carry out current policy result in decreased levels.

Our request of $12.1 billion reflects a net reduction of $394 million, or just three percent, from our 1979 total estimate of $12.5 billion. This $12.5 billion total for 1979 includes our current

requests to you of $504 million in supplemental funds for four programs, and a proposed rescission of $22 million for the Career Education Incentive Act.

The major thrusts in our budget proposals reflect four priorities in our education program:

- Improving educational quality for disadvantaged students;
- Promoting school desegregation;
- Expanding access to postsecondary education; and
- Promoting national concerns, such as basic skills and education-work relationships.

I would like now to present to you some of the highlights of our budget within the context of these priorities. I and my colleagues will testify later on individual programs.

Improving Educational Quality for Disadvantaged Students

We are proposing increases of over $200 million to continue our commitment that every American citizen has a basic right to the best education possible. Improving the quality of that education will be one of our top priorities for the next decade. Thus, we are requesting increases in programs such as Grants for Disadvantaged Children, Education for the Handicapped State Grants, and Bilingual Education. We estimate that more than 12 million children, or about 25 percent of our total elementary and secondary enrollment, will benefit from programs within this priority.

For Title I Grants for Disadvantaged, our request totals almost $3.5 billion to serve over seven million children. This includes $400 million in "concentration" funding for needy school districts, an increase of $142 million over 1979. We are also requesting a $258 million 1979 supplemental appropriation to initiate this activity which will help urban and rural areas cope with the severe problems of educating disproportionately large percentages of disadvantaged pupils.

To help States provide a free, appropriate education for all handicapped children, we are seeking $862 million. These State grants will provide a 12 percent Federal share of excess costs for over 3.9 million children. And for bilingual education we are proposing $173.6 million, a nine percent increase, for grants to help over 600 school districts teach English to children whose primary language is other than English.

Promoting School Desegregation

School desegregation remains an unfinished agenda. To respond to the needs in this area, Congress, in the 1978 Education Amendments, provided increased flexibility in our discretionary activities under the Emergency School Aid Act.

To encourage States and local school districts to meet these pressing needs, we are requesting $354.1 million, or $22.1 million over 1979, for both this Act and Title IV of the Civil Rights Act.

Although our budget reflects a $22.1 million net increase in budget authority, in reality we are providing increases of over $56 million. This is due primarily to the elimination of funds for pilot programs, which provided compensatory education rather than desegregation assistance.

These new monies will give us flexibility to address major desegregation problems as they develop. For the first time we will provide funds to school districts to help them develop comprehensive desegregation plans, and we will provide increased funds for State

education agencies to encourage voluntary desegregation. We will also expand innovative desegregation activities, such as magnet schools; and Title IV projects in race, national origin, and sex desegregation.

Expanding Access to Postsecondary Education

Assuring that every American is afforded an opportunity for a higher education lies at the very heart of our access goal. Our budget for postsecondary education maintains last year's initiatives which dramatically expanded student assistance programs. We intend in our 1980 budget to provide sufficient funds so that all eligible students can receive grants and loans.

For basic grants, the cornerstone of our student aid, we are requesting $2.4 billion for 2.6 million students, including 60,000 independent students who will qualify for the first time. A slight decrease in the total number of students receiving grants--from 2.7 to 2.6 million--is due to the rise in incomes which moves families beyond the Basic Grant eligibility range. However, our estimate of 2.6 million students is still 800,000, or 43 percent, higher than in 1978. Again, I would emphasize that our budget intends that every eligible student be provided a grant of up to the $1,800 maximum award; and if, in fact, our estimate proves to be insufficient for this full funding, we will indeed return to you to seek supplemental funds.

We are proposing to fund our major loan programs--guaranteed loans and direct loans--at a 1980 total of $1.2 billion for loans to almost 2.1 million students, the same number as the prior year. Federal funds for these programs are somewhat reduced as a result of improved administration and increased collections. Our 1979 supplemental of $243 million for guaranteed loans is due to a higher than anticipated loan volume, recent legislation which liberalized the eligibility requirements, and an increase in the special allowance rate paid to lenders on outstanding loans. To round out our student aid, we are requesting level funding for our other programs which will support 573,000 Supplemental Opportunity Grants, 990,000 Work-Study awards, and 307,000 State Incentive Grants.

Other higher education programs also further our access goal. For example, our Graduate/Professional Educational Opportunities program will support 1,700 fellowships for minorities and women to encourage them to enter fields in which they are underrepresented. And we will continue to fully fund the Strengthening Developing Institutions Program which supports 300 institutions enrolling significant percentages of disadvantaged and minority students.

Promoting National Priorities

In our increasingly complex society, our schools and colleges need help to deal effectively with emerging problems and new areas of knowledge. Federal leadership is needed to stimulate new directions and to promote programs of national significance. For this, our fourth priority, we are requesting small but significant increases to spur innovation in some critical areas.

The teaching of basic skills is one of our highest priorities in education today. The opportunity to develop literacy is not only a basic human need; it is also a prerequisite to further learning. Therefore, we are requesting $37 million to help States and school districts coordinate existing basic skills programs; to develop new programs to teach the fundamentals of reading, mathematics, and communication skills; and to assist schools in using tests for diagnostic and assessment purposes.

In other areas, we will seek to connect schools with employers under a Youth Employment initiative, improve School Health programs with an emphasis on discouraging smoking, and encourage minority and disadvantaged students to enter the biomedical sciences. We will also continue our efforts in such areas as Alcohol and Drug Abuse Education, Women's Educational Equity, Education of the Gifted and Talented, Educational Television, and the Arts in Education.

For Career Education we are proposing in 1979 to rescind $22.4 million of the $32.5 million appropriation for the State career education incentive program and to reprogram the remaining $10.1 million to career education demonstrations. During this time of fiscal constraints, we believe that moving to a new funding mechanism--such as State grants for full-scale implementation--can be postponed. Instead, we would continue to utilize our existing demonstration mechanism and to build on the existing momentum created by States and local districts.

Finally, we are requesting two 1979 supplementals in this category--$2 million in excess foreign currencies to improve the quality of foreign language and area studies in the United States, and $1 million for the PUSH for Excellence program to help bring school and community resources to bear on urban school problems in selected sites.

Other Areas

In order to offset these priority increases, we are proposing to reduce or eliminate some programs where the Federal role either has been fulfilled or is not clear. Our major cutback--$291 million--is in the Impact Aid program where we would eliminate Federal payments for children whose parents live or work on Federal property. Since most of these children have parents who contribute to local tax revenues, they do not constitute a legitimate Federal burden.

Finally, I would make a brief comment about administrative funds for the Office of Education. Our request of $128 million for Salaries and Expenses includes a modest net increase of less than $4 million to cover mandatory costs. We are proposing to decrease discretionary administrative items by $3.7 million, and to decrease the number of positions by 25 as part of the President's effort to reduce the Federal work force.

Conclusion

In closing, Mr. Chairman, I believe that our budget reflects an appropriate balance between an emphasis on educational priorities on the one hand, and the need for budget austerity on the other. If our Nation is to remain strong and vigorous, it is imperative that we push aggressively towards our educational goals of access and excellence. I am convinced that, together, we can fulfill this commitment.

We will be happy to respond to your questions.

OFFICE OF EDUCATION
MAJOR GOALS OF THE 1980 BUDGET
(Dollars in Millions)

	1979	1980	CHANGE
1. IMPROVE EDUCATIONAL QUALITY FOR DISADVANTAGED STUDENTS			
Title I	3,336	3,478	+142
Handicapped	977	1,028	+51
Bilingual	159	174	+15
Indians	72	77	+5
2. PROMOTE SCHOOL DESEGREGATION			
Emergency School Aid	291	296	+5
Civil Rights	41	58	+17
3. EXPAND ACCESS TO POSTSECONDARY EDUCATION			
Basic Grants			
-- Funds Appropriated	2,600	2,444	−156
-- Anticipated Need-Full Funding	2,435	2,444	+9
Other Grants/Work	967	967	--
Direct Loans	329	235*	−94
Guaranteed Loans	972	960*	−12
4. PROMOTE NATIONAL PRIORITIES			
Basic Skills	28	37	+9
International Educ.	22	24	+2
Special Emphasis (Health, Women's Equity, Youth Employment, Biomedical	11	20	+9

*Supports about same number of loans as in 1979. Anticipates Increased Collections.

OFFICE OF EDUCATION
MAJOR FY '80 BUDGET PROPOSALS
(Dollars in Millions)

PROGRAM	1979 LEVEL	1980 LEVEL	CHANGE
Elementary and Secondary Education			
Title I	3,336*	3,478	+142
Handicapped	977	1,028	+51
Emergency School Aid	332	354	+22
Bilingual Education	159	174	+15
Indian Education	72	77	+5
Basic Skills	28	37	+9
Impact Aid	816	528	−288
Title IV/Libraries/Innovation	377	365	−12
Vocational/Adult Education	781	772	−9
Follow Through	59	59	--
Other	10	8	−2
Higher Education			
Student Assistance	4,868*	4,605	−263
Developing Institutions	120	120	--
Grad. Opportunities Program	8	15	+7
International Education	22	24	+2
TRIO	140	130	−10
Other (Coop Ed., Grad. Support, etc.)	111*	65	−46
Other			
Teacher Corps/Teacher Centers	50	50	---
Special Projects	46*	42	−4
Women's Equity	9	10	+1
Youth Employment	--	2	+2
Health	--	2	+2
Biomedical	--	3	+3
Public Libraries	67	60	−7
Administration	166	170	+4
Other	27	15	−12
TOTAL	12,581	12,193	−388

*Appropriations, Including Proposed Supplemental.

1980 BUDGET
TITLE I
(Millions of $)

1979	1980	CHANGE
$3,336*	$3,478	+$142

Major Impact:

	1977	1978	1979	1980
• Budget (Millions of $)	$2,285	$2,735	$3,336	$3,478
• Concentration Grants (Millions of $)	---	---	$258	$400
• LEA Children Served (Millions)	5.0	5.5	6.3 - 6.6	6.6 - 6.9
• Per Pupil Expenditure	$385	$420	$435-$460	$435-$460

*Includes Proposed Supplemental of $258 Million for Concentration Grants.

1980 BUDGET
EDUCATION FOR THE HANDICAPPED
STATE GRANTS (millions of $)

1979	1980	CHANGE
$804	$862	+$58

Major Impact:

	1977	1978	1979	1980
• Budget (millions of $)	$252	$566	$804	$862
• Children Served (millions)	3.4	3.6	3.8	3.95
• Federal Share of Excess Costs	5%	10%	12%	12%
• Federal Dollars per Pupil	$72	$156	$211	$218

1980 BUDGET
DESEGREGATION ASSISTANCE
(Millions of $)

1979	1980	CHANGE
$332	$354	+$22

Major Impact:

	1977	1978	1979	1980
• Budget (Millions of $)	$284	$326	$332	$354

1980 Policy:

- Special Programs and Projects (+26)
- Magnet Schools (+10)
- Civil Rights Assistance (+16)
- Pilot Programs Not Authorized (-32)

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1980 BUDGET
STUDENT ASSISTANCE
(Dollars in Millions; Awards in Thousands)

PROGRAM	1977 Funds	1977 No. Awards	1978 Funds	1978 No. Awards	1979 Funds	1979 No. Awards	1980 Funds	1980 No. Awards
Basic Grants	$1,673	1,846	$2,140	1,821	$2,600*	2,728	$2,444	2,598
Supplemental Grants	250	429	270	463	340	573	340	573
Work Study	390	761	435	796	550	990	550	990
State Incentive Grants	60	240	64	255	77	307	77	307
Direct Loans	323	835	326	874	329	914	235	902
Guaranteed and Health Loans	367	941	520	1,030	972	1,140	960	1,160
(Loan Volume)	(1,470)		(1,854)		(2,362)		(2,636)	
TOTAL	$3,063	5,052	$3,755	5,239	$4,868	6,652	$4,605	6,530

*Amount Appropriated. $2.435 Billion Needed for Full Funding.

STATEMENT OF DR. MARY F. BERRY

Mr. Chairman:

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

Since this Administration took office, the education budget has grown by 17 percent. That growth is focused primarily on two objectives: to work toward a new standard of excellence in education, matched by the fullest possible access to opportunities--particularly for the disadvantaged, the handicapped, and for minority groups. To be sure, these objectives are not easily achieved, but I am sure that with the continuing commitment of the President and the Congress we can reach our goal.

By now I believe we have all come to face the fact that we do not have unlimited resources at our disposal. The President has made clear his intention to hold down Federal spending in an effort to curb inflation. However, I believe that within those limitations we were able to come up with an education budget which represents a prudent and balanced approach to today's most pressing problems. By focusing on the areas of greatest need, redirecting some programs, initiating others, and by taking steps to cut down on waste and fraud, I believe we can hold on to the momentum gained in the last two years.

There is no question that the level of funding is important. But certainly of no less importance is just how and where funds are targeted. As I stated earlier, we face some difficult and complex problems; there is no single solution. However, by taking a Divisionwide approach to problems, we can make better use of the resources and expertise available to us.

A prime example of this is our Basic skills effort. The National Center for Education Statistics continues to gather and analyze data which provides us with a sound knowledge of trends in education. This data, together with the National Assessment of Education Progress at NIE, serves as basis for measuring the reading and writing skills of our young people. This information is used in helping to focus the research and innovative efforts undertaken by NIE and the Fund for the Improvement of Postsecondary Education (FIPSE). The findings of that research, coupled with our new Basic skills/achievement testing effort in the Office of Education and the new Office of Testing and Assessment in NIE will ultimately help us reach our goal of improving the ability of each child to read and write. This type of crosscutting approach can be seen throughout the Education Division, in assistance for the disadvantaged, meeting the needs of underserved populations such as women and minorities, and in working to achieve educational equity in our schools.

BUDGET HIGHLIGHTS

The budget for education totals $12.2 billion, consisting of $6.8 billion for programs targeted at the elementary and secondary level, $5 billion for postsecondary education, and $434 million for research, innovation, and other support activities.

Elementary and Secondary Education ($6.8 billion)

The largest share of the elementary and secondary education budget, about $5.2 billion, is targeted on improving and expanding educational services to the needy, the handicapped, and to our bilingual population. This amount includes $3.1 billion for Title I grants to school districts and State agencies, enough to provide services to well over 6 million educationally deprived children. In addition, the budget proposes $258 million in 1979 and $400 million in 1980 for the new Concentration provision. These funds are expected to benefit between 850-900,000 children in the neediest school districts.

The budget contains $862 million to assist States and local school districts in meeting the special needs of the handicapped. These funds will help provide services to nearly 4 million children compared with 3.8 million now being served. Here, we propose to continue the policy of providing 12 percent of the national average per pupil expenditure.

The budget also proposes to expand desegregation assistance to States and local school districts. Of the total $354 million proposed, major increases are being sought for those activities which allow for the greatest flexibility in responding to the needs of desegregating school districts. These activities include special projects, magnet schools, and Title IV civil rights training and advisory services.

For Impact aid, the budget proposes $528 million, including $33 million for school construction. The 1980 budget funds payments to "A" children--those whose parents work and live on Federal property and therefore pay no local property taxes. These children constitute the greatest burden on local school districts. The budget includes an increase of $56 million over the 1979 level to fund payments to "A" children. Funds for "A" children who live in low rent public housing are continued at the 1979 level.

No funds are included in 1980 for "B" children. Their parents either live or work on private property and, therefore, pay local taxes which are used to help support the schools. Given fiscal limitations, we do not believe that continued support for "B" payments can be justified.

Postsecondary Education ($5 billion)

The bulk of the funding proposed for postsecondary education is in the student financial aid programs. Here, $4.6 billion is being requested with emphasis placed on ensuring that disadvantaged and other financially needy students have an opportunity to advance their education. Funds have been included to carry out the provisions of the Middle Income Student Assistance Act which broaden eligibility both for Basic grants and Guaranteed student loans. In addition, the Basic grants program has been expanded to cover the costs associated with funding program liberalizations for independent students.

I think it is important to note at this point that while the student aid request is below last year's appropriation, we do not

expect any reduction in the level of coverage or support to eligible students. Savings due to reductions in fraud and abuse, coupled with a decrease in the number of eligible students, as a result of rising incomes, will allow us to maintain a policy of full-funding for the Basic grants program. We estimate nearly 2.6 million students will be assigned under this program. Under the Direct Loan program the budget request for $220 million, augmented by increased collections, will provide low-cost loans to about 902,000 students. In addition, funds are requested to maintain or expand the number of students assisted through supplemental grants, work-study, State incentive grants, and guaranteed loans.

In addition to the student aid programs, the budget proposes $346 million to carry out other higher and continuing education programs, most of which focus on the disadvantaged and underserved groups. Here again is another example of the crosscutting perspective taken in the budget. The budget proposes to fund Special programs for the disadvantaged (TRIO) at $130 million, a reduction of $10 million below the 1979 level. On the other hand, we propose to nearly double our efforts to assist the disadvantaged through the Graduate and professional opportunities program and launch a new program to encourage disadvantaged students to enter into the biomedical professions. In these proposals we are sharpening our focus on two very specific areas of need.

Research, Demonstrations, Statistical Support and Other Programs ($434 million)

Two basic sources of knowledge are research and statistics. For some time, industry has realized this fact; so, too, have Health and Agriculture. We recognize that few problems we face may be dealt with in isolation. Research, innovation, and data collection and analysis are necessary to informed policymaking and program direction.

In addition to a major emphasis on literacy in the basic skills, NIE will continue its work on student achievement, testing, school finance, and improved teaching methods. The Fund will continue to expand its focus on education and work, student choice, and improving the cost effectiveness of postsecondary education.

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

PRESIDENT'S COMMITMENT

Dr. BERRY. We think the President has demonstrated his commitment to education since we have been in office. He has demonstrated it in several ways.

When we first came up here with amendments to the Ford budget and with our own budget for 1979, we proposed larger increases in education than we are proposing now, and we did that because we thought there was catching up to do.

Those were targeted funds, and we think we caught up substantially. We believe this year we can maintain the momentum we have already established.

The President also demonstrated his commitment in the legislation he proposed in the Education Amendments of 1978, passed by the Congress and signed in November; and also in the Middle Income Student Assistance Act, which was also passed and signed by him in November.

So we have this commitment.

EDUCATION STRATEGY

Now the issue is how to maintain momentum. We think we do it by continuing to focus on trying to help the States and local communities to improve the quality of programs, most specifically in focusing on aid for the disadvantaged, handicapped and for minority groups.

But we do this realizing that we don't have unlimited resources at our disposal. The President wants to hold down Federal spending in an effort to curb inflation. We think anyone who is fair about it, who looks at our budget this year will, agree with us that it's a prudent and balanced approach to trying to solve some of the problems that exist.

What we have done is we targeted resources on the greatest need, tried to do something to cut down on waste and fraud, and redirected some programs. Some may look at our budget and wonder why we don't ask for large increases again. We understand level of funding is important. But we believe that targeting is more important.

The other thing we have done is to try to have a crosscutting approach to solving problems. Every agency represented here has a role to play in trying to improve the quality of education in this country.

One quick example: Our basic skills effort, the effort to try to improve basic skills and do something about the functional literacy problem you cited. The National Center for Education Statistics gathers data and analyzes it to tell us about trends, including some you mentioned. The National Assessment for Educational Progress at NIE helps us measure reading and writing skills and does research that tells us more about how teaching and learning take place. Their information can be used by the basic skills and achievement testing programs in OE, and we think the overall result in time will be improvement in the ability of each child in the country to read and write.

The budget is $12.2 billion for education programs.

The largest share of that is targeted on improving and expanding educational services to the needy, the handicapped and underserved at the elementary and secondary level.

We also have an increase for desegregation assistance which we regard as the unfinished business of the 1960's, the effort to desegregate education in the country. The focus there is on voluntary efforts, trying to sustain them, trying to support them, trying to encourage them consistent with the new legislation under the Emergency School Aid Act that was passed.

We are funding programs proposed by school districts and the like, under Civil Rights Training and Advisory Services.

We did propose a cut in Impact Aid. We think we ought to relieve only the real Federal burdens addressed by the "A" provisions, and we don't think there is one to be funded under the B provisions. If we fully funded Impact Aid through tier 2 it would cost an additional $540 million.

In higher education, we are continuing to focus on the effort to provide student aid so students can make decisions. Now that the Middle Income Assistance bill has been passed, we can say there is some kind of Federal program available for anyone who wants to attend an institution of higher education.

We took the cap off the loan program. Subsidized loans are freely available.

We have a major effort to end fraud and abuse in these programs.

In higher education we are concerned about the lack of minorities and women in certain fields. Part of the funding we have proposed is to increase the graduate and professional opportunities program which provides fellowships for underrepresented students in fields where they are underrepresented and also to start up a new program in the biomedical professions.

We become concerned with the decline of applicants, particularly among minority groups, to medical schools. While we have too many doctors, we don't have enough serving the underserved and we don't have enough coming from minority groups.

We are proposing this biomedical program starting at the ninth grade to encourage people to think about science, be interested in it, and consider programs of higher education in the biomedical fields.

Finally, we recognize that research statistics and data-gathering are important, if we are to make decisions about education policy. You can't deal with education simply by funding programs without any regard to the results or any regard to trend data and the rest.

This is why we are proposing an increase in funding for NIE, so it continues to do its research, and why we continue to request funds for the National Center for Education Statistics.

In summary, we think this is a reasonable and fair budget which demonstrates our commitment to education in the country and demonstrates our President's belief that education is a high national priority.

I would be pleased to answer questions.

Senator PROXMIRE. Thank you very much.

Dr. Boyer?

Dr. BOYER. Senator, the Office of Education has three major concerns.

EDUCATION STRATEGY

The chart you have just been handed, and that is now being displayed, translates the budget into some priorities.

The overriding purpose of the Federal Office of Education is to work with special groups of disadvantaged children to try to help them catch up, especially in the basic skills.

I think it's important to note that the major increases of this budget are geared toward the title I children, and the handicapped, bilingual and Indian children. That is where dollars continue to go and if you look at the totals we are talking about, almost half of our budget, or over $4½ billion, goes to these disadvantaged groups of children.

Also, we have been much involved in trying to help school districts that are under court order to desegregate.

We have shown some change there. The urban areas are in, I think, high crises on this point. We haven't had much flexibility to help them.

Los Angeles, Chicago, New York, Cleveland, Columbus, Dayton, the entire range of northern and western cities are, I think, facing dramatic problems here.

We have been giving some help after the fact, but not much before the fact.

Our funding authorities are in so many cubbyholes. We can't make money available in the right ways.

Our third purpose is a major commitment to higher education access. We are talking about $4.6 billion. If you were to take our first purpose and our third purpose, you would really identify 80 percent of all our dollars.

Within the priority of helping groups of disadvantaged students, especially in the basic skills, about 80 percent of all of these dollars goes to improvement in math and reading.

And under our postsecondary access priority, we support student grants, loans and work study for higher education.

The fourth category promoting national priorities, is very small in dollars, but if we could find a way to use those dollars effectively, we could stimulate some national leadership in areas of new direction.

My first objective has been to try to sharpen the purposes of our funds and to give them some coherence.

ORGANIZATIONAL STRATEGY—OFFICE OF EDUCATION

My second objective is to clarify the organization within the office. Recently, we did create the new Student Financial Aid Bureau, which separated out the management of student financial aid and has allowed us much more effectively to administer this $4 billion to $5 billion program.

I think, unless we find ways for these dollars to be made effectively available to the districts and colleges and universities, we haven't done our job.

More recently, we organized all the small discretionary grants into one bureau. We have taken 20 separate programs that hereto-

fore had been scattered in isolated bureaus and brought them together under a single banner.

The other important thing to remember about the office is that we deliver these dollars in about three separate ways.

We deliver them first through State formulas that go to the States themselves—the State education departments. Then we have large discretionary programs which we administer—for example, bilingual education and the Special Projects Act. Our third category is that of small discretionary grants.

These latter I felt should be brought together because functionally they are essentially the same. They will now be operating under a single management.

In summary, this budget is an attempt to, in effect, consolidate the dramatic financial gains that have been made over the past 2 years.

BUDGET STRATEGY—OFFICE OF EDUCATION

Our budget has increased about 38 percent in the last 2 years. We don't think this is a time to add more money. We think the modest increases pictured here are targeted around the national purposes.

We think clearly it's a time to consolidate these gains and demonstrate that these programs can be administered effectively.

It's in that spirit and that context that this budget has been submitted for your consideration.

DECLINE IN EDUCATIONAL ACHIEVEMENT

Senator PROXMIRE. Thank you very much.

I appreciate both your statements. You certainly make as strong a case as can be made for the budgets you are requesting.

I indicated in my opening statement that in spite of the tremendous increase in spending over the last 15 years or so, there is almost a perfect correlation between increased spending—particularly increased Federal spending—and the deterioration in the test scores of students.

We seem to be getting negative results. I think we need to know why the results are so poor.

But so far I haven't heard any very satisfactory answers and certainly continuing to throw more money into education program will no longer do.

What is your reaction?

Dr. BERRY. There have been several reasons given, as you point out, for the decline in test scores and the like and in the rate of students who are functionally illiterate. People are blaming everything from television to lack of interest on the part of teachers or parents.

I don't think anyone knows precisely what the answer is. Some claim it's because students who would not have been in school years ago are in school now and are staying in school longer and are being tested and are the cause of some of the decline.

There is another way to look at it, though. We have evidence, as far as Federal programs are concerned, of the efficacies of some of our programs. Studies, such as the title I study NIE did, indicate that students in those programs, when they are well run and

consistent with the intent of Congress, achieve more than students not in the programs.

One could argue, if one wanted to, based on that, that we are getting our money's worth from the Federal programs, which constitute only about 10 or 11 percent of the total budget for education—we don't provide the largest amount—and we probably would be worse off without the Federal programs.

Even those kids would be doing worse than they are now, which means the functional literacy rate would be lower instead of higher.

Whether it's television or parental involvement, we don't know. We tried to address some of these things in the new legislation.

Some people believe it's a lack of involvement of parents, so we have provisions in the basic skills legislation to try to promote parental involvement and concern about the children.

We are also trying model programs to do something about it. We are funding Jesse Jackson's Operation Push, the program for excellence, which has a likelihood of getting communities, as well as parents, involved with the education of children to try to improve achievement.

I don't think anyone knows precisely the answer, but I think there is no direct correlation that can be drawn between increasing Federal dollars and declining test scores. The title I study standing on its own would give lie to that.

FOCUS ON LANGUAGE SKILLS

Dr. BOYER. I agree with Mary; there is no single answer. I believe that we have failed somewhat by not stressing language.

There is no way to succeed in school if children don't master language early. It's a tool that is needed to go on.

We had one study in Follow-Through that came out with the embarrassingly self-evident conclusion that the special program that worked best, teaching children how to read, was the one where the teachers and students understood that that was the central purpose of the program.

If I had one single formula to stress, it would be that during the first three grades of school, development of language be understood by teachers and students and parents as the central purpose, and that children be assessed——

Senator PROXMIRE. Why should that be worse now than before? It's true we have a big influx of Spanish-speaking children.

We always had that problem in this country. We always had immigrants coming in with language problems. I haven't see any statistics to indicate it's greater now than before.

It might be if anything a little less. Why should language now be a problem and why particularly should the scores show that the children do not do badly in the first, second, and third grades but, as they go along and are exposed to more costly education, they do worse?

Dr. BOYER. There is considerable evidence that for some years we were not as single-minded in the development of language and stressing of reading and writing, which is almost a lost art in the lower and the upper grades.

That didn't have the central priority I think education requires.

I am not choosing that as the only reason. I am saying that I think there is some evidence now that the scores are turning around.

Senator PROXMIRE. I think you are on to something.

Dr. BOYER. The turning around of those scores is the result of having a clear purpose. Or to put it another way, the outcomes have to be tested against some understood purposes.

I think the emphasis on language, which is asserting itself, is going to reflect itself in better performance. I think the continued use of language in the upper grades will also encourage students academically.

I think writing—I come back to that—is important as an educational skill, not as an end in itself. Being forced to write clearly is really a reflection of being forced to think clearly.

Senator PROXMIRE. You remind me of Dr. Hutchins' observation that if there is one thing you can teach, one element of education that is most important overall; it's how to speak, how to listen, how to read, and how to write.

Everything else can be developed from those four skills.

EVALUATION OF EDUCATION PROGRAMS

Certainly that is at the heart of this problem. In your volume "Annual Evaluation of Reports on Programs Administered by the U.S. Office of Education," there is a very sobering conclusion as to the effectiveness of Federal aid to education over the past decade.

It says:

> In summary, the past decade has seen considerable effort by the Federal Government to foster change and to improve the quality of education specially but not exclusively for disadvantaged children. Early hopes that language skill intervention programs such as ESEA Title I would quickly overcome the disparities in educational outcomes arising for economic and social disadvantages, proved overly optimistic. In retrospect, it seems likely that many of the designers and implementers of special programs for the disadvantaged, however well-intended, often weren't able to produce effective programs.

Now, would you comment on the implications of that statement by the Office of Education?

Specifically, what have you learned from your past mistakes and what are you doing to correct them?

Dr. BOYER. I think that that statement, which is not a total condemnation, but maybe a sober and candid comment on aspirations unfulfilled, has taught us a few things.

TITLE I

For example, Senator, in the past few years title I has been much more sharply focused—it relates to the comment I made earlier.

Now, about 80 percent of those dollars are going to teach basic skills and, as you know, in the early days of title I, it was almost an open-ended assistance program. We got into some deep trouble.

The most recent evaluation of title I shows that in the later years, it has begun to have an impact because the dollars were related to some outcomes.

If you give a title I grant and you don't define how it's to be focused, what are you measuring against? You are measuring against every conceivable thing, including building a swimming pool, perhaps. If you measure it against whether children are learning better, then you had better see to it that those dollars are defined as having that purpose.

That is what is happening. Our guidelines and regulations are requiring that those dollars go toward some educational activities which then can be reflected in educational outcomes.

BASIC SKILLS PROGRAM

The most recent reauthorization, I think, has in it one of the most hopeful sections that is almost a sleeper. It's called the basic skills improvement program, title II.

It calls for States to develop plans for basic skills which will be included in agreements to be reached with our office. I am anticipating that with the development of State-by-State plans under title II, and the use of national dollars that go into the States to reinforce that, we are going to see Federal effort increasingly make a significant educational difference.

RAND STUDY

Senator PROXMIRE. I like that idea. I like the stress on the States. I just wonder if you can't go farther and find some way of having a local initiative. Let me say I'm sure you're aware that several months ago the Rand Corp. released a study funded by the Office of Education which reported the results of a 4-year examination of 283 federally supported local educational projects. What they found was there was virtually no connection between the amount of money spent on an educational project and the success of the program. What did cause success was local commitment, local initiative, and local support.

Now, in light of these findings, of what use are federally supported local educational projects, and if there is merit in these programs, what are you doing to increase local interest?

Dr. BERRY. I will have an answer, but I would like to make one or two points related to your two previous questions which relate to this. First, in title I, I think we ought to point out that the local districts allocate funds primarily to the first three grades. The answer as to why title I has not had as much impact on later grades is that there has not been enough money to serve all the children.

Senator PROXMIRE. Let me interrupt there and say, of course, the benefits in the first three grades ought to be evident in the fourth to seventh grades. The scores should be better. We would all agree, if a child has a better education by the time he finished third grade, he is off to a great start.

Dr. BERRY. We agree. I was pointing out that as far as the Federal money going to programs, the title I money primarily goes to those three grades. I agree with you that something is happening after the third grade which causes the decline in test scores. The other point I would make is about the Rand study—what we're doing about it and what we already know about what makes Feder-

al programs effective. We already knew before the Rand study—the Rand study simply reinforces it—that if you have local people think of the things they would like to do to improve the quality of education, it's much more likely that Federal money will be effective, and it's more likely that once you stop sending the money, they will sustain that effective program and continue it.

It was their idea. It fits their local conditions and it's something they would like to do. The best example of that approach is a program called the Fund for the Improvement of Post-secondary Education. Here, we provide money for locally-initiated projects, about 75 percent of which are continued with local funds once the Federal money stops.

Another point about the Rand study. We used what we learned from that study during the recent elementary and secondary education reauthorization. We have a new small-grant program in the new legislation for teachers and administrators to submit proposals for things they would like to do at the local level. We also learned from the Rand study that you need to sustain program activity over a period of time—not simply fund something for 1 or 2 years and keep changing priorities every time one of us leaves and they get a new Commissioner or Assistant Secretary.

You need to have multiyear funding for some of these projects. Success is much more likely if you maintain funding for several years than if you fund a project for 1 or 2 years and then stop. We learned a great deal from the study. We must point out, though, it was restricted to four small programs within OE and was not about all the programs and certainly not about title I.

If you will permit, Pat Graham said she would like to comment in response.

FOCUS ON PRIMARY GRADES

Ms. GRAHAM. I would think all of us share your concern about the decline in test scores and apparent decline in student achievement in the upper elementary and high school grades. I would like to reinforce what Dr. Berry and Dr. Boyer said; namely, the primary Federal effort, both in operational support of schools and of research, has been on the preschool and the primary school grades. Your question then is why, if they are doing better at those grades, when they have benefited from these Federal programs, why don't they continue that progress in the higher grades? That seems to me to be absolutely appropriate, but I would make this point. Namely, that almost all the research—which is what the National Institute of Education is responsible for—that we have done in the past has focused on what is called decoding.

That is simply teaching children to recognize what the word is on the printed page. It turns out that children are now doing better at that than they have done in the past. The National Assessment for Educational Progress found increases in both reading and writing for fourth grade children between 1970 and 1974. There are three other major batteries of tests that show increases in student performance at the fourth grade levels and below. In that sense, we are showing that we are making progress. What we have not funded, either as a major Federal operational program or as a major research activity, but what we are proposing in our 1980

budget to do much research on, is how it is that you learn what are called the complex skills.

Namely, how do you go from learning how to recognize a word to understanding what a whole paragraph says? We haven't done much research on that nor have we put much money into junior high school and high school programs to assist teachers and administrators in helping students learn in those areas.

There is a fundamental shift that takes place in the upper elementary grades, and we have not looked at that very much in the past.

REDUCTION—1980 BUDGET

Senator PROXMIRE. If you had to cut your budget $1.2 billion, where would you make the cut? [Laughter.]

Dr. BOYER. I would first have to consult, of course. [Laughter.]

That's tough. Without any time to reflect on that, trying to be as careful as I can with you on the question, I would think I would have to look further at the increases that are proposed. If you're talking about that kind of invasion of the base, you have to really begin by saying can I justify increases? I would probably have to reexamine the whole Impact Aid matter again. What you have to do in a drastic budget cut like that is look at your big pieces. You can't nickel and dime your way to 10 percent cuts. That would lead me also to the student assistance programs.

Senator PROXMIRE. Given the Rand Corp. study recommendations, could you cut those programs that don't have substantial local support and local interest, drastically cut the programs where you just aren't getting results?

Dr. BOYER. I don't find the Rand study a very helpful statement because it makes, in my judgment, no attempt to deal discriminatingly with a very complex agenda. We have 134 authorizations in the Office. As I outlined in my opening statement, when you look at that in clusters, we have title I, programs for the disadvantaged total over $4.7 billion. You have the student aid programs, which total nearly $5 billion. When you have added all these priority areas together, you get about 80 percent of the OE budget. If you take a billion and a half, you have to begin by looking at those pieces——

Senator PROXMIRE. $1.2 billion.

Dr. BOYER. Thank you. [Laughter.]

I'm still in shock. [Laughter.]

Senator PROXMIRE. The difficulty here is a political difficulty. Of course, that's our problem rather than your problem as far as providing the right amount of appropriations. Nobody likes to be in the position of voting against additional funds for cancer, no matter how unjustified the proposal may be. I understand the head of the National Institutes of Health said if he had $50 million, he wouldn't give any to cancer because they were overfunded and were funding marginal programs. However, all of us feel cancer is such a horrible disease we should fund it. You come in with a budget that puts your money into programs for disadvantaged students. You have to really be incredibly cruel to oppose any increase in the amount of money for that.

Everybody is for disadvantaged students and expanding access to postsecondary education, your other big area. For years, everybody has been for giving—and should be for giving those whose financial means are very limited—an opportunity for higher education if they have the ability to achieve it. But having said that, I think when we go behind it we find that these programs, although they have extraordinarily appealing titles, somehow are just not getting results.

We ought to be able to see how in some areas we can make reductions that would not prevent the achieving of the ends which we all want to achieve. We should cut out some programs that the local people say they don't want and can't use.

Dr. BERRY. Senator, if we were to assume we ought to cut the funding for the programs cited in the Rand study, if we simply accepted that hypothetically, we would only be talking about cutting approximately $336 million out of the 1980 budget. Unless we want to extrapolate from the Rand study to assume all the other programs don't work or have problems, we should recognize the study related specifically to four relatively small programs in the OE budget. The budget for them was $225 million when they did the study and now it's about $330 million. If we made that assumption, which I don't think we should make——

Senator PROXMIRE. I'm not saying that will get the 10-percent reduction. I'm just saying that is one study that gives some directions and indications of where to cut. What evidence do you have that title I programs have resulted in better student performance? You have given general statements along that line. They are interesting. I wonder if you have any specifics.

TITLE I EVALUATION

Dr. BOYER. As a matter of fact, I think Pat Graham should speak of that because the complete NIE study shows very encouragingly the impact of title I. Let me repeat what I mentioned earlier, in order to put her comments in context. I have looked carefully at title I and its internal operations since it began over 12 years ago and it was very clear that during the first few years there were very few guidelines given to those dollars.

If truth were known or stated, there was an assumption operating during the first few years of title I that it was a kind of general aid with very little focus. The money went to many different things. You can't evaluate it educationally against educational outcomes, since no educational purposes were sharply noted. That has taken a 180 degree dramatic shift. We have had endless audit exceptions because those dollars were not used in ways that we expected. In the past 4 to 5 years the sharpness of that program on certain basic skills and on the early grades has made a difference and will continue to do so even more.

Pat's study, I think, is the most recent on that.

Ms. GRAHAM. Mr. Boyer had a very important point about the increased focus of the title I dollars. Our study, which was completed for the Congress last year found three things: Looking at younsters in grades one and three who received title I services in reading and arithmetic, first graders averaged a 12-month gain in

reading and 11 months in math during a 7-month year and third grades averaged a 12-month gain in math and an 8-month gain in reading.

So, they were gaining half again as much in terms of the time they spent in school. They gained substantially more than comparable children who didn't have these services.

The title I children added about 5½ hours a week of instruction in reading and mathematics. The class sizes were small, averaging 9 students in reading and 12 in math instead of 27 in home room. I think the youngsters in well-planned stable programs made very substantial gains.

What had been true in the past is that the programs were frequently not well planned or stable, but since 1974, there has been the possibility of forward funding for the title I program so that the local school district would know whether it would get the money and, therefore, could plan a program. That relates to Mr. Boyer's point about focus.

We also find, unlike some Federal programs, in this one, the title I programs, the funds intended to reach districts with a large proportion of low-income families do in fact go to those districts and not to other districts.

COSTS FOR EDUCATION—GENERAL

Senator PROXMIRE. We are all familiar with the runaway costs in health care. The cost of spending a day in a hospital has just exploded. I remember when it was $9 a day 40 years ago. Of course, now it is $150 a day or more.

There have also been runaway costs associated with education. Higher salaries for teachers which were appropriate. More expensive textbooks. Large amounts and costly types of aids for teachers. Audiovisual equipment, computers, and so forth.

The cost of all of these things have gone up so much, you wonder if we haven't achieved a level now in which the costs shouldn't continue to rise at such a rapid rate.

You see the reaction on a local basis, not just California, but in many States, to what people see and feel is excessive increases in cost.

What is your office doing to slow down the sharply rising costs of education? Is there anything you can do? Do you think that is part of your mission?

Dr. BOYER. First, on the cost issue, while there is a reaction against local taxes, there is also a kind of contradictory response on the part of people that they don't feel education is being overfunded. In fact, very often, they say schools should be still more highly funded.

Senator PROXMIRE. As I indicated in my opening remarks, everybody recognizes education is the most important function a government can provide for its citizens. You can spend too much money on anything, though.

Dr. BOYER. Coming directly to your point, Senator, we are not in a position to directly intervene on the issue of local budgets and local contracts which, in fact, control the major costs.

As you know, about 70 to 80 percent of education is tied into personnel. It is a highly intensive industry in that regard. We don't have direct administrative control. Of course, we shouldn't have.

Therefore, efforts are going on now within the Education Division that focus on the school finance question, which is a long-term issue. I think one of the most fundamental problems in American education is how it will be financed in the next decade. The traditional pattern of local control has all but crumbled.

We started with the notion that parents would get together in a community and contribute and hire a school master and you would have a school. The local financing of the school system has not given way and it is dramatically eroding due to forces at work putting a cap on local taxes such as judicial judgments, and court rulings, for example, that constitutional equality means equal support for children, which breaks down the inequities among the districts.

Those two things, it seems to me, are at lightning speed moving to undercut the notion of local financing.

So, the issue of what will be the pattern of funding in our schools in the future is probably the most important backdrop question that hangs behind all our discussions today. I know within the Division—Marie may wish to speak more about that—we have a unit trying to get clarity to this, to understand it and maybe even guide it.

As to local decisions, we don't have direct intervention responsibility.

PARENTAL INVOLVEMENT IN EDUCATION

Senator PROXMIRE. One of the great difficulties with both State and Federal assistance—you put your finger on the limitations of local assistance—is that we lose a great deal of the most fundamental, important element in education by cutting the parents off from responsibility for the education of their kids by involvement by much broader units of government at the State and Federal level.

I think it is no accident that the decline in scores also coincides with the consolidation and concentration of school districts. Remember, I was in the State legislature at the time they were abolishing one-room schools and you can make a devastating case in favor of that. But the great value of the one-room school was that the parents played a part in it. The parents worked with the teachers. The parents knew the teachers personally. The teacher knew the parents and talked with them. The parents were involved in the education. When John or Jane came home, they were expected to do their work and the parents had a part in the education. We lost that.

I think with the funding depending so much, as you point out, on the State and, particularly on Federal assistance, we have lost the participation of parents in education, which I think is an enfeebling factor.

Dr. BOYER. If I were to have added a second comment to our search for why achievement scores have declined, I would have stressed the parental home support. There is no conceivable way for the schools to educate children, in my judgment, effectively without the backup of the home.

Senator PROXMIRE. School boards had revolving memberships, and almost everybody in the community served on them at one time or another. Everybody took an interest in it in the old days.

Dr. BOYER. Several months ago, a principal said he had a 70 percent turnover in student enrollment in 1 year. With that kind of transient relationships, the schools don't even know the children, to say nothing of the parents' not understanding the teachers and the school. That involvement, I think, is crucial.

If our move away from local support financially means an increased distance between the home and the school as an institution, I think we have undercut one of the most stabilizing and important educational influences that the schools had.

COST OF EDUCATION

Dr. BERRY. If I may add, Ernie is right, we do have these school finance studies underway in the Department to try to work on different ways of allocating costs.

One of the issues they might consider is whether allocation of costs and financing has some direct effect on the achievement of students or parental involvement in the schools.

I wanted to say on the general issue of cost containment in education, that it is not the same thing as hospital cost containment. As difficult a time as we are having, and I think we will be successful with the hospitals, when you talk about education containment, there is the Federal aspect and local decisions we would never want to be guilty of.

But there are programs where costs are taken into account.

Senator PROXMIRE. The only way you do it is by the blunt method of holding down the Federal contribution.

Dr. BERRY. That is right.

Senator PROXMIRE. Maybe you would like to respond for the record to this. This is a personal question, but, in my view, it highlights two microscopically small examples in terms of dollars but illustrative of what I consider waste.

CRITICISM OF EDUCATION PROGRAMS

I am sure you are aware that the Office of Education had been a recipient of two of my golden fleece awards.

Dr. BOYER. Yes. I wish I could say thank you. [Laughter.]

Senator PROXMIRE. If so, you would only be the second person who thanked me for the award. One was John Gillian. He sent a very nice letter saying he was glad he got it and, by God, they would straighten up and fly right.

Dr. BERRY. He is not there anymore, though. [Laughter.]

Senator PROXMIRE. No connection. [Laughter.]

Anyway, the first involved spending over $40,000 in an attempt to give 35 ambitious or unhappy or plain bored bureaucrats a new lease on career lives by paying over $1000 for each of them to take a career life planning course during working hours.

The same course with the same instructors could have been taken on their own time for $475 or a total cost swing of $23,750.

The second golden fleece award to education involved spending $219,000 to develop a curriculum package to teach college students

how to watch television. A student's critical viewing skills should be developed by the time he is in college, and while I favor instructions for elementary and secondary students. I do not for college students. It seems to me they should be able to distinguish between television's fact and fiction. If they can't, I seriously doubt whether this curriculum will help.

Have you had followup review of these projects?

Dr. BOYER. I am pleased you asked. It is kind of you to raise the issue here. On the first matter, I agree that it is faulty procedurally. Therefore, I thank you for your comment on that.

I believe deeply, however, in the need to find a way to educate and continue to educate people who work in this bureaucracy. I am greatly disturbed at what I see in the name of Federal bureaucracy. If we don't find a way to maintain some kind of revitalization, I think the public credibility in this thing called government will rapidly erode.

Senator PROXMIRE. I agree with that, but this particular program, as I understand it, involved retraining people if they wished to change their jobs or even careers.

Dr. BOYER. The point I am making is that I accept the criticism that it may have been inefficient in the way it was financed. There could have been a better way. We could have saved some dollars, as I looked into it, to get toward the same end.

Therefore, to the extent that it was not administratively most efficient, I accept that.

I did want to strike at least one blow on the point that I am greatly worried about the processes by which Federal employees can somehow continue to be intellectually alive and professionally developed at a time when changes are rapid and when we need to somehow figure out a way for them to stay in touch. That calls for some investment of time.

Senator PROXMIRE. I agree with that wholeheartedly as long as it's related to their particular job in some way. You want to get into something else, fine, encourage them and let them pay for it themselves.

Dr. BOYER. There may be a nuance there. The business of development and promotion is a part of this. It's for that reason I tried to pull together our programs in OE and create a discussion in the office to give coherence to a series of random programs.

I am not quarreling with what you found to be maybe a poor way to go at it.

CRITICISM OF EDUCATIONAL TELEVISION PROJECT

Senator PROXMIRE. How about justifying teaching the "Animal House" residents how to watch TV? [Laughter.]

Dr. BOYER. I have a stronger feeling about that. I think that, as a matter of fact, television is this Nation's most important teacher. If you want me to name the one thing shaping our culture, it's television.

Senator PROXMIRE. It's not doing too well.

Dr. BOYER. That's the whole point. What it's teaching is not for the same purposes that I think the schools are teaching. But chil-

dren are now watching television 60,000 hours before they graduate.

They sit in front of a classroom teacher only 11,000 hours.

It's shaping our culture. I talked to a man the other day who said if you write a book, don't worry about writing the book. You have to get on the talk shows. We are now shaped by the events of the media in profoundly more important ways than when I was a boy.

I didn't have a TV. We didn't even have a radio in our house—I got one for my 12th birthday.

That was my first explosive introduction to the outside world. When I went to school as a 6-year-old, I almost was in awe of the teacher in the classroom because I was suddenly being introduced to events beyond my narrow family and neighborhood.

It seems to me that through mass communication and through travel and the like, we have created a new kind of culture we haven't yet begun to understand which is shaping our lives, our habits, our patterns.

It may be the college—and I was responsible some months ago when Dan Borstin and I hosted a conference at the Library of Congress titled "Classroom Library—Classroom, the Book and Television."

We brought together a number of people. Instead of trashing television and pretending it would go away, we tried to ask what are the relationships between what is happening on television and what is happening in the classroom and can we begin to bring these two teaching institutions together?

We then, from that, asked for several proposals that would try to link the impact of television with formal classroom teaching.

I think three or four of those went to the early grades. There are some interesting examples where the great television shows—some commercial, some ETV—are being backed up by materials for the teacher.

One did go to work with this at the college level.

Senator PROXMIRE. Let me interrupt you. The problem I have is that with limited funds it seems foolish to me to spend anything in this area for college students—after all, they are supposed to have a considerable level of intelligence and sophistication and maturity when they reach college.

You can spend money on almost any kind of effort. But it would seem to me, with limited funds to spend on one of them, how to watch TV seems so trivial, even if it is only $219,000.

Dr. BOYER. Just add this as a footnote and I won't extend it further: It was funded from a small authorization for educational television. That's where the budget is located.

CRITICISM OF EDUCATIONAL TV PROJECT

It's required of us to use those dollars for some aspect of ETV. For example, we funded "Sesame Street" from that budget and we also have recently signed with Joan Ganz Cooney, an agreement to develop a TV series on science and technology.

Senator PROXMIRE. The problem is this: The analysis of the field test program was described in the following language:

A series of univariate and multivariate analyses will be performed in order to delineate the characteristics of the sample in terms of pretest levels of critical viewing skills as well as sociodemographic and other variables.

Now my staff asked your own people what they meant by critical viewing skills and they had no idea.

They also had no idea on how to measure them. In other words, it seemed to be something that had some impressive language but didn't seem to have any——

Dr. BOYER. The language itself I find unimpressive. I am sorry the very descriptions were so garbled.

Senator PROXMIRE. You wouldn't write univary.

Dr. BOYER. I don't even know what that means. I find it offensive. I am sorry. This is part of the problem—the differences that occur between what seems like a reasonable and responsible effort and the way it finally works its way out through endless collect-off points.

I can't defend that language. I am sorry. But I was just trying to give a modest comment on what I think the importance of television is.

Senator PROXMIRE. I think it's an excellent comment, but they couldn't tell us what they meant by critical viewing skills.

Dr. BOYER. For that I am apologetic and we are worthy of being criticized for that reason alone.

I am sorry about that. I wish I could have talked with you then.

SCHOOL AND SOCIETY

Senator PROXMIRE. Almost daily you receive reports of the ugly atmosphere of insubordination, drugs, hostility, and fear which pervade our public schools. This isn't just the big cities.

This is true in the small towns in Wisconsin, towns which have very few minorities, towns which have very stable populations that haven't changed for a 100 years in ethnic makeup and so forth, and still you have the drugs, hostility, drunkenness on the part of young children.

It's obvious that little learning can go on in schools exhibiting that kind of unwholesome environment.

Given the need to maintain local control of local schools, what is being done at the Federal level to deal with that frightening and very pervasive difficulty we are having in education?

Dr. BOYER. Pat Graham's study of that is somewhat revealing and also hopeful. I just wish to add that I think the very question points out the sobering interconnection between the school and society generally.

I don't think you can have a stable school where children learn if the community or home is not that. Suddenly children walking into the school building at 8 o'clock don't become something other than what they are when they leave at 4. It really reflects a general disintegration in respect for authority that is fairly pervasive.

The schools, some of them, are really almost under siege. Doors are locked, security people are in the halls. They are reflecting what is a grim social reality.

Now, how do schools deal with that? That's not easy.

Pat's recent study——

IMPACT OF SCHOOL PRINCIPAL

Senator PROXMIRE. Let me say before Pat speaks. Isn't it true that there is a great difference when you have a firm and effective administrator?

Dr. BOYER. Sure. Study after study shows the single variable is a strong and firm principal in a school building who helps to create a climate.

I was only adding that that alone is not enough if the community and the home do not give support.

Senator PROXMIRE. That can do a lot. I agree the community and society are principally guilty.

Dr. BERRY. The principal has to be seen as somebody with moral authority. That can only happen if the community regards that person as such.

It's a figure that ought to be respected.

Senator PROXMIRE. The simple extent of the quality of the administrator.

Dr. BERRY. I would say also before turning to Pat that we tried to do some things about it.

We have programs, alcohol, drug abuse, and the like. Ernie is right, until something is done in the community and until there is a support for that principal and until there are strong principals, our programs alone won't have much impact on it.

Pat did some studies.

Ms. GRAHAM. This is the best examle of dissemination of studies I ever saw. The central finding of the study was the key variable in whether you have a safe school is whether you have a firm, fair, consistent principal.

Many school districts would like to buy electronic devices, security guards and so on as an easier way of solving the problem rather than dealing with the deeply human variable of finding people to be heads of schools who exhibit this kind or moral authority, firm, fair, consistent behavior.

What we are doing is taking a dose of our own medicine and doing some work on how to help principals to become more effective leaders at schools.

That seems to be the central key.

Senator PROXMIRE. That's helpful. I think that could be very important. I know in many areas people think it's confined to inner-city areas and big cities, but it's general.

STUDENT LOAN PROGRAM—DEBT COLLECTION

Now, I very strongly support your decision to refer accounts outstanding under the student loan program to private debt collection agencies.

It's wise and it's about time. I believe another effective method of increasing debt collection would be to refer the names of students who refuse to pay their Government loans to credit bureaus.

Under this plan, those who owe the money will know they will lose their good credit rating if they don't pay up.

The credit bureau system would also help the Federal Government trace missing debtors who can't currently be located. Does the Office of Education turn the names of deadbeats over to credit bureaus? If not, why not?

Dr. BOYER. We haven't taken that step yet but we are looking into some legal questions regarding the methods and circumstances under which such information can be disclosed to credit bureaus.

Senator PROXMIRE. GAO recommends exactly that. They say:

> The Government could collect debts faster and at less cost if commercial practices were followed. Such practices include reporting debtors to credit bureaus and using private agencies to collect debts that would otherwise be written off.

I know of cases where people came in and said, "Please, let me pay the debt. I can't buy a car now. I can't buy a house."

After all, when somebody has been loaned money by the Federal Government to go to college when the majority of people don't get to go to college, and the taxes of people who don't go to college pay for their college education, he should pay back that debt.

He should be impressed it's as important an obligation as any other debt. Treat him like every other person who doesn't pay his bills. If he knew he will have his credit rating hurt in this credit-using society, you would get remarkable compliance, I think.

Dr. BOYER. As I said, we are pushing this very vigorously, as you know. The record is most encouraging.

Senator PROXMIRE. You are pushing for collection?

Dr. BOYER. Yes.

Senator PROXMIRE. How about the credit bureaus?

Dr. BOYER. We haven't introduced that yet but we are investigating it. The results from our current effort are very encouraging. We turned around 5 months ago so we are now on the downslope of this.

I was told when I came in we would continue to have, because of pipeline problems, continued growth in our backlog of student debts until about 1980. It was mid-1978 when this turned around and we have fewer and fewer students going in default and more and more coming back into repayment.

We dropped from a 13- to 10-percent default rate in the guaranteed student loan program and that measured against the magnitude of the problem is a very significant turnaround.

We can put into the record the results of this effort in the past 18 months but only to say this: "We will not let any alternative go by that we think effectively will get this program back on the track and we are most encouraged by the steps we have taken."

Dr. BERRY. As Ernie points out, the collection efforts have shown great progress. We expect to be able to collect most of the debts that it's reasonable to collect.

If we weren't able to do so, I think your point about the credit bureau is one that we should take under consideration.

Senator PROXMIRE. Everybody else is treated that way. If you treat them no worse but no better than other people who don't pay their debts, it seems fair, and they will understand it.

VOCATIONAL EDUCATION

Last year Secretary Califano wrote the Conference on the fiscal year 1979 Labor-HEW bill and said "vocational education is one of the Department's least effective programs."

What is the basis of that statement? What is being done to eliminate what is considered ineffectiveness of vocational education?

Dr. BERRY. I agree with the Secretary. I always agree with the Secretary. [Laughter.]

He meant vocational education in terms of how it is targeted and in terms of the fact that there is a substantial overmatch of State dollars to Federal dollars. He didn't think it was as effective, in that sense, a use of resources, as some of the other programs we have.

What do we mean by that? One of the major problems of our time is the crisis of unemployed youth in this country.

We have noticed over the weekend the figure for black unemployed youth, for example, has gone up 35 percent.

This is a major unsolved problem of our time. The amount of funds that are targeted within the vocational education program are helping us to deal with those problems of the disadvantaged, underserved, handicapped and the like.

It's not what the Secretary would like to see under the legislation, or any of us. We are proposing funding it any way, level funding——

Senator PROXMIRE. That was my question. You and I agree and the Secretary I am sure would agree vocational education is tremendously important to the technological society, and it's certainly one way of meeting the structural unemployment problem of young people who don't have skills and can't get jobs.

Give them a skill with vocational education.

Dr. BERRY. That is why we are proposing the funding anyway.

Senator PROXMIRE. The program in doing this is ineffective. What is being done to make it effective?

Dr. BERRY. Within the legislation there are more funds that can be used for serving the disadvantaged now, as a result of the 1976 amendments, than there used to be. That will help once we are down the road on that. Eighty percent of the funds are still used for regular operating support of the program. Within the statute there isn't that much one can do.

We are trying. Secretary Califano initiated and Secretary Marshall agreed that we must have closer coordination between the vocational education program and youth employment programs. Ernie has a lead on that within the Department.

Dr. BOYER. In a way we are the victim of our own success.

Sometimes we don't pause and look at the historical perspective. This was the first, I think, Federal intervention in public education—the Smith-Hughes Act. It has been around a long time. In fact, it started, I think, as a State match, maybe 1 to 1. It's now about 9 to 1. It generated an entire State program, and a national program in vocational education.

Senator PROXMIRE. $1 Federal and $9 State and local?

Dr. BOYER. That's right. In effect, we are a junior partner. It started with Federal stimulation saying, "Look at World War I." Almost all educational activities are sparked in a social context. The social context at that time was that we should develop more vocational technical training in this country—sort of learn after the fact. But that program, which started as a kind of Federal experiment, triggered State doors and now it's a $9 State to $1 Federal dollar program.

In the historical context, it was a dramatic success. If there is any sense of failure or unease, it's whether the current system is adjusting to some new social conditions, not the least of which is the fact that the Federal Government is channeling a lot of money through the Labor Department to short-term problems, and unless those short-term job programs are also connected to education, I think we will not have used those dollars most effectively.

COORDINATION WITH LABOR DEPARTMENT

Mary mentioned the fact that for the first time Secretary Califano and Secretary Marshall signed a common agreement. So we are now working at staff level so that we can better link our vocational activities in HEW to the work education activities in Labor through the prime sponsors. So we are finding a way for local school districts, State education departments, and local prime sponsors to design a more coherent plan.

VOCATIONAL EDUCATION

I guess I am saying I feel we are being a little unfair to vocational education to not notice their enormous record of the past, but we will have to be creative to find a way for that program to go into the future.

Ms. GRAHAM. May I add, the Congress asked the National Institute of Education to prepare an evaluation of the vocational education program prior to the reauthorization in 1980 of the vocational education program.

We submitted our plan in 1977, and we are moving on with that study. We will have it prior to the reauthorization.

Ms. ELDRIDGE. The National Center for Education Statistics has begun developing the vocational education data system. This will be a nationwide data collection system to evaluate the access, process, and the product of the vocational system in the country. We plan to follow up with those students who complete the program and those who leave a program, and determine exactly what their work experience is after they make that decision.

I anticipate this will be an extremely useful data base.

Pat will use it in her research at NIE, and I know Congress is anxious to receive the data for use in making its decisions.

Mr. ELLIS. As a result of the new law we now require very extensive State plans to be presented on a 5-year basis with an annual update. Our vocational education staff goes into the State, in addition, to make a very intensive management evaluation and review. It does call for visiting at least 10 local school districts in each State, visiting actual programs to see how students are being trained, looking at the racial makeup, whether or not women are

being properly served, looking at the connections between the graduates, looking in a very indepth way and then requiring the States to make changes in their annual plans.

That is a new system and we are in its second year. I believe we will make substantial improvements in vocational education.

Dr. BERRY. In general, Senator, we expect as a result of all these efforts that vocational education will become more effective than it is now.

TENURE OF EDUCATION COMMISSIONERS

Senator PROXMIRE. Dr. Boyer, you are the 14th Commissioner of Education in the last 13 years. Late last year you submitted your resignation as Commissioner of Education effective in 1980. Do you believe the rapid turnover in the Office of the Commissioner of Education hampers the effective administration of the education program at the Federal level?

Dr. BOYER. I would imagine it does.

Senator PROXMIRE. Why have we had 14 Commissioners of Education in the past 13 years?

Dr. BOYER. The Office of Education is 112 years old. I am the 23d Commissioner. For the first 100 years—we had more turnover in the last dozen years than you had the first 100. Now that is a comment on two things. Really, three things. It's a comment on the dramatic explosion of the program that has occurred. The Office of Education has only been an operating unit since 1965 with the first elementary and secondary act and the number of turnovers you are talking about have dated precisely to that time.

You went to $12.5 billion from a several hundred million dollar program in 15 years or less.

That is the first point.

There has been an exponential growth—134 different authorizations that did not reflect any coherent administrative design or adequate support or structure to sustain that.

What I am saying is you had authorization funding without a similar look at the machinery needed to get out $12.5 billion effectively.

That was the least interesting aspect of the whole thing in terms of building a program and what is structurally required. That is part of it.

Second, the question of how the Office of Education relates to the general structure of HEW has been an issue that many Commissioners have noted.

That is, the authority has to be matched—the responsibility has to be matched with authority.

Finally, I would say while you make the point you did, I have done a little checking to observe the turnover over in the Office of Education is not all that much out of pace with the turnovers of secretaries of HEW or sub-Cabinet levels across the Government.

We are, in short, not talking about a problem peculiar to the Office of Education, although I do think it has had peculiar problems.

Senator PROXMIRE. We don't have a turnover every year in these other areas, do we?

Dr. BOYER. The average tenure for many Federal appointees to Cabinet or sub-Cabinet level positions is 18 to 24 months. That is about half the lifespan of what I would call the good cycles of leadership in many other organizations, including universities.

Senator PROXMIRE. Eighteen to 24 months is much more than 12 months. You have had 14 Commissioners in 13 years. That is a lifespan of only 11 months.

Dr. BOYER. That includes interim appointments. However, I want to make a more important point. When I was chancellor at a State university, there were 72 college presidents responsible to me. I introduced at that institution an appointment process for presidents on a 5-year basis. We appointed college presidents for the first time on a 5-year term and then reappointed them for 5 years. I went to that procedure because I felt cycles of leadership were important.

I didn't think in that institution a college president could make much of an impact in less than 5 years. It takes you about 3 years to get in harness fully. It takes about 5 years to have any sense of whether your efforts have paid off.

I think after about 7 to 9 years many leaders begin to lose their margin of impact.

Senator PROXMIRE. Doesn't apply to Senators though. [Laughter.]

Dr. BOYER. Senators just hit their stride in about 10 years, I would say.

Senator PROXMIRE. How about 21 years? [Laughter.]

Dr. BOYER. I understand the problems of short-term leadership. I think it is not a healthy thing for an organization. In the Federal Government, however, leadership cycles are built around the elective process—a 4-year administration, for example. Then this appointment time is further reduced by late appointments and early departures, resulting in a leadership cycle that is about half-time of what in many organizations is most effective. This just means that Federal appointees must work harder and they are on a faster track.

So while I don't take any pleasure in the Office of Education's short-term leadership, I think there are reasons why it exists.

More importantly, I think the Federal Government generally suffers from rapid turnover which leaves the general performance less effective than it would otherwise.

Senator PROXMIRE. I have a lot of other questions for the record, ladies and gentlemen.

OVERALL BUDGET REDUCTIONS

I do want to leave you with one happy request. If you would, for the record, tell me what you would reduce in your budget if you had to cut $300 million, $750 million and $1.2 billion?

Dr. BERRY. We will do that, Senator.

[The information follows:]

OVERALL REDUCTIONS

As you know, the amount for the Office of Education budget represents a delicate balance between the level of support needed to carry out the Federal role in education and the necessity to control inflation and limit Federal spending. We believe that we have achieved this balance, and that $12.2 billion for the Office of

Education is a needed level of support for the educational institutions across the Nation. This total of $12.2 billion includes not only increases for priorities, but reductions of almost $800 million for lower priority programs.

If forced to upset this balance by reducing the budget by $300 million, one strategy is to absorb the reductions under programs where Federal funds constitute general support and State and local funding greatly exceed any funds in the Federal education budget. Both impact aid and vocational education programs possess these characteristics. Such a strategy would permit modest increases in 1980 for those priority programs designed to provide access to a quality education, especially for the historically underserved and needy.

If forced to absorb a reduction of $750 million, one might employ the same strategy—reducing those programs where Federal funds constitute general support and where State and local funding greatly exceeds Federal moneys.

If forced to absorb a reduction of $1.2 billion, in addition to the gross decreases of $800 million already included in the budget, a possible strategy is to reduce programs providing both general support and student assistance. The latter programs are potential candidates for modest reductions because of the substantial increases over the last several years in both grants and funds available for loans.

SALARIES AND EXPENSES

Senator PROXMIRE. Our next witness is Mr. Jim Pickman. Your request is for $128 million, an increase of $3.7 million over the 1979 fiscal year.

Will you explain to the committee your budget request for salaries and expenses in fiscal 1980? I hope you will give particular attention to directives given in fiscal 1979 for the Office of Education to realine its staff.

Mr. PICKMAN. I would be pleased to do so. Our goal in developing our salaries and expenses budget is to provide support for the carrying out of the Federal mission in education. While doing this, we have been working very hard to eliminate unnecessary expenditures and positions and to make administrative and managerial changes so our use of these salaries and expenses dollars can be most efficient.

In terms of dollars, as you noted, our request represents an increase of $3.7 million over fiscal 1979. This is composed of increases of $7.4 million in such items as permanent compensation, employee benefits, and rent. These are items which are, in large part, beyond our control.

This increase is substantially offset by an aggregate reduction of almost $4 million in discretionary items. We find we can cut many discretionary categories in a way that will not be detrimental to our program priorities.

For example, we are proposing to cut travel and related costs by $1.3 million dollars. We hope to save $1.4 million by eliminating excess rental of equipment, telecommunications and unnecessary mailings, and cut an additional $1.5 million by eliminating unnecessary expenditures in such categories as training and remodeling and automatic data processing.

We find, when you look carefully at all these categories, there are many expenditures we don't believe are necessary—especially in light of the limited amount of available funds.

For example, looking at telephone equipment throughout the Office of Education, we have found that there are about 600 more telephone instruments than there are people. That is an area I think we can——

Senator PROXMIRE. How many more?

Mr. PICKMAN. Six hundred more phones than people. We are completing an inventory of telephone instruments and will eliminate excessive pieces of equipment.

Senator PROXMIRE. You actually have people with three or four phones on their desk?

Mr. PICKMAN. Not three or four phones sitting on their desk, but for example, on desks where there are no people.

Senator PROXMIRE. No wonder A.T. & T. has the biggest profits of any corporation. [Laughter.]

Mr. PICKMAN. In terms of staffing, we are proposing to decrease the number of positions overall by 25 positions from the 1979 authorized level, and we are reallocating 186 positions. We are proposing to reduce positions in certain overhead areas and in areas of lower priority, and by achieving certain organizational efficiencies in the Bureau of Student Financial Assistance and the Bureau of Occupational and Adult Education.

We are putting these reallocated positions in priority areas such as grants and contracts administration, financial management, regulations development, title I of the Elementary and Secondary Act, and title III of the Higher Education Act.

In making these shifts we are attempting to reflect the concerns expounded by the committee in its report last year. As you recall, your committee stressed the need to have improved grants and contracts administration, timely issuance of regulations and improved basic services to schools.

The committee suggested changes from 1978 allocations in 25 areas. We have moved in the direction suggested in 10 of the areas for fiscal year 1979 and in 16 of the areas for fiscal year 1980. I believe we are making progress in moving in the direction the committee suggested.

Senator PROXMIRE. You have an increase of about 3 percent in the budget which is less than the inflation rate. That is a real decrease, I take it.

Mr. PICKMAN. That is correct.

Senator PROXMIRE. That is less of an increase than the President's budget generally has even for nonmilitary charges.

GRANTS AND CONTRACTS AWARDS

In the Senate report accompanying the fiscal 1979 bill, the committee voiced criticism over lateness in awarding grants and contracts. The committee was distressed to learn there are numerous awards made after July 1 when the money is supposed to be going out to the schools.

What actions have been taken on the part of the OE to assure grants will be made before the July 1 deadline?

Mr. PICKMAN. We have responded to this concern. It has been one of ours as well. Just to give some detail on the general statement, in terms of grants, in 1977, 62 percent of all our grants were awarded in the fourth quarter of the fiscal year.

In 1978——

Senator PROXMIRE. That would be when?

Mr. PICKMAN. July, August, and September.

Senator PROXMIRE. That would be pretty late.

Mr. PICKMAN. That is correct.

Senator PROXMIRE. It would be really inefficient for the school with a beginning year of September.

Mr. PICKMAN. That is correct.

In 1978, we reduced our fourth quarter grant awards to 56 percent. In 1979, we are projecting to reduce it to 14 percent. Thus, our goal is to reduce fourth quarter grant awards from 62 percent in 1977 to 14 percent in 1979. To date, we are right on target.

Senator PROXMIRE. How did you do that? Increase the personnel in the office?

Mr. PICKMAN. To some extent. The most important thing was to establish a tight schedule for each program and to develop these schedules at the beginning of the fiscal year.

Senator PROXMIRE. How much did you increase the personnel for that purpose?

Mr. PICKMAN. We are proposing to increase it in 1980 by some 40 authorized positions and we increased it by a lesser amount in 1979.

But I think that increasing personnel has not been the most important thing we have done. We have looked at how grants were awarded in the past and tried to figure out the best way to efficiently distribute them. We established schedules with the program managers in advance of the fiscal year, and we hold them accountable for meeting these schedules.

Dr. BOYER. That is as important as the number of people. We took all our grants and laid them out on the calendar and actually assigned award date targets. We put them on a schedule by quarter.

Senator PROXMIRE. Will you be able to maintain that in the future?

Dr. BOYER. That is right. Each bureau knows they are responsible to get their grants out in a certain quarter. Some are faced by funding and other problems, but we still were able to reach our 11 percent grant goal for the first quarter of this year. Last year, we had no grants awarded the first quarter.

This may not be easily seen——

Senator PROXMIRE. I can see it.

Dr. BOYER. We have broken down all our Bureaus by the number of grants they are to process by quarter. Under that, of course, we have displayed each of our grant award assignments.

This year, we processed 11 percent of our grants the first fiscal quarter. Last year, there were zero.

Senator PROXMIRE. What that does is supply projections for grant awards for each Bureau in the Office of Education. Can we have that for the record?

Dr. BOYER. We will do so. Each deputy is held responsible to meet the established goals for his Bureau. Up until now, there was no scheduling.

The majority of grants that were to be processed were dumped on the grants and contracts office in the last quarter and they had to work around the clock because the workload came in so belatedly.

Now we are in the front end of the pipeline and holding the bureaus responsible for meeting the scheduled time frame and not the grants and contracts people.

We will get you the programs and the schedule for the record.

[The chart follows:]

GRANTS: ACHIEVE BETTER DISTRIBUTION OF WORK LOAD PROCESSING

		FY 79			
		FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER
Elementary & Secondary Education	Projected	1091	1555	1826	70
	Actual	1180			
Higher & Continuing Education	Projected	0	622	1301	495
	Actual	0			
Education for the Handicapped	Projected	3	540	904	137
	Actual	1			
Occupational & Adult Education	Projected	87	23	246	0
	Actual	0			
Indian Education	Projected	0	0	191	100
	Actual	0			
National Programs	Projected	0	145	822	718
	Actual	0			
	Projected	11%	27%	48%	14%
	Actual	11%			

GRANT APPLICATIONS

Mr. PICKMAN. We are also having earlier closing dates so grant applications are due earlier in the year. We can then respond and start working on them earlier so they will not all be bunched up in the last quarter.

Dr. BOYER. Two years ago, there was no public date in the Federal Register. We published in October. Last year we published in August, and this year we plan to publish in July.

PAPERWORK BURDEN REDUCTION

Senator PROXMIRE. One other question. Last year, the Senate report directed the Office of Education to place increased emphasis on reducing the paperwork burden for elementary and secondary schools. The committee directed the Assistant Secretary to submit a report specifically showing what was done to reduce the amount of staff time required to fill out Federal forms.

That report was due January 15, this year. The data has not been received by the committee. The committee was told work on this report had not started until late in February. Why is that report so late in being submitted? I hear a lot about paperwork when I am out in the State.

Dr. BOYER. Let me tell you——

Senator PROXMIRE. As you know, controlling paperwork has been a regular concern of our subcommittee and Congress as a whole.

The department recently published in the Federal Register a list of education data to be collected by the Federal Government in the school year. The list is 17 pages long.

Dr. BERRY. The reference you are making is to the new Federal Education Data Acquisition Council. The law requires us to post that information by February 15. The law also requires us to establish a new council committee to review all Federal efforts to collect data.

As far as the Education Division goes, we have reduced the time required to fill out forms and surveys by about 6.9 millon hours. I will see to it that the information you requested is provided as quickly as possible.

Senator PROXMIRE. Specifically, I don't know if it meets the request, it was to show how staff time was reduced that had been required to fill out Federal forms on the part of the schools and boards of education, and so forth.

Dr. BERRY. Right. That is correct. We will provide that information.

Senator PROXMIRE. You will have that when?

Dr. BERRY. I thought we already had it. If we have not submitted it, we will submit it for the record.

Senator PROXMIRE. All right. When, the next few days?

Dr. BERRY. By Friday.

Senator PROXMIRE. By Friday.

Mr. PICKMAN. Let me just say that in that report, which I also believed had already been submitted, we are projecting that we will be able to reduce the staff time in filling out Federal reports by almost 7 million hours, achieved in large part by reducing the frequency with which State plans are required to be submitted.

Senator PROXMIRE. What does that mean percentagewise? Seven million hours is how much? 50 percent? 10 percent? 2 percent?

Dr. BERRY. Half of what it was 2 years ago.

Senator PROXMIRE. Does that mean it's cut in half from 2 years ago?

Dr. BERRY. Yes.

Senator PROXMIRE. Why is this report so late?

Dr. BERRY. Can I take the fifth? [Laughter.]

I am told that one element of the report was not yet completed, but we will submit the entire report for the record.

Dr. BOYER. I'm really sorry about this because I think the record of what has been eliminated is impressive. There is a serious effort that has been made and I think it's more than cosmetic. In fact, the new reauthorization allows us considerable latitude here to cut back on State plans from one a year to one every 3 years and that sort of thing. We have a better story to tell and I'm sorry it didn't get to you in a timely fashion.

Dr. BERRY. You will be pleased with the report when you see it.

[The information follows:]

Report on Reduction of Paperwork Burden for Elementary and Secondary Education Programs

Background

The Senate Committee on Appropriations, in its report on the fiscal year 1979 appropriation for the Departments of Labor, and Health, Education, and Welfare, expressed its concern that the paperwork reduction which has been accomplished by the Office of Education has occurred primarily at the postsecondary level. Since data from school districts indicate that no such reduction has been achieved at the local level, the Committee directed the Assistant Secretary for Education and the Commissioner of Education to submit a report showing how the Education Division has reduced the staff time required to fill out Federal forms for elementary and secondary education programs.

Specifically, the Committee report stated:

> During fiscal 1979 hearings, Department officials reported substantial reductions in paperwork through condensing and eliminating forms, as well as reducing the frequency of reporting. However, data from local school districts demonstrates that the claimed paperwork reduction has not been achieved at the local level.
>
> Since a substantial amount of the paperwork burden originates with the Office of Civil Rights' surveys, such as OCR Forms 101-102, and responses to discrimination complaints, the Committee directs the Commissioner of Education and the Assistant Secretary for Education to actively exercise the requirement of section 406 of the General Education Provisions Act to coordinate the data collection activities of the Education Division and the Office of Civil Rights. The Committee is particularly concerned that well over 90 percent of the paperwork reduction occurs at the postsecondary level and, therefore, directs the Office of Education to place equal emphasis on reducing the paperwork burden for elementary and secondary schools. The Committee expects the Assistant Secretary and the Commissioner to submit a report, specifically showing how the Education Division has reduced the amount of staff time required to fill out Federal forms by schools at each level. This report will be due by January 15, 1979.
>
> (Departments of Labor and Health, Education, and Welfare and Related Agencies Appropriation Bill, 1979; Report No. 95-1119, dated August 16, 1978.)

Progress Report to Date

In a concerted effort to reduce the paperwork burden at the elementary and secondary education level, the Office of Education has initiated four kinds of actions: (1) The elimination of selected reports, (2) a reduction in the number of items contained in certain reports, (3) the consolidation of reports, and (4) a reduction in the frequency of report submissions. In total, some 36 reports required

from State and local education agencies have been either eliminated, reduced, or consolidated. The net effect of these actions is a savings of an estimated 632,655 staff hours at both State and local levels for elementary and secondary education programs.

A current effort being undertaken by the Office is that of changing requirements under State plan programs. In the future local education agencies will have to submit an application to the State education agency only once each three years rather than annually under four major programs--Title I and IV of the Elementary and Secondary Education Act, the Adult Education Act, and the Vocational Education Act. It is estimated that this will result in an annual savings of almost 6.7 million staff hours. (See Attachment for detail.)

Another undertaking of the Office of Education speaks directly to the problem of paperwork burden. The Office plans to publish in the Federal Register for the first time a complete list of all reports that will be required for Office of Education programs and the frequency of such requirements. This listing will encompass elementary, secondary, and postsecondary education levels, as well as programs which benefit State and local agencies, colleges and universities, and other institutions and organizations.

Following this initial publication, the Office expects to include such listing in the Federal Register along with the single notification of closing dates for all Office programs each time that such notification is printed.

This composite listing of reports will enable applicants for Federal funds to know in advance of the accompanying reporting requirements. It will provide a base for further refinements of reporting procedures and accompanying reductions in staff time related to such reporting. In summary, it should result in imporved planning and administration at all levels--local, State, and Federal.

The Office of Education views this objective of alleviating paperwork burden as a continuing one. It is currently working very closely with the Committee on Evaluating Information Systems of the National Council of Chief State School Officers, in efforts to reduce staff time, particularly at the local educational agency level, required for Federal reporting. The Office will continue such concerted efforts with this and other organizations in order to achieve paperwork reductions at all levels.

45-224 O - 79 - 4

Changing from Annual to Three-Year Submissions of Plans from Local Educational Agencies (LEAs) to State Educational Agencies (SEAs)

	Number of LEAs Participating	Estimate Savings in Annual Staff Hours	
		LEA	Nationwide
Title I, ESEA			
LEA program plans	14,000	100	1,400,000
LEA evaluation plans	14,000	100	1,400,000
Title IV, ESEA, Parts B & C			
LEA, Part A	16,000	50	800,000
LEA, Part B	3,900	100	390,000
Adult Education			
LEA program plans	12,000	50	600,000
Vocational Education			
LEA program plans	14,000	150	2,100,000
Total Hours Saved Per Year			6,690,000

PROJECTED GRANTS AWARD DATES

Question: Please supply your current projections for grant award dates for each of the programs in the Office of Education.

Answer: The following chart lists the projected award dates for programs in the Office of Education.

Program	Projected Award Date for FY 1979 Funds
Grants for Disadvantaged (ESEA I)	1 July 79 1/
Support and Innovation Grants	1 July 79
Bilingual Education	
Grants to School Districts	30 Sept 79 (new awards)
	30 June 79 &
	30 Sept 79 (continuing awards)
Training Grants	
LEA inservice training	30 Sept 79 (new awards)
	30 June 79 &
	30 Aug 79 (continuing awards)
Fellowships	30 July 79 (new awards)
	30 June 79 (continuing awards)
Support Services (grants to State agencies)	15 Aug 79
Bilingual Desegregation Grants	30 May 79
Basic Skills Improvement (formerly Right to Read)	
Leadership and Training Program	30 June 79
Reading Academies	30 June 79
Improvement Projects	30 May 79 (new awards)
	30 Apr 79 (continuing awards)
Follow Through	30 June 79
Alcohol and Drug Abuse Education	Contracts to be made in June or July 79
Environmental Education	31 Aug 79
Telecommunications Demonstrations	May - June 79
Ellender Fellowships	30 June 79
Ethnic Heritage Studies	25 Sept 79
School Assistance in Federally Affected Areas	
Impact Aid	April 79 2/
Construction	Payments made throughout the year
Emergency School Aid	
Emergency School Aid Act	
General Grants to School Districts	30 May 79 (1st cycle)
	30 June 79 (2nd cycle)
Special Programs and Projects	30 May 79. (1st cycle)
	30 June 79 (2nd cycle)
Magnet Schools	30 May 79
Grants to Nonprofit Organizations	30 May 79 (1st cycle)
	30 June 79 (2nd cycle)

Program	Projected Award Date for FY 1979 Funds
Educational Television and Radio	Contract to be awarded on or about 1 May 79
Pilot Programs	30 May 79 (1st cycle) 30 June 79 (2nd cycle)
Training and Advisory Services (CRA IV)	
Training Institutes	30 June 79
Grants to School Boards	15 Aug 79
Grants to SEAs	30 Aug 79
Grants to Desegregation Assistance Centers	30 June 79
Indian Education	
Payments to Local Education Agencies	30 June 79
Special Programs for Indian Students	
Educational Personnel Training	30 May 79
Grants to non LEAs	30 June 79
Fellowships for Indian Studies	30 June 79
Special Programs for Indian Adults	30 June 79
Library Resources	
Public Libraries: Services and Interlibrary Cooperation (LSCA III)	18 Dec 78 3/
School Libraries and Instructional Resources (ESEA IV B)	1 July 79
Guidance Counseling and Testing (ESEA IV D)	1 July 79
College Library Resources	2 Jan 79
Training and Demonstrations (HEA II B)	
Library Training	27 Mar 79
Library Demonstrations	12 Apr 79
Strengthening Research Libraries	30 June 79
Occupational Vocational and Adult Education	
Vocational Education	
State Formula Grants	July 79 through Sept 79 4/
Discretionary Grants	July 79 through Dec 79 4/
Education for the Handicapped	
State Assistance	July 79 through Sept 79
Special Population Programs	
Severely Handicapped Projects	Contracts awarded throughout the year
Early Childhood Education Model Demonstration Program	30 Mar 79 (new awards) 15 June 79 and 30 June 79 (continuing awards)
Model Outreach Program	30 Mar 79 (new awards) 11 June 79 (continuing awards)
State Priorities Program	30 July 79

Program	Projected Award Date for FY 1979 Funds
Regional Vocational, Adult, and Postsecondary Programs	30 Mar 79
Innovation and Development	
Student Research	31 Jan 79 (1st cycle) 30 June 79 (2nd cycle)
Field Initiated Research	30 June 79 (new awards) 31 Dec 78, 30 June 79, and 30 Sept 79 (continuing awards)
Model Centers	1 Aug 79 (new awards) 30 June 79 and 1 Aug 79 (continuing awards)
Media and Resource Services	
Media Services and Captioned Films	15 Aug 79
Regional Resource Centers	25 July 79
Recruitment and Information	Contracts awarded throughout the year
Special Education Personnel Development	
Personnel Preparation	30 Mar 79
Special Projects	30 Mar 79 and 31 May 79
Policy Advisory Group	31 May 79
Special Projects and Training	
Arts in Education	
Grants to SEAs	31 Mar 79
Grants to LEAs	30 Apr 79
Metric Education	30 June 79
Consumers Education	30 June 79
Gifted and Talented	1 June 79
National Diffusion Program	3 May 79
Educational TV Programming	Contracts awarded throughout the year
Cities in Schools	31 Oct 79
PUSH for Excellence	31 Mar 79
Career Education	---5/
Career Education Incentive	---5/
Women's Educational Equity	
General Grants	30 Apr 79 (new awards) 1 June 79 (continuing awards)
Small Grants	31 Mar 79
Teacher Corps	31 Mar 79
Teacher Centers	25 Sept 79 (new awards) 31 Aug 79 (continuing awards)
Planning and Evaluation	Contracts awarded throughout the year
Student Assistance	
Basic Educational Opportunity Grants	July 79
Supplemental Opportunity Grants	April 79
Work-Study	April 79

Program	Projected Award Date for FY 1979 Funds
Direct Loans	
Federal Capital Contributions	April 79
Teacher Cancellations	May 79
State Student Incentive Grants	April 79
Administrative Support	Contracts awarded throughout the year
Student Loan Insurance Fund	--- 6/
Health Professions Graduate Student Loan Insurance Fund	---6/
Higher and Continuing Education	
Special Programs for the Disadvantaged	
Talent Search	31 July 79
Upward Bound	31 Mar 79 and 31 May 79 (continuing awards) 31 July 79 (new awards)
Special Services for Disadvantaged Students	31 Mar 79 and 31 May 79 (continuing awards) 31 July 79 (new awards)
Educational Opportunity Centers	31 Mar 79 and 31 May 79 (continuing awards) 31 July 79 (new awards)
Staff Training	Contract to be made on or about 31 Aug 79
Veterans Cost of Instruction	30 June 79
Educational Information Centers	30 June 79
Strengthening Developing Institutions	30 June 79
Cooperative Education	30 June 79
International Education and Foreign Language Studies	
Centers, Fellowships, and Research (NDEA VI)	
Centers	1 Aug 79
Exemplary Undergraduate Projects	31 Mar 79
Undergraduate Studies	31 May 79
Graduate Studies	30 May 79
Research	15 June 79
Fellowships, Group Projects, and Research Abroad (Fulbright-Hays)	
Faculty Research Aboard	30 June 79
Foreign Curriculum Consultants	10 Aug 79
Group Projects Abroad	30 May 79
Dissertation Research Abroad	30 June 79
University Community Services	30 June 79 and 31 Aug 79
State Postsecondary Education Commissions	30 June 79
Aid to Land Grant Colleges	2 Apr 79
Graduate/Professional Educational Opportunities	20 Feb 79
Legal Training for Disadvantaged	1 July 79
Public Service Fellowships	31 Mar 79
Mining Fellowships	31 Mar 79
Law School Clinical Experience	14 Sept 79

Program	Projected Award Date for FY 1979 Funds
Construction-Interest Subsidy Grants	--- 6/
Hubert Humphrey Institute	--- 7/
Everett Dirksen Center	--- 7/
Higher Education Facilities Loan and Insurance Fund	--- 6/
Educational Activities Overseas	--- 8/
Salaries and Expenses	Contracts made throughout the year as needed

1/ A county-by-county listing of Title I awards to be made in July will be available in March.
2/ Initial payments will be made at this time.
3/ Approximate date of first award; awards made to States throughout the year.
4/ Advanced funded; monies appropriated for fiscal year 1979 are available for the 1979-80 school year.
5/ No date projected for granting awards because of pending rescission in Congress.
6/ Not a grant program; payments made as needed.
7/ One time only appropriation; award made at the beginning of the fiscal year.
8/ No projected award date; supplemental appropriation pending before Congress.

FUNCTIONAL ILLITERACY

Question: Dr. Boyer, you have requested a substantial increase in Title I funds for 1980. But according to a recent press account, one-eighth of the teenagers in our public schools are functionally illiterate and the rate of functional illiteracy is rising nationwide. What good is all this Title I money doing if functional illiteracy keeps going up?

Answer: Although there are conflicting views about whether the rate of functional illiteracy is rising nationwide, I do believe that there are far too many students in our schools who still cannot read and write effectively. Furthermore, too many American adults still are illiterate. Although solutions to the problem are not simple, as all educators know, I believe that every child by the 3rd or 4th grade can and must be taught to read and write effectively. We need to make this a central objective in every school.

Concerning the Federal effort to promote the achievement of basic skills, we do have considerable evidence to indicate that Title I is working. Studies conducted by both the National Institute of Education and the Office of Education indicate that Title I programs are targeted on those children who are most needy. Furthermore, and most important, those children enrolled in Title I programs keep pace with their less needy, unassisted peers in terms of basic skill performance, and in some cases even begin to catch up. All evidence indicates that without such compensatory assistance educationally disadvantaged children would fall further behind their peers. In summary, although the problems of illiteracy are not easily solved, I believe that Title I dollars are effective and necessary if schools are to achieve a central objective--the teaching of children to read and write, not as ends in themselves, but as the essential tools for further learning.

ADMINISTRATIVE COSTS FOR EDUCATIONAL PROGRAMS

Question: We hear increasing amounts of criticisms from people in local school districts that administrative costs of education programs are rising very rapidly. How much of each dollar appropriated for the Education Division in the Office of Education was used to provide direct classroom services to students?

For the record, please supply the Committee with the appropriate program-by-program breakdown which shows how much of each dollar for the Education Division and the Office of Education actually is used for direct classroom services for students. How did you arrive at these figures and what assumptions did you use in calculating?

Answer: We will be happy to supply this for the record.

Administrative Costs-Elementary and Secondary Education

As the question refers to increasing administrative costs at the local school district level, we have analyzed those Office of Education programs providing elementary and secondary education services. Research programs not providing classroom services and higher and continuing education programs are thus omitted. The programs analyzed are those elementary and secondary programs for which funds are allocated on the basis of legislatively-established formulas, and major discretionary

programs for which appropriations exceed $25 million. Twelve formula and six discretionary programs are summarized in the table below.

The table provides information on each program's expenditures for the three general categories of Instruction, Administration, and Auxiliary Services. Definitions of these functions are based on the categories of expenditure outlined in the original Office of Education Financial Accounting for Local and State School Systems, Standard Receipt and Expenditure Accounts-State Educational Records and Reports Series: Handbook II (Bulletin 1957, No. 4). These categories serve as the basis for the annual reporting of revenues and expenditures for public elementary and secondary education. General administrative expenses include salaries of administrative personnel, contracted services, and other. Instruction expenditures include salaries of principals, teachers, consultants/supervisors, and clerical assistants; textbooks; libraries and school materials; teaching supplies, and miscellaneous supplies and expenses. The Auxiliary category encompasses attendance and health services, pupil transportation, operation and maintenance of plant, community services, food-services and student body activities, capital outlay, debt service, fixed charges, and transfer accounts.

Data provided in the table are presented as percentages of total expenditures by local educational agencies for the most recent school year of record. Administrative costs, where applicable, include the costs of State administration, and are so noted. It should be observed that the proportion of expenditures which are included in any category is highly dependent upon the purposes of the program, and should be viewed with those purposes in mind. For example, the Consumer and Homemaking Education program funded through the Vocational Education Act, is designed to fund only direct educational programs and ancilliary services. Thus, no administrative costs are allowable. On the other hand, the purpose of the Training and Advisory Services program funded by Title IV of the Civil Rights Act, is to provide technical assistance and support services to facilitate desegregation efforts of local educational agencies. As such, the majority of funds provide auxiliary services, with no dollars funding instructional services.

LEA EXPENDITURES: ELEMENTARY AND SECONDARY
FORMULA AND DISCRETIONARY PROGRAMS

Program	Instruction	Auxiliary	Administration
1. ESEA: Title I	75%	20.4%[1/]	4.6%[2/]

1/ Auxiliary services include operation and maintenance of plant, fixed charges, capital outlay, health, food, transportation, community services, counseling, security/debt service, and other.

2/ Includes LEA administration. Excludes State set-aside of 1.5% (FY 80) and .5% set-aside for OE for evaluation. However, it should be noted that these set-asides come "off the top" of each year's appropriation, before dollars are passed through to the LEA's.

Source: Worksheets for "Compensatory Education Services: A Report from the National Institute of Education," 1977. Percentages are based on expenditures for the 1975-76 school year.

Program	Instruction	Auxiliary 1/	Administration 2/
2. ESEA: Title IV-C	88.0%	3.0%	9.0%

1/ Auxiliary services include attendance and health, transportation, community services, and other support costs.
2/ LEA administration. Excludes 7% State administrative costs.
Source: Sample survey of six States of varying size--New York, Ohio, Connecticut, Arkansas, North Dakota, Wyoming, and Wisconsin--by Division of Education Assistance Programs, Bureau of Elementary and Secondary Education. Estimates based on a review of project applications by SEA personnel for school year 1978-79.

Program	Instruction	Auxiliary	Administration
3. SAFA: Maintenance and Operation 1/	67.4%	28.0%	4.0%

1/ SAFA provides funds for current operating expenses of local school districts where local school revenues have been adversely impacted by Federal activities. Funds from this program are commingled with local dollars to fund general school operating expenses. The breakdown of expenditures for this program does not exist; however, it can be assumed that SAFA dollars are expended in the same general proportion for each category as are funds for elementary and secondary education from all sources. The figures above reflect the national distribution of expenditures at the local level for elementary and secondary education programs.
Source: "Revenues and Expenditures for Public Elementary and Secondary Education, 1975-76," Table 7, p. 19. National Center for Education Statistics.

Program	Instruction	Auxiliary	Administration
4. Indian Education: Payments to LEAs	100.0%	--- 1/	--- 2/

1/ Auxiliary costs such as transportation, health, and psychological counseling are allowable, but do not constitute a large proportion of expenditures under this program. However, actual costs are undetermined.
2/ Information on administrative costs are not routinely collected for this program. However, Indian Education projects generally have very low administrative costs due to two primary factors: a) grants are made directly to local educational agencies or tribal schools, and b) project directors and staff usually participate fully in project activities, spending relatively little time in project administration.
Source: Indian Education Act.

Program	Instruction	Auxiliary	Administration
5. Library Resources: School Libraries and Instructional Resources	96.6% 1/	---	3.4%

1/ Instruction, for the purposes of this program, includes the purchase of library books, textbooks, classroom equipment, and guidance counseling and testing.
Source: Office of Libraries and Learning Resources, Bureau of Elementary and Secondary Education, based on State annual reports for school year 1976-77.

Program	Instruction	Auxiliary	Administration
6. Occupational, Vocational, and Adult Education: Basic Grants	85.0% 1/	.5% 2/	14.5% 3/

1/ Instruction includes teacher salaries, supplies, and equipment.
2/ Auxiliary services include costs of transportation, and salaries for full-time personnel to eliminate sex bias.
3/ Administrative costs include both SEA and LEA advisory personnel.
Source: Sample survey of the annual financial reports of States of varying size--Delaware, Florida, Illinois, Indiana, Kentucky, Minnesota, New Mexico, New York, Oregon, Tennessee, Washington, and Colorado--by Vocational Education Division of the Bureau of Occupational and Adult Education. Estimates based on expenditures in the 1977-78 school year.

Program	Instruction	Auxiliary	Administration
7. Occupational, Vocational, and Adult Education: Supportive Services	---	85.4% 1/	14.6% 2/

1/ Includes costs of guidance and counseling, research, day care, and full-time personnel to eliminate sex bias.
2/ Includes both SEA and LEA administrative costs.
Source: Same as Basic Grants.

Program	Instruction	Auxiliary	Administration
8. Occupational, Vocational, and Adult Education: Special Programs for the Disadvantaged	100.0% 1/	---	---

1/ Program funds go totally for direct instructional services.
Source: Same as Basic Grants.

Program	Instruction	Auxiliary	Administration
9. Occupational, Vocational, and Adult Education: Consumer and Homemaking Education	86.7% 1/	13.3% 2/	---

1/ Instruction includes teacher salaries, supplies, and equipment.
2/ Auxiliary services include costs of transportation and salaries for full-time personnel to eliminate sex bias.
Source: Same as Basic Grants.

Program	Instructional	Auxiliary	Administration
10. Occupational, Vocational, and Adult Education: Adult Education	87.0% 1/	9.0% 2/	4.0% 3/

1/ Includes teacher salaries, supplies, and equipment.
2/ Auxiliary services include costs of experimental projects in teacher training.
3/ Includes cost of both LEA and SEA advisory personnel.
Source: Sample survey of the annual financial reports of 30 States (including the ten largest), providing data for a cross-section of the country. Survey conducted by the Division of Adult Education, Bureau of Occupational and Adult Education, for the 1977-78 school year.

Program	Instructional	Auxiliary	Administration
11. Education for the Handicapped: State Grants	95.0%	--- 1/	5.0% 2/

1/ Allowable auxiliary costs include transportation, community services, counseling, and health and attendance services. Accounting data not yet complete, therefore the percentage is undetermined.
2/ Five percent ceiling for SEA administrative costs established by statute; LEA administrative costs allowable, but undetermined.
Source: Education of the Handicapped Act, P.L. 94-142, and Federal regulations.

Program	Instructional	Auxiliary	Administration
12. Education for the Handicapped: Preschool Incentive Grants	95.0%	--- 1/	5.0% 2/

1/ Allowable auxiliary costs include transportation, community services, counseling, and health and attendance services. Accounting data not yet complete, therefore the percentage is undetermined.
2/ Five percent ceiling for SEA administrative costs established by statute; LEA administrative costs allowable, but undetermined.
Source: Education of the Handicapped Act, P.L. 94-142, and Federal regulations.

Program	Instructional	Auxiliary	Administration
13. Bilingual Education (ESEA, VII): Grants to School Districts	59.0% 1/	23.0% 2/	18.0% 3/

1/ Instruction includes the salaries of all instructional personnel and teacher aides, books, and classroom supplies.
2/ Auxiliary expenses encompass travel, indirect and support personnel, and inservice training.
3/ Administration costs are those of salaries and fringe benefits for project directors and administrative staff.
Source: Sample survey of current project budgets in seven cities--Boston, Pontiac, Dearborn, Detroit, Houston, San Antonio, and Chicago--conducted by staff of the Elementary and Secondary Division, Office of Bilingual Education.

Program	Instruction	Auxiliary	Administration
14. Bilingual Education: Training Grants 1/	---	---	---

1/ Percentages for these categories vary dramatically by program. Available information precludes this information from being determined.
Source: Office of Bilingual Education.

Program	Instruction	Auxiliary	Administration
15. Right to Read - Basic Skills Improvement Program	60.0% 1/	20.0% 2/	20.0% 3/

1/ Instruction includes the costs associated with consultants, university subcontracts, inservice training of local school administrators, reading coordinators, LEA language arts personnel and substitute teachers.
2/ Auxiliary costs include the purchase of reading programs, supplies, and State Advisory Council activities.
3/ Administration includes salaries for project directors and secretarial workers.
Source: Sample survey of current project grant applications by Right to Read staff.

Program	Instruction	Auxiliary	Administration
16. Follow Through (Headstart-Follow Through Act)	90.0%	--- 1/	10.0% 2/

1/ Auxiliary services such as medical, general health, and counseling are allowable, but the percentage for these is undetermined.
2/ Administrative costs include project coordination and planning.
Source: Office of Compensatory Education, Bureau of Elementary and Secondary Education.

Program	Instruction	Auxiliary	Administration
17. Emergency School Aid: General Grants to School Districts	99.0% 1/	---	1.0% 2/

1/ Instruction costs include teacher salaries, inservice training, acquisition of curricula, books and supplies.

2/ Legislation prohibits inclusion of indirect costs. However, direct administrative costs associated with operating a superintendent's office in administering an LEA are eligible; in most States these costs are limited to 1%.

Source: Office of Equal Educational Opportunity Programs, Bureau of Elementary and Secondary Education.

Program	Instruction	Auxiliary	Administration
18. Emergency School Aid: Special Programs and Projects	99.0% 1/	---	1.0% 2/

1/ Instruction costs include teacher salaries, inservice training, books and supplies.

2/ Legislation prohibits inclusion of indirect costs. However, direct administrative costs associated with operating a superintendent's office in administering an LEA are eligible; in most States these costs are limited to 1%.

Source: Office of Equal Educational Opportunity Programs, Bureau of Elementary and Secondary.

Program	Instruction	Auxiliary	Administration
19. Emergency School Aid: Pilot Programs	99.0% 1/	---	1.0% 2/

1/ Instruction costs include teacher salaries, inservice training, books and supplies.

2/ Legislation prohibits inclusion of indirect costs. However, direct administrative costs associated with operating a superintendent's office in administering an LEA are eligible; in most States, these costs are limited to 1%.

Source: Office of Equal Educational Opportunity Programs, Bureau of Elementary and Secondary Education.

Program	Instruction	Auxiliary	Administration
20. Emergency School Aid: Training and Advisory Services (CRA-IV)	---	60.0% 1/	40.0% 2/

1/ Auxiliary services include costs of the development and implementation of desegregation plans; training of school personnel; and payment of advisory specialists.

2/ Administrative costs, including salaries for personnel and general administrative functions, generally amount to the negotiated rate for indirect costs applied by universities. This rate for universities typically ranges around 40%.

Source: Division of Technical Assistance-Title IV, Office of Equal Educational Opportunity Programs, Bureau of Elementary and Secondary Education.

Program	Instruction	Auxiliary	Administration
21. Education for the Handicapped: Special Education Personnel Development	---	98.0% 1/	2.0% 2/

1/ Auxiliary costs include grants for training programs for teachers, administrators, speech correctionists, paraprofessionals, and other special services personnel.

2/ Administrative costs include project directors salaries. Such costs are generally low due to cost-sharing with recipient institutions.

Source: Division of Personnel Preparation, Bureau of Education for the Handicapped, based on data covering the 1977-78 and 1978-79 school years.

COMMISSIONER OF EDUCATION AND ASSISTANT SECRETARY OF EDUCATION

Question: How do the responsibilities of the Commissioner and the Assistant Secretary differ?

Answer: The responsibilities of both the Commissioner and the Assistant Secretary for Education are set forth by statute. Section 402(b) of the General Education Provisions Act as amended states that the Assistant Secretary for Education "shall be the principal officer in the Department to whom the Secretary shall assign responsibility for the direction and supervision of the Education Division." As such the Assistant Secretary's responsibility is to coordinate and supervise the activities of the agencies within the Division (of which the Office of Education is one of the component agencies) and to act as the chief spokesperson for education within the Division.

Section 403(a) of the same law establishes the Office of Education as "the primary agency in the Federal Government responsible for the administration of the programs of financial assistance to educational agencies, institutions, and organizations." Subsection (b) states that "the Office shall be headed by the Commissioner of Education . . . who shall be subject to the direction and supervision of the Secretary" (of the Department of Health, Education, and Welfare).

Questions: Do you feel that we need to have both a Commissioner and an Assistant Secretary?

Answer: Despite the apparent lack of organizational clarity in structure as to the respective duties of both the Commissioner and the Assistant Secretary, the day-to-day operations of the component agencies within the Education Division have been quite satisfactory. Both Officers have delineated functions and responsibilities. The Assistant Secretary is responsible for the overall coordination of policy within the Education Division, and the Commissioner is responsible for administering programs of financial assistance to individuals and to educational agencies, institutions, and organizations.

Question: What would happen if the Committee were to decide to not provide funding for either the Office of the Assistant Secretary of Education or the Commissioner of Education and direct that all education activities be consolidated under the remaining office?

Answer: The major effect of such a change would be to add significantly to the responsibilities of one or the other Officer. The change would also entail an internal realignment of positions within both the Office of Education and the Assistant Secretary for Education. If the functions of the Assistant Secretary for Education were transferred to the Commissioner of Education for example, the Commissioner would assume the chairmanship of the Federal Interagency Committee on Education. In addition the supervisory functions of the Assistant Secretary over such agencies as the National Institute of Education and the Institute for Museum Services could possibly be transferred to the Commissioner of Education, or these agencies could function independently.

Conversely, if the education activities of the Office of Education were transferred to the Assistant Secretary, that person would have the added responsibility of administering the programs of financial assistance to individuals and to educational agencies, institutions, and organizations which the Office of Education has traditionally administered.

Any such transfer, however, would require that conforming amendments be made to a number of statutes such as the General Education Provisions Act and the Elementary and Secondary Education Act to reflect such a relignment in the activities of either Office

Question: What in each of your opinion is the strongest justification and reason to continue to operate the Education Division with both the Commissioner of Education and the Assistant Secretary for Education?

Answer: There are numerous activities within the Education Division. The Assistant Secretary for Education is needed to provide over-all coordination for the activities of the agencies within the Division so that there is no duplication. In addition the Assistant Secretary also works to assure that there is adequate support for research and innovation for education. On the other hand over $12 billion in Federal funds are allocated to provide assistance to state and local educational agencies, educational institutions and individuals. Hence there is the need for the Commissioner of Education whose primary responsibility is to administer these Federal assistance programs. Moreover, present law is also quite clear as to the present structure for the Education Division. Until the statute is changed, the structure of the Education Division will continue to include both the Commissioner of Education and the Assistant Secretary for Education.

OFFICE OF EDUCATION STAFFING

Question: The 1979 Senate Report directed the Office of Education to realign staff in order to provide 65 additional positions for the Grant and Procurement Management Division. The Committee believes that every effort must be made to insure that funding announcements are made by July 1 of each year. How many positions are you requesting for the Grants and Procurement Division in 1980?

Answer: The Office of Education is requesting 187 positions for the Grants and Procurement Management Division in 1980.

Question: How does this compare to your 1979 request?

Answer: It is an increase of 37 positions over our 1979 request.

Question: What have you done to comply with the other staffing recommendations contained in the report?

Answer: The attached chart provides the data comparing 1979 Office of Education distribution of personnel with the Senate recommendations for assigning staff.

SALARIES AND EXPENSES

Question: The Budget Justification for Office of Education Salaries and Expenses lists 3,515 positions being available for the Office of Education in fiscal 1979. How many vacancies are there currently within the Office of Education?

Answer:	FY 1979 Authorized Positions	3,515
	On-board January 31, 1979	3,322
	Vacancies	193

Question: For the record, would you please provide the Committee with a program-by-program breakdown of available positions and vacancies that currently exist?

Answer: The attached charts provide this information.

HORACE MANN LEARNING CENTER

Question: The Office of Education has been operating in recent years the Horace Mann Learning Center. This center was established by Commissioner Boyer to provide increased information and in-service training for Education Division employees. Where does the authority for the creation of the Horace Mann Learning Center exist?

Answer: The authority for the Horace Mann Learning Center is the Government Employees Training Act of 1958 (Chapter 41, Title 5 USC). This Act authorizes agencies to establish employee development and training programs, for which the Horace Mann Learning Center has responsibility in the Office of Education. The Horace Mann Learning Center is an organizational unit within the Office of Education reporting to the Executive Deputy Commissioner for Resources and Operations.

45-224 O - 79 - 5

NUMBER OF POSITIONS

	1	2	3	4	5	6	7
	1978 estimate	1979 estimate	1979 Senate Report Allowance	Current Distribution	OE 1979 Distribution Compared to Senate Allowance (Col 4-Col 3)	1980 Budget Request	OE 1980 Budget Request Compared to Senate Allowance (Col 6-Col 3)
OFFICE OF THE COMMISSIONER							
Program direction	27	27	22	27	+ 5	25	+ 3
Executive operations	33	33	29	33	+ 4	34	+ 5
Liaison and coordination	71	71	61	71	+10	62	+ 1
EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS							
Program direction	16	16	10	19	+ 9	22	+12
Special concerns	30	30	17	27	+10	26	+ 9
Elementary and secondary education	74	74	68	74	+ 6	80	+12
Training programs	40	40	35	40	+ 5	35	--
EXECUTIVE DEPUTY COMMISSIONER FOR SUPPORT SERVICES							
Regulations Staff	15	15	27	16	-11	19	- 8
Planning and budgeting	32	32	37	33	- 4	37	--
OFFICE OF ADMINISTRATION							
Bureau overhead	27	27	22	29	+ 7	29	+ 7
Administrative Services Division	85	89	85	82	- 3	82	- 3
Grant and Procurement Management Division	146	150	215	147	-68	187	-28
OFFICE OF EVALUATION AND DISSEMINATION							
Bureau overhead	13	13	9	10	+ 1	8	- 1
Planning and evaluation	48	48	43	48	+ 5	45	+ 2
BUREAU OF EDUCATION FOR THE HANDICAPPED							
Program direction and coordination	22	22	25	25	--	25	--

NUMBER OF POSITIONS

	1	2	3	4	5	6	7
	1978 estimate	1979 estimate	1979 Senate Report Allowance	Current Distribution	OE 1979 Distribution Compared to Senate Allowance (Col 4-Col 3)	1980 Budget Request	OE 1980 Budget Request Compared to Senate Allowance (Col 6-Col 3)
BUREAU OF ELEMENTARY AND SECONDARY EDUCATION							
Program direction and coordination	66	66	57	63	+ 6	58	+ 1
Elementary and secondary education	177	182	176	187 1/	+11	193	+17
School assistance in federally affected areas	98	98	110	98	-12	98	-12
Emergency school aid	117	117	120	117	- 3	122	+ 2
Special projects and training programs	38	38	33	33	--	40	+ 7
BUREAU OF HIGHER AND CONTINUING EDUCATION							
Program direction and coordination	40	40	30	33	+ 3	33	+ 3
Educational activities overseas	3	3	2	3	+ 1	3	+ 1
Ethnic heritage studies	6	6	3	5	+ 2	3	--
Special programs for the disadvantaged	45	50	55	50	- 5	58	+ 3
BUREAU OF OCCUPATIONAL AND ADULT EDUCATION							
Program direction and coordination	20	20	14	20	+ 6	20	+ 6

1/ Excludes 11 positions transferred to the Department of Commerce for the Educational Broadcasting Facilities program which were included in the 1979 Senate Report Allowance.

Question: What is the total budget for the Horace Mann Learning Center?

Answer: The total FY 1980 budget for the Horace Mann Learning Center is $1,585,000. This amount includes $905,000 for employee development and training programs and $680,000 for salaries and related expenses of the staff assigned to the center. Within the $905,000 for training is $500,000 which is transferred to the Department for training activities provided on a Department-wide basis. They include such training as: procurement and grants administration training, upward mobility college programs, the Federal Executive Institute participants, Executive Seminar Center participants, the HEW Fellows Program, and a property accountability program. The Horace Mann Learning Center is responsible for coordinating the Office of Education's participation in these training programs.

Question: How is the Horace Mann Learning Center funded and what is the total cost for operating the Horace Mann Learning Center? What are the funding sources for the Horace Mann Learning Center? Please give us a complete breakdown.

Answer: The Horace Mann Learning Center is funded totally from the Salaries and Expenses budget. Within its budget of $1,585,000 there is a single line item for training for all Office of Education employees and separate line items for the salaries and related expenses of the Center's employees.

OFFICE OF EDUCATION

	1979 Authorized	On-Board 1-31-79	Vacancies
Office of the Commissioner	136	125	11
Executive Deputy Commissioner for Educational Programs	188	200	+12
Regional Offices for Educational Programs	180	166	14
Executive Deputy Commissioner for Resources & Operations	87	81	6
Office of Management	510	506	4
Office of Evaluation & Dissemination	88	76	12
Bureaus of:			
Education for the Handicapped	190	186	4
Elementary and Secondary Education	509	469	40
Higher & Continuing Education	286	288	+ 2
Occupational & Adult Education	250	219	31
Student Financial Assistance	1,057	972	85
Advisory Council	34	34	---
Total OE Program Administration and Councils	3,515	3,322	193

IMMEDIATE OFFICE OF THE COMMISSIONER

	1979 Authorized	On-Board 1-31-79	Vacancies
IOC	13	17	+ 4
Executive Assistant	5	4	1
Energy Office	5	4	1

	1979 Authorized	On-Board 1-31-79	Vacancies
Director Executive Operations	2	2	---
MITS	2	---	2
Action Unit	4	3	1
Executive Office	6	8	+ 2
Executive Secretariat	19	12	7
Educ. Community Liaison	11	9	2
Policy Studies	9	6	3
Office of Legislation	14	12	2
Office of Public Affairs	46	48	+ 2
Office Total	136	125	11

EXECUTIVE DEPUTY COMMISSIONER FOR EDUCATIONAL PROGRAMS

Immediate Office of the Executive Deputy Commissioner	12	15	+ 3
Regional Liaison	7	8	+ 1
Office of Private Schools	---	---	---
Equal Employment Opportunity	7	5	2
Black Concerns	4	4	---
Hispanic Concerns	5	6	+ 1
Asian and Pacific Americans Concerns	3	3	---
Handicapped Concerns	3	3	---
Women's Concerns	3	3	---
Bilingual Education	48	49	+ 1
Basic Skills Improvement (Right to Read)	26	24	2
Achievement Testing	---	---	---
Career Education	20	20	---
Women's Education Equity	7	12	+ 5
Arts in Education	3	6	+ 3
Youth Employment Program	---	---	
Teacher Corps	40	42	+ 2
Office Total	188	200	+12

EXECUTIVE DEPUTY COMMISSIONER FOR RESOURCES AND OPERATIONS

	1979 Authorized	On-Board 1-31-79	Vacancies
Immediate Office of the Executive Deputy Commissioner	5	4	1
Executive Staff	11	10	1
Audit Liaison and Coordination	9	11	+ 2
Regulations Staff	16	10	6
Planning and Budgeting	33	29	4
Horace Mann Learning Center	13	17	+ 4
Total	87	81	6

OFFICE OF MANAGEMENT

	1979 Authorized	On-Board 1-31-79	Vacancies
Bureau Overhead			
Office of the Deputy Commissioner	6	12	+ 6
Committee Management	4	5	+ 1
Executive Staff	---	---	---

	1979 Authorized	On-Board 1-31-79	Vacancies
Division of Personnel Administration	61	69	+ 8
Management Systems & Analysis	95	97	+ 2
Administrative Services Division	82	73	9
Finance Division	115	100	15
Grant and Procurement Management Division	147	150	+ 3
Total	510	506	4

OFFICE OF EVALUATION AND DISSEMINATION

	1979 Authorized	On-Board 1-31-79	Vacancies
Bureau Overhead			
Immediate Office of the Assistant Commissioner	10	7	3
Planning & Evaluation	48	53	+ 5
National Diffusion Program	30	16	14
Total	88	76	12

BUREAU OF EDUCATION FOR THE HANDICAPPED

	1979 Authorized	On-Board 1-31-79	Vacancies
Immediate Office of the Deputy Commissioner	8	10	+ 2
Executive Staff	7	7	---
Planning Staff	6	3	3
Recruitment & Information	1	---	1
Gifted & Talented	7	6	1
Division of Assistance to States	62	64	+ 2
Division of Innovation and Development	54	49	5
Division of Media Services	17	21	+ 4
Division of Personnel Preparation	28	26	2
Bureau Total	190	186	4

BUREAU OF ELEMENTARY AND SECONDARY EDUCATION

	1979 Authorized	On-Board 1-31-79	Vacancies
Immediate Office of the Deputy Commissioner	7	16	+ 9
Associate Commissioner of Equal Educational Opportunity Programs	5	3	2
Associate Commissioner of Compensatory Education Programs	7	6	1
Special Projects Staff	5	5	---
Indochinese Refugee Staff	4	2	2
Associate Commissioner of State and Local Education Programs	8	8	---
Associate Commissioner of Libraries and Learning Resources	4	8	+ 4

	1979 Authorized	On Board 1-31-79	Vacancies
Executive Staff	23	12	11
Division of Education for the Disadvantaged	105	105	---
(Division of Migrant Education-Proposed)	(23)	(19)	---
Division of Follow Through	26	24	2
Division of State Educational Assistance Programs	46	38	8
Division of School Assistance in Federally Affected Areas (SAFA)	98	85	13
Division of ESAA	99	84	15
Division of EEOP Technical Assistance	18	14	4
Division of Library Programs	36	37	+ 1
Division of Educational Technology*	3	6	+ 3
Division of Educational Replication**	---	---	---
Environmental Education	9	10	+ 1
PUSH/EXCEL	---	---	---
Drug Abuse Education	6	6	---
School Health	---	---	---
Biomedical Science	---	---	---
Bureau Total	509	469	40

* Educational Broadcasting Facilities transferred to Department of Commerce

** DER transferred to the Office of Evaluation and Dissemination

BUREAU OF HIGHER AND CONTINUING EDUCATION

Program Direction & Coordination	1979 Authorized	On Board 1-31-79	Vacancies
Immediate Office of Deputy Commissioner	16	21	+ 5
Executive Staff	12	11	1
Planning Staff	5	7	+ 2
Accreditation & Institutional Staff	3	3	---
College & University Staff	3	3	---
Community College Unit	3	3	---
Division of Institutional Development	51	51	---
Division of Education Systems Development*	7	10	+ 3
Division of Eligibility Agency Evaluation	32	26	6
Division of Training & Facilities	36	40	+ 4
Division of Student Services & Veterans Program	63	56	7
Division of International Education	55	57	+ 2
Total	286	288	+ 2

* Transferred from BOAE FY 1979.

BUREAU OF OCCUPATIONAL AND ADULT EDUCATION

	1979 Authorized	On-Board 1-31-79	Vacancies
Program Direction & Coordination			
Immediate Office of Deputy Commissioner	9	16	+ 7
Executive Staff	7	7	---
Planning Staff	4	5	+ 1
Office of Consumer Education	6	7	+ 1
Community Schools Staff	7	9	+ 2
Metric Education Staff	6	7	+ 1
CETA Activities	5	5	---
Associate for Occupational Planning	---	---	---
Associate for Adult Vocational, Technical & Manpower Education	---	---	---
Division of Postsecondary Vocational Planning	5	2	3
Division of Secondary Occupational Planning	5	5	---
Division of Adult Education	32	26	6
Division of Research & Development (Includes 3 Bilingual Vocational Education Pos.)	55	47	8
Division of Vocational Technical Education	57	43	14
Division of State Vocational Programs	48	40	8
Education Personnel Development*	---	---	---
NOICC	4	---	4
Bureau Total	250	219	31

* Transferred as Teacher Centers to Bureau of Higher and Continuing Education in FY 1979.

BUREAU OF STUDENT FINANCIAL ASSISTANCE

	1979 Authorized	On-Board 1-31-79	Vacancies
Immediate Office of the Deputy Commissioner	10	12	+ 2
Executive Staff	16	14	2
Regional Liaison	4	2	2
Headquarters SFA			
Compliance	38	27	11
Training and Dissemination	42	36	6
Certification and Program Review	104	77	27
Program Operations	168	131	37
Quality Assurance	25	18	7
Systems Design & Development	24	23	1
Policy & Procedure Development	88	91	+ 3

Regional Offices SFA	1979 Authorized	On-Board 1-31-79	Vacancies
Regions I	24	26	+ 2
II	31	31	---
III	28	29	+ 1
IV	62	68	+ 6
V	86	88	+ 2
VI	96	88	8
VII	31	34	+ 3
VIII	34	31	3
IX	122	121	1
X	24	25	+ 1
Bureau Total	1,057	972	85

REGIONAL OFFICES OF EDUCATIONAL PROGRAMS

	1979 Authorized	On-Board 1-31-79	Vacancies
Regions I	16	14	2
II	18	13	5
III	19	17	2
IV	20	19	1
V	20	18	2
VI	19	19	---
VII	16	15	1
VIII	17	16	1
IX	19	19	---
X	16	16	---
Regional Totals	180	166	14

ADVISORY COUNCILS

	1979 Authorized	On-Board 1-31-79	Vacancies
National Advisory Council on:			
Adult Education	5	5	---
Disadvantaged Children	5	5	---
Equality of Educational Opportunity	3	2	1
Extension and Continuing Education	6	6	---
Vocational Education	9	9	---
Women's Educational Programs	6	7	+ 1
Council Total	34	34	---

MERIT RAISES

Question: In the past we've witnessed virtually automatic yearly raises for all civil servants, despite the fact that such increases in salary are supposed to be based on meritorious service. This, of course, was one of the reasons we passed the Civil Service Reform Legislation. How much will so-called "Merit" raises cost the taxpayers in fiscal 1980, and how does that compare with 1978 and 1979?

Answer: Actually, merit raises--known as within-grade increases--are not given on an annual basis, nor are they based on length of service. They are awarded on a periodic basis (ranging from one year to three years) to employees whose work performance is found to be of an acceptable level of competence. It takes a minimum of eighteen years to move from step one of a grade to step 10, which represents the highest rate of pay in the grade.

The Department of Health, Education, and Welfare has established a new requirement, effective January 11 of this year, that the granting of within-grade salary increases be documented by supervisors. Under the procedure, a supervisor must document, in writing, how an employee's performance compares against the essential elements of the employee's position. This documentation must be reviewed by the employee's second-level supervisor before it is sent to the personnel office which will effect the pay increase. Personnel offices have been instructed not to process within-grade increase certifications for which this documentation is not provided.

In fiscal year 1978, the Office of Education spent $488,000 on within-grade increases. We anticipate spending $506,000 in fiscal year 1979. Given the changes as a result of the Civil Service Reform Act it is impossible to determine the exact figure for fiscal year 1980. We have requested $535,000 in the 1980 budget to cover projected costs. This amount, however, will be adjusted within the budget as warranted by the situation.

Question: Under the new legislation, what changes do you expect in the percentage of employees who will qualify for annual merit raises?

Answer: We think it is fair to expect a decrease in the number of employees who are awarded these increases. Until now, there has been no real pressure on supervisors to deny them and to face the almost inevitable appeals from such denials. This new documentation requirement, though, is designed to force supervisors and managers to think carefully about them and to describe employee's performance in narrative terms as a condition for awarding increases. Together with the merit pay system for supervisors, which will condition pay increases for supervisors upon how well their units meet set objectives, and the formal establishment of performance standards for all employees, we believe this documentation requirement will help to significantly reduce the percentage of these almost automatic increases in the years to come.

Question: Do you think the new legislation will make it any easier to get rid of non-productive employees? In what way?

Answer: The new Civil Service Reform Legislation has as one of its basic goals to make it easier to reward productive employees and to discipline or remove non-productive ones. Although the law as it was finally passed included a number of substantial procedural safeguards for employees accused of an unacceptable level of performance or of misconduct, we believe it contains some elements which permit an employing agency to take adverse actions more readily. The new law, for example, contains a reduced standard of evidence in cases concerning unacceptable performance, which is defined as a failure to meet standards in one or more critical elements of an employee's position. If appealed, a performance-related demotion or removal will be sustained

if it is supported by substantial evidence, a lesser standard than is applied in other appeals cases. Likewise, HEW has ceased to hold pre-decision formal hearings in these cases. This should speed the process without damage to employees, since hearings are guaranteed later if the actions are appealed.

We believe, however, that incentive will be as large a factor as ease in future conduct or performance related actions. The merit pay system for managers, as in the case of within-grade increases, will press supervisors to work with non-productive employees in order to improve their performance or conduct, and in future situations where there is little or no improvement, to take action to demote, remove, or discipline them.

SALARIES AND EXPENSES
OMB POSITION CEILINGS

Question: In the past we have been told of OMB employment ceilings on Agency positions, which have prevented the Agencies from filling all the positions authorized by Congress. Is such a ceiling currently in effect for the Education Division, and if so, how does it differ from your authorized slots?

Answer: Yes, an OMB employment ceiling is currently in effect.

FY 1979 Authorized Positions (Salaries and Expenses)	3,515
FY 1979 Authorized Positions (Indians)	57
FY 1979 Authorized Positions (Transfer Accounts)	22
Total Office of Education Authorized Positions	3,594
FY 1979 OMB Employment Ceiling	3,293
Difference	301

Question: How much savings will result from limiting staff levels to the OMB ceiling, and what happens to the savings?

Answer: As of this time we do not have an OMB ceiling for fiscal year 1980. Our request for permanent compensation includes a lapse rate of three percent (i.e., we have asked for funds to support only 3,410 positions or 97 percent of 3,515). If the OMB ceiling turns out to be lower than 3,410, excess funds would be used to support any future pay raises. If there still were additional funds, which is usually not the case, they would be used first for other personnel compensation, then for other categories where there was a clear need.

COST INCREASES

Question: Why is your rent going up 13 percent?

Answer: The Office of Education's rent is going up 13 percent because we will be acquiring 64,000 square feet of additional space in fiscal year 1980 to bring us more closely in line with the GSA standard for space. Our average cost per square foot also has gone up from $7.60 to $7.94.

Question: Why is your printing cost up 31 percent for next year?

Answer: There are two major reasons for this increase.

-- First, the Government Printing Office instructed us to plan for an eight percent increase in printing cost for fiscal year 1980 which accounts for $131,360 of the increase.

-- Second, the Education Amendments of 1978 made many changes in our legislation requiring changes in our regulations. These must be printed in the Federal Register, for which we now must pay. We also will be providing copies of these regulations to all affected State and local education agencies, institutions of higher education, and other organizations to keep them abreast of the new requirements. The estimated increase for this additional effort is $376,640.

PLANNING STAFF

Question: Planning seems to be of great importance in the Education Division: 45 people in the Office of Evaluation and Dissemination are engaged in "Planning and Evaluation;" 37 people in Mr. Pickman's operation are engaged in "Planning and Budgeting;" and at least 15 people in the various Bureaus are specifically identified as Planners. And this does not take into account the 190 people in the Office of the Assistant Secretary for Planning and Evaluation, or any of those engaged in something called "Policy Development," which sounds like still more planning.

How do you justify this many people engaged in planning, and how do you coordinate their efforts so they're not planning in different directions?

Answer: As you know, planning is a generic term, encompassing a wide variety of specific functions and activities. The range of activities varies from development of long-range policies for the Federal role in education to the organization of conferences and meetings for specific programs. The separate offices which your question mentions each have separate duties and functions which are encompassed by the general term planning.

The 45 people in the Office of Evaluation and Dissemination are not engaged in planning. Rather, they are engaged in the administration of evaluation studies of Office of Education programs, preparation of the Annual Evaluation Report, and a variety of technical assistance activities in the field.

The 37 people in the Division of Planning and Budgeting are engaged in planning activities for Office of Education programs. The responsibility of these people are Agency-wide; their work encompasses planning Federal policy for the over 120 programs in the Office of Education. In addition, these 37 people prepare the Office of Education budget and provide reports on the agency's planning and budget activities to OMB, the Treasury Department, and the Congress.

The bureau planning people are engaged in the operational planning for the effective and economical accomplishment of the bureau mission and the intent of the laws relating to the bureau. The responsibilities of these individuals differ from the 37 discussed above in that their scope is Bureau-wide and not across the entire Agency. In addition,

Bureau planners have operational responsibilities--the making of grants and contracts--which the Division of Planning and Budgeting does not have.

In general, the separate responsibilities and activities of these offices prevent the Agency from planning in different directions. Nevertheless, Office of Education planning personnel are in contact on a daily basis to insure that planning at all levels is coordinated to reflect the overall mission of the Agency.

ADVISORY COMMITTEES

Question: How many Advisory Committees are currently operating within the Education Division?

Answer: There are 17 advisory committees in the Office of Education presently, 15 of which are supported under the Salaries and Expenses appropriation. The National Advisory Committees on Bilingual Education and Indian Education are supported by program funds. The National Institute of Education has one Advisory Committee. The Assistant Secretary for Education presently has two Advisory Committees and a third, the Federal Education Data Acquisition Council will hold its first meeting in early April.

Question: What role do the Advisory Committees play within the Education Division? Do you feel that the recommendations from the various Advisory Committees are beneficial to the operation of Education programs?

Answer: The Advisory Committees assist the Education Division in carrying out its mandated responsibilities by advising the Secretary of Health, Education, and Welfare, the Assistant Secretary for Education, and the Commissioner of Education on policy matters relating to their specific areas of responsibilities. They raise relevant policy issues for consideration and make suggestions for desirable legislative changes. In addition, the Committees have made many operational recommendations which have been beneficial to this Agency's mission concerning such functions as the preparation of regulations for education programs and the administration of education programs. They also participate in the review of grant applications.

Question: What is generally the OE response to recommendations of Advisory Committees?

Answer: The Office of Education considers seriously all of the recommendations made by the various Advisory Committees. The Agency has been responsive to suggestions that have been valid and constructive, and have incorporated many Committee recommendations into agency policy and operating procedures. In the past the OE Advisory Committees have provided useful advice on grant applications, regulations development, education legislation and other relevant policy issues.

CONSULTANT SERVICES

Question: The Committee's Investigations Unit is currently taking a close look at the use of consultants in the Department. How is the decision made in the Education Division to hire consultants rather than do a job "in-house?"

Answer: The decision is made to hire consultants, i.e., to contract with a firm to provide a service to the Education Division, when the need for a particular expertise cannot be satisfied by "in-house" staff capabilities. For instance, the Education Division frequently contracts for studies, surveys, assessments, and evaluations--many of these are Congressionally mandated efforts--which require multidisciplinary expertise drawn from many professions in the social sciences. In addition, the decision to conduct assessments and evaluations under contract contributes to the preservation of the integrity of the evaluation process. A certain amount of distance from program operations must be maintained in order to preclude "in-house" bias.

Question: For the record, please provide the Committee with a list of the ten consultants who received the most money from the Office of Education, Assistant Secretary for Education, and National Institute of Education in fiscal 1978.

Answer: The following is a list of the ten consultant contractors who received the most money from the Education Division in FY 1978. As you will note, the majority of these contracts are considered consultant service contracts because they support activities which contain elements of what DHEW so broadly defines as a consultant service: examination, survey, study, analysis, review, and evaluation.

Contractor	Amount
System Development Corporation --To study the sustaining effects of compensatory education. --To conduct studies of the effects of selected ESAA-supported activities on intergroup relations and basic skills.	$ 5,968,700
SRI International --To support an Educational Policy Research Center which provides analyses of various policy alternatives affecting equal educational opportunity for disadvantaged children. --To conduct longitudinal studies of the grant cycle to measure program effectiveness in the Teacher Corps Program and of the progress in the implementation of P.L. 94-142.	3,841,000

On Line Systems --To develop a system to track students and funds for the Guaranteed Student Loan Program.	3,320,000
Network of Innovative Schools --To conduct studies of Federal and State dissemination strategies.	2,117,300
WESTAT --To maintain and operate a Fast Response Survey System (FRSS) to collect policy-oriented data requested by HEW education policy analysts/officials on various needs and problems in educational programs. --To assess the accuracy of data collected by the Higher Education General Information Survey (HEGIS) and to determine the compatibility of institutional records with HEGIS requirements. --To conduct a survey of the characteristics of students in noncollegiate postsecondary education. --To collect information needed for planning, budgeting, and evaluation of public school library media centers supported by Title IV-B of ESEA.	1,619,000
Applied Management Sciences --To develop a study technique to determine the degree of program abuse in student financial assistance programs.	1,520,000
Data Base Management, Inc. --To develop a new system to track disbursements for the BEOG program.	1,350,000
National Institute for Community Development --To provide personnel, facilities and materials for conferences relating to educational programs.	1,250,000
Rand --To support an Educational Policy Research Center which provides analyses of various policy alternatives affecting educational quality and improvement.	814,000
Value Engineering --To collect, tabulate, and disseminate information about enrollment, staff, facilities, and institutional characteristics all related to institutions of higher education.	770,000

The $4.8 million contract for the National Assessment of Education Progress, conducted by the Education Commission of the States (ECS), is not included in this list. ECS is an agent of the States and as such, the contract services which it provides, need not be reported as consultant services.

TRAVEL - EDUCATION DIVISION

Question: Your budget justification does not mention travel budgets in fiscal 1980. How much was spent for travel in fiscal 1978?

Answer: In fiscal 1978, the total spent for travel in the Education Division was $6,153,153.

-- Assistant Secretary for Education	- $	269,153
-- National Institute of Education	-	453,000
-- Office of Education	-	5,431,000

Of the $5,431,000 spent for travel in the Office of Education, $4,970,000 supported the following:

-- Evaluating OE-funded Programs - Monitoring
-- Headquarters/Regional Interface
-- Federal Policy Interpretation Technical Assistance
-- Job Related Professional Development
-- Other Professional Development
-- Other Professional Activities Associated with OE Functions, plus local travel

The balance of $461,000 supported all Advisory Council members to attend full Council meetings, subcommittee meetings and perform site visits.

Question: How much will be spent for travel in fiscal 1979 and 80?

Answer: The fiscal 1979 total travel budget for the Education Division is $6,276,000.

-- Assistant Secretary for Education	- $	269,000
-- National Institute of Education	-	473,000
-- Office of Education	-	5,534,000

The fiscal 1980 total travel budget for the Education Division is $5,021,000.

-- Assistant Secretary for Education	- $	269,000
-- National Institute of Education	-	473,000
-- Office of Education	-	4,279,000

Question: Please provide a breakdown of travel for the Commissioner and the Assistant Secretary for fiscal 1978 and 79.

Answer:

45-224 O - 79 - 6

Fiscal Year 1978 Breakdown of Travel for the Commissioner of Education

Destination	Purpose	Cost
Minneapolis, Minnesota	Visit Minnesota public schools - Vocational Education; Visit State Department of Education; International Council of Fine Arts Deans - Keynote Speaker	$ 271.95
Wilkes-Barre, Pa.	Visit David W. Kistler Elementary School - Dedication Speaker	89.98
St. Paul, Minnesota	Annual National Indian Education Association Conference - Keynote Speaker; Meet with Advisory Council on Indian Education	234.32
Chicago, Illinois	Visit Chicago schools - Magnet school; Annual Meeting of CSSO's - Address	220.40
New York City/New Canaan, Conn.	Meet with Times editorial board and education staff writers; Meet with educational leaders and organizations in N. Y.; Visit New Canaan County school	85.00
Philadelphia, Pa.	Visit OE Regional Office staff	107.92
New York City	Carnegie Foundation for Advancement of Teaching - Urban Higher Education	143.00
Atlanta, Ga./Macon, Ga.	Visit Atlanta/Macon Ga. public schools - Title I, issues in schools	195.53
New Orleans, La./ Orlando, Fla.	Annual meeting of Graduate Schools in U.S. - Keynote Address; American Association of State Colleges and Universities - Keynote Address	337.85
Paris, France	Official U.S. Delegate - OECD Youth Unemployment Conference	*
Salem, West Virginia	Mountain State Higher Education Consortium	110.35
New Orleans, La.	Visit elementary and secondary schools; Southern Association of Colleges and Schools	248.88

* Paid for by Department of State

Destination	Purpose	Cost
New York City	Meet with AFT, Ford Foundation, New York Times	$ 138.20
New York City	Meet with New York Times - review Federal education budget	109.75
Columbus, Ohio	Ohio Newspaper Association's Annual meeting - Special guest	140.52
Anaheim, California	Annual Convention of American Association of School Administrators - Keynote Speaker	402.00
Atlanta, Ga.	American Association of School Administrators - Meeting	256.45
Chicago, Illinois	Visit with Superintendent of Schools in Chicago; Meet with PRO; Meet with OE Regional Office staff	159.80
Anaheim, California/ Los Angeles, Calif.	Meet with Los Angeles County education leaders; Annual Convention of National School Boards Association - Address	467.32
Atlanta, Ga.	Annual Convention of American Association of Community and Junior Colleges - Keynote Speaker	148.25
New York City	American Jewish Committee to Revitalize our National Committment to Public Education - Keynote Speaker	105.95
Beloit, Wisconsin	Beloit College - Commencement	152.00
Kansas City, Mo.	Visit Kansas City public schools - Magnet school; Opening session of Council for Exceptional Children Conference - Keynote Speaker	223.00
Princeton, N. J.	University of Princeton Board of Trustees and Council for University Resources - Speech, Student Assistance	79.00
Chapel Hill, N. C./ Monterey, Calif.	Meet with N. C. Educational Officials regarding cutoff of funds; Joint Conference of University of California	539.31
Chapel Hill, N. C.	N. C. Educational Officials - desegregation plans	96.00

Destination	Purpose	Cost
Wheeling, West Va.	Wheeling College - Commencement	$ 110.98
Bangor, Maine	School Visit and Commencement - Adult High School Diploma Program	259.34
New York City/Clinton, New York	Hamilton College - Commencement	275.14
New York City	City University of N. Y. - Participate in commencement exercises; Meeting with N. Y. Times publishers	88.75
Albany, N. Y.	State University of N. Y. - Dedication ceremonies	165.62
N. Y. City/Key Biscayne, Florida	Yeshiva University - Commencement; 30th Anniversary of Southern Regional Education Board - Address	280.55
Orlando, Florida	Florida Association of School Administrators - Meeting with school administrators	208.50
Indianapolis/Notre Dame/ South Bend, Indiana	University of Notre Dame - Bakke Case in Higher Education	239.48
Chicago, Illinois	American Library Association's National Convention - Speech, Federal library support program	189.49
Aspen, Colorado	Work-Education Seminar - Aspen Institute	370.10
Gunnison/Aspen/Denver, Colorado	Meet with Governor Lamm and Colorado State education leaders; Western State College - Address faculty; Address and participate in Aspen Institute symposium	890.00
Kansas City, Mo.	Visit Kansas City public schools; 7th Annual PUSH Conference - Keynote Speaker	236.14
South Padre Island, Tex.	Participate in Chief State School Officers Annual Summer Institute	446.95
Holland, Michigan	Hope College - Keynote Address, Values in Higher Education	142.00

Destination	Purpose	Cost
Chicago, Illinois	Visit Chicago public schools; Superintendent of Chicago Public Schools' Workshop for Administrators - Address	$ 156.00
Madison, Wisconsin	Visit Madison public schools; State Superintendent's Conference for District Administrators on the Arts - Address; Meet with State Education officials	199.95
Los Angeles, Calif.	Meet with Los Angeles County School Board Authorities; Statewide Conference on the Arts - Address	449.85
Providence, R. I.	Visit Providence parochial and public schools with Senator Pell; OE-sponsored National Metric Conference - Address	219.23
	TOTAL, FISCAL YEAR 1978	$ 9,990.80

Fiscal Year 1979 Breakdown of Travel for
the Commissioner of Education
Through March 15, 1979

Destination	Purpose	Cost
New Rochelle, N. Y.	Developing Colleges Meeting - College of New Rochelle - Keynote speech	$ 92.00
New York City	International Council for Educational Development	217.00
Traverse City, Michigan/ Niagra Falls, N. Y.	Michigan Association of State and Federal Specialists' October Workshop - Address; 10th National Indian Education Association Annual Conference - Address	206.83
Hershey, Pa.	National Association of State School Boards of Education Annual Convention - Keynote Speaker	12.00
Paris, France	OECD Education Committee Meeting at the Ministerial Level - Serve as U.S. Vice Chairman	*
Chicago, Illinois	Encyclopedia Britannica - Participate in "Achievement in Life" function	209.75
Albany, New York	Meeting of Statewide faculty - Address	150.92
Albany, New York	Empire State College - Commencement	126.00
Cherry Hill, N. J./ Kansas City, Mo.	Interstate Conference on Minorities in Higher Education - Address; FFA Annual Convention - Keynote Speaker; Visit with OE Regional Commissioner of Educational Programs	339.84
Kansas City, Mo.	National Council of Teachers of English Annual Convention - Keynote Speaker	258.20
Jerusalem, Israel	Hebrew University - Colloquium on Disadvantaged Education in Integrated Settings; Meet with Israeli Education Officials concerning implementation of new education agreement with Israel	1,376.06

* Paid for by Department of State

Destination	Purpose	Cost
New York City	Regional Public Hearing on Postsecondary Reauthorization	$ 122.75
Atlanta, Ga./Albany, Ga.	University of Georgia - Meet with Board of Regents regarding desegregation	200.44
Des Moines, Iowa/ Princeton, N. J./ Lawrenceville, N. J.	Drake University - Speech; Education Testing Service - Meeting; Rider College - Commencement	505.00
Spokane, Wash./Seattle, Wash.	Meet with local educators in Region X; Visit OE Regional Office staff; Eastern Washington University - Attend dedication ceremony; Address symposium on the future of education	441.00
Athens, Ohio	Ohio University - Keynote Speaker at the 175th Foundation Day Convocation	260.00
New York City	Visit OE Regional Office staff; 20th Anniversary Celebration of Kennedy Child Study Center - Address	217.00
	TOTAL, FISCAL YEAR 1979 THROUGH 3/15/79	$ 4,734.79

Fiscal Year 1978 Breakdown of Travel for the
Assistant Secretary for Education

DATES	LOCATION	COST
10/25 - 11/6	D.C. (⟷) China	$261.00
11/17	D.C. (⟷) Chicago	197.00
11/20 - 11/21	D.C. (⟷) Dallas/Houston	244.00
12/16	D.C. (⟷) New York	90.00
12/20	D.C. (⟷) Chicago	152.00
1/17	D.C. (⟷) Chicago	152.00
1/26	D.C. (⟷) Albany	156.75
2/03 - 2/04	D.C. (⟷) Racine	156.00
2/17	D.C. (⟷) Atlanta	221.00
2/23	D.C. (⟷) Harrisburg, PA	25.00
3/18	D.C. (⟷) Phoenix, AZ	356.00
3/29	D.C. (⟷) Newark, NJ	80.00
4/13	D.C. (⟷) Greensboro, NC	86.00
	D.C. (⟷) Chicago	197.00
4/05 - 4/06	D.C. (⟷) Kansas City	296.00
4/14 - 4/15	D.C. (⟷) San Diego, CA	452.50
4/14 - 4/15	D.C. (⟷) Carbondale, IL	248.00
4/23	D.C. (⟷) Nashville, TN	199.00
5/07	D.C. (⟷) Fayetteville	114.00
5/19 - 5/21	D.C. (⟷) Oakland	438.00
6/30 - 7/05	D.C. (⟷) San Francisco	531.00
6/16 - 7/16	D.C. (⟷) New York City	100.00
6/22 - 6/23	D.C. (⟷) Athens	114.50
6/20	D.C. (⟷) Capahosic	54.00
7/23 - 7/31	D.C. (⟷) Tokyo	2,265.65
6/26 - 6/27	D.C. (⟷) Oklahoma	188.50
6/29	D.C. (⟷) Philadelphia	60.50
9/15	D.C. (⟷) Newark	102.00
9/10 - 9/12	D.C. (⟷) Portland	544.00
	TOTAL	$8,081.40

Fiscal Year 1979 Breakdown of Travel for the
Assistant Secretary for Education
Through March 30, 1979

DATES	LOCATION	COST
10/02 - 10/03	D.C. (⟷) Portland	$181.75
10/12 - 10/14	D.C. (⟷) L.A./San Francisco	520.20
10/25	D.C. (⟷) Boston	120.00
10/20	D.C. (⟷) Baltimore	0.00
11/08	D.C. (⟷) Boston	120.00
11/02 - 11/03	D.C. (⟷) Minneapolis	270.14
11/12 - 11/12	D.C. (⟷) Fontana	156.00
11/14 - 11/15	D.C. (⟷) Scottsdale	366.00
11/17 - 11/17	D.C. (⟷) New York City	102.00
11/16 - 11/16	D.C. (⟷) New York City	106.00
12/07 - 12/07	D.C. (⟷) New York City	106.00
12/18	D.C. (⟷) Chicago	176.00
1/24 - 1/25	D.C. (⟷) Kansas City	268.50
2/02 - 2/02	D.C. (⟷) Columbia	126.00
2/09 - 2/09	D.C. (⟷) Atlanta	168.00
2/19 - 2/22	D.C. (⟷) North Carolina	135.00
2/15 - 2/15	D.C. (⟷) New Orleans	224.00
3/17 - 3/17	D.C. (⟷) Chicago	180.00
3/30 - 3/30	D.C. (⟷) Buffalo	115.00
	TOTAL	$3,440.59

Question: How much of the O.E. travel budget is used by people in grades 16-18, 14-15 and 13 and below? Please list each of these three catagories separately.

Answer:	FY 1978	FY 1979	FY 1980
GS 16-18	$ 263,200	$ 263,700	$ 195,900
GS 14-15	1,652,900	1,656,200	1,230,500
GS 13 and Below	3,053,900	3,060,100	2,273,600
Subtotal	$4,970,000	$4,980,000	$3,700,000
Advisory Committees	461,000	554,000	579,000
Total	$5,431,000	$5,534,000	$4,279,000

CONCENTRATION GRANTS

Question: If this Committee does not fund the Title I concentration grants in fiscal 1979, would you reduce your request for $400 million for 1980?

Answer: The 1980 request of $400 million for Concentration Grants is the realization of the Administration commitment to fund this part of Title I at an effective operating level. This was the amount originally proposed for the fiscal year 1979 budget. However, due to the anticipated timing of supplemental appropriation action and the current need for fiscal constraint, a lesser "phase-in" amount was proposed for the fiscal year 1979 supplemental request. For school year 1980-81, however, we expect the program to be fully operational.

Question: Did you consider shifting the funds from regular Title I grants to the Concentration Grants rather than increasing Title I?

Answer: During the budget formulation process, many options were considered in the interest of developing the most equitable and responsive Title I budget under limited resources. The shifting of funds from the "regular" part of Title I, rather than requesting a net increase of $142 million in the program, would have reduced the operating level of many local educational agencies not eligible to participate in the Concentration Grant provision. The final budget seeks to maintain the traditional Title I efforts at an acceptable operating level, while at the same time responding to the very critical unmet needs in compensatory education of historically underserved areas. The budget is designed to achieve this dual objective under a modest increase in total program funding.

OVERALL REDUCTIONS

Question: As we move through the budget process this year, it is becoming clearer all the time that there is a definite mood of fiscal restraint within the Congress. I think this restraint is also evident in the budget request that has come up from the Administration. What programs would you cut if you were directed by the Congress to reduce the overall budget request for the Office of Education by $300 million? For the record, would you please provide the Committee with a prioritized list that would show where you would cut $300 million?

Answer: The total of $12.2 billion for the Office of Education represents a balance between the level of support needed to carry out the Federal role in education and the need to limit Federal spending. Our total budget not only includes program increases for select priorities, but contains program reductions of almost $800 million. In total, the budget of $12.2 billion represents a reduction of $400 million below the anticipated 1979 level.

If forced to reduce our total budget by $300 million, one strategy is to absorb the reductions under programs where Federal funding constitutes general aid and where State and local funding greatly exceeds Federal spending. Impact Aid and Vocational Education programs fall under these categories.

SOCIAL SECURITY BENEFITS

Question: The administration has proposed phasing out Social Security benefits for college students. Yet you are not projecting any increase -- and in fact you show some decreases -- in demand for student aid. Why is this?

Answer: Social Security student benefits currently pay to any eligible student an average of approximately $2,000 per year regardless of the student's need for meeting the costs of postsecondary education. Therefore, a portion of the funds in support of Social Security benefits fund students who do not need financial assistance to attend a postsecondary institution.

In contrast to this form of aid, the Office of Education (OE) student financial aid programs are all based on the difference between the student's total cost of education and the amount they and their families can contribute to that cost. The determination of eligibility for Basic grant and campus-based program aid considers the amount of Social Security benefits received by the family. Loss of these benefits will cause many students to become eligible for awards under these programs for the first time. It is estimated that 70 percent of undergraduates, approximately 252,000, affected by the first year of the Social Security phase-out in 1979-80 will become eligible for a Basic Grant. Therefore, an increased number of recipients are anticipated due to the elimination of Social Security benefits as well as liberalization in the treatment of independent students.

However, this increase in recipients due to those two factors will be offset by a decrease in the number of recipients from higher incomes. Rising incomes of families will cause students formerly eligible for a Basic grant to move beyond the eligibility limit in 1980. It is anticipated that this decrease in upper income recipients will cause an overall decrease in the number of Basic grant recipients from 1979 to 1980.

Awards in the remaining campus-based student assistance programs (Supplemental grants, Work-study, and Direct loans) are projected at the same level in 1980 as in 1979. At this time it is difficult to project a precise increase in recipients due to the Social Security benefit elimination.

HARD-TO-COLLECT DIRECT LOANS

Question: I understand that your have offered to take over collection of so-called hard-to-collect direct loans, but that so far colleges have turned over to you only about 500 of them for collection. Why is this?

Answer: Institutions have been encouraged to assign notes that are two year or more in default to the U.S. Office of Education (OE). Because of involved procedures few institutions in the past have assigned loans. The procedures have been revised and simplified, and the volume of loans turned over to OE is expected to increase significantly.

Question: What percentage of the defaulted direct loans would you consider to be hard-to-collect variety?

Answer: This will be difficult to determine until we review the loans assigned to us and attempt collection.

Question: What portion of these hard-to-collect loans do you think you could collect on if given the chance?

Answer: As the loans assigned to the Office of Education have been declared uncollectable by the institution, this will be difficult to determine until we have actual experience in collecting them.

Question: Do you plan to get tough with those schools with large numbers of older loans?

Answer: Institutions with large numbers of older loans will not be penalized if they are properly administering their loan program.

SALARIES AND EXPENSES SUPPLEMENTAL

Senator PROXMIRE. In fiscal 1978, the Department requested, and the Congress provided a $2.3 million supplemental to cover increased postage expense. Were all these funds used in connection with this?

Mr. PICKMAN. We only needed $700,000 of that amount. $1,600,000 was lapsed and returned to the Treasury.

Senator PROXMIRE. The difference was lapsed and returned to the Treasury. $600,000?

Mr. PICKMAN. $1,600,000 was returned.

Senator PROXMIRE. How much was used?

Mr. PICKMAN. $700,000.

ASE BUDGET REQUEST

Senator PROXMIRE. To conclude today's hearings, Dr. Berry will explain the Assistant Secretary's budget request. The request includes $14 million for the Improvement of Postsecondary Education, $10.9 million for the National Center for Education Statistics and $11 million for salaries and expenses of the Office of the Assistant Secretary for Education. Overall, the Assistant Secretary's budget is $35.9 million, an increase of about $1.7 million over the 1979 appropriations.

Dr. Berry, since we already had the opportunity of some discussion of the programs administered by your office, won't you please introduce anyone who joined you?

Dr. BERRY. I have with me Dom Ruscio, who is the Deputy Assistant Secretary for Education, Education Resources; Marie Eldridge, Administrator, for the National Center for Education Statistics; Chuck Bunting, Deputy Director of the Fund for the Improvement of Postsecondary Education; and Bill Forbush Deputy Assistant Secretary, Budget, for the Department. If I may, Senator, the budget request supports my immediate office, who assist me in my role of providing policy direction and coordination for the education part of HEW, the staff and related expenses for the two small programs represented here, as well as the program dollars associated with the Fund and the Center.

We are asking for one more staff position above what we have at present and that one staff position will be used for the fast response survey system. What that system does is to allow for quick responses on current educational issues in which the Congress, the Department and the education community are interested. We have used that time and again this year. The additional position will enable the Center to increase the number of fast surveys.

We are also asking for $1 million increase in the Fund for the Improvement of Postsecondary Education primarily to focus on a point you raised earlier about cost effectiveness. We cannot do anything about costs directly. However, we can in fact encourage institutions to do something about controlling costs.

In higher education there is a major problem of projected declines in enrollment and adjusting facilities, plants and programs consistent with that decline. The Fund will use that $1 million to support some field initiated proposals designed to make programs more cost effective.

We are asking for a small amount of money to fund the expansion of the Education Data Acquisition Council, that you referred to earlier.

We are absorbing costs this fiscal year without additional resources. We are asking for money for 1980 in order to expand contractual support so we can reduce our paperwork and data burden imposed by all Federal agencies that deal with education.

Another major portion the funds requested are for the policy centers I support out of my office. These centers provide me with analytical work used by the Department in developing reauthorization proposals making recommendations to the Secretary on policy and responding to requests from Congress for policy information.

Marie, would you like to say something briefly about the Center?

FUNCTION OF NATIONAL CENTER FOR EDUCATION STATISTICS

Ms. ELDRIDGE. I will be pleased to. The National Center for Education Statistics is the focal point for the collection, analysis, and dissemination of statistics on the condition of education in the United States and abroad. We maintain a variety of basic data bases which monitor trends in this country as well as conduct special studies at the behest of the Department and more importantly, perhaps, as mandated by the Congress. In addition, we provide assistance to the States in a variety of modes to improve their ability to respond to the requests for data that come to them from the Federal Government as well as, improve their own capabilities to develop data bases to enhance their educational policy planning and budget processes at the State and local level.

PREPARED STATEMENTS

Dr. BERRY. We have statements submitted by Ms. Eldridge and the Director of the Fund, which I would submit for the record, if I may, along with my own statement.

[The statements follow:]

STATEMENT OF DR. MARY F. BERRY

Mr. Chairman and members of the Committee:

I appreciate this opportunity to discuss the fiscal year 1980 appropriation request for the Office of the Assistant Secretary for Education.

This request contains three elements: (1) program support for the Fund for the Improvement of Postsecondary Education; (2) program support for the National Center for Education Statistics; and, (3) salaries and expenses associated with these two operational programs and with my immediate office which is responsible for developing and communicating education policy. For fiscal year 1980, we are requesting a budget of $35,930,000, an increase of $1,761,000 over the comparable fiscal year 1979 level. This increase will support new program initiatives and also cover the cost of one new position for the National Center for Education Statistics.

For the Fund for the Improvement of Postsecondary Education we are requesting $14,000,000, an increase of $1,000,000 over the 1979 level. This funding level for 1980 would support a total of 190 projects, 15 more than in 1979.

Each year the Fund provides seed-money grants to carry out its two objectives: to improve postsecondary opportunities for those who seek them and to improve the quality of the postsecondary education which they receive. The Fund's approach is one which stresses the importance of local commitment -- administrators, teachers and counselors working with students. Preliminary evaluation results indicate that this strategy is effective. Checking back at least one year or later after Federal support ceases, this survey found that 70 to 80% of the projects continue to provide significant levels of services.

In 1980 the Fund plans to continue its improvement of educational services to learners through support of programs which extend educational opportunity to underserved groups, improve instructional programs in colleges, and serve the educational needs of working populations. Part of the increase for the Fund will be used for new projects which are designed to spread and install into new settings effective approaches which have been developed in given colleges and communities. The balance of the proposed increase will serve to improve services to learners through strengthened management practices in colleges. Past projects which address this priority include joint hiring of faculty by groups of institutions and utilization of existing community facilities rather than requiring the building of new facilities. This program represents a new direction for the Fund and will improve the ability of postsecondary institutions to meet the financial difficulties associated with declining enrollments and rising costs.

The National Center for Education Statistics is the primary Federal agency responsible for the collection, analysis and dissemination of statistics about the condition of education in the United States and abroad. The Center maintains a core of education statistics on institutions and individuals to monitor trends and address policy issues

and supports a coordinated program of statistical services which provides: 1) assistance to States in developing comparable data bases, 2) analyses which illuminate the meaning of data and 3) dissemination of timely useful information to the public. For the Center we are requesting $10,893,000 which is a net increase of $332,000 over our comparable 1979 level. This modest increase will serve to assist states in the implementation of the mandated vocational education data system.

The 1980 budget request for Program Direction and Support Services is for $11,037,000 and 262 positions, an increase of $429,000 and one position over the comparable 1979 level. Most of the increase will be required to cover built-in increases such as the increase in standard level user rates and annualization of positions not filled for all of 1979. In addition the increase supports one new position for the National Center for Education Statistics' Fast Response Survey System. This position will enable the Center to increase the number of fast surveys on policy relevant topics, thus assuring timely responses to the Congress, the Department and the education community. Finally, this increase provides $100,000 to expand the Education Data Acquisition Council's coordination function to include data acquisition activities of all Federal agencies. We will also continue our support at the 1979 level of the Education Policy Research Centers which act as a resource for indepth and sustained policy analysis. In 1980, the four Centers will continue to focus on four areas: (1) equal educational opportunity for disadvantaged children; (2) educational quality and improvement; (3) postsecondary educational and vocational skills, and (4) desegregation of educational institutions.

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

STATEMENT OF MARIE D. ELDRIDGE

The National Center for Education Statistics is the primary Federal agency responsible for the collection, analysis and dissemination of statistics about education. The Center maintains a core of education statistics on institutions and individuals to monitor trends and address policy issues and supports a coordinated program of statistical services which provides: 1) assistance to States in developing comparable data bases, 2) analyses which illuminate the meaning of data and 3) dissemination of timely useful information to the public. The Center is also responsible for coordinating the collection of information and data acquisition activities of all Federal agencies in order to eliminate unnecessary or redundant information requests.

Major Objectives

The budget request for the National Center for Education Statistics for fiscal year 1980 is $10,893,000[a/], an increase of $332,000 above the comparable 1979 level. The increase in funds supports assistance to States to implement the mandated vocational education data system.

The fiscal year 1980 budget will provide the opportunity for NCES to address four major objectives:

1) To reduce data burden.
2) To produce timely data on policy-relevant issues.
3) To improve responsiveness to users.
4) To increase management effectiveness.

Highlights/Budget Priorities

Program activities of the budget which focus on major issues include:

-- School Finance

Develop a school finance data system to produce profiles on the degree to which States are achieving equalization of resources for elementary-secondary education as mandated by the Education Amendments of 1978.

-- Education and Work

Complete the fourth follow-up survey of the high school class of 1972 to provide information on career choices and employment status as related to educational experiences.

Collect data on enrollments and program completions in vocational education to complement State demand data in particular occupations.

-- Federal Assistance Programs

Conduct a national longitudinal survey of 1980 sophomore and senior classes to assess the impact of major Federal programs (Title I Bilingual and Follow-Through) on postsecondary education.

-- Declining Enrollments

Maintain data bases in elementary-secondary, and higher education as well as preprimary and adult education to monitor enrollment trends.

Management initiatives which will reduce data burden and produce more timely data follow:

-- Develop an annual statistical plan to coordinate Federal education statistics and reduce data burden by eliminating unnecessary or redundant information requests.

-- Utilize a special central staff to assure timely disposition of all data requests and immediate response to special requests from Congress and HEW.

-- Centralize control of data processing, establish standards and expedite processing of information from NCES surveys.

-- Implement an operational planning system to track the status and insure accomplishment of NCES activities.

-- Develop a staff resource management system to improve forecasting and evaluating of manpower requirements and insure the effective utilization of manpower resources in the Center.

a/ Reflects transfer of the National Assessment of Education Progress to the National Institute of Education pursuant to P.L. 95-561

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

In 1980, the Fund program will continue to adhere to certain principles which have made it a distinctive program since it began in 1973. These include: (1) a conviction that the best ideas and specific plans for improving education emanate, not from Washington, but from local levels; (2) a conviction that the Federal government should also be a "junior" partner in support of projects, expecting significant degrees of policy and resource commitments at the local level; (3) and the view that all funded projects should seek to benefit learners -- within a relatively short period of time.

After six years of grant-making cycles, it is gratifying to be accumulating data which point to the wisdom of these principles. As Dr. Berry indicated in her opening testimony, it appears that large numbers of funded projects are continuing in place after the Federal start-up funds have been terminated. One survey suggests that 70-80% of the past projects are continuing to provide the same or greater levels of services than occurred during the period of Federal support. Large numbers of projects also appear to have been adopted or adapted by other colleges and universities. Based on these promising findings, the Secretary's Office is now supporting a full-scale study of the Fund's policies and impact.

In 1980, the Comprehensive Program, which attracts a wide range of locally-developed ideas for improving education, will continue to be relied upon for making the large majority of awards. Examples of past and current projects include: Basic skills programs sponsored by community agencies for unemployed youth; upward mobility training programs for clerical workers, jointly sponsored by universities and employers; the provision of advanced standing for adults returning to school when they have acquired skills and knowledge elsewhere; and developing better ways to measure how much students are learning and just how effective individual college programs are.

In addition, however, other program activities are planned for 1980; one which particularly deserves further description is the effort to strengthen management practices in colleges or other institutions. This program addresses current trends in higher education finance, enrollment, and faculty composition, as well as to the expressed concerns of a wide range of educators and lay observers. In the past, a few promising approaches have been sponsored -- joint hiring of new faculty by several colleges to reduce the financial burden, development of ways to measure effectiveness and efficiency in colleges, and retraining of faculty from low-demand to high-demand fields or specializations. In light of these promising beginnings, and the serious constraints facing educators seeking to keep educational programs and services vital in the difficult years ahead, a special emphasis on this topic in 1980 seemed especially warranted.

45-224 O - 79 - 7

STATEMENT OF JAMES PICKMAN

I am pleased to appear before you today to discuss our fiscal year 1980 request under Salaries and Expenses for the Office of Education. Our request for fiscal year 1980 totals $128,353,000. It will provide for the salaries, expenses and support costs necessary to operate and administer over 120 Office of Education programs and 14 advisory committees.

While our goal is to provide the support for carrying out the Federal mission in education, we are working hard to eliminate unnecessary expenditures and positions, and to make administrative and managerial improvements that will assure the most effective and efficient use of the Office of Education's salaries and expense dollars.

Dollars

Our request represents an increase of $3,701,000 over fiscal year 1979; however, increases of $7.4 million in permanent compensation, benefits, and rent--items in large part beyond our control--are substantially offset by an aggregate reduction of $3.7 million in the discretionary object classes. We found we could reduce most of these discretionary categories without detriment to program priorities.

For example:

- We will cut travel and related costs by $1.3 million by eliminating unnecessary trips and better coordinating travel that is essential.
- We will reduce part-time permanent and consultant positions by $0.4 million.
- We will save $1.4 million by eliminating excess rental of equipment, telecommunications, mail, equipment purchases, and supplies.
- We will save another $1.5 million by eliminating unnecessary expenditures in such categories as automatic data processing, field readers, training, and remodeling.

Staffing

We are requesting 3490 full-time permanent positions. This number reflects a decrease of 25 positions from the authorized level in fiscal year 1979 and a reallocation of 186 positions. Reductions are proposed in overhead and lower priority programs, and through achievement of organizational and managerial efficiencies in the Bureaus of Student Financial Assistance and Occupational and Adult Education. The reallocated positions will go to such priority areas as grants and contracts administration, financial management, regulations development, Title I of the Elementary and Secondary Education Act, Title III of the Higher Education Act and various special programs for the disadvantaged. In making these changes, we have attempted to reflect the special concerns expressed by the Committee last year and support the President's goal of reducing Federal employment.

Administrative Agenda for FY 1979-1980

Our efforts to hold down the cost of salaries and expenses is only one part of our overall program to strengthen support services and improve management in the Office of Education. Our agenda for the next twelve months builds upon some solid accomplishments.

For example:

- We have put schedules in place to improve the distribution of grants and contracts over the fiscal year and the timely disbursement of funds. In the past, grant and contract awards were bunched in the last quarter. To date, we are meeting our targets.

- We have reduced unnecessary paperwork and reporting burden by more than 6 million hours since January 1977.

- We have decreased the number of unresolved audits from over 1000 in April 1977 to approximately 500 today.

- We have reduced the error rate in entries to our financial accounting system from over 50% in 1977 to 8% today. We expect to reduce this to 2% by the end of this fiscal year.

- We are writing regulations in clear and simple English, and have removed 498 pages of unnecessary or obsolete material from the Federal Register since September 1977.

Our agenda for the next 18 months is centered around achieving improvements in four key areas: cost savings, program administration, management processes, and personnel management.

We have attempted to develop measurable goals against which progress can be closely monitored. I would like to briefly outline each of these areas:

Cost Savings

The reduction of fraud, abuse and waste in Office of Education programs is the primary component of this effort. For 1979, we are committed to saving $450 million, including:

- $22 million in questionable expenditures in the Title I program through on-site investigations and increased technical assistance to State and local educational agencies.

- $428 million from various student assistance program initiatives, such as increased collections in our loan programs, screening procedures in BEOG's, and better targeted and more intensive program reviews.

In addition, we expect to achieve additional savings through:

- Improving collection of delinquent accounts receivable;

- Increasing the percentage of procurement dollars awarded competitively;

- Reducing the number of unclosed grants and contracts, and the number of unresolved audit reports;

- Reducing internal waste by attacking the proliferation of telephone equipment and excess copier and word processing equipment, and tightening controls over GSA credit cards.

Program Administration

In this area:

- We are moving to coordinate the administration of State formula grant programs to achieve greater program coherence, improve operating efficiencies, and better serve constituents.

- We have begun a comprehensive review of large discretionary grant programs to ensure that program operations are responsive to legislative intent and program mission, and that their grant award processes are carried out with integrity, objectivity and administrative efficiency.

- We are establishing a new Bureau of School Improvement that will bring together 20 small discretionary grant programs now scattered throughout the Office of Education. Placing them in a unit of their own will improve their efficiency and effectiveness and help ensure greater national impact.

- We are overhauling evaluation procedures to assure that findings are stated in terms of measurable objectives and that results are available for budget and legislative decision-making, and for program improvements.

Management Processes

- We are continuing to reduce the paperwork burden on our clients. Our efforts will focus on developing procedures for the submission of State and local agency plans every three years as opposed to annually, and on eliminating other unnecessary data required from local education agencies.

- We shall undertake a major effort to improve the financial record keeping and the fiscal management and reporting system.

- We are improving the regulations development process to assure more timely publication of understandable regulations.

Personnel Management

- We shall complete personnel audits of all Office of Education positions to assure that General Schedule grade levels are consistent with work responsibilities.

- As we implement the Civil Service Reform Act, we are focusing on improving supervisory performance. We shall set performance standards for supervisors, enforce supervisory

training requirements and strengthen managers' awareness of affirmative action recruitment and placement.

In summary, I believe we have taken a hard look at out support costs and developed a request that reflects the need to tightly control spending, and yet allows us to administer our programs. In establishing an administrative agenda--which is only briefly highlighted--I believe we have taken an important step toward improving the overall functioning of this agency. We realize, of course, that identifying problems and setting goals are only initial steps. The real work lies ahead.

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

COORDINATION WITH OTHER FEDERAL AGENCIES

Senator PROXMIRE. It was recently announced that the Bureau of Labor Statistics, the State employment security agencies, and the National Center for Education Statistics have agreed to cooperate on a survey collecting numbers of employees in local school districts. The survey will enable DOL and HEW to develop up-to-date statistics and projections of occupational categories in local schools. How will the data from this survey be used?

Ms. ELDRIDGE. That was a major breakthrough. The educational component of the employment data series was the only holdout in the total data system. The Office of Management and Budget insisted that the data set they would collect must be coordinated with NCES and with the total education community so the data could be effectively transferred between the two agencies and so BLS could utilize the data being collected in HEW, and HEW can utilize the BLS data. Obviously, the relationship between employment and education is terribly important. We are already looking at that in the area of teacher supply and demand, vocational education, and the natinal longitudinal studies both the 1972 cohort, which you may be aware of—and our plans for the 1980 cohort where we will track students and their employment in relation to their aspirations.

Senator PROXMIRE. Do they have other agreements for carrying out survey and use of data?

Ms. ELDRIDGE. There are some triumvirate agreements between Census, BLS and NCES. Much of the data is collected through the census, involves household surveys.

Senator PROXMIRE. What cost savings, if any, are achieved by that cooperation?

Ms. ELDRIDGE. Certainly redundancy is eliminated to the extent possible. There is no justification for the two of us to go out independently. We have been working informally on this redundancy problem but now with the control of paperwork amendments of 1978, which includes not just coordination of the education data collection with the Education Division and the Office of Civil Rights, but all Federal agencies, we will be able to eliminate redundancy and unnecessary requests for information.

REDUNDANCY AND PAPERWORK CONTROLS

Senator PROXMIRE. Are you going as far as you can in coordinating this collection to eliminate redundancy and paperwork on the part of the——

Dr. BERRY. Insofar as NCES is concerned, Marie has made a laudable record in trying to coordinate with the other statistics gathering agencies. This new legislation, the control of paperwork amendments of 1978 that set up the Federal Education Data Acquisition Council will give us an opportunity now to get rid of all redundancy, overlap, confusion and reduce the costs. We will see substantial progress made in that regard.

DEPARTMENTAL EVALUATION OF NCES

Senator PROXMIRE. In August last year the Department released findings on the departmental evaluation of NCES. The report listed 10 major problem areas. Among the problems listed were that the various education staffs were confused about NCES's proper role and the users of NCES have problems in getting information and special requests. What was done in response to this evaluation to clear up the problems listed?

Dr. BERRY. First of all——

Senator PROXMIRE. Tell me what has been done in response to the eight recommendations for improvement also listed in the evaluation?

Dr. BERRY. The Secretary was mostly concerned, as one can tell from his letter, about NCES's role within the Department and how it served the various agencies within the Department. He wanted to have some improvements made in that regard and he listed several items that he thought we ought to undertake. Although I must say there is a great deal of controversy within the Department as to whether in fact the difficulties were as substantial as one might infer. In any case, he asked us to immediately take some steps. We have taken all the steps listed there. He asked us to fill positions very quickly, which we did. He asked us to set up a special mechanism to handle special requests that would be known to everyone in the Department. We have done that. He asked us to develop an annual statistical plan so everybody's statistical needs would be included and there would be coordination of that. We are preparing that now. He asked us to give status reports every month to all the other agencies within the Department.

I think Marie might want to say more about what she has done to respond.

Ms. ELDRIDGE. I believe we have attempted to be as responsive as we possibly could within the context of the criticisms of the management evaluation report, which, as Dr. Berry said, tended to focus exclusively, on the responsiveness of the Center to the Department.

I believe that there has been recognition that the responsiveness of any organization is dependent not only on the organization but on the ability of the potential users to also articulate their needs. I believe there has been a substantial improvement in that as is evidenced by the reports which we produce monthly on the number of requests that are coming in and the turnaround which in fact is

being given. The majority of the requests are handled on the same day that they come in. We receive in excess of 1,000 requests a month for data. Some are requests that can be answered very quickly. Some are more involved. In terms of timeliness—which was a question, I think we have an excellent record in terms of what we have done in the Center. I recognize that the Congress has been somewhat concerned about the nature of the publications in terms of their utility. We have looked very carefully at the publications. The total number has been reduced by 10 percent. The number of copies that are printed has been substantially reduced. We have eliminated some publications in preference to producing microfiche or computer tapes. The utilization of our interactive terminals has increased substantially. The money that is coming into our trust fund as a result of the services that we are permitted to carry out on a reimbursement basis is increasing and we are using that money to hire temporaries to improve the dissemination program.

Dr. BERRY. Let me just say, in summary NCES responded to the Secretary's memorandum and to the management evaluation study despite some feelings of some controversy about the evaluation itself. It was reported to the Secretary that NCES responded to every item on the schedule. There is general agreement that NCES's service within the Department is now at a level where it should be.

Senator PROXMIRE. Let me ask you a question about the Fund for the Improvement of Post-Secondary Education.

Budget justification for the fund lists five goals for 1980. These goals are first, extend effective education opportunity; second, serve the educational needs of working populations; third, improve instructional programs in colleges; fourth, adapting improvements, and fifth, strengthening management practices.

Those are all very general goals. Let me see if I can get more specific descriptions of what you intended to do.

Can you explain what you mean to accomplish in each of these?

First, extending effective education opportunities.

EXTENDING EFFECTIVE EDUCATION OPPORTUNITIES

Dr. BERRY. Chuck, do you want to respond to that?

Dr. BUNTING. Yes. With respect to the first three goals, those are a part of a broad comprehensive program which we administer every year.

Years before we had benefit of the RAND study findings you referred to earlier, we set up an approach which I think takes full advantage of local initiative in higher education.

We ask people at the local level to design and submit practical projects for improving postsecondary education.

We depend very much on the proposals coming through the door to tell us what the priorities ought to be within the broad statements of purposes and goals you just described. Each year good numbers of projects submitted from local levels address those very priorities.

Senator PROXMIRE. Let me see if I can get a stronger feel for this.

First, extending effective education opportunity. Does that mean that you would provide opportunity for more people who finish high school or drop out of high school to get some kind of postsecondary education, and if so, do you have a specific goal here? Do you know how many people now get additional postsecondary education, and how much that should be or could be increased?

Dr. BUNTING. Yes, in these projects we depend very much on people at the local level to tell us what the problem is in their local settings and what their approach is to do something about it. For example, we are looking for alternative approaches that may point directions for improvement for a wider range of users and institutions.

Dr. BERRY. One example of that: The whole idea on extending effective educational opportunities is that we recognize from the statistical data and from our own observations that there are small numbers of minorities and women who go on to the higher education fields and professional fields.

Under that rubric, the fund—supports a project in Philadelphia called the American Foundation of Negro Affairs. They try to increase the number of minority students who go into medical and legal fields.

It is a project that has elements of counseling higher education, and local school systems.

There have been some good returns on that.

Senator PROXMIRE. You provided Federal funding for that?

Dr. BERRY. Yes, in the form of "seed money."

Senator PROXMIRE. Kind of a pilot operation?

Dr. BERRY. That is correct.

SERVING EDUCATIONAL NEEDS OF WORKING POPULATIONS

Senator PROXMIRE. How about serving the educational needs of working populations? What does that mean?

Dr. BUNTING. Again, we are getting proposals from both institutions of higher education, from community organizations, from labor unions and other entities that are in a position to help employees and workers plan for the further education and training that they might need.

Again, the approach is "seed money" as in all of our efforts. We are supporting counseling and information approaches which again are largely funded and supported at local levels but with a little "seed money" can be tried more seriously.

We think we have an approach that shows different results from data that came out of that RAND study.

Seventy to 80 percent of these projects, when we check back 1 year later, are providing the same level of service or better than they provided during the period of Federal support itself.

Senator PROXMIRE. Does serving the educational needs of working populations mean that if somebody is working in a low-level job that pays little and wants to increase his skill or wants to increase his literacy so he can get a better job you will provide him with some educational opportunities there?

Is that it?

Dr. BUNTING. Yes. One project in New York City involves 10 employers, Pace University, and the National Council for Negro Women. Together they have set up an upward mobility education and training program providing a 2-year degree to clerical workers in dead-end positions.

Through the combined efforts of those three entities, they now are providing channels, paths, by which these individuals can move to other kinds of professional positions, to beginning professional positions.

Dr. BERRY. You can do it at the worksite, too.

DISSEMINATION OF SUCCESSFUL PROJECTS

Senator PROXMIRE. Both examples you gave for the first two categories were pilot studies rather than comprehensive studies.

Of course, it would have to be that way with limited funds. The question is: How widely disseminated are the results of these studies to provide a basis for State and local governments to get involved?

Dr. BERRY. We just had an evaluation done that indicated that the dissemination is widespread. There is a great deal of information about there.

Senator PROXMIRE. What does widespread mean?

Dr. BUNTING. The initial survey indicates that as many as 60 percent of these projects in one important way or another are adapted or adopted by another institution.

That is also another very high figure and quite in contrast with the RAND study mentioned earlier.

Senator PROXMIRE. I would hope so. Of course, that might not mean very much if it's only adopted by one or two.

The question is how widely is it picked up.

Dr. BUNTING. HEW is sufficiently interested in these results that they are now doing a much more extensive evaluation of the program to find out why this data comes out this way and what about our program seems to lead to these quite promising results. It will also get behind the survey information to find out the extent to which something really has been picked up, so that we do not have to rely just on reported data.

Dr. BERRY. Our preliminary impression is we are getting a lot of mileage from the average of $70,000 we spend on each project.

I am speaking in terms of the replication and in terms of dissemination.

Senator PROXMIRE. Tell us as much as you can in detail for the record on how widely used these are.

[The information follows:]

DISSEMINATION OF PROJECTS

The formative evaluation research survey found 60 percent of all past projects have been adopted or adapted at other institutions. This is an impressive record. The larger ongoing evaluation conducted by the Secretary's office is looking into this finding and the results should be available by November 1979.

The third purpose is improving instructional programs in colleges. I wonder if that is a role for the Federal Government to play. Isn't that something that should be left to State and local governments?

Dr. BERRY. I agree with you absolutely. Again, the fund does not dictate to schools and colleges what they should do in order to improve their instructional program. That is not the idea. We get proposals from them such as faculty development ideas, or retraining, ideas they would like to try and see if they work. We review the proposal and look at the practicality of doing that and the likelihood that it will have the results envisioned. They are tryly field initiated, not projects people in HEW decide somebody should do in a college or university.

I agree with you.

Senator PROXMIRE. If Pepperdine College finds a particular instructional program they have is very useful, you might be able to communicate that to colleges in Wisconsin and New York and so forth.

Dr. BERRY. It might help them solve some of their problems of changing student populations or interests, enrollments and the like by doing what the other institutions are doing.

ADAPTING IMPROVEMENTS

Senator PROXMIRE. I wonder if—that is useful, of course, but I wonder if that is not something that most colleges should be able to do themselves.

Then you have adapting improvements. What does that mean?

Dr. BUNTING. That is a dissemination program. We have one currently operating this year which is seeking to identify and disseminate information on effective approaches that colleges have been taking to serve adult learners, older than traditional-age college students.

Dr. BERRY. Things they are doing that other people don't know about.

Dr. BUNTING. We utilize our competition to get people to give us evidence of effectiveness and their plans for effective ways of getting that word out to other institutions.

STRENGTHENING MANAGEMENT PRACTICES

Senator PROXMIRE. Strengthening management practices.

Dr. BUNTING. Well, we are in a period of great constraint in higher education fiscally over the next decade. The number of tenured teachers in faculties is as high as 80 to 90 percent, resulting in very little turnover in these institutions.

Again, we are proposing that we provide very limited support for approaches that institutions might take to keep their programs alive and vital and to keep trying to improve their educational services in a difficult period.

For example, we funded in the past one project that I think might point to the direction we tried to take.

Again, it was proposed from the local level. Five institutions proposed a program of joint hiring of new faculty members where the individual's salary cost is shared by five institutions which happened to be near each other. Under this approach they can try out a new program area. They can get the full benefit of the faculty member but can spread those costs across five institutions. Such an experiment or approach is particularly appropriate these

years for small institutions which otherwise are quite strapped and unable to make any——

Senator PROXMIRE. Will you give us in detail what was done under that category?

Dr. BERRY. Certainly.

[The information follows:]

DETAIL OF ACCOMPLISHMENTS

In this area, a smaller number of projects have attempted to improve education by developing new approaches to the management, organization, and structure of postsecondary education. In three projects, steps were taken in colleges to increase the importance of teaching excellence in making hiring and promotion decisions for faculty. In another project, new faculty were jointly hired by five institutions, to allow for program expansion at reduced costs. Other projects have avoided the capital costs of new construction by locating college programs in community facilities. Finally, several liberal arts colleges have formed joint degree programs with vocationally oriented institutions, enabling expanded options for students without duplicative and prohibitive increases in staff and operating budgets.

$1 MILLION INCREASE

Senator PROXMIRE. What will you do with the additional $1 million increase in the budget for fiscal 1980?

Dr. BUNTING. That is largely intended for the fifth objective you mentioned.

Senator PROXMIRE. Again, give us the specific activities which that $1 million will fund.

Dr. BUNTING. We expect to fund about 15 locally based demonstration projects with that amount.

Dr. BERRY. We will give you more information for the record.

[The information follows:]

ACTIVITIES INCREASE WILL FUND

Of the requested $1 million increase $800,000 will be allocated for the proposed new program initiative entitled, Strengthening Management Practices, which seeks to improve learning in a period of severe fiscal and enrollment constraints in higher education. Separate guidelines will be established for this program, and we expect that about fifteen locally designed and operated demonstration projects will be supported through these funds. The remainder, or $200,000, will be applied to the adapting improvements program, designed to bring about wider adoption of project approaches which have proven to be successful. That initiative, with a total budget allocation of $1,200,000, is expected to support 17 projects.

Senator PROXMIRE. I would like to have that. I want to thank you very much.

Your responses were most impressive. I am very grateful to you for the fine record you have made here this morning. Though I still have lots of problems in voting for more money for programs that in the past have gotten mixed results at best.

SUBMITTED QUESTIONS

The remaining questions for the Office of Education and the Assistant Secretary will be submitted for the record.

Can you have them back to the committee within 7 days?

Dr. BERRY. I am sure we can.

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

VACANT POSITIONS

Question: Fiscal 1980 budget justification lists 261 permanent positions for the Assistant Secretary for Education in fiscal 1979. How many of these positions are currently vacant?

Answer: Currently there are 30 vacant positions within the Office of the Assistant Secretary for Education.

Question: For the record, would you please provide the Committee with a list of vacant positions within the Office of the Assistant Secretary for Education? This breakdown should include separate listings for the Fund for the Improvement of Postsecondary Education and for the National Center for Education Statistics.

Breakdown of Vacancies

Immediate Office

1	Executive Director
1	Education Policy Analyst
1	Secretary (Typing)
3	

National Center for Education Statistics

1	Operations Research Specialist
6	Statisticians
3	Economists
1	Staff Assistant
1	Secretary
4	Clerk Typists
1	Policy Analyst
5	Mathematical Statisticians
2	Educational Program Specialists
1	Publications Officer
1	Management Assistant
1	Supervisory Data Systems Analyst
27	

NATIONAL LONGITUDINAL STUDY

Question: The 1979 Senate Labor-HEW report directed the National Center for Education Statistics not to implement a new component for its National Longitudinal Study until this new component had been better explained to the Congress. Prior to the completion of conference on the 79 bill, numerous groups contacted the Committee to voice their support and to explain the importance of the National Longitudinal Study. As a result, the conferees on the Labor-HEW Appropriations bill gave you the go-ahead to implement this new component. Would you briefly and specifically explain the National Longitudinal Study, especially the new component initiated in 1979?

Answer: The National Longitudinal Study (NLS) is a study of the critical transition years as high school students leave the secondary school system to begin postsecondary education, work, and family formation. It has two major components: NLS 72, and NLS 80-High School and Beyond. The NLS 72 sample design was national in scope consisting of approximately 22,000 high school seniors in 1,200 public and

private high schools, roughly 1 out of every 150 students in the class of 72. Information was initially collected in the spring of 1972 relative to personal family background, educational and work experiences, plans, aspirations, attitudes, personal profiles and opinions. In addition a one hour test measuring verbal and nonverbal abilities was administered to the seniors. Follow-up surveys were administered to this same group of students in the fall of 1973, 74, and 76. A fourth follow-up survey is planned for the fall of this year.

The new component High School and Beyond will provide current information throughout the 1980's on the educational, vocational, and personal development of young people as they move from high school into adult life. As a parallel to the 1972 NLS, High School and Beyond will make it possible to draw comparisons between the classes of 1972 and 1980 in areas of continuing concern to educators and researchers, as well as provide up-to-date information about the educational policy issues of the 1980's.

Early in 1980 a national sample of about 36,000 seniors from approximately 1,000 public and private schools in all 50 States and the District of Columbia will take part in a base-year survey. During this stage of the study, students will complete a questionnaire about their high school experiences and plans for the future, as well as answer test questions related to ability and achievement. In order to find out how plans have worked out or changed, a subset of parents will be interviewed relative to their plans for financing their sons or daughters education. Subsamples of the base-year students will be asked to complete follow-up questionnaires at approximately two-year intervals over the next decade. In addition, the 1980 sophomore sample will be resurveyed in 1982 in order to learn more about their high school experiences. The addition of a sophomore sample in 1980 will add more depth to current understanding of student development and the effects of high school education as well as the causes and consequences of dropping out of high school.

Question: Would you please explain why we need to do a National Longitudinal Study?

Answer: America's schools face the challenge of preparing students for productive and meaningful roles in an increasingly complex and rapidly changing society. In order to help solve the many difficult policy issues posed by this challenge, planners, administrators, and researchers must have up-to-date information on such matters as the effects of secondary education on students' postsecondary plans and achievements, equality of access to postsecondary education, the transition from school to work, the demand for and financing of postsecondary education, and factors affecting life satisfaction.

The National Longitudinal Study is the only national study which has followed the postsecondary educational and occupational experience of recent high school seniors. It provides a unique data base for evaluating educational programs distributing funds to individuals. This study has been used for Federal policy to develop tax credit models, vocational education assessments, student financial aid programs, analyses of the effects of early marriage and childbirth on education and work, and assessments of equality of education opportunity. At least 250 policy research studies have been or were being developed from this data base.

The proposed new cohort would provide up-to-date information on current policy issues to respond to requests from the Congress and the education community. It would provide the first opportunity to

assess the impact of major Federal programs (Title I, Bilingual, Follow-Through) on Blacks, Hispanics and other minority groups, to determine causes and consequences of dropping out of high school, and to assess parental plans for financing postsecondary education. This information could be used to develop special education services for Hispanics, alternatives for financing postsecondary education, solutions to the high youth unemployment problem, work study programs aimed at potential dropouts, Federal eligibility requirements relative to student financial need, the relation of minimum competency standards for high school graduation to students' later experiences in the job market, the possible decline in students' achievement scores, the impact of the Comprehensive Employment and Training Act (CETA), and in general to improve the quality of education and equality of educational opportunity.

Question: Who uses the National Longitudinal Study and how is the data from the National Longitudinal Study used?

Answer: The following list of data users is selective. A comprehensive list of data users could be provided if requested.

Congressional Users

1. The Congressional Budget Office used NLS data to develop a model for tax credit costs and costs of other sources of financial aid.

2. The Congressional Research Service requested NLS data for use in making revenue estimates and economic analyses of proposals in Congress for tuition tax credits.

3. The Congressional Budget Office used NLS data in developing a budget issue paper: Postsecondary Education, the Current Federal Role and Alternative Approaches (February 1977).

4. The Congressional Budget Office used post-high school teaching data to develop a paper providing cost assessments and benefits of an all volunteer army.

HEW Users

1. The Offices of the Assistant Secretary for Education (ASE) and the Assistant Secretary for Planning and Evaluation (ASPE) use NLS data in the design of financial aid programs. It is used to help design simulation models to estimate the effect of aid on student attendance and persistence in postsecondary programs.

2. ASE and ASPE also use NLS data to provide basic assessments of equality of opportunity for minorities and women, which in turn are used to formulate recommendations to the Secretary for policies in regard to equality of opportunity.

3. ASPE uses NLS comparative data on the college attendance rates of Blacks in six States to make recommendations for the decision in the Adams case.

4. The Office of Education used NLS data concerning the

relationships between participation in vocational courses and subsequent employment opportunities in order to report to OMB on the effectiveness of vocational education programs.

5. The National Institute of Education used NLS data developed by NCES in a report entitled "The Relationship between Poverty and Achievement" that was requested by and sent to the House Education and Labor Subcommittee. The report was used as background information for deliberations on 1978 Title I ESEA legislation.

6. OE has utilized the NLS data base to develop statistical descriptors of the population affected by student financial aid; e.g., race, sex, income, geographic distribution, persistence in school, work/loan burden, and financial aid packaging.

7. NCES used the NLS data to report, in the Digest of Education Statistics, college attendance rates of various racial-ethnic groups by socioeconomic strata.

8. OE used NLS educational and occupational activity data to assess how vocational education students compare to other students relative to academic achievement, jobs, postsecondary education, and labor market entry.

Other Users

1. The Department of Agriculture used NLS data to develop a comparison of metropolitan and nonmetropolitan students. In addition, they plan to use the data to study the relative educational performance, activities, and labor force participation of rural young adults. The Carnegie Council requested NLS data relative to entry into postsecondary education.

2. The American Association of College Registrars and Admissions Officers requested NLS data relative to attrition from institutions of higher education.

In addition, there are many users of data who have indicated a need for the information to be collected in the 1980 National Longitudinal Study. The new study is planned to meet projected postsecondary policymaking needs of the 1980's, and would be particularly useful because of the comparative analyses possible, using results of the 1972 study. Examples of planned uses of data from the NLS new cohort could readily be provided, upon request.

STUDENT AID RECIPIENT GRADUATES (Submitted by Senator Schweiker)

Question: What has the Longitudinal Study found with respect to the proportion of student aid recipients who are graduating from college, compared to those who do not receive student aid?

Answer: Receipt of financial aid seemed to have a positive impact on the likelihood that a Class of 1972 graduate would receive a Bachelor's degree within the first 4 years after leaving high school. By October 1976, 25 percent of those who had received financial aid

had obtained a Bachelor's degree whereas only 15 percent of those who had not received aid had obtained this degree. College graduation rates, like college retention rates, of course, also depend on other factors. For example, there is variation by socioeconomic status (SES); but when SES is held constant we find effects of financial aid within each of 3 SES categories.

SES Category	Aided	Not aided
Lowest quartile	16%	3%
Middle 2 quartiles	24	12
Highest quartile	33	22

As might be anticipated, the relation between college graduation and financial aid is particularly noticeable for students from low SES families -- the graduation rate being over 5 times higher for students who had received financial aid. Financial aid also provides strong positive effects for various racial/ethnic and ability groups, college graduation being 2.5 times as high for aided as opposed to non-aided blacks (17.2% versus 6.8%), and 2.8 times as high for aided as opposed to non-aided low ability students (10.7% versus 3.7%).

A similar apparently beneficial effect of financial aid is found when looking at the percentages of persons who attended college at some time between 1972 and 1976 who were attending graduate school in 1976. Considering students from middle SES backgrounds, for example, of those who started college and received financial aid, 13% had attended graduate school versus only 6% for those who hadn't received financial aid. Various racial/ethnic groups were beneficially effected by financial aid; for example, Hispanics receiving aid attended graduate school at 2.4 times the rate of those Hispanics not receiving aid.

NCES PUBLICATIONS (Submitted by Senator Schweiker)

Question: This committee has had a long-standing interest in seeing improvement in the timeliness of publications by the National Center for Education Statistics (NCES). What progress can you report?

Answer: We are pleased to report substantial progress. Specific improvements in the dissemination program include: (1) over a 100% increase in the number of bulletins with summary statistics, early releases of data, summary analysis reports and data tapes; (2) cancellation of several publications with institutional listings; (3) provision of detailed institutional data through microfiche; (4) new mailing lists tailored to user needs; and (5) streamlining of the production process.

Improvements in data tabulation are expediting early releases as reflected in the following summary:

	Survey forms due	Early release date	Elapsed time (months)	Elapsed time in previous year (months)
Opening fall enrollment, Fall 1978	11/15/78	12/78	1	2
Higher Education General Information Survey (HEGIS)				
Revenues and Expenditures, 1977-78 (HEGIS)	10/31/78	3/79	4	5
1978-79 Faculty Salary Averages in Higher Education (HEGIS)	11/01/78	3/79	4	5 1/2
Statistics of Public Elementary & Secondary Day Schools, Fall 1978	1/15/79	4/79	3	6
Revenues and Expenditures for Public Elementary and Secondary Schools, 1977-78	3/15/79	7/79	4	4

In addition to these annual surveys, data from our Fast Response Survey System are routinely released within one to three months of the time they are collected. For example, the most recent releases were:

- Training Needs of Public School Administrators, 1978. released August 1978; elapsed time one month.

- Arts education programs in elementary and secondary schools, December 1978.
  Released January 1979; elapsed time one month.

Data from these releases are immediately reported in the press. For example, our most recent release on faculty salaries in higher education was reported in the Washington Star on March 5, 1979, prior to its official release.

45-224 O - 79 - 8

Question: Can you provide the Committee with a list of planned publications for the current year and for fiscal 1980 showing the dates covered by the research in each instance?

Answer: Our publication plan for each year includes annual and periodic reports covering major areas of education, and special one-time surveys or analyses covering topics of particular current interest. The following list shows the major reports forthcoming from NCES surveys; plus analytical or special reports now being proposed. Additional titles will be added to this list throughout FY 1980.

NCES PUBLICATIONS, FY 1979 and FY 1980

Publication Month	Title	Data Base Year(s)	Data Available to NCES
1978			
Dec.	Opening Fall Enrollment, Fall, 1978 (Early Release)	Fall, 78	Dec. 78
Dec.	Training Needs of Public School Administrators	Summer, 78	Aug. 78
1979			
Feb.	Private School Data for 1977-78 (Early Release)	1977-78	Sept. 78
Mar.	Salaries and Other Selected Data on Fulltime Instructional Faculty in Instructions of Higher Education 1978-79 (Early Release)	1978-79	Feb. 79
Mar.	Financial Statistics of Colleges and Universities, 1977-78 (Early Release)	1977-78	Mar. 79
Mar.	Earned Degrees Conferred, 1976-77 (Early Release)	1976-77	Oct. 78
Mar.	Arts Education Programs in Elementary and Secondary Schools (Early Release)	Dec. 78	Jan. 79
Mar.	Public Elementary-Secondary Revenues and Expenditures 1976-77	1976-77	July 78
Mar.	Museum Universe Report (Early Release)	1978	Jan. 79

Publication Month	Title	Data Base Year(s)	Data Available to NCES
Apr.	Directory of Postsecondary Schools with Occupational Programs, January, 1979	1978	Oct. 78
Apr.	Opening Fall Enrollment, Fall, 1977 (Final Report)	Fall, 1977	Nov. 78
Apr.	Degree Awards to Women, 1977 Update	1976-77	Sept. 78
Apr.	Third Followup Capsule Description of Young Adults 4 1/2 Years After High School	1976-77	Apr. 78
May	Directory of State Education Agencies, 1978-79	1978-79	Dec. 78
May	Digest of Education Statistics, 1979	1976-1978	Fall, 78
June	Inventory of College and University Physical Facilities, October, 1978	Oct. 78	Apr. 79
June	Problems Stemming from Children's Eligibility for more than one Federally Funded Program (Early Release)	Winter, 79	Apr.79
June	The Condition of Education, 1979	1965-1986	Sept.78
July	Education Directory, Colleges and Universities, 1977-78	1978-79	Apr. 79
July	Earned Degrees Conferred, 1977-78 (Early Release)	1977-78	July 79
July	Arts Education Programs in Elementary-Secondary Schools (Final Report)	Dec. 78	Jan. 79
Aug.	Earned Degrees Conferred, 1976-77 (Final Report)	1976-77	Oct. 78
Aug.	Statistics of Public Schools, 1978, Advance Report	Fall, 1978	Apr.79
Aug.	Directory of Public School Systems, 1978	Fall, 1978	Feb.79

Publications Month	Title	Data Base Year(s)	Data Available to NCES
Sept.	Public Elementary-Secondary Revenues and Expenditures 1977-78	1977-78	July 79
Sept.	Problems Stemming from Children's Eligibility for more than one Federally Funded Program (Final Report)	Winter, 79	Apr. 79
Sept.	Public Library Survey (Early Release)	1977-78	Apr. 79
Sept.	Profiles of School Support	1976-77	Apr. 79
Oct.	Private School Data for 1977-78 (Final Report)	1977-78	Sept. 78
Dec.	Private School Data for 1978-79 (Early Release)	1978-79	June 79
1980 Jan.	Earned Degrees Conferred, 1977-78 (Final Report)	1977-78	July 79
Jan.	Opening Fall Enrollment Fall, 1978 (Final Report)	Fall, 78	May 79
Jan.	Directory of State Education Agencies, 1979-80	1979-80	Aug. 79
Mar.	Salaries and Other Selected Data on Fulltime Instructional Faculty in Institutions of Higher Education 1979-80 (Early Release)	1979-80	Feb. 80
Mar.	Financial Statistics of Colleges and Universities, 1978-79 (Early Release)	1978-79	Mar. 80
Mar.	Participation in Adult Education	May 1978	July 79
Apr.	Degree Awards to Women, 1978 Update	1977-78	Nov. 79
May	Education Directory, Colleges and Universities, 1978-79	1979-80	Feb. 80
May	Digest of Education Statistics, 1980	1876-1979	Fall, 79

DELAYS IN RELEASE OF DATA

Question: In August of 1978, NCES released a paper entitled, "Geographic Distribution Activity and Age Distribution of Language Minorities in the United States," Spring, 1976. This means that the data was released over two years after it had been collected. Why did it take over two years from the Spring of 1976 until August 1978 to release this data?

Answer: The survey of Income and Education (SIE) was conducted by the Bureau of the Census from March through July 1976. The first public use tape was sent by Census to NCES in November 1977 thus accounting for well over a year of the period in question. Concurrent with the checking of the data tape in NCES for completeness and reasonableness, selected data were prepared and released by NCES in the Spring 1978 edition of the Condition of Education. Data released included statistics on poverty, language minorities, handicapped and disabled, postsecondary enrollment by race/ethnicity and income. In a cooperative project with six State Education Agencies, NCES prepared for each State, estimates of the number of persons by age and school enrollment by grade for major demographic categories -- race/ethnicity, income, language minorities and sex. These extensive tables were completed for each of the 50 States by June 1978, seven months after receipt of the data tapes. Detailed language minority data, already widely disseminated to the planners within HEW in late 1977, began to get public dissemination through the bulletin which is the subject of this question.

In summary it took NCES about two months after receipt of the data tape for the first data release and approximately nine months for the bulletin in question. SIE language data are unique in United States statistics. Because of their uniqueness and importance, analysis is continuing with public reporting a high priority.

Question: In July of 1978, NCES released a report entitled, "The Educational Disadvantage of Language Minority Persons in the United States," Spring 1976. Again, this report was released over two years after the data had become available. Can you explain why in this instance it took over two years to issue the statistical findings?

Answer: This report was released approximately eight months after receipt of the data tape from the Bureau of the Census. An early release of the data in question was prepared for the Spring 1978 edition of the Condition of Education, two months after receipt of the tape.

DATA USERS

Question: In recent years, the Committee has received numerous complaints from the users of NCES data. Several of these complaints were listed in the 1979 Senate report. Do you have any program where users of NCES can evaluate and comment upon the data that is provided to them?

Answer: There has been considerable exchange of information between NCES and its users for many years. This is accomplished by the review of preliminary data plans by the education community and the review of proposed survey instruments by data providers and users and by the evaluation of information services provided to requestors. Each of these activities are described below.

1. In 1978 NCES established a forum chaired by the American Council on Education with a panel of planners and policy makers from institutions and educational organizations which meets quarterly to evaluate and comment on a) the preliminary plans and data needs of the postsecondary education community and b) the utility of data in hand. Three years ago NCES established a communications network with the Organization of State Higher Education Executive Officers (SHEEO) to provide formal documentation of data needs and uses. Communications between NCES and the States have been in effect for several years through a formal arrangement with the Council of Chief State School Officers. Through this Council NCES receives evaluations of every instrument proposed at the elementary-secondary level.

2. For several years our Statistical Information Branch has provided information in a variety of forms to diverse users of education statistics. Records have been maintained as to the requestors organizational or professional affiliation and the type of data requested. Users are encouraged to comment upon the data and the services they received. Frequently received comments assist the Center in identifying needs and in providing data in specific forms needed by users.

   In January 1979 a new Statistical Information Office was established by the Center to provide an expanded mechanism for interaction with data users. The Office is coordinating all data requests coming to the Center and is reviewing both the timeliness and the usefulness of the responses. The chart below shows the number of documented requests of all types handled by NCES within the last 3 months. The majority of these inquiries were handled in the same day.

Documented Requests Handled by NCES

Month	Total	Government HEW & Other	Congress	Education	Media	Business & organizations	Individuals
December, 1978	932	128	19	421	74	158	132
January, 1979	1302	249	24	537	87	309	96
February, 1979	1467	266	24	624	102	312	139
Total	3701	643	67	1582	263	779	367

Question: How do you respond to the criticisms from users of the NCES data, especially to charges that there is inadequate explanation of how data collected will be used, that there are long delays -- often times two to three years in publishing data after it is collected -- and that data which institutions request is often times not available?

Answer: The question addresses three distinct aspects of data use -- plans for data use and analysis, timeliness of information, and responses to requests.

Planning for data use. The Center is giving considerable emphasis to the planning for data use from each survey or study being proposed. All proposed data collections must be approved by the Federal Education Data Acquisition Council which requires, among other documentation, a full plan showing intended data use and users. In addition, the coordination of data collection with appropriate Federal agencies and bureaus is required.

In addition, the Center engages in extensive consultation with responding groups, such as the Data Acquisition Subcommittee of the Council of Chief State School Officers. This Subcommittee requests detailed explanations of planned uses for every item included on survey questionnaires being sent to agencies or institutions with responsibility for elementary-secondary education.

An example of the extensive documentation prepared by the Center to justify data collection is the analysis plan accompanying the new Vocational Education Data System (VEDS) mandated by P.L. 94-482 and conducted by the Center. The data plan considers uses identified by the U.S. Office of Education's Bureau of Occupational and Adult Education and Bureau of Education for the Handicapped; Office for Civil Rights, National Occupational Information Coordinating Committee and many non-Federal groups.

Coordination of planning activities with the postsecondary education community is also underway. Three years ago NCES established a communications network with the organization of State Higher Education Executive Officers (SHEEO) to provide formal documentation of data needs and uses. In 1978 NCES established a forum chaired by the American Council on Education with a panel of planners and policymakers from institutions and educational organizations which meets quarterly to evaluate and comment on (1) the preliminary plans and data needs of the postsecondary education community and (2) the utility of data on hand.

Timeliness of information. The timeliness of information available to users is highly dependent upon the kind of data being collected and reported. For example, a preliminary estimate of opening fall enrollment in institutions of higher education is published in December each year, approximately two months after the date for which it was collected. In contrast, financial statistics cannot be assembled by an institution or State agency until two to three months after a fiscal year has ended. Completed records must be audited before they are reported, so that 3 to 6 months more may elapse before reports are available in NCES.

The Center's program of data tape distribution and early releases of data has permitted us to distribute data as soon as data are edited. Because the editing is done as data are being received, both detailed information and summary statistics are available as soon as data returns are complete. Our newly appointed Assistant Administrator for Research and Analysis will be working on methodology for preliminary estimates from early returns, which will permit the

announcement of even more timely statistics. In addition, NCES is supporting the National Academy of Sciences' Committee on National Statistics, which is examining methods of dealing with incomplete survey data. Hopefully, NCES can adopt some of these techniques, thereby eliminating much of the current dependency on 100 percent response and slowing down reporting.

Responses to requests. NCES responds to all requests for information. Records maintained by our Statistical Information Office show that the majority of requests are answered the day they are received. Some requests, such as those for computer tabulations or for specialized analyses, require longer periods of time. Responses are typically coordinated with those requesting the information, so they know when they might expect an answer.

NCES answers all questions about education statistics for which data are available from government and some nongovernment sources. Hence we act in a clearinghouse capacity for users of education statistics. Users sometimes request data on various aspects of education which NCES does not collect and which do not exist from known outside sources. Requestors are informed immediately if we do not know of data that will answer their inquiries.

Recent changes in our publication program intended to reduce the length of publications and improve their timeliness have affected our responses to requests for higher education institutional data on enrollment, staff, degrees and finances. These data are now available on computer tapes and on microfiche, so that their retrieval requires more than direct access via a publication. Users do, however, still have complete access to this information within a reasonable time and at the cost of data retrieval.

PAPERWORK REDUCTION

Question: The National Center for Education Statistics is supposed to be one of the primary agencies in the Education Division responsible for the reduction of paperwork. Has the National Center for Education Statistics made any headway in paperwork reduction?

Answer: There are two primary elements in NCES efforts to reduce paperwork: (a) the reduction in burden imposed on data collection respondents by NCES surveys, and (b) the effect of the Education Data Acquisition Council (EDAC) on paperwork reduction by the Education Division and the Office for Civil Rights. Progress has been made in both areas.

a. Burden of NCES Surveys

NCES surveys gather data required for the support of Federal educational programs, critical data needed on current national educational issues, and data essential to NCES in its mission of reporting on the condition of U.S. education. Some of these data collection activities are mandated by Congress.

NCES makes every effort to reduce the burden of its data collection activities. Its survey plans are subjected to internal review before being fully developed, and its plans -- with prototype survey instruments -- are subjected further to rigorous review by

representatives of respondent groups before being submitted to the Education Data Acquisition Council (EDAC) for clearance.

In the effort to minimize the burden imposed on respondents, the Center remains sensitive to possibilities for sampling, to the periodicity of its surveys, and to the coordination or even combination of survey activities. Survey activities are developed to be fully in compliance with the review criteria of EDAC, as mentioned below.

To illustrate, the Fast Response Survey System (FRSS) has been developed for use when less-detailed data are adequate for policy purposes. FRSS obtains quickly a small amount of key data on critical national issues, reducing the respondent burden by minimizing the amount of information requested and the number of respondents and eliminating any items that would require a record search.

The survey of the Vocational Education Data System (VEDS) -- mandated by Congress in P.L. 94-482 -- will serve as a second illustration. This survey will be implemented this year, replacing four surveys conducted in the past by the Bureau of Occupational and Adult Education (BOAE) of the Office of Education (OE). It is designed also to eliminate the necessity for separate surveys for OE's Bureau of Education for the Handicapped (BEH) (mandated in P.L. 94-142) and the Office for Civil Rights (OCR) (mandated by court order in Adams v. Califano). Negotiations are being carried on with other agencies to search out other areas in which VEDS might replace or incorporate other current data collection efforts. As a further example of NCES procedures for minimizing response burden, a pilot test (feasibility study) was conducted for VEDS, with the result that 85% of the cells in the original data collection instrument were eliminated.

Combining the four BOAE data collection activities into VEDS should result in efficiencies for respondents. Further, considering that VEDS is carrying out mandated survey activities for BEH and OCR, there appears to be a clear reduction in the potential total respondent burden. Figures for this burden are assigned to NCES, however, rather than among the other three agencies involved.

Aside from the aforementioned VEDS survey, which served to illustrate steps NCES routinely adheres to in attempting to keep its respondent burden to a minimum, NCES has achieved a modest 6% reduction in response burden during the past year and a more impressive reduction over the past two years.

b. Effect of EDAC Activities on Burden Reduction

For the past three years, the Education Data Acquisition Council (EDAC) of NCES has reviewed proposed data collection systems of the Education Division and the Office for Civil Rights (OCR). Before being included in the HEW Data Acquisition Plan, proposed data collection systems have been subjected to careful scrutiny, with the application of criteria such as justification of need for the survey activity and for each item requested, the absence of redundancy with other data collection efforts (within the Federal Government or outside), the extent of burden imposed on respondents, and the use of applicable standard terms and definitions.

A certain amount of the reduction in data burden may be specifically attributable to EDAC review activities. It has been estimated that respondent burden has been reduced by some 250,000

man-hours or more over three years as a direct result of EDAC reviews of proposed data collection systems of the Education Division and OCR. Several complete data systems were withdrawn following their review by EDAC panels. It is expected that additional unmeasurable reduction in burden may have occurred due to the deterrent effect of EDAC review procedures; the necessity to submit data systems to review probably resulted in some potential data collection systems being reduced in scope or discontinued before the system was submitted for review.

In a related consideration, estimates of reporting burden for some data collection systems have been revised upwards as a consequence of EDAC reviews. In these instances, a higher figure was believed to reflect more accurately the time required to complete survey forms than did prior estimates.

Question: Has there been any paperwork reduction achieved during the past year?

Answer: As indicated above, the respondent burden has been reduced by NCES efforts to minimize the burden of its data collection activities and by the effect of EDAC on the data collection activities of the Office of Education, the National Institute of Education, the National Center for Education Statistics, and the Office for Civil Rights.

In addition the Department is continuing its efforts to reduce the paperwork burden placed on State and local education agencies through:

-- simplifying and eliminating redundancy in forms.
-- consolidating and simplifying HEW regulations (Operation Common Sense).
-- reviewing the planning requirements imposed on State and localities.

The Department is in the process of establishing the Federal Education Data Acquisition Council (FEDAC) whose responsibility will be to review all Federal government requests for education data. FEDAC reviews will help cut down overlap and duplication.

HEW has also undertaken a complete overhaul of education regulations. By consolidating and simplifying both new and existing guidelines, we expect net burden to be reduced by more than 7 million hours. Most of the savings are attributable to proposed regulations requiring that LEA applications for State-administered funds be submitted only once every 3 years, rather than annually.

ANNUAL RESPONSE BURDEN
OF NCES PUBLIC USE REPORTS APPROVED UNDER THE FEDERAL REPORTS ACT
by Type of Organization and Report Type
January 31, 1977 to January 31, 1979

TYPE OF ORGANIZATION / REPORT TYPE	RESPONSE BURDEN (in Man-Hours)			CHANGE			
	Jan 31, '77	Jan 31, '78	Jan 31, '79	Jan '77 to Jan '79 Man-Hours	Jan '77 to Jan '79 %	Jan '78 to Jan '79 Man-Hours	Jan '78 to Jan '79 %
Elementary-Secondary							
Repetitive	254,392	92,871	100,409				
Single-Time	5,780	-	5,124				
Total	260,172	92,871	105,533	-154,639	-59.4	+ 12,662	+13.6
Higher Education							
Repetitive	47,650	43,706	42,496				
Single-Time	2,411	3.900	2,100				
Total	50,061	47,606	44,596	- 5,492	-11.0	- 3,010	- 6.3
Adult/Vocational/Career							
Repetitive (other than VEDS)	539	539	-				
VEDS	-	-	183,560				
Single-Time	23,864	34,838	21,900				
Total	24,403	35,377	205,460	+181,057	*	+170,083	*
Total of all Organizations							
Repetitive (other than VEDS)	302,581	137,116	142,905	-159,676	-52.8	+ 5,789	+ 4.2
Single-Time	32,055	38,838	21,900	- 10,155	-31.7	- 16,938	-43.6
Total less VEDS	334,636	175,954	164,805	-169,831	-50.8	- 11,149	- 6.3
VEDS	-	-	183,560	+183,560	*	+183,560	*
Total	334,636	175,954	348,365	+ 13,729	+ 4.1	+172,441	+98.0

* = Base figure is too small for meaningful percentage computation.

ANALYSIS OF DATA

Question: There has been discussion in recent years about the need for the National Center for Education Statistics to do analysis of some of the data that is collected. In the past, there has generally not been a great deal of analysis done of the data that has been collected by NCES. Do you believe there is a need for NCES to analyze the data that it collects?

Answer: NCES must analyze the data it collects in order to be able to highlight the meaning and significance of those data. No one is in a better position to analyze data than the organization that collected the data and therefore knows the strengths and weaknesses of them. Similarly, analyzing data is the best way to improve the quality of data by identifying errors, inconsistencies and data gaps as well as to evaluate cost containment factors such as the need for total coverage vs. sampling and survey periodicity.

Since the passage of the Education Amendments of 1974, which included analysis as part of the basic mission of the Center, NCES has been increasing its analytical capability and has recently appointed an Assistant Administrator for Research and Analysis.

Analytic reports during the past year emphasized such issues as: educational disadvantages of language minorities, teacher supply and demand, comparison of women's faculty salaries and earned degrees, training needs of public school administrators, women in vocational education, and State policies related to arts education.

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: Pursuant to the Paperwork Amendments of 1978 authority to review and approve the collection of certain data from educational institutions and organizations was transferred from OMB to the Secretary. Under these Amendments, the formal review process is expected to include two basic steps.

1) 30 days public review and comment period

2) A 30 day or less period for review and approval/disapproval process by FEDAC

Question: How much does this slow down the studies you contract for?

Answer: In addition to the formal review process each agency makes provision for a range of peer, technical, programmatic and clearance officer reviews that do involve varying amounts of time. Some of these might be conducted simultaneously, but others require significant time to complete. Delays may be caused by poorly planned studies, lack of thoroughness, or technical complexity reflected in the initial clearance proposal. On occasion, substantial delays (more than a month) may be warranted or encountered. In general, however, it seems reasonable to expect that a well-conceived,

described and justified data collection effort from any given agency should be ready for formal submission to FEDAC in less than one month. Assuming this to be the case, FEDAC is committed to keeping the review and approval/disapproval process to 60 days or less.

Question: Has there been any evaluation of whether the paperwork saved is worth the time delays and cost of this effort?

Answer: There has been no formal evaluation. The general consensus is that the clearance review in the Education Division has improved the quality of projects and contributed to their successful completion. Therefore it is reasonable to conclude that the time expended and costs involved are ultimately beneficial. Internal review and management studies as well as continuous monitoring of the EDAC review process permit us to cite specific accomplishments in reducing paperwork. Two examples in reducing paperwork include: use of sampling for surveys and studies rather than 100% coverage and use of standard terms and definitions to ease respondent burden. We are convinced that a certain amount of delay is worth the effort. Some delays have been attributed to the review process when in fact the proposed study or survey was poorly conceived or poorly prepared. It is difficult to deal with such proposals in a timely fashion and delays do occur but they represent "worst case" examples, rather than typical experience. We continue to make every effort to streamline clearance procedures while balancing them with concerns for paperwork burden, contractor timetables, and cost.

Question: Have you made any efforts to streamline this process?

Answer: Currently NCES is developing an automated redundancy checking system designed to search the already approved Federal data collections and identify the data items that bear on a project proposed for approval. Its purpose is to expedite the development of high-quality data collections by the sponsoring agencies, to avoid overlap and duplication of data requests, and thus pave the way for speedy clearance.

Other steps that will streamline the review process include the assignment of full-time reviewers to the FEDAC staff and the imposition of review and approval/disapproval deadlines. Once public comment period is completed, FEDAC will complete its review in 30 days or less. By law there will no longer be any other agency reviews beyond FEDAC. This should expedite final approval/disapproval also.

EVALUATION OF FIPSE

Question: An evaluation of the Fund was conducted in fiscal 1978. In summary, what are the major findings of this evaluation?

Answer: In fact there were two evaluations of the Fund in 1978. The first took the form of study, and was conducted by the Academy for Educational Development, Inc. Although the projects covered represented only a small sample of the total efforts of the Fund, the conclusions of the study clearly have shown that the Fund has succeeded in carrying out its Congressional mandate -- to encourage reform, innovation, and improvement in postsecondary education.

The evaluation criteria upon which the Fund's success was to be judged was the extent to which the objectives and programs of Fund supported projects were accepted by and integrated into the postsec-

ondary system. The conclusion of the study was that "enduring and constructive change is being realized and that this change is in harmony with the basic goals of the Fund: it is evident that programs have caught on, are being continued, and in many cases have been replicated and/or institutionalized. A number of them have already attracted financial support from other sources or have been the indirect agency for the funding of still more similar projects."

The second evaluation, conducted by the Formative Evaluation Research Associates, confirmed the findings of the first study: Over 75 percent of the Fund's projects continue in place after Federal funding has ended; and approximately 59 percent of project personnel know of one or more other institutions which have adopted the idea of their project.

Question: What recommendations does the evaluation make for the improvement or redirection of the Fund?

Answer: No recommendations for the redirection of the Fund were made. The most significant recommendations concerning the improvement of the Fund were that: better information is needed to enable the accomplishments of the Fund to be more clearly determined; and better techniques are needed for disseminating program results and general Fund activities.

IMPROVED ACCESS FOR MINORITIES

Question: In the Announcement accompanying the Fund for the Improvement of Postsecondary Education's 1978 grant awards, Assistant Secretary Berry stated, "the Fund has increased its efforts to improve access to graduate and professional education for blacks, Hispanics and other minorities. . ." How are the Fund's efforts in this area coordinated with those of the Strengthening Developing Institutions program in the Office of Education?

Answer: Although support provided by the Developing Institutions Programs can only go to institutions of higher education and the Fund can support worthy strategies from a wide range of applicants, and settings, efforts are made to avoid duplication. Perhaps the most essential coordination effort is accomplished during the proposal review process. Each proposal is carefully reviewed and if any proposal appears to qualify for funding from sources other than the Fund, contact is made with the appropriate program office. In this way the Fund insures duplication does not occur.

Question: What are some specific examples of projects that are designed to carry out this goal?

Answer: Two examples of current projects directed toward this goal are:

The American Foundation for Negro Affairs is operating a project in New Orleans designed to increase the number of qualified blacks for law school admissions, particularly through use of community resources and practicing lawyers.

The Mexican-American legal Defense Education Fund is operating a project developing more effective and equitable measures of talent and ability for use by law schools in reviewing hispanic applicants.

ADVANTAGES OF FUNDING FIPSE

Question: This Committee has questioned from time to time the advantage of funding FIPSE. What are the identifiable advantages of the Fund for the Improvement of Post-Secondary Education?

Answer: The Fund was established as a program in 1973, to accompany the massive Federal aid programs enhancing access to postsecondary education. Given this major Federal commitment to access, the Fund is a modest but effective investment in improving the quality of education at this level. Its approach has several advantages: it relies on educators and local groups, not Washington, to determine exactly what needs to be done, and how; it remains the "junior" financial partner in projects, to insure that these approaches have local commitment; and it retains a very broad approach, so that it can modify its priorities based upon what the field's needs are.

Question: Do we really need to continue the Fund?

Answer: The Fund's distinctive features seem to be producing a high pay-off for a modest Federal investment: evaluations indicate that projects continue in place after cessation of Federal support at a high level, between 70 and 80 percent, and successful approaches are widely disseminated and used by other institutions. Especially in view of the financial and enrollment problems of postsecondary education over the next decade, it seems an excellent investment -- to continue to provide minimal funds for improvement through a proven, effective program.

Question: A number of the FIPSE grants are awarded to organizations rather than to colleges and universities. A quick survey of the grant awards shows recipients such as the American Sociological Association, the Modern Language Association, the United Auto Workers and the American Red Cross. How do these organizations qualify for funding?

Answer: Such organizations qualify on the basis that they are really part of the broader range of postsecondary education which our legislation intended that the Fund serve. As employers, or unions, or professional associations, they do play important educational roles. Consequently, although they constitute a distinct minority of applicants and grantees, they are invited to submit proposals for review.

Question: How do you assure that these projects are used to improve our educational system?

Answer: The Fund is interested in projects which address priority concerns across postsecondary education, not just those concerns of certain organizations. After using this criteria in selection of the proposals, we then work through special publications such as Resources for Change, meetings, and other vehicles, to communicate the importance and outcomes of these projects more widely. This strategy has proven to be quite effective in bringing about communication, for example, between employers and unions and colleges and universities.

Question: What specific requirements and controls do these

organizations have to follow in carrying out their projects?

Answer: If they are for-profit organizations, contracts rather than grants are awarded and increased reporting and accountability is required. Non-profit organizations must comply with all Federal requirements of grant awards, generally similar to those applying to colleges and universities. Fund staff, of course, may request additional reporting or conduct additional site visits as required.

Question: Are they required to work or coordinate their efforts with local colleges and universities?

Answer: No, they are not required to coordinate; however, in most cases, these projects are joint projects with colleges and universities. For example, the United Auto Workers project is jointly operated with Wayne State University; and the American Sociological Association works with as many as fifteen institutions.

DESCRIPTION OF ACTIVITIES FUNDED

Question: Give detailed description of what has been done in these categories related to the mission of FIPSE.

1) Extending effective educational opportunities
2) Serve the educational needs of working populations
3) Strengthening management effectiveness

Answer: The first two of these categories have been major purposes of the Fund's Comprehensive Program, which each year receives 2,000 proposals and makes 80-90 awards. The last category is proposed this year as a new program priority, but some relevant projects have been awarded in the past. Each category will be discussed in turn.

Large numbers of Fund projects have sought to improve access and opportunity for underserved populations in our nation, including minorities, women, older adults, and people holding full-time jobs. This year, the Fund is also sponsoring a joint program with the Department of Labor addressing the needs of unemployed youth. The projects serving these populations have included: improved forms of counseling and referral services for women returning to school and careers; outreach centers in remote rural areas and Indian Reservations; instructional programs in colleges geared to handicapped and the deaf; and new forms of access to graduate education for minorities.

Increased numbers of projects have addressed the needs of working populations. Some have developed tests and others ways to provide working adults advanced credit in areas of college study where they have already acquired college-level skills and knowledge on the job. Others provide counseling and information services in or near places of employment. In some cases, actual college programs are provided by labor unions in cooperation with local institutions. Finally, several important projects seek to provide improved career opportunities through training and educational programsjointly sponsored by employers, colleges, and other concerned organizations.

Strengthening management effectiveness projects have attempted to improve education by developing new approaches to the management, organization, and structure of postsecondary education. For example,

in three projects, steps were taken in colleges to increase the importance of teaching excellence in making hiring and promotion decisions for faculty. Another project allowed for program expansion at reduced costs by the joint hiring of new faculty by five institutions. Other projects have avoided the capital costs of new construction by locating college programs in community facilities. Finally, several liberal arts colleges have formed joint degree programs with vocationally-oriented institutions, enabling expanded options for students without duplicative and prohibitive increases in staff and operating budgets.

Question: Specific activities that will be performed with the requested increase.

Answer: Of the $1 million increase, $800,000 will be used for the proposed new program initiative, strengthening management practices. This program seeks to improve learning in a period of severe fiscal and enrollment constraints in higher education. It is anticipated that about fifteen locally designed and operated demonstration projects will be supported through these funds. The balance or $200,000 will go to the Adapting Improvements program. This program is designed to bring about wider adoption of successful project approaches. The total budget request for this initiative is $1,200,000 and is expected to support 17 projects.

EDUCATION POLICY RESEARCH CENTERS

Question: Why does the Assistant Secretary support three Education Policy Research Centers when the National Institute of Education is required by law to be responsible for educational research?

Answer: The intent and nature of the studies conducted by the Centers has changed over the years. When the Education Policy Research Centers, now known as the Educational Policy Development Centers (EPDC's) were established approximately nine years ago, they were in the Office of Education (OE), Bureau of Research. Their purpose was to analyze long-range education trends and possible alternatives for the future in order to contribute to OE policy planning. Then in 1970 the monitorship of the Centers was transferred to the OE Office of Planning, Programs and Evaluation. Finally, in 1973 the Assistant Secretary for Education's Office of Policy Development took over the Centers.

With each of these organizational shifts, the focus was directed away from the more generalized future research and toward analysis of specific educational policy issues. To emphasize the near-term pragmatic orientation of the studies being done, the four new Centers are now called "development" rather than "research" centers.

Question: Can you briefly and specifically explain what the duties of the Education Policy Research Centers are?

Answer: In general the tasks require synthesis and analysis of existing data in a policy-relevant framework, often including the identification and review of policy alternatives available to the Assistant Secretary for Education. Analyses conducted are designed to especially contribute to policy deliberations regarding legislative and program administration questions. In 1980 the Centers will focus their studies on four areas: (1) equal educational opportunity

for disadvantaged, (2) education quality and improvement, (3) post-secondary and vocational skills and, (4) desegregation of education institutions.

Question: What would happen if we stopped funding these activities?

Answer: If funding for these Centers is discontinued the Assistant Secretary's Office will lose both a valuable and relatively inexpensive source of expertise. Without this expertise the policy choices that must be made will be made without a thorough consideration of the pros and cons.

Given the many areas in which educational research is advancing knowledge and given the many diverse orientations and competing interests, it is virtually impossible for one small Federal agency to conduct all the necessary studies in-house. Therefore not only would a larger and more diverse staff be required but one with sufficient flexibility to shift expertise so as to accomodate to shifting issues as they emerge. That is, our staff would need to grow not only by the 16 person-years that the contracts call for, but in order to have the necessary quantity and variety of staff expertise we would need to grow by at least another 16 person-years as well as, funds for more consultants.

Questions : Have these Centers developed any good policy lately? If so, what are these policies?

Answer: The Centers do not develop final policy but provide valuable perspectives for ASE. Some examples of recent EPRC efforts are:

1) "Evaluation Long-Term Achievement" (1977) was used in development of a new policy to encourage and emphasize program designs that stress sustaining gains across school-years, rather than within school-years.

2) Analyses of outcomes of various proposed modifications to student aid programs were used in the internal deliberations of reauthorization of HEA Title IV.

3) Studies of compensatory education for older students were used in the Administration's reauthorization proposals to encourage extension of Title I programs into the upper grades.

In addition to these studies, there have been a number of policy related reports developed by the Centers which have served in a more general context to enhance the policy development effort. These include: "Survey of Basic Skills Programs for Adolescents in Seven States," "Improved Strategy for Evaluating Federal Programs in Education," and "Demand for College Educated Workers."

[The statement follows:]

FUND FOR THE IMPROVEMENT OF POSTSECONDARY EDUCATION

In 1980, the Fund program will continue to adhere to certain principles which have made it a distinctive program since it began in 1973. These include: (1) a conviction that the best ideas and specific plans for improving education emanate, not from Washington, but from local levels; (2) a conviction that the Federal government should also be a "junior" partner in support of projects, expecting significant degrees of policy and resource commitments at the local level; (3) and the view that all funded projects should seek to benefit learners and learning, and within a relatively short period of time.

After six years of grant-making cycles, it is gratifying to be accumulating data which point to the wisdom of these principles. As Dr. Berry indicated in her opening testimony, it appears that large numbers of funded projects are continuing in place after the Federal start-up funds have been terminated. One survey suggests that 70 percent to 80 percent of the past projects are continuing to provide the same or greater levels of services than occurred during the period of Federal support. Large numbers of projects also appear to have been adopted or adapted by other colleges and universities. Based upon these promising findings, the Secretary's Office is not supporting a full-scale study of the Fund program's policies and impact.

In 1980, the Comprehensive program, which attracts a wide range of locally developed ideas for improving education, will continue to be relied upon for making the large majority of awards. Past or current projects include, for example: basic skills programs sponsored by community agencies for unemployed youth; upward mobility training programs for clerical workers, jointly sponsored by universities and employers; the provision of advanced standing for adults returning to school when they have acquired skills and knowledge elsewhere; and the development of improved measures of student learning and program effectiveness in colleges.

In addition, however, other program activities are planned for 1980, one which particularly deserves further description—the effort to strengthen management practices in colleges or other institutions. This program responds to current trends in higher education finance, enrollment, and faculty composition, as well as to the expressed concerns of a wide range of educators and lay observers. In the past, a few promising approaches have been sponsored—joint hiring of new faculty by several colleges to reduce the financial burden, development of ways to measure educational effectiveness and economic efficiency in colleges, and retraining of faculty from low-demand to high-demand fields or specializations. In light of these promising beginnings, and of the serious constraints facing educators seeking to keep educational programs and services vital in the difficult years ahead, a special emphasis on this topic in 1980 seemed especially warranted.

SUBCOMMITTEE RECESS

Senator PROXMIRE. Subcommittee will stand in recess until 10 o'clock tomorrow morning.

[Whereupon, at 12:01 p.m., Monday, March 12, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 13.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

TUESDAY, MARCH 13, 1979

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

The subcommittee met at 10:10 a.m., in room S-128 of the Capitol, Senator Harrison H. Schmitt presiding (a.m.) and Senator Thomas F. Eagleton presiding (p.m.).

Present: Senators Eagleton, Schmitt, and Schweiker.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

ELEMENTARY AND SECONDARY EDUCATION

STATEMENTS OF:

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

ACCOMPANIED BY:

THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION
JOSE M. GONZALEZ, DIRECTOR, OFFICE OF BILINGUAL EDUCATION
RICHARD FAIRLEY, DIRECTOR, DIVISION OF EDUCATION FOR THE DISADVANTAGED
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE)
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF THE ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

1979 APPROPRIATION AND 1980 BUDGET REQUEST

Senator SCHMITT. The subcommittee will come to order.

This morning we are going to continue our hearings on the fiscal year 1980 education budget for the Commissioner of Education, Dr. Ernest Boyer, and for the Assistant Secretary for Education, Dr. Mary Berry. This morning we're going to consider the budget request for elementary and secondary education.

The 1980 budget request for these programs is $3.9 billion, an increase of $422 million over the fiscal 1979 appropriation. However, there is currently a $258 million supplemental pending for the

title I program in fiscal 1979. If the supplemental is approved, the fiscal 1980 request would represent an increase of $164 million over the 1979 level.

We will also take a close look at grants for the disadvantaged, or title I, as it is commonly called. This is the Federal Government's largest program to assist elementary and secondary education. Title I provides specialized educational help for approximately 7 million students who are below grade level in their educational achievement. We want to take a special look at the new title I concentration grant program, which is designed to provide additional assistance to school districts with large populations of disadvantaged students.

We will also be examining support and innovation grants, which provide assistance to improve local education practices and provide assistance to State departments of education for their management of federally funded education programs.

The other large program we will be looking at today is bilingual education, which is particularly close to the heart of many New Mexicans. The President is requesting $173.6 million for bilingual education in 1980, a $15 million increase over the 1979 appropriation.

I would just add, I hope that we get some discussion on the recent criticisms of bilingual education, some of which I share and some of which I don't. And I'm sure you will address those in your testimony.

We will also hear about the budget request for the new basic skills improvement program, which has a budget request of $35 million. In addition, we will hear about several smaller programs, such as Follow Through, environmental education and ethnic heritage studies.

Dr. Boyer, I believe that you are going to begin with an opening statement. Before you begin, would you please introduce those who are seated at the table with you, and then please proceed with your opening statement.

I might add at this point that I personally feel that there is no more important endeavor in terms of secondary and elementary education. That doesn't necessarily mean that I fully support all the Federal activities in this area. If we're ever going to solve any of our other problems it's going to be because we have preschool elementary, and secondary education programs in this country, which are national with a small "n," and not necessarily Federal, but which are much, much stronger than what we have today, and which take into account the changing environment that our young people are being exposed to.

It is no longer rural America that most young people are being educated in. It's no longer the same style of family that most young people are being exposed to. So the preschool education of young people is a critical part of your problem, because that has changed. The family is not nearly, in many cases, as big a component of that preschool education as it used to be.

And so, secondary and elementary schools are being exposed to a changing and different population. And I don't think we fully, as a nation, grasp the change. I certainly don't think I have, and I'm going to be very, very intrigued by your statement.

Dr. Boyer.

INTRODUCTIONS AND OPENING REMARKS OF WITNESSES

Dr. BOYER. Thank you, Senator, very much.

I would like to have you meet Cora Beebe, who is Director of Planning and Budget in the Office of Education. She's joined by: Dick Fairley, Director of title I programs, our largest single assistance program. Tom Minter is the Deputy for Elementary and Secondary Education. He's in charge of the entire bureau within which title I operates. And, most recently added, sworn in last week, is Jose Gonzalez, who is the director of our bilingual education program.

You know Dr. Berry.

Dr. BERRY. We have Bill Dingeldein, who is the Director of Education Budget Analysis in the Office of the Assistant Secretary; and Bruce Wolff, who is Deputy Assistant Secretary for Legislation in the Office of the Assistant Secretary for Legislation.

Dr. BOYER. May I say, Senator, your opening comments are fully shared by us. We think it's central to our work and to the Nation. We think there's a job that must be done. We consider it fortunate to discuss with you this central Federal effort in education this morning, the 1965 Elementary and Secondary Education Act. I believe that this Federal-State partnership has demonstrated fully that Federal assistance can help.

Not that the record is unspotted, but the message is clear, and I think the outlook is encouraging.

The request we put before you, then, does have a total of over $3.9 billion. Far and away the largest part of that $3 billion is our so-called title I for elementary and secondary. And as you know, that sends grants to 14 of the 16,000 local school districts all across the country. That basic grant program for 1980 would remain the same, $2.6 billion.

However, there is a section that we added, and that's the regular State grants. The total regular grant program, what we might call the basic grant program, which gets money to LEA's and SEA's, is $3.078 billion. That's the first subtotal you see on the worksheets.

The second subtotal is the new authority that comes out of last year's reauthorization, $400 million for what's called concentration grants. Now, that is to get yet more money in districts that are considered to have high poverty children in concentration. Counties where 20 percent or more of the children are judged to be in poverty or 5,000 students, depending if it's a small district or a large one, would get an extra title I grant over and above the basic grant. Applying that formula to $400 million, we would add still more money in districts where poor children are concentrated. And it's based on a county by county count. That's the only growth area in this budget to speak of, and this is the first year we're implementing it.

We're getting some money, hopefully, through a supplemental. The balance for this 1980 budget would bring it to $658 million over a 2-year period.

Then we have two sections that are noted in the budget under so-called support and innovation. No. 2 in your budget summary

would send dollars to State education departments. That's broken into two parts.

The first part would give them money to give grants for improved educational programs to local school districts. That's flat funded at $146 million, and $51 million to State education departments, primarily for administration. So that item 2, while we use crazy labels sometimes, is a $146.4 million distribution to States, based upon enrollments, that they use then to give local grants to districts, which I can discuss in detail, for innovations and experiments; and $50 million in which they retain the staff. And to be quite frank with you, some of our State education departments are heavily funded by this Federal appropriation. Some States wouldn't have very effective State education departments if they didn't get that Federal money.

Those are the first two main items. The third big piece of the budget we're discussing today is the bilingual education budget. You've already mentioned that in your opening statement. This is the other area where we show a major increase, at least relative to today. We're going from $158 million to $173 million.

This program has grown dramatically. It has been controversial. It is unique in that we give discretionary grants. This program doesn't go to States on formula. One of the agonizingly difficult parts of it, quite frankly, is that we have to get applications from school districts and then decide which is the better or the best, and give the money out. I tell you that to administer a large discretionary grant is an enormously vexing thing to do from Washington. I hope we can find a way to redistribute those dollars on a State-need basis. But that's not directly related to the budget.

FUTURE ALLOCATION ALTERNATIVES FOR BILINGUAL EDUCATION

Senator SCHMITT. Does the administration have any plans to bring this proposal to the Congress?

Dr. BOYER. We are, Senator, discussing it as part of our package that we're now working on, and we spent several hours with that just the other day. We think if we had a process whereby a school district could qualify on the basis of need, we wouldn't have to give kind of a contest prize to those who might have written the best proposal, to get $173 million out annually on the basis of annual competitions.

Senator SCHMITT. When can we expect to have some proposals along this line?

Dr. BOYER. We would think we'd be able to discuss that during the session. We haven't a time in mind.

Senator SCHMITT. I hope you would not hesitate to use my good offices for discussion since New Mexico has such a large bilingual population. I think we have some insights we could offer.

Dr. BERRY. Senator Schmitt, we have a study underway which will help us determine whether it's possible to change bilingual education into a formula program. As soon as that's finished, we will consider the proposals.

Senator SCHMITT. I hope you'll discuss that with me before you go public. We just met at the White House this morning on a program that was announced before it was discussed with the

people most involved, namely the Department of Natural Resources. The discussion got somewhat heated; hopefully we can avoid that.

Dr. BERRY. We have no imminent plans to make any announcements on that subject.

Senator SCHMITT. I just would encourage you to accelerate this as fast as possible, because it is an area that needs such fantastic attention. But it does not have, I'm afraid, a good reputation at this time.

BASIC SKILLS IMPROVEMENT

Dr. BOYER. We'll be eager to talk to you about both how the money is used and what we think the results can be in the future.

The fourth category—and I must say, this is top priority as well—this is the first year we're implementing the new Basic Skills section of the reauthorized Elementary and Secondary Education Act. As you can see, there's a modest increase from $27 to $35 million. But that conceals a much more fundamental fact; that is, that this is folding in the old so-called right to read program, and much of that will be a continuation of right to read activities, but not a continuation of right to read. Funds will be used for activities in math and communications skills mastery, as well as in reading activities. But, more importantly we're going to place great emphasis on and drive dollars to support statewide plans in basic skills, which the Congress has now called for in the new ESEA reauthorization.

Under that new authority, each State is invited to develop a statewide basic skills plan, and if that's agreed to with HEW, the dollars can be driven to that State to encourage and assist them to implement that plan. In addition, our national program of $20 million would have discretionary money to support the plan on a program basis.

I'm only saying that I think this holds enormous promise because, for the first time, the basic skills authority is backed up by some educational purposes and by encouraging a statewide plan buttressed by a national assessment authority. I think we are, in a sense, putting a capstone, a kind of centerpiece, on a very major effort, by developing a partnership with the states around the state plans. More on that later, if you like.

FOLLOW THROUGH AND OTHER DISCRETIONARY PROGRAMS

Follow Through, which has been very much a part of the whole Title I Head Start concept, continues to be funded at the same level. The idea of this, as you know, is to follow the Head Start program into the early grades of school to see that the gains that children might have made through the Head Start preschool program would not be lost.

The others, then, remain very minor matters in terms of dollars, but not in terms of concern. Environmental Education, level-funded at 3.5, and a $1 million demonstration program in telecommunications. Two items are not funded, Ellender fellowships and Ethnic Heritage studies.

In all, there are 11 subtopics under the total Elementary and Secondary budget. And it is, as I mentioned at the outset, the

centerpiece of the federal effort in education. And we stand ready to answer any questions you may have.

Senator SCHMITT. Do you have anyone else who needs to make a statement this morning?

Dr. BOYER. Mary?

Dr. BERRY. I would make no opening statement at this time.

Senator SCHMITT. Okay. Let's proceed with questions, and we will almost certainly not get through everything. Some will be inserted for the record.

[The statement follows:]

STATEMENT OF ERNEST L. BOYER

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to present the fiscal year 1980 request and the fiscal year 1979 supplemental request for the Elementary and Secondary Education appropriation. This appropriation maintains our strong commitment to improving educational achievement, especially in the area of basic skills, with our primary concern directed toward fostering that achievement among the various populations of educationally disadvantaged children. The total fiscal year 1980 request of $3,952,882,000 represents about a 4.5 percent increase over the comparable amount either appropriated or currently being requested for fiscal year 1979. While this increase does not approach increases of fiscal year 1979, due primarily to an overall Administration policy of fiscal constraint, it is an increase which is well focused upon the neediest segments of the educationally disadvantaged population, designed so that our budget constraint measures will not have a negative impact upon them. These funds, together with those under the Education for the Handicapped account will enable us to provide educational services to over 25 percent of the elementary and secondary school children in the Nation.

Grants for Disadvantaged

To initiate the newly authorized program of concentration grants, an amount of $258 million is requested in a 1979 supplemental appropriation. These funds will be awarded to the States for distribution to those counties with the heaviest concentrations of students eligible under the Title I formula. This additional support will permit such hard-pressed school districts to serve up to 600,000 additional children or to raise the level of the services provided to their current recipients.

For fiscal year 1980, a total of $3,478,382,000 is requested for Title I, an increase of $142,000,000 over the combined 1979 appropriation and proposed supplemental request. The increase is devoted entirely to the concentration grant program, to provide significant additional resources to the most historically underserved local educational agencies, allowing them to both increase their service populations by as many as 300,000 pupils and enhance the quality of their compensatory education programs. In aggregate, these neediest areas will realize a 55 percent increase in their concentration grant funding, a significant reinforcement of their compensatory education service capacities in the midst of their especially difficult economic circumstances. To allow for this focus of resources, the budget proposes to maintain all other Title I activities, including the State agency programs, at their fiscal year 1979 level. For all of Title I, an estimated seven million pupils will be served.

Improvement in Educational Practice

To assist the States in developing and implementing improved practices and programs in their local educational agencies as a means of enhancing educational quality in the Nation's schools, $146,400,000 is requested for the newly authorized Title IV-C of the Elementary and Secondary Education Act. For the first time in 1980, funds are being requested separately for Strengthening State Educational Management,

formerly included under Title IV-C. The amount requested for local practices improvement, the same amount available for this purpose in school year 1979-80, will be used according to a wide variety of State-determined priorities, under a competitive award process, for an estimated 4,000 local educational agency projects. These projects, many of which are expected to be related to compensatory education and/or basic skills achievement, will involve the participation of nearly eight million pupils.

Strengthening State Educational Management

To provide support for State education agency efforts in strengthening their administrative capabilities, $51,000,000 is requested under Title V-B of the Elementary and Secondary Education Act. The Education Amendments of 1978 authorize the program as a separate entity rather than as part of the Title IV-C consolidation. Funds under this new discretionary program are expected to be used by States primarily for staffing, in order to conduct such activities as statewide educational needs assessment, analyses of school finance equity, evaluations of State and Federal programs, professional development of State education agency employees, and dissemination of information on successful practices.

Bilingual Education

The Bilingual Education program seeks to increase educational opportunities for children who are educationally disadvantaged because they are not proficient in the English language. The fundamental objective of this program is to support a variety of activities designed to enable children to become proficient in the English language. Grants are given to build the capacity of local school districts to teach English to non-proficient children, while using the children's native language to build the basic skills needed so they can enter mainstream classrooms successfully. For fiscal 1980, support will be given to 625 school districts for programs in which 340,000 children will be enrolled. To improve the quality of the programs, teacher and management training activities and materials development and dissemination will be supported. State education agencies will be aided to provide technical assistance, and an information clearinghouse, and a national advisory council will be funded. The proposed budget also addresses the need for promotion of school desegregation through bilingual education. As authorized by the Education Amendments of 1978, about 30 bilingual desegregation projects, formerly supported under the Emergency School Aid Act, will be funded as part of Title VII. The $173,600,000 request is an increase of $15,000,000 over the comparable 1979 appropriation. The increase will make possible a major effort to undertake studies and evaluations to improve the effectiveness of bilingual education programs and practices. It will also support a new initiative to strengthen the administrative, evaluative, and dissemination components of about 50 successful ongoing projects, so that they can serve as model projects.

Basic Skills Improvement and Achievement Testing Assistance

The Basic Skills Improvement program replaces the National Reading Improvement program (Right to Read) and expands the focus of Federal concern to include mathematics and oral and written communication skills, as well as reading skills. Its purpose is to improve basic skills achievement by coordinating basic skills programs at the national, State, and local levels. A major thrust of this new initiative is aimed at State coordination of basic skills programs, to be reinforced by a new State-Federal relationship to support individualized agreements for comprehensive planning and implementation of basic skills activities. The fiscal year 1980 request of $35,000,000 represents a

a comparable increase of $7,250,000 over the 1979 appropriation for the Right to Read program. To complement this effort, $2,000,000 is requested for the Achievement Testing Assistance program to help States and local school districts use achievement tests to improve basic skills.

Follow Through

Our fiscal year 1980 Elementary and Secondary Education request includes $59,000,000 for the Follow Through program which was recently reauthorized through fiscal year 1981. In 1980, we will begin new experiments designed to identify successful approaches and practices to early childhood education. Developmental work on new models and components of successful approaches for the Follow Through program began in 1978; we expect to build upon this developmental work in 1980. In addition to funding local projects and sponsors, we expect to continue funding of resource centers which are demonstrating and disseminating information about successful approaches implemented in the first Follow Through experiment.

Alcohol and Drug Abuse Education

To continue to provide leadership capacity to State and local educational agencies in the prevention of alcohol and drug abuse, $3,000,000 is requested for the Alcohol and Drug Abuse Education program. This program incorporates strategies of training, technical assistance, and regional and national conferences to address both the problem of substance abuse and related behavior problems such as truancy, vandalism, and disruptive behavior. The National Training System of five regional training centers will train upwards of 60 new school teams from urban and non-urban areas to develop local solutions to the individual characteristics of local problems. The training centers will provide technical assistance to an additional 375 previously trained teams. All of these efforts are directed toward arresting the growth of an increasingly serious national problem.

Environmental Education

We are again requesting $3,500,000 for Environmental Education to promote an increased sensitivity, especially by the school-aged population, to the complex issues of environmental quality. Funding emphasis will shift from resource development and pilot projects to the support of a limited number of large multi-year projects which have the potential for application throughout the country.

Telecommunications Demonstrations

Finally, $1,000,000 of the budget request will be used for the funding of another eight or nine new or continued projects that explore ways of using non-broadcast telecommunications equipment and methods to improve delivery of health, education, and social services. Grants for these projects will be administered by the Office of the Secretary.

In summary, the nearly $27 billion appropriated for these activities in the past decade has enabled us to move forward in the vital area of basic skills achievement, especially as it relates to the equalizing of opportunities for a sound and productive educational experience. We have also been able to stress other areas of national concern in elementary and secondary education, especially the prevention of alcohol and drug abuse by the school-aged population and the promotion of environmental awareness. It is for the furtherance of our progress in these areas that we request your continued support.

I will be pleased to answer any questions you may have.

TITLE I CONCENTRATION GRANTS

Senator SCHMITT. On Title I concentration grants, the budget proposes an fiscal year 1979 supplemental of $258 million and $400 million in fiscal year 1980 for the new urban-rural concentration grants. School districts with greater than either 20 percent of their enrollment from low-income families or a total of 5,000 disadvantaged students are eligible for the grants.

How did you arrive at the figure of $258 million for fiscal year 1979 in the supplemental?

Dr. BOYER. That was just a partial funding. We didn't—to be quite frank, it was an arbitrary decision. In our attempt to move toward what we have described in our presentation as a $400 million total, we decided to get a startup figure going of sufficient level that would allow districts to begin this promptly this coming year. There is no magic about that particular cutoff point. That is in accord, I believe, with the total of $400 million for the following school year.

Senator SCHMITT. So you could still get started at less than that.

Dr. BERRY. It was based on how many districts would be eligible under the 5,000 students or 20 percent formula, and then an estimate of how much they could absorb and spend, in the first year of the program, given that full funding would be $400 million.

Dr. BOYER. Technically it's available for the full year, however.

Senator SCHMITT. Could you give us the rationale for starting this program in 1979?

Dr. BOYER. That was the point. In our view, it was a program that had wide support, and it was approved by Congress with much acclaim. We thought that it was not controversial. It was, in our view, targeting money in needed areas, and we thought it justified getting a supplemental so that it could start up in the first fiscal year following reauthorization.

Senator SCHMITT. Are the states ready to assume responsibility for this program in 1979?

Dr. BOYER. We are convinced—that was one of the reasons that Dr. Berry said—if we had gone to the full estimated $400 million goal in one year, it would have probably resulted in too much money too quickly, so we wouldn't be able to start with expectations that the funds would be used expeditiously. But we felt that this lower amount would be a strong beginning and one they could absorb in the first year.

Obviously, there's an administrative judgment involved there.

Dr. BERRY. It's also the case, Senator, that these districts, as you recognize, are the most needy districts, with major academic achievement problems, and so the thought was to balance the desire not to provide too much money too quickly, against the very urgent need to start the program up as quickly as possible, instead of waiting for a new year.

Dr. BOYER. As you do know, this is for the September 1979 academic year.

Senator SCHMITT. I'm learning, and you'll have to put up with that.

How much of the money will go to urban school districts versus those in rural?

Dr. BOYER. We have a breakout by State.

Dr. BERRY. 60 percent.

Dr. BOYER. It's estimated to be divided about 60 percent going to the 130 largest cities.

URBAN-RURAL DISTRIBUTION

Senator SCHMITT. Excuse us a minute, please.

[Pause].

Ms. BEEBE. The funds are distributed to counties. Our estimate is that approximately 50 percent of the counties in the United States would be eligible to receive these grants. They then would distribute it to individual school districts for the operation of supplemental programs.

Senator SCHMITT. But there would be quite a different distribution if the money was appropriated in Title I rather than in the concentration grant formula.

Dr. BERRY. Yes, noticeably different.

Dr. BOYER. That's right. But I think when it was up for reauthorization that was looked at very carefully. I think there was a feeling, Senator, that, first it was important to concentrate on the neediest if we were going to increase the appropriation, and, second, that it would, in effect, deal with the rural poor as well as the large urban areas, under the formula of either 5,000 plus, which deals with the large counties, or 20 percent plus.

So I think it was looked at pretty carefully to see that it wasn't skewed.

Senator SCHMITT. We'll look at it more carefully. But it does appear that rural states would have done better in terms of total money with the Title I formula than with the concentration formula, even though you say you're looking at rural areas. But we'll look at that some more.

Mr. DINGELDEIN. Mr. Chairman, actually, on that point, when the Secretary was up here, a similar question was asked and we looked at some rural counties. If the rural areas had high concentrations of poor children, they do benefit more under the concentration than you would under the regular Title I formula.

Senator SCHMITT. You're saying Title I is biased toward more affluent districts?

Mr. DINGELDEIN. No, it's biased toward poor districts, whether they're rural districts or urban districts.

Dr. BOYER. He means Title I without the concentration.

Dr. BERRY. It's all biased toward poor districts, but concentration is even more biased toward the poorest districts.

Mr. DINGELDEIN. The important thing is that rural areas will get more money under concentration grants if they have greater numbers of children from low income families.

Senator SCHMITT. Maybe you can provide me with an explanation of why, for example, even though what you say may be true, New Mexico would receive according to this printout from the Congressional Research Service, $318,000 less than if the money were appropriated under normal Title I? I'm not taking a position on it. I'd just like to understand it.

Dr. BERRY. We'll do that.

Senator SCHMITT. New Mexico is a rural state. I am sure the explanation there would be applicable to other states. If not, though, you might want to provide the explanation. I know other Senators would be interested.

Dr. BERRY. Yes.

[The information follows:]

EXPLANATION OF DIFFERENCES BETWEEN STATES FROM REGULAR TITLE I ALLOCATIONS AND FROM CONCENTRATION GRANT ALLOCATIONS

Regular title I grants to States for local educational agencies are determined by counting all disadvantaged children within a county. Concentration grants are determined by counting only those disadvantaged children above 5,000 children or above 20 percent of the total number of children in the county.

The issue of which States will benefit from concentration grants depends on two factors—the number of counties eligible for the concentration grant in the State and the number of children in excess of the minimum in those eligible counties. A State with counties having many children in excess of the minimum would receive more concentration grant funds than a State with a more even distribution of children by county and therefore fewer children in excess of the minimum.

In New Mexico although 27 counties out of 32 are eligible for concentration grants the total number of children by county above the minimum is less in proportion to the corresponding national figure than New Mexico's regular title I children are to the regular title I national figure. As a result of this change in their proportionate share, New Mexico receives less money under the concentration grant than they would from a regular title I distribution.

URBAN-RURAL CONCENTRATION

Senator SCHMITT. The education budget also requests $400 million for the so-called Urban-Rural Concentration Program under Title I, grants for the disadvantaged. In fiscal year 1980, about $256 million of the funds requested in 1980 would go to 11 predominantly urban states. Why is this concentration program such a high priority of the Administration?

We're covering some of the ground twice here.

Dr. BERRY. It's because we believe that it takes more money to educate poor kids, and where there are heavy concentrations of poor kids, it takes even more. So the idea is to concentrate the funds on those poorest most in need. That's why it's a high priority for us now and was a high priority for the Congress when the law was reauthorized. This was another approach to trying to improve student achievement in the worst poverty areas in the country.

Senator SCHMITT. So it becomes an augmentation of urban schooling.

Dr. BERRY. An augmentation of both urban and rural schooling in high poverty areas. That's the way it was characterized. That's where it would leave the impacts. That's the way the formula was put together.

As I pointed out, we can provide you with additional data on the distribution of funds in the rural areas.

Dr. BOYER. There's some evidence that when you have great poverty, that has a multiple impact on education in a kind of compounding way. The way the formula augments aid in the poverty area, it seems to address the needs created by poverty conditions which can really diminish school progress.

Senator SCHMITT. Didn't the authorizing legislation require that each State receive a minimum?

Dr. BERRY. Right, no less than one-fourth of one percent of the amount appropriated for concentration. No State shall receive less than one-fourth of one percent of the amount appropriated. That's in the legislation.

Senator SCHMITT. How does that come out?

Dr. FAIRLEY. $1 million for school year 1980–81.

Senator SCHMITT. I could have figured that out, since it's written down here.

Now, that would apply to those States which, under the rest of the formula, have only one school district, like Wyoming.

Dr. BERRY. That's right, because that was the will of Congress, that they would benefit to that extent.

TITLE I INCENTIVE GRANTS

Senator SCHMITT. One of the key recommendations of the administration during the reauthorization of the elementary and secondary education programs was that the States be encouraged to do more to assist in the education of the disadvantaged. The Administration recommended the creation of a State incentive grant program. This program provides a maximum 50–50 match to States that adopt programs to assist students that need special help to catch up with their classmates. The Congress included this program as part of the Education Amendments of 1978. However, the budget does not recommend any funds to Title I State incentive grant programs.

Why were no funds included for this matching program?

Dr. BOYER. There is a long-term expectation around the State incentive program, Senator. As you know, the title I program as now funded would only serve somewhere between 60 to 65 percent of eligible children. We've taken the view that, for the long term, if we wish to move toward a 100 percent coverage, that this should be thought of as a State-Federal partnership. And the title I incentive grant program was put into the new authority in order to, in effect, establish the machinery to help us move toward a matching arrangement as we increase title I in the future.

We didn't do it this year for at least two reasons: One, we decided, under a very tight budget, to use our limited resources to start the concentration provision, and that's what we've been talking about.

Second, under present arrangements there are only about 12 to 15 States that would be eligible, those that have already been putting money into compensatory education. And it seemed reasonable that now that the new authority is in place, there would be incentives to get more States on line. With a year or so lead time that program stands in a position to be implemented among a greater number of States in its first year of operation, and thereafter. So it seems to us, as an important piece of the reauthorization, to get it in place. With the first budget we prepared after reauthorization, we'd go for the concentration provision, instead of only focusing on 12 or so States that would currently be eligible to get matching under the new incentive.

Senator SCHMITT. Why should those States be penalized for having acted promptly?

Dr. BOYER. Well, they've been at it for a while. You could say that's another way to look at it. That would simply have been driving more money to a few States, if we had to trade off between that and the concentration grants. I think we are very committed to this, and the failure to have it appear in our current budget—in fact, we initiated it—doesn't mean that it's necessarily only a casual idea.

Senator SCHMITT. Did you ask for this program in your original submission?

Dr. BOYER. This is part of our long-term plan for the development of title I, believing that, hopefully moving more to full funding in the future, we should expect the States to become more and more partners in that. But it was something that we felt wasn't urgently upon us for this budget year.

Senator SCHMITT. I think you're going to find that the Congress is maybe more interested in that than the OMB is, because of the growing feeling and pressure from the States to reduce the federal deficit in a time when State budgets are in a surplus. I think there is not a single State budget now, or at least that is not projected to be in surplus next year. So we may be taking another look at that.

Could you provide for the record those States which you feel are at this time interested in this program?

Dr. BOYER. We have a list of 12 States that we feel are clearly able to qualify for matching. They have been in the compensatory business, and they can draw dollars, then, and are qualified under this law.

Senator SCHMITT. You see, there are a lot of States, New Mexico included, and I know West Virginia and many others, that have short legislative sessions which are about to terminate.

Do you know whether or not there is an effort?

Dr. BOYER. That's our best estimate of States who currently have been involved.

Senator SCHMITT. Do you know what's going on now out there?

Dr. BOYER. I was going to say, this may not be totally correct, but it was our best guess during the reauthorization process in the past few months.

Senator SCHMITT. OK, this list will be included in the record.

[The information follows:]

LIST OF STATES ELIGIBLE FOR SPECIAL INCENTIVE GRANTS

States currently eligible: California, Connecticut, Florida, Georgia, Maryland, Michigan, New Jersey, New York, Ohio, Rhode Island, Utah, and Texas.

States which would qualify with minor modification in State Compensatory Education Programs: Minnesota, Nebraska, Pennsylvania, Oregon, Washington and Wisconsin.

Source: Survey of State Compensatory Programs by Education Commission of the States, 1975.

AIDING DISADVANTAGED

Mr. DINGELDEIN. Mr. Chairman, of course, in terms of aiding the disadvantaged, the concentration funds would be of more fiscal help to the States because they do not require matching, whereas the State incentive grants do, so the States would actually have to put up more money in order to get the matching to get the incentive grants.

Dr. BERRY. We like very much, as Ernie said and as Bill is saying, both programs. It's simply a straight-out budget decision of going into an incentive grant program.

Senator SCHMITT. It doesn't sound completely consistent with some of the philosophy that I heard, under which the budget was prepared by OMB. I'm sure we'll get into that some more.

PROPOSED CAP ON STATE AGENCY PROGRAMS

OK. The migrant education area. You're recommending that funds for migrant education, as well as other State-operated programs, be maintained at the fiscal 1979 funding level. Is this consistent with the authorizing legislation?

Dr. BOYER. We would have to have special authority, Senator, to put a cap on these. The situation is this: Under the basic title I program, we have these special State programs that have first claim to the dollars. And since we weren't increasing the basic title I program and these dollars are driven by enrollments and per pupil expenditures, we estimated that nearly $55 million additional would go to State programs and, in effect, eat into the basic title I program.

We felt that if we capped the basic program in title I, we also should cap the special programs that are administered by the States or else we lose ground on title I LEA grants.

For the migrant, the delinquent and the handicapped, there are special authorities that take off from title I before any of the other money is distributed, and our estimate is that that, allowed to go forward uncapped, would have been an additional $55 million for these programs.

Senator SCHMITT. Has that legislation been submitted to the Congress?

Dr. BOYER. Has that gone forward?

Ms. BEEBE. No, it has not.

Senator SCHMITT. When do you expect it to be submitted? I will play Senator Richard Schweiker here for a moment.

Dr. BOYER. Do you know what the schedule for submission of the cap is?

Mr. WOLFF. My sense is that it's either later this month or within the next couple of weeks.

Senator SCHMITT. Well, as Senator Schweiker would say, that authorizing process is a slow and tortuous one. What would be your plans if, in fact, such legislation was not approved by the Congress?

Dr. BERRY. We would be very distressed.

Senator SCHMITT. What would be your plans?

Dr. BERRY. Because that would cause a reduction in our regular program, we might have to consider some other proposal to try to get the regular programs up, because the intention is not to cut the money in the States' regular grants down. And if that proposal is not approved by the Congress, then we would need more money to keep the regular LEA program up to where it is now.

Senator SCHMITT. Again, if it were not authorized, if that bill did not work its way?

Dr. BOYER. We're not in a position to answer that now. But the choices are only two: We would either accept the cut of $54 to $55

million in the basic grants to LEA's or we'll come back to you for more money, the same amount, so we could hold level the title I LEA basic program. There may be other alternatives that don't occur to me at the moment, but that would be the option we'd face, I believe.

Senator SCHMITT. I'm sure you've heard before that Chairman Magnuson—and I think this is generally supported by the Committee—is not inclined to appropriate money that isn't authorized. This is sort of a reverse twist on that, and I suspect his philosophy would not change. If the authorizing legislation were not modified that the Committee would have to go with the present law.

Dr. BOYER. There's no question. We understand that. We have this clear understanding that Congress would have to give the authority to put this cap on. The important thing is no State would get less through the migrant program than in the prior year; we're holding that.

Senator SCHMITT. But inflation would result in many States—inflation in dollars and inflation in population would cause problems in a number of States.

Dr. BOYER. We calculated that in several States that have a high migrant population that is normally increasing. They would lose some increases in funding from what would be a normal growth. As you know, there are several States where this is a very, very important item.

STATES WITH LARGEST STATE AGENCY PROGRAMS

Senator SCHMITT. Do you have a list of those States? If it's long, you can supply it for the record; if it's short, you can read it.

Dr. BOYER. The States that we're talking about are the States of Texas, California, Washington, and Florida where a large percentage of our migrant dollars go and where we have estimated a growth next year that would probably take them beyond their current dollar authorization. So the cap would reduce potential growth for a selected number of States with growing migrant enrollments.

Dr. BERRY. Senator, I'd just like to add, we took this approach. We believe the approach is sound. But we understand we need legislation. We took it first because, of budget constraints; but, second, it makes much better sense to make funding decisions in the appropriations process rather than make them in the authorizing process. And if we got this authority to cap approved, then it would make it possible to make those funding decisions in the appropriations process, which we can't do now.

The other thing I think we should point out to you is that the migrant program would get about 84 percent of its authorized entitlement under the cap. Whereas in the regular LEA program, the States would only receive 48 percent of the entitlement.

I would point out also that we had a large increase in the migrant program between 1978 and 1979. So that, for all of those reasons, it made sense to us, in a tight budget year, to try to hold the regular grants level, add the concentration, and then cap those State agency programs. But if we can't cap them, then we're in a

pickle and we will have to do something to maintain the level of those regular grants, because we can't allow them to go down.

Dr. BOYER. You may be interested in this list of States. I've circled the four States that get the lion's share. This shows 1978 and 1979 budgets for California, Florida, Texas and Washington. And in each instance, the 1980 column remains the same as 1979 under our budget.

But we would estimate the State of Washington, for example, could get an additional million dollars if the capping were not there, if it floated on the current formula. We don't have that cost in all of these States. In many of them, the funding wouldn't very much alter. Their migrant programs are relatively stable.

The point being——

Senator SCHMITT. It's somewhat unpredictable.

Dr. BOYER. Of course. It's really iffy, you see. In fact, overall, we're estimating a 35,000 full time equivalency increase for the total migrants distributed among those States. But you're right, it could be less than that, probably not more. That's a fairly generous estimate.

The three States that would probably be hardest hit by the nongrowth proposal——

Senator SCHMITT. I realize what you're doing now is pretty much a numbers game. Do you generally coordinate with the Department of Agriculture? Do you try to anticipate from year to year?

Dr. BERRY. That's difficult.

Senator SCHMITT. I'm not sure it's a useful coordination.

Dr. BERRY. It's very difficult to predict.

MIGRANT STUDENT RECORD TRANSFER SYSTEM—MSRTS

Dr. BOYER. We have a student record transfer system, I should say. You may keep that list if you want.

One of the most effective parts of this program is the student migrant record transfer system that we've established through our budget, through this authority. That has a central tracking system for all migrant students.

And while it's still imperfect, we've now been in it several years, and they're not only identifying the migrant children, but the records that they should have with them.

I mean, by definition it's a mobile population. So you almost have to create a system that allows coordination as they cross state lines. Otherwise they keep getting lost in the system. So our migrant student transfer system, we think, gives us a fairly good record, because the minute a student enrolls at a school, even as a new student, he would be plugged into the national network so records can be built.

So we think—I hope I'm not being too careless—the best data on what the student migrant picture is——

Dr. MINTER. We feel, Senator, we can do better than local school districts at that. Within 48 hours, we can have the records from Texas, say, to Florida.

Dr. BOYER. It's plugged into that system.

Dr. MINTER. It's a very effective system.

Senator SCHMITT. Let me ask you a case. I think there are over 4,000 migrant children that are in New Mexico. Now, let's say that because of an exceptionally good crop year, and we resolve the problems with the Department of Labor and the Department of Housing and Urban Development of migrant labor being able to work in the fields, that jumps up by 2,000 students for some particularly good agricultural year. The need is there.

How do you react to that? If they move, they come in. The families are picking onions.

Dr. BOYER. If the system works—if you mean, how are they identified, they would be "enrolled" into the migrant records system upon arrival and establishment of residency in the State. We'll have the records, and they'd be a part of the program. And the state in turn is eligible for dollars. The amount is based on the full time equivalency of the students enrolled.

Senator SCHMITT. What is the reaction time? Let's say September arrives and suddenly there are 2,000 more students in Las Cruces. I think I'm exaggerating. But let's say some significant number.

Dr. MINTER. We make an annual account. The full-time equivalency is counted at the end of the calendar year.

Dr. BOYER. It's done immediately after the next calendar year starts.

Senator SCHMITT. A December date?

Dr. MINTER. I believe. I'm not certain of that exactly. But we do pick them up for the school year.

Senator SCHMITT. Could you supply for the record what the date is?

Dr. MINTER. Yes.

Senator SCHMITT. I'm not a farmer, but you're trying to pick them up where they settle for the winter?

Dr. BOYER. We have to pick them after the school year begins if they're to be enrolled in the school system. However, they can be "enrolled" in the Migrant Student Record Transfer System any day of the year, and thereafter be counted for purposes of determining the State's allocation for the following year.

[The information follows:]

IDENTIFICATION OF MIGRANT CHILDREN FOR PURPOSES OF STATE ALLOCATION

Beginning with the fiscal year 1975 migrant education program, statistics from the migrant student record transfer system (MSRTS) were utilized in computing the total amount available for each State grant.

The U.S. Office of Education began computing the full-time equivalency (FTE) count of migratory children (both currently and formerly) through a special computer program run, the migrant program allocation subsystem (MPAS). Within each calendar year period (January 1–December 31), the MPAS mechanism is designed to determine the exact length of time that each identified migratory child resides in any given State or States. The MPAS provided (and still provides) a vehicle to more equitably distribute migrant education funds based on a formula of three variables—

(a) The number of identified migratory children resident (full- or part-time) in each State.

(b) The exact number of days that each identified migratory child is resident in each State (not to exceed 365 days total for each child applied across one or more States).

(c) The various State per pupil expenditure rates (adjusted so as not to vary unreasonably from the national average per pupil expenditure rate).

More specifically, the allocation formula now operates as follows:

(1) Each State accumulates one residency day for each day (during the calendar year period) that a migratory child is resident in that State.

(2) A State's total of accumulated residency days is divided by 365 (each 365 accumulated residency days would equal 1 FTE).

(3) Each State's total FTE is then multiplied by 40 percent of the State's per pupil expenditure rate (adjusted to not less than 40 percent of 80 percent nor more than 40 percent of 120 percent of the national average per pupil expenditure rate).

The computed amount then provides the total amount available for grant to each State (held harmless since fiscal year 1975 to 100 percent of the prior year's amount available for grant to each State). The total of the individual State allocations (as computed from MPAS statistics or held harmless from the prior year's allocation) provides the total national program allocation. The amount of funding is then taken 100 percent off-the-top of the total title I authorization.

If 2,000 migrant children had moved into and established residency in the State of New Mexico on September 1, 1978, and were immediately enrolled in the MSRTS, they would have become countable for purposes of determining the FTE for the State for the January 1 to December 31, 1978, counting period. (Inputs of such information can occur any day of the year, using remote computer terminals, whenever a migrant child is identified.) The calculation of this 1978 FTE for New Mexico and all other States, for purposes of their July 1, 1979, allocation, occurred during the first weekend of January 1979, at the MSRTS data processing headquarters in Little Rock, Ark. Regarding this hypothetical example, the calculation would have involved the multiplication of the 2,000 children by their 122 days of residency in the State. The resulting product of 244,000 would be divided by 365 days to determine the full time equivalency on an annualized basis, namely 668.5 full-time equivalent pupils. This full-time equivalency, which would have been included in the total 1978 FTE for New Mexico (resulting from the total days of residency in 1978 for the total migrant student population in the State), would then have been used by the National Center for Education Statistics to determine New Mexico's title I migrant allocation. It should be noted that, had the 2,000 children in this example migrated from another State, then that other State would have been credited in like manner for the amount of time the pupils resided there.

In the actual calculation that did occur in January, New Mexico's total actual FTE (4,425) was multiplied by 40 percent of the State's expenditure per pupil ($528.68), and the result was New Mexico's title I migrant funding authorization ($2,339,409) for school year 1979–80. Since this formula-determined authorization worked out to be less than New Mexico received the previous year ($2,427,294), the State was brought up to that previous year's level under the 100-percent hold harmless provision in the law. This funding will be available to New Mexico in July 1979, provided that the State has submitted an application for those funds prior to that date, and that the application has been approved by the Commissioner.

TRENDS IN INTERSTATE MIGRANT MOVEMENT

Senator SCHMITT. What's your experience, that once the harvest is over, they tend to go where they think they're going to be working next, or do they tend to stay where they were?

Dr. BOYER. I'm not the authority on this, but they do tend to follow.

Dr. MINTER. There are streams, in terms of the southern Florida stream and the California stream. So they would be moving northward following the crops. But there are always those migrants who do stay within a school system. But we track them, track the students as they move through the school system.

Senator SCHMITT. What about the migrant data system that the Community Services Administration funds? Are you coordinating with that?

Dr. BOYER. I have to tell you that I'm speaking individually. I don't know about that.

Senator SCHMITT. I didn't either, until it was pointed out to me.

Dr. BOYER. It may be. I'm always impressed when I talk about it. But our senior administrator, who runs the program, is not here. John Rodriguez would know about it.

Senator SCHMITT. Can you supply for the record whether or not Mr. Rodriguez is coordinating with that program?

Dr. BOYER. We can certainly investigate that. Maybe we should.

[The information follows:]

TITLE I MIGRANT PROGRAM STATE ALLOCATION TABLE

The following State table reflects the Title I Migrant allocations that: a) were actually available July 1, 1978 from the fiscal year 1978 appropriation; b) have recently been announced for availability on July 1, 1979 from the fiscal year 1979 appropriation (excluding estimated amounts which would be contributed for operation of the Migrant Student Record Transfer System; and c) are projected to be available on July 1, 1980 from the fiscal year 1980 appropriation, assuming the enactment of the proposed "cap" on the amount to be obligated, and the mandated 100 percent hold harmless.

The 1979 and 1980 totals supercede the estimates in the Congressional Budget Justification. A projection of the full authorization increase accruing to each State in school year 1980-81 if there were no cap is not within the realm of acceptable estimate at this point in time, due to a number of unpredictable variables, primarily those which determine the interstate movement of the Migrant population. Based upon the newly legislated requirement for enactment of the full time equivalency data to reflect the higher costs of summer programs, and based upon a nationwide projection of increases in the total identified migrant student population and related full-time equivalency and in the national average of per pupil expenditures, it has been estimated that the total formula authorization for the Migrant program might increase by as much as $40 million (about 19 percent) between 1980 and 1981. It is, of course, possible that increases in these factors will result in less than a 19 percent increase in authorization.

If it were reasonable to assume that every State's formula data (per pupil expenditure and full-time equivalency) would increase by the same percent, which historically is not the case (some States even experience decreases in their Migrant population), then a hypothetical 1980 full authorization column would indicate an increase for every State of the same percent increase which is indicated for the national total authorization.

	1978 School Year (1978-1979)	1979 School Year (1979-1980)	1980 School Year (1980-1981)
Alabama	$ 698,191	$ 789,981	$ 789,981
Alaska	---	---	---
Arizona	4,553,358	5,611,718	5,611,718
Arkansas	3,147,309	4,109,771	4,109,771
California	36,431,906	44,848,906	44,848,906
Colorado	1,835,539	2,427,422	2,427,422
Connecticut	1,209,665	1,869,079	1,869,079
Delaware	571,310	709,859	709,859
Florida	16,600,362	16,653,991	16,653,991
Georgia	1,470,751	1,994,136	1,994,136
Hawaii	---	---	---
Idaho	2,311,437	2,780,674	2,780,674
Illinois	1,095,136	1,510,972	1,510,972
Indiana	985,886	989,071	989,071
Iowa	141,796	185,311	185,311

	1978 School Year (1978-1979)	1979 School Year (1979-1980)	1980 School Year (1980-1981)
Kansas	$ 813,307	$ 1,023,148	$ 1,023,148
Kentucky	3,079,905	3,705,434	3,705,434
Louisiana	1,522,427	3,036,459	3,036,459
Maine	1,963,807	2,374,370	2,374,370
Maryland	932,895	935,908	935,908
Massachusetts	2,635,528	4,162,895	4,162,895
Michigan	4,582,889	5,176,746	5,176,746
Minnesota	1,134,559	1,704,144	1,704,144
Mississippi	2,516,859	2,898,728	2,898,728
Missouri	1,335,480	1,519,602	1,519,602
Montana	856,375	859,142	859,142
Nebraska	335,462	434,468	434,468
Nevada	269,311	340,513	340,513
New Hampshire	--	---	---
New Jersey	2,237,318	2,558,092	2,558,092
New Mexico	2,382,538	2,390,235	2,390,235
New York	3,368,218	3,853,739	3,853,739
North Carolina	3,831,233	5,097,493	5,097,493
North Dakota	748,646	751,064	751,064
Ohio	1,488,656	1,713,814	1,713,814
Oklahoma	1,029,481	1,678,340	1,678,340
Oregon	3,201,351	4,443,647	4,443,647
Pennsylvania	1,294,231	2,114,498	2,114,498
Rhode Island	---	---	---
South Carolina	632,281	634,323	634,323
South Dakota	36,818	36,937	36,937
Tennessee	316,368	317,390	317,390
Texas	46,836,071	55,587,991	55,587,991
Utah	264,672	333,012	333,012
Vermont	135,809	233,087	233,087
Virginia	764,555	767,025	767,025
Washington	6,298,442	7,565,450	7,565,450
West Virginia	205,457	206,121	206,121
Wisconsin	899,969	1,175,117	1,175,117
Wyoming	275,748	343,857	343,875
Puerto Rico	1,069,517	1,940,066	1,940,066
TOTAL	170,348,829	206,393,746	206,393,746

As noted above the amounts shown for each State exclude estimated amounts for operation of the MSRTS.

COORDINATION WITH THE COMMUNITY SERVICES ADMINISTRATION'S MIGRANT INFORMATION SYSTEM

The Community Services Administation project began as a migrant research project, the goal of which was to computerize information on migrant and seasonal farmworkers. CSA awarded a grant to the Colorado Migrant Council in December, 1976, to develop such an information system, called the National Migrant Seasonal Farmworker Project. Nearly one year later, an interagency advisory panel was convened, including representatives from the Departments of Agriculture, Labor, and Health, Education, and Welfare among others. Its purpose was to determine feasible likages between the CSA sponsored project and other Migrant information systems available, including OE's Migrant Student Record Transfer System (MSRTS) which had been operating for eight years. After evaluating the panel's recommendations and the potential relationship with the MSRTS, CSA determined that the project which it was sponsoring could not be linked with the system which OE operates.

TEXAS-WASHINGTON CREDIT EXCHANGE PROGRAM

Senator SCHMITT. And whether you think the two programs are duplicative or what?

It's the Community Services Administration. What do they call it? The Migrant Data System. We'll look that up, and also the list of State funding under the migrant program will be inserted in the record. A million dollars in 1980, that's the proposal.

We may have covered some of these. Give me a moment.

So you're not recommending any increase for the Migrant Student Record Transfer System. The committee has been told that the level funding will force the termination of the Texas-Washington State credit exchange program. This is a model program which enables migrant students to combine high school credits and graduate from high school.

Why are you not providing for continuation and expansion of this program?

Dr. BOYER. I think that we are providing for the continuation. I mean, in terms of dollars it's level funding.

Senator SCHMITT. But you're going to continue the MSRTS. I can't pronounce that one.

I have a rule. There's a natural law in Washington that agencies or bureaus take the characteristics of their acronym, and I'm trying to figure out what that one means. [Laughter.]

Dr. BOYER. That's a fascinating thought.

I'm against acronyms generally.

Senator SCHMITT. It's amazing.

But the credit exchange program apparently is going to be terminated.

Dr. BERRY. That must be a State decision, because we're still funding MSRTS.

Senator SCHMITT. So you're saying that at a level funding, that the State determines——

Dr. BERRY. Whether or not to continue certain activities. They can.

Senator SCHMITT. But they have to decide what their priorities are.

Dr. BERRY. That's right, exactly.

Dr. MINTER. There are a number of programs also, Senator—reading programs, math programs, and various basic skill programs—and those generally have been the activities that they would fund.

Dr. BERRY. The funds are administered at the State level.

BILINGUAL EDUCATION PROGRAM'S RELATIONSHIP TO TITLE I MIGRANT PROGRAM

Senator SCHMITT. Now, Mr. Gonzalez, you're just new on board, and don't hesitate to say you're not ready or defer to somebody else. Do you see a symbiotic relationship, a synergistic relationship between the bilingual program and the migrant program?

Dr. GONZALEZ. I think there could well be one. We have done something that the migrant program has already done. We're catching up, in a sense. We've just done an audit, a programmatic

audit, and one of the recommendations that came out of that audit is that we try to work closer together with other programs than we have in the past. So we're proceeding in the direction of coordinating those programs.

Senator SCHMITT. Because the movement of many migrant workers not only impacts the general school programs, but it would impact bilingual programs.

Dr. GONZALEZ. That's correct, yes.

Senator SCHMITT. What do you see in terms of a schedule for establishing a coordinated effort?

Dr. GONZALEZ. I don't know that I can foresee a schedule yet, because they're two completely different kinds of programs. The migrant program goes through the States, while we give direct grants to local education agencies. And it seems to me that the programs may come together at the State agency level, especially as we attempt to strengthen the State educational agency role in the administration of title VII.

So when we develop a passthrough mechanism for State agencies to conduct bilingual education programs, that may be the logical junction point since they also have a lot to do with migrant programs. But it's really too early for me to say.

Senator SCHMITT. Do you see any duplication of funding at the present time or do you think you'll discover it?

Dr. GONZALEZ. Probably very small, but I'm just guessing.

BILINGUAL EDUCATION FOR NONSTANDARD ENGLISH

Senator SCHMITT. We hear a great deal about education in the urban cities, about the need to improve education in our core urban areas. I personally agree with that and think that we may actually have what one might call a bilingual problem even in the core city areas, where street language, so-called, is also being used in the schools and standard English is not something that many students are able to use when they get out of school.

We could maybe get into that in a little while. I'd like to talk about that with respect to general bilingual education.

On the other hand, it appears that through recent years improving rural education has been overlooked. For instance, under the concentration formula approximately $260 million of the $400 million requested for title I concentration grants in 1980 would go to urban areas. We discussed that to some degree.

RURAL EDUCATION NEEDS

What types of things are being done in the Office of Education to improve rural education and to try to meet some of the needs that exist in rural areas? Particularly, would you point out those budget areas where that would be covered?

Dr. BOYER. As a matter of fact, as you mentioned, I have to come back to our strategy in the concentration grants, Senator. We felt that by going into the very rural, poor areas, that we would be able to move beyond the first few years and begin to touch the disadvantaged title I-eligible children at the upper grades as well.

Senator SCHMITT. What you're saying is that the rural county that is poor by the definition of "poor" would receive more under

this, even though we might find the State as a whole would lose relative to having this funding under normal title I.

Dr. BERRY. That's exactly right.

Dr. BOYER. You stated it clearly and well. You're cleaning up our own presentation a little bit.

Senator SCHMITT. For example, in the State of New Mexico, the core areas of northern New Mexico, which have had very low per-capita income as well as low opportunities for employment, they would tend to benefit from this.

Dr. BOYER. They would leap ahead.

Senator SCHMITT. Versus Los Alamos County or some of the others.

Dr. BOYER. In effect, they have a double need.

Senator SCHMITT. Is there any consideration given to regional differences in standard of living or what would constitute poverty? The cost of living in Washington, D.C., of course, is much, much higher than the cost of living in Las Cruces, N. Mex.

Dr. BERRY. That's not part of the formula.

Senator SCHMITT. That's not in the formula? I'm not sure you can get it in, but——

Dr. BERRY. Senator, on your general question about rural areas, once you get beyond the concentration grants, of course, in almost every other area of the budget there's no skewing toward any urban areas. In vocational education, for example, or the handicapped. There's nothing in handicapped education, for example, which would say that urban areas get more money. So there's no general philosophy in the budget to have some kind of focus just on urban problems. I think rural areas probably get their fair share of vocational education money and handicapped money and all the rest of it, just in general terms.

QUALITATIVE CHANGES IN RURAL EDUCATION

Senator SCHMITT. In addition to what you're attempting to do with the concentration grant, what do you think are the greatest needs for assisting and improving rural education in the United States? What else should be worried about besides just getting money?

Dr. BOYER. Several things would come to mind. I'm not sure that they're uniquely rural, but they certainly are there. In terms of the secondary schools, generally, in the United States they're in serious trouble, and a change in the structure and flexibility of that, I think, is urgently needed.

Second, I think the gifted student is underserved, and maybe most especially in certain rural areas, where the resources for enrichment are limited. There are many urban gifted students, gifted poor. What we have here, it seems to me, is underserving gifted and talented students in rural and urban poor areas. And how, in the rural area especially, that talent is stretched, during the secondary school years especially, is a great challenge; what we can do to multiply the resources for those who are really outstanding and who could, under the right stimulation, become great leaders.

VOLUNTEER PROGRAMS

Senator SCHMITT. What about parental volunteer programs? Are you encouraging those, the development of those?

Dr. BOYER. At least rhetorically. I just came from the PTA this morning, and I personally am convinced that reestablishing the connection between the home and the school and involvement of the parents more actively——

Senator SCHMITT. Can this particularly assist in the gifted program?

Dr. BOYER. Especially so.

Senator SCHMITT. A gifted student can respond to a gifted parent without some of the difficulties that we run into when we try to teach the less gifted.

Dr. BOYER. But more than that, the volunteers who could come to schools that aren't necessarily parents, but are artisans, especially.

Senator SCHMITT. I should not have used the word "parent". I mean just adult volunteer programs.

Dr. BOYER. Artisans are very often eager to teach others the skills they have learned. These are rich possibilities which I think the schools have hardly tapped.

Senator SCHMITT. What about the retired, our long-lived citizens? I'm back to that.

Dr. BERRY. Senator, we have some formal activities in the new legislation the Congress passed. We're asking for funding on the basic skills. We have a whole section on parental participation and community participation including the development of programs that can be funded through that. The support that's needed, encouraging parents to use materials, engage in activities, community people, to help kids, will, for the first time, be available.

Senator SCHMITT. Are you coordinating with the mental health people, because they tend to focus—and I only say that because they tend to focus on the elderly, the long-lived, as having a potential mental health problem just because they're not doing anything, whereas they also are a resource of experience and expertise.

Dr. MINTER. At the school level especially, Senator, where we have volunteer programs and title I programs. Generally, on the school level, the principal and the superintendent will call these people into the conferences and meetings, and very seldom does a meeting take place on a particular job or program where all these specialists are not involved.

Senator SCHMITT. Are you coordinating with ACTION?

Dr. MINTER. Yes; Vista for student volunteers, especially in our large cities, New York, Chicago. It's a part of the informal relationship.

Senator SCHMITT. Would it be a relatively easy thing to provide the committee with a one or two-page summary of the status of the community volunteer programs that exist?

Mr. DINGELDEIN. There's a program in the Administration on the Aging.

Senator SCHMITT. Just tie the whole thing together, Whoever you're working with. How does that volunteer program appear to

you now and what is its potential; but again, in summary form, so we can look at it in light of this budget.

Dr. BOYER. It's not covered under ESEA, but could I make three very brief additional comments.

The State departments under this authority, Senator, do get $146 million, which they in turn send to LEAs to stimulate new directions, in effect, and we have a summary of the categories that those dollars support, and those categories, among others are: gifted, and parental involvement, and community activity. So that, in effect, it is being decided at the State level and we're not directly driving it.

We do have a community schools program that's under our special projects authority, that helps to fund demonstration schools. Many of those have community participation where the school becomes the center for activities. There's volunteer groups that come into that, as well as serving the elderly. At the same time, we are giving some support to Jesse Jackson's activity, where he's trying to get parents involved in the schools and the cities.

But I just mention, there are pieces within the Office of Education effort.

Senator SCHMITT. What I'd like to see is a summary of how those fit together. I think it would be useful to the committee.

[The information follows:]

VOLUNTEERS IN SCHOOL

The most effective schools have long used their local resources to enrich and supplement the basic instructional program. Some of the richest resources are the volunteers—be they parent, grandparent, citizen, businessman, civil servant, and students—who work with the teachers to supplement the educational experience.

The services of volunteers span all layers of the school organization. Volunteers tutor and monitor in classrooms, direct and aid in extracurricular activities, assist in maintaining facilities, pair with principals to up-grade school management systems, and work with district administrators to link school sites with the culture and economic resources of the surrounding community.

Volunteerism also encompasses donated facilities and equipment. Community cultural centers, theaters and dance studios open their facilities to student use. Colleges, universities, and other post-secondary institutions often share facilities with local schools. Schools also use highly technical equipment in the public and private sector when their own budgets cannot accommodate such expensive equipment.

The Federal Government has encouraged volunteerism through several programs.

The Commissioner's new directions initiative on urban high school reform has worked closely with the national school volunteer program (NSVP—Director Dr. John Alden) in developing volunteer career planning networks in secondary schools in 16 major cities across the country. The Chamber of Commerce, National Alliance for Business, Junior Achievement, and Junior League worked actively in support of this effort.

OE's national diffusion network sponsors several volunteer efforts such as the follow through program in Richmond, Va., and the school volunteer development project in Miami, Fla., which provides special volunteer careers for students who are functioning 1 or more years below national norms.

The National Manpower Institute, (MI), coordinates work/education programs in at least 21 locations across the country. Its focus is community involvement in career preparation. Cooperation of the communities' public an private sectors with the schools is central to preparing youth for the world of work.

Volunteers are in schools in large numbers to help implement the Secretary's immunization initiative.

Federal priorities of parent and community participation on advisory councils have played a significant role in encouraging States to legislate citizen participation in schools. Site council mandates, university-school pairing, adopt-a-school efforts,

executive sharing and other such volunteer programs directly stem from Federal recognition of the need for expanded volunteer participation in schooling.

Most local community education projects have volunteer components. There are approximately 40 U.S. Office of Education sponsored projects. Particularly strong volunteer components are in the Kindergarten-Grade 12 program in Tuscon, Ariz., and the project in Farifield, S.C., which involves a great many senior citizens.

Two urban initiatives, cities and schools and PUSH: EXCEL, supported by the recent Elementary and Secondary Education Act legislation invoke volunteerism.

Desegregation has spurred a large number of volunteers and nonprofit organiations efforts to ease tensions and smooth the transition to integrated schooling. Dallas, Houston, Boston, and Denver all have exemplary models of such volunteer programs.

DECLINING ENROLLMENTS

Dr. MINTER. Senator, we also fund a program called Foster Grandparents program. We have retired people who work with children.

Senator SCHMITT. There are towns in New Mexico and they're all over the country, which are suffering from the adjustments of population. Roy, N. Mex., for example, was a boomtown in the early days of ranching in northeastern New Mexico.

Now, they're trying to maintain a high school where every year they see 10 or 20 less students, and with no obvious hope, unless there's a major gas or, believe it or not, carbon dioxide, boom in that area. Even that may not be sufficient because those aren't large employers.

What do you think is the answer when a city or town reaches the point of decay or outmigration to where they just don't have the tax base to support a high school, but they're 2 hours away, at least, by bus from any other high school? What do we do then?

Dr. BERRY. What do we do?

Senator SCHMITT. "We" being the country, because it's not a New Mexico problem; it's a problem everywhere: changing economic patterns, technology. It's the opposite end of the boomtown, which we're seeing again in New Mexico, also. We have both ends of the spectrum.

Dr. BOYER. I don't have the single formula, but two observations:

For one thing, a school that finds itself constantly eroding on the enrollment, after a certain point, if it isn't in a position to consolidate, after a certain point it has to think of an entirely new way to run that school, I would think, probably moving much more to an individual plan; not a one-room-schoolhouse arrangement, but certainly several good teachers that might deal with students individually.

The notion of boxing them up and having 11 in grade 8 and 7 in grade 9 and 4 in grade 10——

Senator SCHMITT. Go back to the one-room-schoolhouse concept?

Dr. BOYER. I think conceptually you would have to change the structure.

Senator SCHMITT. Are you looking at the one-room schoolhouse—and I don't mean that in the extreme, but combining grades?

Dr. BERRY. There was an NIE study on rural schools, the effects of consolidation, effects of the one-room-schoolhouse on achievement. And it had some good points in it about the one-room school. We could get that for you.

Senator SCHMITT. A summary, at least, of that?

Dr. BERRY. Right.
[The information follows:]

EFFECTS OF RURAL SCHOOL CONSOLIDATION ON ACHIEVEMENT

In 1976 a report was published entitled, "Economy, Efficiency, and Equality: The Myths of Rural School and District Consolidation," by Jonathan Sher and Rachel Tompkins. Their study found evidence to challenge the traditional belief that fewer, larger schools are better than many smaller schools. One of the myths explored in this report looked into the effects of consolidation on achievement in rural schools. Their research found no positive correlation between size and achievement, independent of IQ and social class. Earlier studies had not attempted to control variables such as these and therefore, the conclusions reached favored consolidation of rural schools.

CLOSING SCHOOLS OR DECLINING ENROLLMENT

Dr. BERRY. But I would want to point out, too, Senator, on this question of closing schools or declining enrollment, as you point out, it's a national problem.

Senator SCHMITT. It's happening in the cities, too.

Dr. BERRY. One of the hottest issues in cities today is the closing of schools.

Senator SCHMITT. But the transportation problem is not as great.

Dr. BERRY. Yes; it's a larger problem in the rural areas.

Senator SCHMITT. You at least can move to another school.

Dr. BERRY. Often times the issue is what to do with the building once you have moved.

TELECOMMUNICATIONS DEMONSTRATIONS

Senator SCHMITT. You have a telecommunications demonstration budget of a $1 million. Is that aimed at all at this problem? That's another way in which you provide.

Mr. DINGELDEIN. To some extent, Mr. Chairman, some of those demonstrations are. I think there is one that was funded in Alaska. There's one in Appalachia, using satellites to reach out to isolated people in the rural areas.

Senator SCHMITT. Do you see that as an area of potential here?

Dr. BERRY. That's something that can be done. That particular budget——

Senator SCHMITT. The teacher can be in Albuquerque and teaching in Roy, N. Mex.

Dr. BERRY. That particular budget item is directed toward a whole range of departmental activities now. But NIE has a more narrow program in which they do exactly what you're saying, delivering education services into rural areas through television.

Senator SCHMITT. When do you expect that to become, if warranted, something more than just an experiment? It's hardly a demonstration.

Dr. BERRY. It's proven that it works.

Senator SCHMITT. What are the Department's plans?

Dr. BERRY. We don't have any proposal at present for large-scale grants in this program.

Senator SCHMITT. Are you coordinating with NASA at the present time or talking with them about what your potential is?

Dr. BOYER. The answer is no to that, I should say openly. But let me just add this as a footnote, if I may. I think the long-term answer is in fact finding ways to use effectively the technology we have to teach excellently in areas where we can't warm bodies the same traditional way, at least in the cost-effective way. But I just want to add this: I think the breakthrough is going to come probably not through mounting some kind of a central transmission system through satellite; I think the breakthrough is going to come, and we are now there technologically, where the materials that are audiovisual can be transported at low cost, and in effect each child has his teachers, just as each child now has his books. We have little cassettes.

Senator SCHMITT. But the key thing is the interaction. I realize you can do that with audiovisual. But having a human interaction, that's the basic problem with television. Television for which there is no interaction is our preschool teaching. The kid doesn't interact.

Dr. BOYER. The point is, however, these can be reinforcing. If you can't have the best teacher in every class—the point you just mentioned—then you have to ask, how can good information be transmitted while still, then, you have interaction with groups of students? It may be one teacher could interact with different levels, instead of having each of them in a little box all alone, with nothing but that teacher.

So I'm only suggesting using the effectiveness of well-prepared materials that can be both visually and auditorily available to students, and then using more efficiently the human interaction, making it truly an interaction, instead of doing it through materials that can better be handled, perhaps, by technology. All the same, if I were modeling an area where there was a very low density of population, I certainly wouldn't build traditional schools alone, and I wouldn't put a teacher in every classroom. I think technology will allow us to have excellent basic instruction and still have the interaction.

Dr. BERRY. We've got a section in the new basic skills legislation, Senator, that is for the use of technology in basic skills instruction. So this basic skills request would go to that, in that it authorizes the Secretary to find new ways to use television and other technologies to contribute to instruction. So we do have that in the new legislation.

SUPPORT AND INNOVATION

Senator SCHMITT. The budget this year divides support for innovation into two categories, the first being improvement of local education practice, and the second, strengthering state educational management.

Can you briefly explain what happens with the Federal funds provided for each of these two components?

Dr. BOYER. Yes. The first part of that, as I mentioned, are the dollars that we distributed to each State on a formula basis. And that, in effect, becomes a fund in which districts compete for grants. And the State ed department takes—I don't like the word, but I'll use it—this innovative fund that they receive from us on a formula basis and gives grants to local school districts to try new things, and that usually involves working with new approaches to

teach the basic skills, as I mentioned earlier, new approaches to working with the gifted, new approaches to involve parents, new science curricula.

In other words, it becomes a fund to stimulate some experimentation at the local school level. That's the $146 million.

There is a $51 million proposal that's a separate section, that goes to State education departments. That's basically used for them to maintain their staffs, special positions in their department. And as I mentioned, in some States it's 5 to 10 percent of their budgets; in other States it's a much higher percent of their budgets.

Senator SCHMITT. We have about 7 minutes before I have to go up, 7 or 8 minutes before I have to go up to vote. And I have problems developing in another committee.

We will have some more questions on that subject for the record.

Dr. BOYER. Yes, sir.

Senator SCHMITT. And on the State education agencies.

BILINGUAL EDUCATION FOR "MAINSTREAMING"

Senator SCHMITT. I'd like to get into the bilingual education area. Reporting to the committee, Secretary Califano stated that bilingual education funds in fiscal 1978 would be used to teach English to non-English-speaking students. The committee has urged the Office of Education to adopt this practice of bilingual education for several years.

What steps will you follow to assure that bilingual education funds are in fact being used to teach English to non-English-speaking students, so that they will become participants in a regular classroom setting?

I'd like to back up that question by stating I grew up in a school system where English was taught inadequately to students, to Hispanic students. And I could see, as I can look back in my own life, the gradual disappearance of any but the most gifted Hispanic students from my classes. They either disappeared completely or did not advance. And it was almost entirely a problem, in my estimation, where they couldn't compete with the rest of us in English.

So I would like to know what you're doing.

Dr. BOYER. The policy the Secretary stated is clearly the policy of the Office. In the administration of this program, I believe absolutely that the mastery of English is the central requirement to educational success. The absence of that is a guarantee of failure.

And the spirit of this bill, this legislation, is to help children who do not have adequate English skills develop proficiency so they can compete. I would add as a footnote, if I might draw a distinction here, that if in doing this you diminish the original language or you cause people to feel that they're culturally second class, it's not a tradeoff.

Of course, you don't have to push those as one alternative or another. But we are committed to the teaching of English to those who have this language deficiency.

Now, as to implementation, we are now specifically requesting that in order to qualify to get a grant, the applicant must accept the notion that students are assessed in English ability. We've

indicated that to qualify for a grant in a bilingual program, you must demonstrate that the students are coming in with a language deficiency, indicate that in the application. So we are making this explicit in the application.

Now, as you well know, a certain percentage of those students in the bilingual program do not have to be English language deficient. The new law limits the acceptance of non-language-deficient students in a bilingual program to 40 percent. I think that including English proficient children is partly based on nonsegregation arguments. But the majority of the thrust is clearly to achieve the goal of English language acquisition, and we are now requiring this performance and making site visits to follow up.

I don't know if Josue wishes to say more on that. But I really feel it's important that he comment, too.

Dr. GONZALEZ. I just would reiterate that the regulations are tighter in that respect, although it has always been the objective of the program to teach English and to see that the learning of English manifests itself in increased achievement. However, when the children are not succeeding in school, we continue to question whether teaching English is going to be enough for them.

We also recognize, however——

Senator SCHMITT. Let me interrupt there to say I agree that ideally, when the child comes into the school system not proficient in English, but proficient in some other language, that wherever it is at all economically possible—with the volunteer program, I think you can make it possible in every case—that they should be learning the necessary basics of education, mathematics, and other aspects of their education, while they're also becoming proficient in English. I believe that very strongly.

Dr. GONZALEZ. That's correct. That's exactly our philosophy, that the objective of using the home language for instruction is to keep academic retardation from setting in.

BILINGUAL TEACHER TRAINING

Senator SCHMITT. Let me also tell you that in New Mexico, I think it's a fair criticism of the bilingual program that the people, the teachers who are coming in in that program, can't teach either English or Spanish, and somehow the standard of the teaching has to be part of the program.

Would you care to comment on that?

Dr. GONZALEZ. Yes. The reauthorization also asks us to look at the quality of the teaching, the training, and so forth. One of the things that we learned from the major study that was conducted recently on the impact of the programs, was that many teachers were not in fact bilingual. Therefore they could not teach bilingually.

We are very concerned about that. The new regulations will require that school districts propose a staff development plan which will be funded together with their basic grant to improve the competency of those teachers. At the same time, we're putting more money into universities to help train teachers at the university level, realizing that the universities, since they too have had limited experience at training teachers bilingually, also need help.

And so we're trying to do all of those things to improve the quality of the teachers.

BILINGUAL EDUCATION STUDIES

Dr. BERRY. Senator, if I may say a word about studies under this authority. We've requested $6 million for studies under this authority. Some of them are mandated by the Congress, by both this committee and other committees. For example, we must conduct studies on how many kids have a limited English language proficiency; what would be needed to develop a formula-based program; what kind of models for effective teaching are needed; and what is the state of bilingual teachers' language skills.

We made that request for $6 million because everybody who runs the programs, and the people here, have agreed that we need the funds in order to do those studies. I think it's fine for us to continue to operate programs, and we will; but we absolutely need this kind of information if we're going to maintain an effective program.

FOCUS ON TEACHING ENGLISH

Senator SCHMITT. Are you experiencing strong opposition from anyone for this readjustment of the bilingual program? And I hope it's not misunderstood that it's an English-only program. I think it's clear from this discussion here, at least from my perspective, and I think probably from the perspective of most other Senators that have a State in which there may be a bilingual problem.

Again, I want to make also clear, we include some of the urban areas in this, where English or a version of English is the language, but still not standard English.

Dr. BERRY. Senator, I came from Colorado, which is much like your State, and we have a similar kind of bilingual education problem. I find that there is great support for this new focus in the program from the people whose kids need to learn English, and those who already know English agree this is a primary emphasis that ought to be in the program. And as they recognize we're not trying to say that one culture is better than another and there is recognition of the importance of each culture, they support focusing on this learning of English.

PRESCHOOL AND ELEMENTARY PROGRAMS

Senator SCHMITT. Is your focus also shifting downward in terms of more in the elementary grades, rather than in——

Dr. GONZALEZ. Well, we've always had the greatest number of projects in the elementary grades. What we're going to do now is to attempt to coordinate these projects with the Administration for Children, Youth, and Families. We know that the very early years, perhaps as early as ages 3 to 5, are the best time for learning a language. We have not done very much in that area in the past.

I wanted to add something to what you just said, Senator, about the urban areas and those areas where English may be spoken, but in not a standard way, perhaps; that the legislation is very specific. We are concerned with children who are of limited English proficiency by virtue of having come from an environment where another language is spoken. So I wanted to clarify that point.

Senator SCHMITT. Do you need some additional authority from Congress to work on the other problem, because it's just as serious?

Dr. GONZALEZ. We do not have it now, not in this legislation.

Senator SCHMITT. Are you planning to propose such language to us?

Dr. GONZALEZ. My own tendency would be not to suggest it. Most of that problem, I think, is addressed by other programs, primarily title I.

Senator SCHMITT. Would you provide us with a discussion of that point for the record?

Dr. GONZALEZ. OK.

[The information follows:]

BILINGUAL EDUCATION FOR SPEAKERS OF NONSTANDARD ENGLISH

The law now provides that, to be eligible for title VII elementary and secondary programs, a student must (1) be born outside the United States; (2) have a native language other than English; (3) come from an environment where a non-English language is dominant; or (4) be an American Indian or Alaskan Native from an environment where a non-English language has had a significant impact on English proficiency. The individual must also have difficulty speaking, reading, writing, or understanding English because of any of the circumstances above. There are many children who speak nonstandard English and have difficulty speaking, reading, and writing the English language. However, if their language problems cannot be attributed to a non-English-language background, these children are not eligible for title VII programs.

The Office of Education does not feel that bilingual education programs are appropriate for speakers of nonstandard English who are of limited English proficiency. In bilingual education programs, the child's native language is used as a medium of instruction while transition is made to English. Children receive instruction in reading and writing their native tongue, subject matter instruction in the home language, and use native language curricular materials as they develop English proficiency. It is not considered sound practice to use nonstandard English, orally or in written materials, as a medium of instruction. For children who have difficulty in school because they speak nonstandard English, intensive remedial programs in English would be preferred treatment. Title I, basic skills, and similar programs are designed to help such children. For this reason, the Office of Education does not plan to ask for legislation to include speakers of nonstandard English in bilingual programs.

SUBMITTED QUESTIONS

Senator SCHMITT. There are some other questions which I and others on the committee will submit for the record. Please return these questions with your answers and with your edited version of the transcript to the subcommittee within 7 days.

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

EDUCATION IN PUERTO RICO

Question: Recently, the National Education Association issued a report entitled, "Puerto Rico: Tradgedy in the Schools." This report was highly critical of education in Puerto Rico and made numerous criticisms about the Federal role in assisting Education in Puerto Rico. In reference to Title I, the report stated even though there were some areas in which the Title I program was referred to in positive terms, the negative outweighed the positive. Puerto Rico received approximately $55.7 million for Title I alone in 1978.

What is the Office of Education's response to this highly negative report about education in Puerto Rico?

Answer: The deficiencies of the educational system in Puerto Rico had been recognized and identified for many years prior to the issuance of the NEA report. Both the Puerto Rico Secretary of Education and Resident Commissioner, Puerto Rico's elected representative to the Congress, had testified before Congress concerning these deficiencies prior to the enactment of Pub. L. 95-561, the Education Amendments of 1978.

As a result, the reenactment of Title I included a change in the allocation formula which authorized additional funds for Puerto Rico and the inclusion of a waiver of Title I requirements when compliance is impractical or inappropriate because of circumstances in Puerto Rico.

Question: What specifically is being done to assure that education in Puerto Rico is improved and that children of Puerto Rico will in the future have a chance for a better education?

Answer: The Secretary of Education in Puerto Rico has informed the Office of Education of his plans to institute some major reforms of the educational system. Several bills have also been introduced in the Puerto Rico Legislature regarding educational reform.

The Office of Education is providing technical assistance to Puerto Rico when requested, and will work closely with Puerto Rico in the development of the required management plan for the waiver of Title I requirements so that Title I funds can be used effectively to meet the objectives of the program in providing special educational services to the educationally deprived children in Puerto Rico, during the period of the waiver.

Question: Why in your estimation are there so many difficult problems that need to be solved in Puerto Rico?

Answer: It is clear that extreme poverty in Puerto Rico is the basis for the deficiencies of the educational system in Puerto Rico. The Secretary of Education has testified that:

- the current unemployment rate is 23%
- there is a high concentration of poverty children (87% or 615,928 out of 710,000)
- insufficient funding because of a low tax base

- o over 74% of all families have income below the poverty level
- o less than 10% of the population has an income high enough to pay income taxes, the principal source of revenues for general budget, from which educational funds come

INCONSISTENCY IN MONITORING

Question: In November 1977, 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 specifically has the Office of Education done in response to this statement?

Answer: The inconsistency referred to in the study resulted from the lack of a comprehensive OE policy on the Title I requirements that Title I funds supplement State and local funding of educational programs. A consensus has now been reached by all officials in OE on the policy to be followed with respect to the supplement/not supplant provision. All monitoring and enforcement activities now reflect official OE policy.

Question: Have you developed a clear and concise policy for the States and local school districts to follow in administering this program?

Answer: OE is using the same guidance it has provided to State administrators on how Title I as reenacted by Public Law 95-561 is to be administered. Some questions remain to be resolved by revised regulations.

CONCENTRATION GRANTS

Question: Assuming a $400 million appropriation, how much money is allocated to counties receiving their maximum allotment under the '5,000' or 'urban' provision of the formula?

Answer: Approximately 227 counties whose entitlement is about $322 million.

Question: How many counties with less than 20% poverty qualify for concentration funds? Again assuming a $400 million appropriation, what is the amount of money for which these counties are eligible?

Answer: Approximately 163 counties with less than 20 percent poverty qualify for concentration funds. These counties would be eligible to receive about $176,000,000 out of the $400 million appropriation.

TITLE I - STATE AGENCY PROGRAMS

The fiscal 1980 request for Title I proposes to hold the amount provided for migrant education, handicapped children in state institutions, and neglected and deliquent children in state institutions.

Question: Is this request consistent with the Education Amendments of 1978?

Answer: This request is currently not consistent with the Education Amendments of 1978. However, the Administration has proposed appropriation language which would, for the fiscal year 1980 budget, override the full funding provision for State agency programs as found in the authorizing legislation. This proposal is based on the Administrations position that funding for each program within Title I should be separately considered by Congress. The "capping" effect of the proposed appropriation language essentially reflects a level funded budget request for the regular part of Title I in 1980, so that all requested increases could be targeted to achieving the $400 million funding goal for the Concentration provision.

Question: Did the Administration recommend changing the authorizing legislation so that these programs would not receive automatic increases when the Title I program is increased?

Answer: A proposal to amend the authorizing legislation for Title I, currently under consideration in the Executive Branch, would actually establish separate authorizations for each program of Title I, much like the separate authorization that currently exists for Concentration Grants. This will permit both the Administration and Congress to develop and discuss separate proposals for the various Title I programs based upon the relative indications of need in those programs for the fiscal year in question.

Question: What impact will this constant level of funding have upon the states?

Answer: The impact of a "constant" funding level for the State agency programs will have varying effects from State to State. If a particular State has been experiencing consistent and appreciable growth in its State agency program funding authorizations, then there would probably be some gap between its fiscal year 1981 authorized amounts and the amounts actually allocated for that year. However, the same State would also be assured of about the same amount in total for its local educational agencies that it received the previous year, rather than face a loss of LEA funds that would result from the uncapped growth of State agency programs nationwide.

Many States that have been experiencing little or no growth in their State agency program funding authorizations will experience little difference between their authorized levels and their actual allocations. These same States will also be spared losses of funding in their LEA Programs which would otherwise occur without the cap. Nationwide, therefore, the "constant" funding level for State agency programs will serve to assure a constant funding level for local educational agency programs that would otherwise not be possible.

RECORD

Question: For the record, please supply the Committee with comparative State tables showing the effect of adding the FY 79 and 80 requests for concentration grants to the regular Title I program. The table should include a plus or minus column for each State to show which States gain or lose funds if the funds requested for Concentration Grants were put into the regular Title I program

Answer: See the following Comparison of Title I allocations to Local Educational Agencies (by State) for 1980:

Fiscal Year 1980
School Year 1980-81
(Estimate)

State	Budget Proposal	Senate Alternative	Change From Budget Proposal
Alabama	$ 77,709,692	$ 76,390,569	-$ 1,319,123
Alaska	6,287,265	5,917,563	- 369,702
Arizona	30,221,457	30,259,928	38,471
Arkansas	43,828,399	44,604,733	776,334
California	273,794,415	262,929,383	- 10,865,032
Colorado	26,040,479	27,840,879	1,800,400
Connecticut	28,545,351	28,414,085	- 131,266
Delaware	7,790,103	7,807,030	16,927
Florida	96,139,530	98,729,137	2,589,607
Georgia	83,413,588	85,541,731	2,128,143
Hawaii	12,073,900	11,672,029	- 401,871
Idaho	7,190,261	7,183,087	- 7,174
Illinois	134,076,384	132,907,724	- 1,168,660
Indiana	37,199,469	40,547,950	3,348,481
Iowa	25,878,048	28,497,963	2,619,915
Kansas	20,910,610	22,782,114	1,871,504
Kentucky	59,555,882	60,934,495	1,378,613
Louisiana	89,507,220	87,906,698	- 1,600,522
Maine	10,785,904	11,421,081	635,177
Maryland	52,195,474	52,723,331	527,857
Massachusetts	59,692,388	59,194,305	- 498,083
Michigan	127,169,354	126,203,488	- 965,866
Minnesota	40,429,216	44,177,078	3,747,862
Mississippi	75,393,405	73,967,906	- 1,425,499
Missouri	52,747,790	54,239,518	1,491,728
Montana	9,801,751	10,150,079	348,328
Nebraska	16,075,250	17,323,816	1,248,566
Nevada	4,384,659	4,106,677	- 277,982
New Hampshire	5,192,698	4,987,655	- 205,043
New Jersey	79,258,360	80,691,481	1,433,121

State	Budget Proposal	Senate Alternative	Change From Budget Proposal
New Mexico	$ 24,237,293	$ 24,795,746	$ 558,453
New York	311,211,950	294,124,708	- 17,087,242
North Carolina	87,378,633	90,291,470	2,912,837
North Dakota	8,461,868	8,449,518	- 12,350
Ohio	90,200,344	93,987,354	3,787,010
Oklahoma	34,350,479	35,645,207	1,294,728
Oregon	24,914,821	27,029,429	2,114,608
Pennsylvania	137,332,658	140,128,671	2,796,013
Rhode Island	10,197,615	10,364,318	166,703
South Carolina	58,574,008	59,085,167	511,159
South Dakota	9,668,212	9,819,569	151,357
Tennessee	70,874,456	72,130,853	1,256,397
Texas	190,324,769	189,319,165	- 1,005,604
Utah	9,559,955	9,779,048	219,093
Vermont	5,571,297	5,420,376	- 150,921
Virginia	65,711,882	69,103,351	3,391,469
Washington	32,723,665	34,218,490	1,494,825
West Virginia	30,030,424	31,266,553	1,236,129
Wisconsin	46,543,838	50,023,682	3,479,844
Wyoming	4,554,650	4,084,130	- 470,520
District of Columbia	18,324,290	16,457,991	- 1,866,299
Puerto Rico	123,988,536	112,186,867	-11,801,669

Answer: See the following Comparison of Title I allocations to Local Educational Agencies (by State) for 1979:

Fiscal Year 1979
School Year 1979-80
(Estimate)

State	Budget Proposal	Senate Alternative	Change From Budget Proposal
Alabama	$ 74,577,606	$ 73,460,802	-$ 1,116,804
Alaska	5,948,090	5,700,922	- 247,168
Arizona	28,901,190	28,809,149	- 92,041
Arkansas	42,321,793	42,688,438	366,645
California	258,482,195	250,158,086	- 8,324,109
Colorado	25,487,599	26,591,128	1,103,529
Connecticut	27,277,361	27,081,318	- 196,043
Delaware	7,446,650	7,454,998	8,348
Florida	92,254,481	93,568,439	1,313,958
Georgia	80,617,537	81,737,904	1,120,367
Hawaii	11,493,423	11,184,952	- 308,471
Idaho	6,846,580	6,839,264	- 7,316
Illinois	127,733,460	126,422,136	- 1,311,324

State	Budget Proposal	Senate Alternative	Change From Budget Proposal
Indiana	36,507,996	38,594,570	2,086,574
Iowa	25,559,730	27,240,643	1,680,913
Kansas	20,585,064	21,785,176	1,200,112
Kentucky	57,546,571	58,255,259	708,688
Louisiana	85,693,700	84,335,405	- 1,358,295
Maine	10,448,430	10,853,508	405,078
Maryland	50,101,324	50,255,277	153,953
Massachusetts	56,765,883	56,186,249	- 579,634
Michigan	121,770,245	120,677,859	- 1,092,386
Minnesota	39,825,458	42,177,037	2,351,579
Mississippi	72,168,951	70,974,227	- 1,194,724
Missouri	50,998,020	51,801,534	803,514
Montana	9,461,787	9,681,050	219,263
Nebraska	15,743,864	16,542,355	798,491
Nevada	4,038,370	3,856,668	- 181,702
New Hampshire	4,847,110	4,712,399	- 134,711
New Jersey	75,983,553	76,611,492	627,939
New Mexico	23,417,011	23,703,515	286,504
New York	293,326,842	280,792,131	- 12,534,711
North Carolina	84,814,610	86,460,505	1,645,895
North Dakota	8,118,128	8,108,020	- 10,108
Ohio	87,264,859	89,434,017	2,169,158
Oklahoma	33,364,418	34,109,174	744,756
Oregon	24,487,983	25,807,224	1,319,241
Pennsylvania	132,055,046	133,381,663	1,326,617
Rhode Island	9,812,357	9,885,377	73,020
South Carolina	56,492,606	56,639,745	147,139
South Dakota	9,326,051	9,421,163	95,112
Tennessee	68,268,472	68,845,435	576,963
Texas	182,133,426	180,768,717	- 1,364,709
Utah	9,218,452	9,356,852	138,400
Vermont	5,226,232	5,126,298	- 99,934
Virginia	64,108,568	66,145,189	2,036,621
Washington	31,790,271	32,667,323	877,052
West Virginia	29,257,632	29,984,025	726,393
Wisconsin	45,545,085	47,689,376	2,144,291
Wyoming	4,206,490	3,901,688	- 304,802
District of Columbia	17,103,626	15,799,738	- 1,303,888
Puerto Rico	105,962,769	105,962,729	---

SUPPORT AND INNOVATION GRANTS

Question: The budget this year divides support and innovation into two categories. The first being improvement in local education practice and the second, strengthening State educational management.

Can you briefly explain what happens with the Federal funds provided for each of these two components?

Answer: The appropriation for the Improvement of Local Educational Practice program is allocated to the States on the basis of the number of children 5-17 in each State. Approximately $137,400,000 of the $146,400,000 will be used by local educational agencies in projects which receive funding from the State educational agencies as a result of a statewide competition. The funds will support an estimated 4,000 local educational agency projects with an estimated 7.8 million children participating. The remainder of the appropriation will be expended at the State level for administrative and State advisory council activities which are required by the statute.

Funds for Strengthening State Educational Agency Management are used by State educational agencies to strengthen their educational leadership resources and to identify and meet critical educational needs. Activities supported by these funds include a broad spectrum of State priorities, such as providing curriculum and management technical assistance to local educational agencies, assessing student needs and developing statewide programs to meet those needs, and improving State educational agency management capabilities.

Question: Isn't it true that strengthening State Educational Management merely means providing funds for State education agencies to hire a large amount of their staffs?

Answer: State educational agencies use a portion of their allocation to hire staff. Of the total number of employees in all State educational agencies, about 25,000, the number of employees supported by strengthening funds in fiscal year 1977 was 1,888 full-time equivalent positions, or approximately 7 percent of the total staff. For example, California has more than 2,000 staff members, of which 77, or approximately 4 percent, are supported with strengthening funds. Vermont, by contrast has 160 staff members, of which 18 are full-time equivalent positions, or approximately 11 percent, supported with strengthening funds.

Question: What would happen if these funds were not provided by the Federal Government?

Answer: A number of State and national educational needs which require State level involvement, coordination and support services would be neglected. For example, several State educational agencies have established units with strengthening funds to coordinate Federal and State programs providing benefits for nonpublic school children and to provide liaison with the private school community. Another State has established an Office of Bilingual Education.

Many of the leadership functions of State educational agencies are supported with strengthening funds. A notable example is the establishment of staff units in State educational agencies for implementing student needs assessment programs and for planning the coordinated use of Federal and State resources to meet educational problems. Another common use of strengthening funds is to provide supplementary staff in support of Federal programs administered by State educational agencies, including media specialists and subject matter specialists in art, reading, mathematics, and social studies. It is estimated that more than 55 percent of the strengthening funds are used to provide direct technical assistance to local educational agencies. Funds are also used by State educational agencies to meet their responsibility to conduct monitory and enforcement activities and to meet the need for paperwork reductions. Without the Federal funds many of these activities would be curtailed or eliminated.

REGULATIONS

Question: There has been much criticism of late that the regulations for Title I programs are sufficiently unclear, that States and LEA's 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: OE has provided the State Title I administrators with a careful briefing on Title I as reenacted by Pub. L. 95-561. More briefings will follow when the revised regulations are published and again when the Title I policy manual is published.

Question: Have you held workshops or other training activities for State Title I Coordinators?

Answer: Each year one or more conferences are held by USOE to inform and train State educational agency Title I personnel of the legislative and regulatory provisions of Title I. These conferences have dealt with the legal requirements, have disseminated training materials to be used by States as they work with local school districts, and have structured a dialogue between USOE and the States to clarify program issues. For example, upon passage of Public Law 95-561, a conference of Title I coordinators was held to review the new legislation and to share program materials for State use with local districts. In January 1979, USOE held training sessions for State Title I coordinators on the parent involvement requirements of the new law. In addition, during each year, OE staff participate in State and regional meetings to explain and clarify Title I program requirements.

Question: Have you considered re-writing the regulations for this program to improve their clarity?

Answer: The Title I Regulations are being rewritten to conform both to the new statute and to the requirements of the Department's Operation Common Sense which provides specific guidance for achieving clarity in regulations.

STRENGTHENING STATE EDUCATION AGENCIES

You have requested funds for: Strengthening State Educational Management, under the new ESEA Title V, but you have not indicated in your budget just how you would allocate this money.

Many states have expressed concern that they will not get as much under this new authority as they have been getting under the old ESEA Title IV-C provisions.

Question: Have you made a decision yet on how this money would be distributed, if appropriated under Title V? Do you agree with the previous funding policy of this Committee that no state should receive less than it did in 1973?

Answer: There is no compelling reason for changing the amounts that States have customarily used for this activity when it was included under Title IV-C. Regulations are currently under development which would provide for Title V-B State allocations consonant with these customary State-by-State expenditures.

Traditionally, all States have invariably elected to fund their "strengthening" activities from their Title IV-C allocations at the same level as was allocated to them from the fiscal year 1973 Title V appropriation, as permitted under both past and current Title IV-C legislation. In aggregate, this usage totalled $50,850,000 nationwide. If at least this much is appropriated, States will receive exactly their previous year's customary usage. If less than this amount is appropriated, every State's would be ratably reduced as needed. If more than $50,850,000 is appropriated, the additional amount will be used for the awarding of discretionary grants to State education agencies for projects or activities that reflect Federal concerns about the improvement in SEA administrative capacities.

Question: Why do you feel that the Federal Government does have a role to play in providing $51 million for this program component?

Answer: Congress, in enacting educational legislation, has provided funds for correcting serious educational problems which have national impact. In most education legislation, State educational agencies have been designated as the agencies responsible for the administration of those programs. In 1965, when the Elementary and Secondary Education Act was enacted, most, if not all, State educational agencies were not prepared to manage numerous categorical programs authorized in that legislation. Their financial management, planning, evaluation, and instructional support systems were inadequate to provide the program leadership, coordination, and financial stewardship required. Wisely, Title V was included in the Elementary and Secondary Education Act to provide a resource for State educational agencies to use in strengthening their service and management capabilities necessary to administer a host of Federal categorical programs. Title V also provided resources for more adequate leadership for improving and coordinating the State's own educational programs.

BILINGUAL EDUCATION

Question: New provisions added to the application requirements for bilingual education programs call for project approval to be based partly on applying school districts' ability to continue the program when federal funds are reduced or no longer available.

Is there a specific time limitation which limits the number of years a school district may receive bilingual education funds?

Answer: The statute limits support for each project in a local school district to a period of one to three years, depending upon the severity of the problems addressed and the nature of the proposed activities. However, a school district may subsequently apply for another grant addressing different needs, such as bilingual education for different language groups or additional grades.

Question: How do you perceive this provision affecting the total appropriation level for bilingual education?

Answer: This provision can help insure that Title VII funds are used to build local school districts' capacity to provide bilingual education programs. We do not anticipate that the increase in local support will diminish the demand for Title VII funds. Rather, as school districts throughout the country increasingly attempt to meet the needs of children with limited English proficiency and as the Office for Civil Rights expands Lau compliance efforts, demand for Title VII funds should continue to rise.

Question: How many programs funded with Federal bilingual education funds have been able to continue after their federal grants either terminated or ran out?

Answer: From currently available data we are not able to determine the number of programs that have continued after termination of federal funds. However, based on application data for new projects supplied by local school districts, we know that many activities previously funded by Title VII are continuing, though sometimes on a reduced scale.

Question: What evidence do you have that the aid provided under this program will actually constitute an incentive for local school districts to expand or establish their own non-federally funded bilingual education programs?

Answer: The Education Amendments of 1978, and new regulations to implement that legislation, require that local education agencies must demonstrate a commitment to continue bilingual programs after federal funding terminates. This requirement will be closely monitored by the Office of Bilingual Education. There is evidence that Title VII aid has already stimulated the expenditure of local and state funds for bilingual education. For instance, eleven large school districts which receive about $20,000,000 in Title VII funds are now providing $73,000,000 in local funds for bilingual education. Moreover, in school year 1975-76, the latest year for which data is available, twenty states had committed about $45,000,000 to support bilingual programs. We believe that local and state expenditures for bilingual education are very substantial.

45-224 O - 79 - 12

BILINGUAL EDUCATION TRAINING

Question: Your budget requests $30,325,000 for bilingual education training to reduce the shortage of bilingual teachers and to improve bilingual teaching administration. How large is the current shortage of bilingual education teachers?

Answer: At the present time systematically-developed data which would allow us to determine the need for bilingual teachers--such as numbers of students with limited English skills, their densities, and the average number of limited English proficient children in a bilingual classroom--are not available. Moreover, demand for new bilingual teachers is even more difficult to measure: not all limited English proficient children are found in densities necessary for providing services; school systems which already have bilingual programs have staff on board; language-minority children may now be receiving treatments other than bilingual education, such as English as a Second Language, and so forth. However, according to data supplied by the National Center for Education Statistics, there are fewer than 10,000 teachers who now meet basic bilingual education standards established by the Office of Bilingual Education. Another 5,000 are currently being trained at Title VII-supported institutions of higher education, and about 5,000 teachers are in training in bilingual education at institutions which do not receive Title VII funds.

Question: How will this money be used in the training of these teachers?

Answer: The $30,325,000 requested for bilingual education training will support the training of teachers through professional development grants, primarily to institutions of higher education; fellowships; and training resource centers.

For professional development, $16,000,000 is being requested. This will support the development and expansion of bilingual education programs at about 120 institutions of higher education. About 1,100 trainees, primarily undergraduates, will receive stipends to pursue bilingual education studies. Many of the stipend recipients are teacher aides now working in Title VII-supported local school district projects who are studying for degrees. Professional development funds will also support management training and short-term training institutes for teachers.

$5,500,000 is requested for the fellowship program. These funds will support 775 graduate fellows preparing to become trainers of bilingual education personnel. The fellows are required, upon graduation, to work in teacher training or closely related fields.

To improve the quality of teaching at Title VII-supported projects at local educational agencies, $8,825,000 will be awarded to 22 training resource cneters. The centers provide inservice training programs designed to meet the needs of local projects. Approximately 15,000 teachers will receive this specialized training. Teacher resource centers also train school personnel who are not associated with Title VII projects.

Bilingual Education Increase

Question: You have requested a $15 million increase in Bilingual Education for 1980. But your most recent Annual Evaluation Report says that information on the impact of bilingual education on students is for the most part "very limited." And it says an evaluation of Spanish/English projects has shown "unfavorable outcomes" in improving English ability. If these projects are not improving students' English ability, why do you recommend further increases in this program?

Answer: The Office of Education is keenly aware of the evaluation findings on the Title VII bilingual education programs which were described in the Annual Evaluation Report. The study to which we referred in our Annual Report did state that students in bilingual programs were not making satisfactory progress. The same study reported that the projects surveyed did not have enough adequately trained teachers. This may, in part, explain their shortcomings. In addition, it is important to recognize that this study is one phase of a broader research and development activity designed to improve all aspects of the Title VII program and, as such, should be viewed in the context of planned Federal regional, and local research.

Major improvements have been initiated to address the findings of the study. We have undertaken:

1. greater quality control through new regulations,
2. greater emphasis on the proper preparation of personnel,
3. continued research on effective practices,
4. a study on entry and exit criteria,
5. a program audit of the Office of Bilingual Education to strengthen all aspects of program operations and administration,
6. a management initiative to ensure that the most needy children are being served, and
7. a strengthened plan to improve technical assistance to grantees.

In addition, it should be noted that the study in question was conducted on projects which were funded under authorizations previous to P.L. 95-561, and thus were early prototypes which do not reflect improvements made in the past three years. The 1978 Amendments offer great promise of improving the programs. The changes which were enacted are now being implemented.

Of the $15 million increase, over $10 million is earmarked to serve an additional 20,000 children, recognizing the improvements that have already been made in the program and others now being implemented. About $4 million of the increase is earmarked for studies and evaluation with the view toward advancing the state-of-the art and improving management effectiveness. The remaining increase will be used to train more teachers and to strengthen the State educational agency role in bilingual education.

A recent document, entitled "Research Evidence for the Effectiveness of Bilingual Education," while it did not assess the Title VII program per se, nevertheless concluded that successes reported in evaluation reports for 12 Title VII projects indicate that when done properly, "bilingual education can be effective in

meeting the goals of equal educational opportunity for minority language children." This report was written by Rudolph C. Troike, now Deputy Director of the National Clearinghouse for Bilingual Education. Monitoring by the Office of Bilingual Education of local project evaluations supports its contention. In short, good programs can achieve good results.

BILINGUAL EDUCATION

Question: Recent court cases have not only emphasized the serious deficiencies faced by children who do not speak English, but have also placed responsibility on the schools to offer programs to remedy this situation.

How have these court rulings affected your funding patterns for Bilingual Education?

Answer: Court rulings have not affected funding patterns for Bilingual education. The program is a discretionary one in which districts, whether under court order or not, compete for available funds and are granted awards based on the quality of their proposals. Although the statute allows districts to apply for funds for activites carried out under court order, such districts receive no special consideration in the competition. It is possible, however, that court orders will increase the demand for Title VII funds, particularly as Office for Civil Rights enforcement efforts increase.

Question: How many projects now receiving Federal bilingual funds are under a court order or an Office for Civil Rights mandate to provide bilingual programs?

Answer: As of February 1, 1979, there are three local agencies receiving Federal bilingual funds which are under court order to implement bilingual education activities. These local school agencies are: Chicago Board of Education, Chicago, Illinois; Baltimore Public Schools, Baltimore, Maryland; and Kansas City School District, Kansas City, Missouri. In addition, 116 school districts receiving Title VII funds for school year 1978-79 have been directed to establish programs for limited English-speaking children by the Office for Civil Rights, in accordance with guidelines issued by the Office for Civil Rights in 1975.

Question: Are the Federal funds in these situations supplanting or supplementing State and local funds?

Answer: Title VII funds supplement, rather than supplant, local and State funds. School districts contribute the normal cost of educating the students and Title VII pays for the start-up and marginal costs of implementing the bilingual education program. With the enactment of the Education Amendments of 1978, the long-standing Office of Education policy that Title VII funds must supplement local and state funds now has the force of law.

Question: What measures are you taking to provide incentive to these schools to assume the financial responsibility for their bilingual program rather than depend upon Federal financing?

Answer: Title VII funds are made available to local school agencies for start-up costs to assist the schools to implement bilingual education programs. After the maximum three year project period, the school district must assume financial responsibility for the bilingual program. To insure this, regulations require that local education agencies provide evidence that: (1) Federal funds will build the applicant's capacity to provide a quality bilingual education program; and (2) the applicant is committed to continuing the program once Federal funds are no longer available.

Question: Last year, the Secretary made several requests for reprogramming of bilingual education funds. The Senate report directed that no school district should receive less than the full year's funding even though the grant awards were delayed due to the length of time required for the Department to act on grant awards for bilingual education. Did all schools receive a full year's funding rather than partial year's funding?

Answer: For school year 1978-79, the Office of Education made all awards for bilingual education before the end of the fiscal year. Except for the few recipients who requested less than a full year's funding (e.g., short-term training institutes), all grants covered a full year's operation.

Question: What can be done to insure that school districts get their funds on time rather than after the start of the school year, especially since this is an advance-funded program?

Answer: The Office of Education shares the Congress' concern about the timely notification of grant awards, particularly in discretionary programs. We are now reviewing application and funding procedures in order to increase their efficiency so that awards can be made earlier in the fiscal year. We anticipate substantial improvements, such as early notice of application closing dates, reduced paperwork and red tape, and early notification to successful applicants prior to the actual awarding of a grant. With such improvements, school districts will be able to retain or recruit staff with the knowledge that a grant is forthcoming.

This is a forward-funded program. Funds appropriated in one fiscal year are generally obligated near the end of that fiscal year, for use in the subsequent school year: i.e., most fiscal 1979 funds are obligated during the spring and summer of 1979 for use in school year 1979-80.

BASIC SKILLS IMPROVEMENT PROGRAM

Question: Why is it a Federal responsibility to get involved in assisting in basic skills? Isn't this really a State and local responsibility?

Answer: The Federal government's role in the basic skills initiative is to encourage State and local awareness in and coordination of basic skills activities. It remains the responsibility of States to provide a basic education to our Nation's children. As is the case with the large Title I program, the Federal government can provide supplementary services to target on a given need or population. In the basic skills area, the Federal government, by expanding the focus of the former Right to Read program, is responding to the national decline of our Nation's children in basic skills proficiencies, as evidenced in standardized test scores. To further respond to this need, we are proposing a new program, the Achievement Testing Assistance program, whose primary aim is to encourage States to adopt minimum competency requirements by building their capacity to use test data and results to improve basic skills instructional programs.

Question: Please explain how this program's funding is established through Part A, Part B and Part C?

Answer: The Basic Skills legislation is divided into three distinct parts. Part A activities are national in scope; Part B represents State coordination and leadership activities; and Part C authorizes two special activities, the inexpensive book distribution program (RIF) and the special mathematics program (transferred from the Emergency School Aid authority). The law specifically states that the first $20,000,000 appropriated between Parts A and B must go for Part A activities. At the same time, it sets a ceiling of $20,000,000 for Part A activities. We have requested that Part A be funded at $20,000,000 in order to 1) permit funding of Part B (State) activities which the legislation emphasizes and 2) allow sufficient funding for two newly authorized Part A activities and expansion of formerly funded Part A activities. For Part B, we have requested $8,250,000 for the two authorized activities (Agreements with State Education Agencies and the State Leadership program). Finally, we have asked that both Part C programs be level funded in 1980, providing $6,000,000 for RIF and $750,000 for the special mathematics program.

The following table gives a detailed breakdown of the program activities and the level of funding requested for FY 1980.

Program: Basic Skills Improvement
(Elementary and Secondary Education Act, Title II)

	1979[1]	1980	Change
Budget Authority (000).....	$27,750	$35,000	+$7,250
Part A (National)			
Technical assistance 2/.....	---[3]	2,000	+ 2,000
Instruction in basic skills....	8,400[3]	7,500	- 900
Parental involvement 2/.....	---	1,500	+ 1,500
Use of technology 2/.....	---	2,000	+ 2,000
Involvement of education agencies.....	5,130[4]	6,000	+ 870
Collection and dissemination...	800	1,000	+ 200
Subtotal.....	14,330	20,000	+ 5,670
Part B (State)			
State Basic Skills program.....	6,400	8,250	+ 1,850
Subtotal.....	6,400	8,250	+ 1,850
Part C			
Inexpensive book distribution (RIF).....	6,000[5]	6,000	---
Special mathematics program....	750[5]	750	---
Subtotal.....	6,750	6,750	---
Evaluation.....	270	---	- 270

Question: How are the funds distributed through each part?

Answer: Parts A and C represent discretionary programs which will be funded in part by grants and in part by contracts. Part B funds will be distributed by formula to the 50 States, the District of Columbia and outlying territories to those wishing to implement Section 222 (Agreements with State Agencies), Section 224 (State Leadership program) or both.

1/ FY 1979 was funded under the National Reading Improvement Act data refers to reading activities only.
2/ Authorized by P.L. 95-561; no comparable activity in P.L. 93-380.
3/ Comparable to Reading Improvement Projects in 1979.
4/ Funded as Reading Academies in 1979.
5/ Program transferred from the Emergency School Aid Act to Basic Skills, (ESEA, Title II) by P.L. 95-561.

Question: The Education amendments of 1978 established a new Basic Skills Improvement Program. This new program has a budget request of $35 million in 1978. Of this total, $6,750,000 is transferred from programs that were in existence last year, $6,000,000 from the inexpensive book distribution program and $750,000 from the special mathematics program, which was transferred from Emergency School Aid. How would it be possible for the Committee to continue funding for only the current programs, i.e., the inexpensive book distribution and the special mathematics program?

Answer: It is true that of the $35 million requested for the Basic Skills Improvement program, $6,750,000 is for programs that were in existence last year, $6,000,000 for the Inexpensive Book Distribution program and $750,000 for the special mathematics program, transferred from the Emergency School Aid authority. However, these are not the only programs that were in existence last year. The new Basic Skills law builds upon and considerably expands the focus of the former Right to Read program to include mastery of communications skills and mathematics skills. Many of the components in Parts A and B are comparable to components funded under Right to Read but now include math and communications skills mastery.

The following table summarizes those activities comparable under Right to Read and Basic Skills:

Right to Read		Basic Skills Improvement	
FY 1979	Level of Funding	FY 1980	Level of Funding
Reading Improvement	$ 8,400,000	Instruction in Basic Skills	$ 7,500,000
Reading Academies	$ 5,130,000	Involvement of Educational Agencies and Private Organizations	$ 6,000,000
National Evaluation	$ 1,070,000	Collection and Dissemination	$ 1,000,000
Technical Assistance	---	Technical Assistance	$ 2,000,000

The basic skills legislation does authorize two entirely new activites under Part A:

(1) Use of technology in basic skills -- $2,000,000 (Requested)

(2) Parental involvement in basic skills -- $ 1,500,000 (Requested)

The Committee could, if it chooses, fund only the Inexpensive Book Distribution program and the Special Mathematics program with

appropriation language modifications. However, the principal objectives of the program--that is, direct supplementary basic skills services and Statewide leadership and coordination of basic skills activities, would be defeated if such action were to be taken.

ADMINISTRATION - TITLE I STUDY

Question: There were several other findings in the National Institute of Education compensatory education study that was 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 Office of Education has prepared a statement of policy concerning the requirements under Title I which prohibit the use of Title I funds to supplant non-Federal funding of education programs. The criticism in the NIE report referred principally to these requirements. This statement was submitted to the Secretary with the recommendation that it be used as the basis for developing and publishing a Notice of Proposed Rulemaking.

A separate Notice of Proposed Rulemaking was not published. However, the Notice of Proposed Rulemaking covering the Education Amendments of 1978 will clarify the requirements for supplement/not supplant and the Policy Manual required by the Education Amendments of 1978 will include further explanatory information.

Question: What have you done to reverse the trend that States are increasingly unsupervised in the use of Title I funds?

Answer: The adoption of an official OE policy with respect to the supplement/not supplant requirements and the development of an appropriate test for identifying violations of these requirements have given OE program staff the necessary guidance to increase its supervision of the States in their administration of the Title I program. A major emphasis of OE's current efforts to eliminate waste, fraud, and abuse in the Title I program is to identify violations of the supplement/not supplant requirements.

Question: Have you assembled and distributed 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: No. This will be done when the Title I regulations have been revised. However, OE has already started work on the policy manual Title I now requires OE to publish following publication of revised regulations.

ACHIEVEMENT TESTING ASSISTANCE

Question: The fiscal 1980 budget contains a request of $2 million to implement a new achievement testing assistance program in the Office of Education. The purpose of this program is to assist State and local school districts to conduct achievement testing programs that measure basic skills competencies. This is an area similar to a program of providing assistance in testing that the National Institute of Education runs. Why do we need to get the Office of Education involved in achievement testing assistance?

Answer: While the National Institute of Education does operate a program of providing assistance in testing, its program is limited primarily to research and dissemination activities. The achievement testing assistance program which the Office of Education proposes for fiscal year 1980 is aimed at demonstrations for developing the capacity of States and local school districts to better utilize test data and results to design programs of instruction which will ultimately improve basic skills. Its thrust is not aimed at research on testing, but rather on operational acitivites relating to achievement testing, encouraging States to adopt minimum proficiency standards, and improving basic skills.

Question: Isn't this really something that is the responsibility of State and local schools and not an area the Federal government should get directly involved in?

Answer: It remains the responsibility of States and local school districts to provide a basic education to our Nation's children. As is the case with the large Title I program, however, the Federal government can provide supplementary services to target on a given need or population. In the achievement testing area, the Federal government is responding to declines in national standardized test scores by encouraging States to adopt minimum competency requirements and building their capacity to use test data and results to improve basic skills instructional programs. One means for accomplishing this end is to promote the development and demonstration of the best ways to use test data and results to ensure that basic skills programs do, in fact, improve basic skills.

Question: Will these funds actually be used to develop tests and test questions?

Answer: The intent of this program is not to use funds to develop tests and test questions. Projects funded will serve as a model for and impetus to other organizations to evaluate testing practices and basic skills instructional programs. Specifically, it is our intent to use the funds for:

-- Ten grants to organizations, one to cover each Federal region, to develop demonstration programs to show the best ways to use test data and results to implement effective basic skills programs; and

-- Two contracts to eligible organizations for: 1) technical assistance to the ten grant recipients noted above on testing procedures and usage; 2) de-

velopment of specific materials and information on models developed regarding use of test results and their relationship to improved instruction and improved basic skills achievement.

It is possible that, within the context of the above activities, some funds might be used for test development as it relates to technical assistance or demonstrations. However, it is unlikely that this will require more than an extremely small portion of those funds.

ENVIRONMENTAL EDUCATION

The budget recommends $3.5 million for environmental education. This program has been funded at this level for several years now.

Question: Do you believe that any realistic results can be achieved from providing only $3.5 million a year for Environmental Education activities?

Answer: Yes. It is expected that the support of comprehensive multi-year projects will result in --

(1) information, based on experience, concerning effective methods for implementing and institutionalizing environmental education as defined by the Environmental Education Act;

(2) visible, long-term programs through which a large number of individuals (including students) can receive direct and timely benefit from both past and future progress in environmental education development (Thus far, the program has emphasized the development, rather than the general application or use, of resources and, consequently, the number of immediate beneficiaries has been limited;

(3) a means through which information and materials can be disseminated and technical assistance provided in a systematic and effective way to schools and communities throughout the country (this will increase the number of institutions benefitting and therefore the national significance of the program).

In summary, we believe that the new thrust planned for the program will permit (within the funding level requested) an increase in the range of accomplishment, the level of benefit, and the degree of program impact.

Question: What positive results have been achieved by this program to date?

Answer: Program activities to date have resulted in --

(1) a clearer understanding among an increasing number of individuals, institutions, and organizations of the requirements of the Environmental Education Act;

(2) an increased ability among these groups to meaningfully address these requirements; and

(3) basic resources and information needed to initiate the design and implementation of long-term programs that are responsive to the needs.

For example, analyses of projects funded in fiscal year 1971 and fiscal year 1976 have shown that almost all of the fiscal year 1976 projects addressed interrelationships among components of the natural and manmade environment (e.g. energy, transportation, pollution, economic impact) and that very few of the fiscal year 1971 projects did.

FEDERAL INCENTIVE

The Close-Up Foundation says that the Federal moneys provided for Close-Up are a great incentive to convince private and state organizations that they should contribute to the Close-Up program. The Close-Up Foundation estimates that for every Federal dollar provided to the program, dollars in non-Federal money are generated.

Question: Don't you believe that the lack of an appropriation would also have a negative effect on non-Federal money that would be generated by this program?

Answer: We agree that many Federal programs, including the Ellender Fellowship program, have played an important role in fostering local interest in areas of National concern. However, it is also hoped that, as Federal programs achieve this purpose of promoting a self-sustaining non-Federal interest, they can be eliminated to free up resources for newly identified concerns. While the Ellender Fellowship authorization extends for several additional years, we consider it not imprudent to terminate funding now, basing our decision upon indications of a well developed local interest in the work of the Close-Up Foundation. Generally, we would expect the private sector corporate and philanthropic sources of funding for the Close-Up Foundation to support efforts to keep the Federal budget focused only upon National concerns, and to undertake greater responsibility themselves for supporting newly established traditions such as Close-Up.

ETHNIC HERITAGE STUDIES

Last year's budget proposed that funding for the Ethnic Heritage Studies program be terminated. The budget instead recommended that parallel activities could be carried out under a program being initiated by the National Endowment for the Humanities.

Question: Although the Congress did provide funding for Ethnic Heritage Studies, have there been any similar activities funded by the National Endowment for the Humanities?

Answer: The National Endowment for the Humanities continues to award grants for the type of projects currently being funded under the Ethnic Heritage Studies program. NEH uses two overlapping funding priorities, in a number of its programs, that would apply to ethnic heritage type projects: Social history and ethnic related activities. Discussions with NEH staff reveal that, in fiscal year 1979, an anticipated $4 million will be used for ethnic heritage type projects involving such areas as: television programs, museum exhibitions, school and college curriculum materials, scholarly research and preparation of reference works, support of archives, libraries, and other special collections.

Question: What is the status of the new program that the Endowment was supposed to start during fiscal 79?

Answer: The fiscal year 1979 budget announced a social history "initiative" to be conducted by NEH. This initiative does not involve a separate program, but rather, as we have noted, many programs within which NEH has established funding priorities favorable to ethnic heritage type projects.

ALCOHOL AND DRUG ABUSE EDUCATION

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.

Question: What have you done to improve cooperation with State and local alcohol and drug abuse officials and programs?

Answer: The primary objective of the USOE Alcohol and Drug Abuse Education Program (ADAEP) is to develop a local capacity to deal with local problems using local resources. Providing team members with the skills to mobilize a variety of community resources in a comprehensive alcohol and drug abuse prevention program is an important component of the training that school teams receive under the Program. Each team leaves training with an action plan. Part of the plan is a resource analysis in which the team has identified all local alcohol and drug abuse resources and strategies to coordinate with them. It must be remembered that ADAEP provides no local program support--only support for the training of the school teams and subsequent technical assistance. Therefore it is incumbent on the team to build a firm base of support by coordinating its efforts with as many local agencies as possible. Local resources, in addition to alcohol and drug abuse agencies, include social agencies, mental health groups, juvenile probation offices, law enforcement, service organizations, church groups, youth groups, PTAs, senior citizen organizations, and a variety of volunteer groups. Since all action plans have to be approved by the superintendent, and in smaller communities by the school board, local support is facilitated from the outset.

At the State level, the Program has always sought to facilitate communication and cooperation among the variety of State agencies that are involved in the prevention of alcohol and drug abuse--State education agencies (SEAs), Single State Agencies (SSAs) supported by the National Institute on Drug Abuse (NIDA), and the Single State Authorities (SSAs) supported by the National Institute on Alcohol Abuse and Alcoholism (NIAAA)--and to work cooperatively with them. The ADAEP Regional Training Centers, as part of their technical assistance responsibility, regularly work with the SEAs in their regions both to improve capability in the SEA and to facilitate coordination of the SEA with other State agencies.

An ADAEP-sponsored survey of State education agencies' relationships with Single State Drug and Alcohol Agencies conducted in the Fall of 1977 indicated that:

- Twenty-two have good to very good working relationships with their Single State Agencies.
- Seventeen have input into the State plan for formula grants.
- Twenty have representation on the advisory board for the comprehensive State plan.

- o In 30 States, SEAs and SSAs collaborate on projects and training.
- o Eight reported little or no contact with their SSAs.

The survey indicated that over half of the SEAs work with State alcohol agencies by coordinating efforts in planning and training and by sponsoring joint projects. Fifty percent of the SEAs work with their State health agencies and approximtely one-third work with State mental health agencies.

Forty State education agency alcohol and drug education programs receive State education agency department funds. These range from the cost of one position to $3,052,000. Nineteen receive funding from SSAs ranging from $2,000 to $1,069,944. In four States all drug education functions have been assumed by SSAs. Four SEAs receive State alcohol funds.

Most Single State Agencies have not given a high priority to prevention and education in the past. Except in States with very low addict populations, they have been primarily concerned with treatment and rehabilitation. Since 1976 NIDA has been urging all States to include prevention in their State plans. An increasing number have allocated funds from their 409 formula grants.

NIDA is now funding State Prevention Coordinators (SPCs) in all the SSAs. ADAEP staff participated in the first meeting of the SPCs in February 1979. One of the themes of the meeting was the need to collaborate at the State level with the SEAs. ADAEP staff are now working with staff from the NIDA Prevention Branch to explore ways in which SEAs and the ADAEP Regional Training and Resource Centers can share their past experience with the State Prevention Coordinators. As a first step, two pilot regional conferences with SEA, SSA, NIDA, and ADAEP participation are being planned for early Fiscal Year 1980. If these prove effective, plans are to extend them to the other regions.

It should also be mentioned that ADAEP sponsored a conference in September 1977 of all SEA personnel involved with alcohol and drug abuse prevention, a major theme of which was the need for coordination of resources and efforts at the State level. Staff from NIDA and NIAAA participated in the conference. The SEA personnel left the conference with the clear message that in these days of limited resources coordination of resources of a number of agencies is essential. This was therefore a valuable preliminary to the pilot regional conferences mentioned above.

These are encouraging signs that we can expect to see collaboration of a number of State agencies in the development and implementation of Statewide alcohol and drug abuse prevention programs.

Question: What has your office done to assure that State and local resources are more fully utilized?

Answer: As noted above, the basic philosophy of the ADAEP 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.

Evidence of the effectiveness of the training is the amount of local funds that teams generate annually. In the past several years, funds generated by teams at the local level have exceeded the Program's annual appropriation. These funds have come from State and local governments, Single State Agencies, State education agencies, private organizations, and foundations.

For example, a team in Little Rock, Arkansas, received a grant from the Rockefeller Foundation. A cluster of teams from the Archdiocese of St. Paul received State funds, county funds, CETA funds, and Diocesan funds. A team from Louisiana was successful in having a State law passed to support prevention programs at the local level. These examples could be multiplied, and are representative of the types of support that teams generate from a variety of sources.

At the State level, the examples which follow are indicative. In Texas, the State Education Department has sent teams to the Regional Training Center at its own expense, joined these teams with Center-supported teams to form a State-wide network. In Minnesota, since ADAEP could train relatively few teams, the State Education Department and the Single State Agency, with technical assistance from the Chicago Regional Training Center, set up their own State-wide program. In Utah, the two State Agencies worked closely together, with the Single State Agency funding successful teams to train other teams.

Question: Have you complied with the directive that the large expenditures for travel and housing be reduced?

Answer: With Fiscal Year 1978 and 1979 funds, the ADAEP Regional Training and Resource Centers did not bring teams to a central location for the basic two-week training cycle. They provided on-site follow-up training and technical assistance to develop local training capacity in 75 urban school districts, where at least four teams had already received the basic training and were implementing programs in the 300 individual schools involved. The Centers also worked with non-urban teams and with State education agencies.

While training in the field does not eliminate travel and per diem costs, it reduces them appreciably. Nonetheless trainers from the Training Centers and outside consultants need their travel and expenses paid. In addition, training at the local level is often more effective in a retreat setting which requires expenses for travel and per diem as well as for substitutes for teachers participating in the training.

Question: Can you specifically detail how you coordinate your program with the activities of the Alcohol, Drug Abuse and Mental Health Administration?

Answer: Coordination of ADAEP activities with ADAMHA:

1. Director of the USOE Program is on the Advisory Board of the NIDA National Drug Abuse Center (NDAC).

2. USOE Program staff regularly participate in inter-agency meetings to review NDAC program activities and to provide input into future programmatic activities.

3. Director of the USOE Program participated in the consultant orientation for NIDA's Multicultural Awareness Center.

4. Director of the USOE Program is on the Editorial Board of NIDA Research Monographs.

5. In the past years 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.

6. 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.

7. USOE Program staff and NIAAA Prevention staff regularly brief one another on program status and directions.

8. A USOE Program staff member recently participated in the review of proposals under NIAAA RFP to replicate three prevention models at other sites.

9. Director of the USOE Program is a member of the NIAAA Interagency Committee on Federal Activities for Alcohol Abuse and Alcoholism.

10. Director of the USOE Program is on the NIAAA Prevention, Education and Information Task Force.

11. Director of the USOE Program was a member of the ADAMHA group to develop NIAAA initiatives for women and youth.

12. Director of the USOE Program participated in the HEW/Office of Drug Abuse Policy overall policy review.

13. Director of the USOE Program is a member of the NIDA National Manpower and Training System Professional Development Board.

14. Staff of ADAEP and the NIDA Prevention Branch are currently planning for coordination of activities at the State level between State Education Agencies and NIDA State Prevention Coordinators.

15. ADAEP staff have worked with other staff in OE towards inclusion of certain NIDA demonstration projects in the National Diffusion Network.

16. ADAEP staff cooperated in the development of the NIDA 1979 National Drug Abuse Campaign.

In addition, ADAEP construes substance abuse broadly to include smoking as well as alcohol and drugs. Anti-smoking strategies are an integral part of the training designs of the ADAEP training centers. It thus supplements the efforts of the recently established HEW Office of Smoking and Health.

This Committee has been critical of the large amount of funds the the Alcohol and Drug Abuse Education program uses to pay for travel, room and board for participants in this program.

Question: How much of the money requested for the Alcohol and Drug Abuse Education Program in 1980 would go for travel, room, and board? How does this compare with the amount used in Fiscal Years 1978 and 1979.

Answer: Travel and subsistence costs to train the 80 school teams (from 400-450 educational personnel) estimated for Fiscal Year 1980, and to provide field training and technical assistance to previously trained teams and to State education agencies, are estimated at $340,000. This compares with the following amounts for previous years:

Fiscal Year 1977	$551,000
Fiscal Year 1978	$304,000
Fiscal Year 1979	$304,000
Fiscal Year 1980	$340,000

The increase in 1980 over 1979 reflects subsistence costs for new teams while in residential training (10 days).

Question: How will you coordinate with the new Health Education Program in the Office of Education?

Answer: The new Office of Health Education as well as the Alcohol and Drug Abuse Education Program are both included in the new Bureau of School Improvement, which pulls together in one unit a number of small USOE discretionary programs. The purpose of locating the various programs in one Bureau is to facilitate the sharing of program experience and the coordination of resources among and between programs with similar target groups and objectives. The Bureau is not to be in place until June of 1979. It is, therefore, premature to outline specific areas of possible coordination between ADAEP and the Office of Health Education. However, since both programs take a comprehensive approach to meeting the developmental needs of young people embracing social, psychological, and physiological concerns, it can be assumed that the two will find areas for fruitful coordination of effort.

45-224 O - 79 - 13

FOLLOW THROUGH AND HEAD START COORDINATION

Question: The Follow Through program is designed to help students who have participated in the Head Start program to retain knowledge they gained while participating in head Start and to provide them with the necessary skills that they need to compete with their classmates.

Within HEW, please explain specifically how a Follow Through program and the Head Start program coordinate their activities?

Answer: Both Follow Through and Head Start are authorized by Title V of the Economic Opportunity Act of 1964, as amended by Public Law 95-568. According to Section 551.(2)(1) of its legislation, the Follow Through program is focused primarily on children from low-income families in kindergarten and primary grades, including such children in private, nonprofit elementary schools, who were previously enrolled in Head Start or similar programs. To implement this section of the legislation, Section 158.12 of the Follow Through Regulations (42 FR 33148) requires that, except in special cases, at least 50 percent of the children in each entering class of the local Follow Through projects shall be children who have previously participated in a full-year Head Start or similar quality preschool program and who were low-income at the time of enrollment in such preschool program.

Both Follow Through and Head Start offer the same comprehensive services and require the formation of Policy Advisory Committees, the majority of whose members are low-income parents of the participating children. In many instances, the Follow Through parents on these Committees previously served on Head Start Policy Advisory Committees.

This close program relationship has lead naturally to informal coordination of program activities. Representatives of Head Start and Follow Through have coordinated activities through participation in meetings of mutual concern, for example: Follow Through Planning discussions, Head Start Skills Continuity discussions, Head Start-Developmental Continuity discussions. Follow Through has also shared the issue papers underlying its proposed regulations with Head Start for comment.

Question: Wouldn't it be more effective if Head Start and Follow Through were both run out of the same agency in HEW?

Answer: Systematic coordination of program activities might also be achieved through the establishment of formal structures designed specifically to facilitate program coordination across Bureaus and programs within HEW.

Question: Have you ever recommended that the Head Start program be moved to the Office of Education?

Answer: In early discussions of the creation of a Department of Education, the Administration proposed that Head Start and Follow Through be a part of the Department. This proposal, however, was subsequently deleted.

FOLLOW THROUGH ADMINISTRATION

Question: The Economic Opportunity amendment of 1978, the reauthorization legislation for the Follow Through program, struck out the provision that required the Director of Community Services Admini-

stration to delegate authority for the Follow Through program to the Secretary of Health, Education, and Welfare.

How will this provision affect the Administration of the Follow Through program? Will the program be moved from the Office of Education to the Community Services Administration or will it remain in the Office of Education?

Answer: The program continues to be administered by the Secretary of Health, Education, and Welfare in the Office of Education.

ELLENDER FELLOWSHIPS

Again in 1980, there is no budget request for the Ellender Fellowships. The Ellender Fellowships are funds provided to the Close-Up Foundation of Washington, D.C. The Foundation uses these funds to award fellowships to economically-disadvantaged high school students to allow them to participate in the Close-Up program. This program brings students to Washington, D.C. on a one-week, intensive seminar that acquaints them with the Federal government and its operations.

Question: Why are you not recommending funding for this program this year?

Answer: While we recognize the meritorious work of the Close-Up Foundation, the current need for fiscal constraint requires that we carefully focus our resources upon those efforts that necessarily involve a continuing Federal leadership role. The work of the Close-Up Foundation has been and can continue to be conducted in partnership with many interested communities which were introduced to the concept during earlier years of the Ellender Fellowship program. These communities have actually contributed most of the funds for the Close-Up program, including funds needed for the participation of low income students. This type of responsiveness indicates the capacity of local organizations and institutions to either continue working with the Close-Up Foundation or to institute activities identical or similar to Close-Up.

Question: What impact would your budget request have upon the general operation of the Close-Up program?

Answer: We would expect the Close-Up program to continue operation, primarily with donations from the private sector which has indicated a consistent interest in the program. The termination of Federal funding would result in the Close-Up Foundation having to seek additional resources from the private sector to avoid a reduced operating level.

SUBCOMMITTEE RECESS

Senator SCHMITT. The subcommittee will stand in recess until 2:30 this afternoon, when we'll hear about the budget request for impact aid and emergency school aid.

Thank you very much.

[Whereupon, at 11:25 a.m., Tuesday, March 13, the subcommittee was recessed, to reconvene at 2:30 p.m. the same day.]

(AFTERNOON SESSION, 2:30 P.M., TUESDAY, MARCH 13, 1979)

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

STATEMENTS OF:

ERNEST BOYER, COMMISSIONER OF EDUCATION
MARY BERRY, ASSISTANT COMMISSIONER OF EDUCATION
THOMAS MINTER, DEPUTY COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION

ACCOMPANIED BY:

HERMAN R. GOLDBERG, ACTING ASSOCIATE COMMISSIONER, STATE AND LOCAL EDUCATIONAL PROGRAMS
WILLIAM L. STORMER, DIRECTOR, DIVISION OF SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE)
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

IMPACT AID

Senator EAGLETON [presiding]. The committee will be in session.

Our first topic this afternoon will be the subject of impact aid.

And, Dr. Berry, are you the leadoff witness on this?

Dr. BERRY. I'll introduce the other people, and then Herman Goldberg will be giving the testimony.

I have, on my left, Bill Dingeldein, who is the Director of Education Budget Analysis for the Department; and Bruce Wolff, who is the Deputy Assistant Secretary for Legislation.

On my right, Herman Goldberg, who is the Acting Associate Commissioner for State and Local Educational Programs; and next to him, William Stormer, who is Director of the Division of School Assistance in Federally Affected Areas.

Herman, will you go ahead.

Mr. GOLDBERG. Yes.

Thank you.

Mr. Chairman, there is a prepared statement from the Office of Education. I will be glad to quickly read that statement. It has to do with school assistance in federally affected areas and has two major parts: "Maintenance and Operations" and "School Construction."

Senator EAGLETON. Why don't we just put the statement in the record, and you can summarize the major parts of it.

Mr. GOLDBERG. The major part refers to the fact that the Administration is requesting $495 million for the maintenance and operations portions of SAFA, and $33 million for school construction. The reduction of spending activities in this area is based upon the administration's position that we ought to concentrate our attention on those activities in the budget which are targeted on children with greater needs. And so the total net change in our request is $288,100,000.

Primarily, this change is made up of requests in the maintenance and operations section to eliminate payments for B children, those whose parents live or work on Federal property—that is, a total decrease of $320 million.

There is also a request to eliminate $33,600,000 for the hold-harmless provisions. Then, we are asking for an increase of $3 million in the Public Law 81-815, school construction section. Our request includes a total increase of $65,500,000, together with a total decrease of $353,600,000, with a net change of $288,100,000.

Mr. Chairman, the full statement will be entered into the record. Those are the highlights.

[The statement follows:]

STATEMENT OF ERNEST L. BOYER

Mr. Chairman and members of the committee, I welcome this opportunity to appear before you on the school assistance in federally affected areas appropriation. We are requesting $528 million in fiscal year 1980, a reduction of $288.1 million below the 1979 level. The request includes $495 million for Maintenance and operations, and $33 million for Construction. We believe in a time of budget austerity, scarce education dollars would be better spent on programs that target Federal funds more effectively on educational needs. Consequently, we wish to reduce spending for those activities which are less essential and concentrate our efforts elsewhere in the budget, for example, by expanding title I of the Elementary and Secondary Education Act.

Maintenance and Operations.—In fiscal year 1980, the major emphasis of the budget will be to compensate those school districts which are significantly impacted by the Federal Government in that they have a number of children whose parents both live and work on Federal property. This policy recognizes the loss to a local community of both a residential and industrial tax base to support the educational needs of these children, most of whom live on military bases with parents in the uniformed services or live on Indian lands. For these "A" children, we are requesting $399 million which will provide payments through the second payment tier. This amount provides for the expanded eligibility of heavily impacted super "A" districts and increased entitlement for children living on Indian lands, two provisions that were added by the education amendments of 1978.

We are requesting $70 million to provide the full cost of educating children who reside on Federal property 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 (sec. 6). Almost all of these children live on military bases.

An additional $14 million is requested to make payments through the second payment tier under minor provisions of the law, section 2—Federal acquisition of real property, and section 3(e)—Adjustments for decreases in Federal activities.

Under this proposal, we expect to fund approximately 2,100 eligible section 2 and 3 districts claiming approximately 355,000 children.

Finally, an amount of $12 million is requested for major disaster payments in anticipation of disaster claims in fiscal year 1980.

We do not propose to compensate school districts for "B" children in 1980. Most of these children live on private property in the community and their parents pay local property taxes which support the school system. Some of these children are associated with low-rent housing projects which we do not believe constitute a federally imposed burden. For those few low-rent housing "A" children, we are requesting that payments be limited to the amount paid in 1979. To prevent further inequities, funds are not being requested for any of the hold-harmless provisions.

Construction.—In fiscal year 1980, we are requesting $33 million for the impact aid construction program. These funds will enable us to provide construction assistance for unhoused children.

Significant emphasis is placed on the construction of school facilities for children residing on Indian lands, with a request for $17 million, and on school construction which local educational agencies cannot provide for children residing on certain Federal properties, with a request for $13 million.

The balance of the request, $3 million, is for schools on local property heavily impacted with federally connected children.

It is estimated that the budget request will provide approximately 11 facilities to house 5,900 children.

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

FUNDING OF B-TYPE CHILDREN

Senator EAGLETON. Well, as you know, I vigorously support the administration in this endeavor, although I suspect I'm probably a minority voice in that regard.

Dr. BERRY. We're hoping not.

Senator EAGLETON. A few days ago, the Senate Labor and Human Resources Committee made its recommendation to the Budget Committee, and instead of recommending the total abolition of B category funding, the recommendation of that committee was for the funding of B-type children in public housing circumstances.

Since you say that the thrust of the administration's program is to target this money, based on need, would not what the Senate Labor Committee and Human Resources Committee did the other day, in going along with the "A" recommendations, but targetting "B" money to public housing, wouldn't that comport with the standard that you just enunciated, to target the money to various needs, that is, on public housing students, students presumed to be in need?

Dr. BERRY. Senator, we would not agree with the recommendation of that committee. We believe that by putting the money into the title I program which really does focus on the need, we take care of that problem; and if we do what that committee suggests, we would not be focusing on the real needs, since we could not require that public housing funds be spent on title I-type projects for those children—a situation we wanted to avoid by taking out the B children in the first place.

So we think that a better approach is to support the title I request, as well as the elimination of payments to B children.

Senator EAGLETON. If you were faced with the stark choice of leaving B, as it has traditionally been under the law and under the appropriations, we're faced with a "Hobson's Choice," of a total B or a limited B, just the public housing students.

Which would be your preference between those two stark choices?

Dr. BERRY. It doesn't sound like a choice.

Senator EAGLETON. I thought that was about the easiest question that I could ask you, but obviously the answer is that between those two choices, you would prefer to do what the Human Resources Committee did.

Dr. BERRY. Yes; but I believe our request to pay only the A public housing children at the 1979 level is the best choice.

Senator EAGLETON. OK. That's all I have.

Senator SCHWEIKER. I want to ask something on this point.

Do you have figures to show the cost of the alternative that Senator Eagleton has asked about?

Senator EAGLETON. What's the price tag?

Senator SCHWEIKER. In other words, suppose you did what the Human Resources Committee did, what would the budget request have been?

Dr. BOYER. The Senate would have added to it, Senator, $157 million.

Senator SCHWEIKER. So, almost half.

Dr. BOYER. That would be an alternative if the policy weren't supported.

Senator SCHWEIKER. I think there is some sentiment in the Senate—for that in the Senate.

Ms. BEEBE. We can provide you with the breakdown, by section, of the estimates.

Senator EAGLETON. I don't need that—well—but you can supply that for the record.

[The information follows:]

State Distribution of Human Resources Committee Recommendation

	Administration's Proposal	Additional for "A" LRH Through Tier 2	"B" LRH Through Tier 2-A (65%)	Hold Harmless "B" 1/	Total
Alabama	$ 2,053.9	$ 128.6	$ 5,036.9	$ ---	$ 7,219.4
Alaska	56,283.0	30.7	184.9	---	56,498.6
Arizona	32,237.1	7.6	182.5	---	32,427.2
Arkansas	2,109.6	20.2	946.6	---	3,076.4
California	58,287.2	100.5	8,520.5	1,496.8	68,405.0
Colorado	5,932.0	12.2	1,336.7	21.7	7,302.6
Connecticut	2,930.3	1.5	2,033.1	10.9	4,975.8
Delaware	28.1	---	514.4	---	542.5
Florida	11,065.7	61.7	4,163.8	457.8	15,749.0
Georgia	2,876.9	196.1	5,583.3	399.9	9,056.2
Hawaii	12,529.0	74.3	887.7	---	13,491.0
Idaho	3,210.5	---	81.4	---	3,291.9
Illinois	7,834.8	61.5	9,213.9	---	17,110.2
Indiana	1,432.6	13.0	1,395.9	307.4	3,148.9
Iowa	439.4	---	14.0	11.8	465.2
Kansas	6,246.2	1.9	498.0	---	6,746.1
Kentucky	374.1	72.5	1,786.3	---	2,232.9
Louisiana	2,177.5	37.3	3,559.2	---	5,774.0
Maine	2,565.8	22.8	303.0	7.2	2,898.8
Maryland	8,779.7	214.2	3,380.8	---	12,374.7
Massachusetts	4,349.8	150.4	3,267.8	1,480.1	9,248.1
Michigan	5,248.1	24.1	2,248.5	---	7,520.7
Minnesota	3,374.1	19.2	1,226.3	12.8	4,632.4
Mississippi	2,305.6	23.8	1,316.9	---	3,646.3
Missouri	4,988.7	6.9	914.8	---	5,910.4
Montana	10,693.5	---	---	---	10,693.5
Nebraska	7,260.4	19.3	388.3	---	7,668.0
Nevada	3,625.1	50.5	530.6	---	4,206.2
New Hampshire	1,561.0	66.0	401.3	---	2,028.3
New Jersey	7,215.2	130.3	6,946.2	83.8	14,375.5
New Mexico	23,158.8	---	420.0	---	23,578.8
New York	9,845.8	1,677.3	41,071.9	---	52,595.0
North Carolina	3,595.9	101.9	4,693.2	---	8,391.0
North Dakota	7,142.0	.6	122.4	---	7,265.0
Ohio	3,454.6	65.6	5,983.4	---	9,503.6
Oklahoma	15,797.8	20.3	718.3	122.4	16,658.8
Oregon	2,428.2	---	310.8	---	2,739.0
Pennsylvania	3,162.7	67.0	9,870.0	---	13,099.7
Rhode Island	1,419.1	39.7	546.4	1,618.8	3,624.0
South Carolina	5,228.5	20.6	1,103.2	---	6,352.3
South Dakota	9,973.9	---	.2	---	9,974.1
Tennessee	1,147.3	43.2	3,540.5	---	4,731.0
Texas	17,683.6	95.7	5,824.5	255.4	23,859.2
Utah	3,408.6	---	101.1	---	3,509.7
Vermont	65.0	.6	92.9	---	158.5
Virginia	13,869.3	287.9	3,807.1	---	17,964.3
Washington	12,387.7	20.1	1,011.9	14.0	13,433.7
West Virginia	103.2	32.6	336.0	---	471.8
Wisconsin	3,037.8	8.7	722.6	---	3,769.1
Wyoming	2,553.7	---	24.3	---	2,578.0
District of Columbia	1,109.6	545.2	1,969.9	---	3,624.7
American Samoa	---	---	---	---	---
Guam	1,616.2	43.1	57.3	---	1,716.6
Puerto Rico	---	---	7,339.1	---	7,339.1
Trust Territories	---	---	---	---	---
Virgin Islands	5.0	---	813.5	---	818.5
Mariana Islands	---	---	---	---	---
TOTAL	412,209.2 2/	4,617.2	157,344.1	6,300.8	580,471.3

1/ Assumes payment of "A" through Tier 2 and "B" LRH through Tier 2(A).
2/ Differs from President's budget due to rounding.

Senator EAGLETON. Have we got any other questions on that?

Senator SCHWEIKER. If you could, supply a State breakdown of that figure.

Dr. BOYER. By category, State by State? Yes.

Ms. BEEBE. We can, but we'd like to submit it for the record, because it takes us time to generate a computer report, with all these variables.

Within 7 days afterward, we can do it.

Senator SCHWEIKER. That's all right.

SUBMITTED QUESTIONS

Senator EAGLETON. Apparently we have a bookload of other questions on impact aid, whether we agree with the administration or not.

We'll supply these questions to you, in writing, for the record.

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

SCHOOLS ON INDIAN LANDS

Senator Schmitt: In the Office of Education Justifications, P.74, the Office states the emphasis in funding has been placed on construction of school facilities for children residing on Indian lands. Application for $350,000,000 worth of school construction funds for such children was made, but only three school buildings are being funded. Can you give the committee an analysis of how you prioritize these applications?

Dr. Boyer: First priority on funds appropriated under Section 14 are given to projects approved under Section 14(a) and 14(b) which are under construction and which are experiencing costs in excess of the amounts estimated at the time the projects were initially funded. After these needs have been met, new projects are initiated based on the priority index.

In fiscal year 1980, it is estimated that the budget request will provide full funding for all projects now under construction and that three new projects may be started.

The priority index of an application is calculated by determining the percentage of federally-connected children countable for payment in the local educational agency (LEA) of the total membership of all children in the district as of the end of the application period, and adding it to the percentage of the school membership within the LEA which is without minimum school facilities. The formula is as follows:

$$\frac{\text{Federally Connected Membership Countable for Payment}}{\text{Total Membership}} + \frac{\text{Unhoused Membership}}{\text{Total Membership}} = \text{Priority Index}$$

Senator Schmitt: Application for funding has been made by the community of Navajo, New Mexico. This area does not even have minimal facilities and the community's agreement with the Window Rock Board to house Navajo's students will expire in 1980 with no renewal due to over-crowding in that school. Was this circumstance taken into consideration in evaluating Navajo's application?

Dr. Boyer: Yes. The application for secondary school facilities in the Navajo community is one of the waiver applications the Gallup-McKinely County Board of Education has filed. In addition to the actual membership in the Navajo community schools at the time the application was submitted, estimates were made to include pupils who would be in school if facilities were available, pupils attending schools operated by the Bureau of Indian Affairs, pupils residing in the district but attending other schools (viz-a-viz Window Rock, Arizona), and children who are expected to be in membership by the end of the school year who for some other reason are not presently included in the actual membership. The tentative priority index of 110.9 is based on the membership estimates and the normal capacity of currently available school facilities as reported on the application, less the numbers of children residing on Indian lands for whom P.L. 81-815 assistance had been paid to the Gallup-McKinley School District in the past; i.e., the P.L. 81-815 funded portion of the existing Navajo community school facilities.

Senator Schmitt: Where does Navajo's application stand on your priority list?

Dr. Boyer: The Navajo project application is sixth on the priority list for Section 14 funding.

Senator Schmitt: When do you expect to be able to fund construction in Navajo?

Dr. Boyer: There are a number of unknown factors which could affect the priority order position of any application currently on file. However, if the level of funding for Section 14 remains at the present amount, if the firm priority index for the Navajo waiver application remains in the same relative position on the priority list, if no new applications are filed with higher priority indices, and if the need for additional funds to complete approved projects in process of being constructed at that time is within the current estimates, the Navajo application could possibly be funded as soon as fiscal year 1981.

Senator Schmitt: How much additional funding would be required under the current list to fund the Navajo school in FY '80?

Dr. Boyer: It is estimated we would need at least an additional $16.9 million in fiscal year 80 to fund Navajo needs ($ in millions):

$ 5.7	- Menominee, Wisc. request
12.9	- Red Lake, Minn. request
15.3	- Navajo, New Mexico request
$ 33.9	
-17.0	- Fiscal year 1980 budget request
$ 16.9	

This presumes that $17 million will be appropriated in fiscal year 1980 as presently requested, that no additional funds will be needed for projects already funded, and that the Menominee, Red Lake and Navajo project requirements remain at the levels stated.

Senator Schmitt: Would you provide the committee with detailed description of your prioritization process and the reasoning behind the current list?

Dr. Boyer: When an application is received, it is processed on the basis of data provided by the applicant and information concerning prior P.L. 81-815 assistance which may have been rendered and a tentative priority index is computed. If the tentative priority index establishes the project at a relatively high position on the priority list, there is potential for funding. A program officer makes an on-site visit to the school district to confirm total membership, actual and estimated numbers of pupils residing on Indian lands, to evaluate existing school facilities in terms of educational adequacy and normal capacity, and to report any special circumstances having a bearing on the application. The estimated entitlement and the firm priority are then determined, taking into consideration the applicant's data, the program officer's report and the number of pupils counted for payment in previously funded applications.

The current priority list has been developed in accordance with 45 CFR 114.4(d) which states: "Each approvable application under Section 9, 10 and 14(a) and 14(b) of the act will be assigned a priority rating determined in the manner specified for each such section. The funds allocated as prescribed in paragraph (c) of this section will be reserved for applications on such priority listing in order of priority indices."

TIER-TWO FUNDING

Question: In recent years, the Congress has provided funding for Impact Aid through the second tier of the three tier funding structure.

What do you estimate it would cost to provide full funding for the Impact Aid Program through tier two?

Answer: The following amounts are estimated to be required in 1980 for payments through Tier 2 ($ in millions):

Payments for "A" children (Sec. 3(a))	$ 403.0
Payments for "B" children (Sec. 3(b))	532.0
Special provisions (Sec. 2 & 3(e))	14.0
Payments to other Federal agencies (Sec. 6)	70.0
Hold harmless provisions (Sec. 305(B)(C))	7.5
Disaster assistance (Sec. 7)	12.0
Total	$1,038.5

"A" STUDENTS

Question: The Education Amendments contain provisions that would enable the Congress to fund 65 percent for "A" students. You are recommending $399 million for "A" students, an increase of $56 million over FY 1979.

Does your budget request fully fund the "A" student provisions?

Answer: The budget request does not fully fund all "A" children. It limits the amount paid for low-rent housing "A" children to the total paid for such children in fiscal year 1979. All other "A" children are funded through Tier 2, which provides payments of entitlements ranging from 88 percent to 100 percent, the highest going to Super A school districts and districts serving children residing on Indian lands.

Question: What about the so-called Super A school districts --those districts in which A students comprise 20 percent or more of total enrollment? Will they receive full tier two payments?

Answer: Super A districts will receive full funding for all "A" children except for those few low-rent housing children whose payments will be pro-rated against the total paid in fiscal year 1979 for all low-rent housing "A" children.

"B" STUDENTS

Question: The Impact Aid budget this year proposes to terminate funding for all of the so-called "B" students. A "B" student is one whose parents either work on or live on Federal property.

Can you explain why you are not recommending funds for "B" students?

Answer: The parents of most "B" children contribute to local revenues through the payment of property and other local taxes and therefore "B" children are not considered to represent a significant Federal burden on the community. The budget request limits funds to "A" children because the presence of these children within a school distrct represents neither a residential or industrial real property tax base, nor are they considered to contribute taxes in other forms, thus constituting a significant Federal burden to local school districts.

HIGH-IMPACT B DISTRICTS

Question: The Committee has been hearing from several school districts that call themselves high impact districts. These districts, which are oftentimes located near military bases or other Federal establishments have an exceptionally-high number of B students.

Was any consideration given to the preparation of the 1980 budget to funding these districts that have a very large number of B students?

Answer: Many alternative funding plans were considered while forming the 1980 budget request.

Question: How much would it take to fund districts that have an enrollment of 20 or 25 percent B students?

Answer: It is estimated that funding through Tier 2(A) would require $63,245,000 for "B" children in 232 districts with 25 percent or more such children or $103,311,000 in 394 districts with 20 percent or more such children. (Funding all "B" children in 4,271 districts would require $419,426,000 through Tier 2(A).)

It is estimated that funding through all of Tier 2 would require $80,563,000 for "B" children in 232 districts with 25 percent or more such children or $131,580,000 in 394 districts with 20 percent or more children. (Funding all "B" children in 4,271 districts would require $531,781,000 through Tier 2.)

PUBLIC HOUSING

Question: The budget justification for Impact Aid states that the Federal government already provides subsidies and in-lieu-of-tax payments for public housing to local jurisdictions.

Can you explain how this is done and what amount of money a local jurisdiction receives?

Answer: Local Public Housing Authorities (PHAs) enter into agreements with the Department of Housing and Urban Development (HUD) which shares in the initial cost of building public housing units, guarantees debt service on bonds issued by PHAs and subsidizes the difference between the PHAs' annual operating expenditures and revenues. The PHAs then make payments-in-lieu-of-taxes to the local jurisdictions based on a percentage of rental income. Public housing is constructed in response to local government decisions with their full knowledge of the local tax structure.

In Fiscal Year 1979, approximately $700 million will be provided by HUD in the form of subsidies to PHAs.

Question: Do local governments have the option of providing this money derived from public housing to the local school systems?

Answer: Yes. These funds can be used by local jurisdictions in the same way they would use their locally collected revenues. It should be emphasized that when local communities enter into agreements with HUD for public housing assistance, they assume responsibility for ensuring that such housing is located in areas of the community where adequate services can be provided; that is, that public housing will be located on scattered sites. In addition, low-rent housing children were already living in the community and already being served by the school system; they are not drawn to the community by the construction of public housing units.

PUBLIC HOUSING ENTITLEMENTS

Question: How much would be required in fiscal 1980 to fund the entitlements through Tier 2 for A and B children in public housing?

Please provide a breakdown of this amount by State, showing first, the additional amount required to fully fund the entitlement for A children, and second, the amount for B children under Tier 2.

Answer: Following is a State distribution of the 1980 budget request for low-rent housing "A" children; the additional amount required to fund these children fully through Tier 2; the total required for "A" children through Tier 2; the total required to fund "B" low-rent housing children through Tier 2; and the total for all low-rent housing children through Tier 2.

Impact Aid
Funds for Public Housing

STATE OR TERRITORY	1980 Budget Request for "A" Children	Additional for "A" Children through Tier 2	Total for "A" Children through Tier 2	Total for "B" Children through Tier 2	Tier 2 Public Housing Total
TOTAL	1,649,806	4,617,239	6,267,045	199,301,884	205,568,929
Alabama	46,162	128,642	174,804	6,379,996	6,554,800
Alaska	11,038	30,653	41,691	234,201	275,892
Arizona	2,741	7,627	10,368	231,132	241,500
Arkansas	7,260	20,223	27,483	1,199,080	1,226,563
California	35,395	100,539	135,934	10,792,552	10,928,486

STATE OR TERRITORY	1980 Budget Request for "A" Children	Additional for "A" Children through Tier 2	Total for "A" Children through Tier 2	Total for "B" Children through Tier 2	Tier 2 Public Housing Total
Colorado	4,371	12,154	16,525	1,693,163	1,709,688
Connecticut	533	1,481	2,014	2,575,285	2,577,299
Delaware	---	---	---	651,584	651,584
Florida	22,017	61,705	83,722	5,274,175	5,357,897
Georgia	70,156	196,118	266,274	7,072,234	7,338,508
Hawaii	26,595	74,281	100,876	1,124,450	1,225,326
Idaho	---	---	---	103,070	103,070
Illinois	22,100	61,528	83,628	11,670,950	11,754,578
Indiana	4,638	12,960	17,598	1,768,149	1,785,747
Iowa	---	---	---	17,729	17,729
Kansas	689	1,914	2,603	630,824	633,427
Kentucky	26,027	72,500	98,527	2,262,598	2,361,125
Louisiana	13,369	37,347	50,716	4,508,342	4,559,058
Maine	8,125	22,767	30,892	383,796	414,688
Maryland	76,752	214,231	290,983	4,282,292	4,573,275
Massachusetts	53,289	150,416	203,705	4,139,235	4,342,940
Michigan	8,635	24,066	32,701	2,848,102	2,880,803
Minnesota	6,606	19,156	25,762	1,553,349	1,579,111
Mississippi	8,444	23,762	32,206	1,668,108	1,700,314
Missouri	2,430	6,871	9,301	1,158,739	1,168,040
Montana	---	---	---	---	---
Nebraska	6,851	19,310	26,161	491,895	518,056
Nevada	17,963	50,506	68,469	672,045	740,514
New Hampshire	18,833	66,027	84,860	508,360	593,220
New Jersey	46,703	130,288	176,991	8,798,538	8,975,529
New Mexico	---	---	---	531,976	531,976
New York	604,015	1,677,322	2,281,337	52,024,324	54,305,661
North Carolina	36,155	101,886	138,041	5,944,739	6,082,780
North Dakota	186	614	800	155,031	155,831
Ohio	22,658	65,624	88,282	7,578,928	7,667,210
Oklahoma	7,152	20,292	27,444	909,760	937,204
Oregon	---	---	---	393,628	393,628
Pennsylvania	23,853	66,956	90,809	12,501,965	12,592,774
Rhode Island	14,135	39,726	53,861	692,092	745,953
South Carolina	7,339	20,640	27,979	1,397,266	1,425,245
South Dakota	---	---	---	249	249
Tennessee	15,552	43,220	58,772	4,484,661	4,543,433
Texas	34,167	95,706	129,873	7,377,677	7,507,550
Utah	---	---	---	128,013	128,013
Vermont	220	611	831	117,680	118,511
Virginia	103,023	287,932	390,955	4,822,113	5,213,068
Washington	7,213	20,061	27,274	1,281,734	1,309,008
West Virginia	11,697	32,607	44,304	425,626	469,930
Wisconsin	3,094	8,705	11,799	915,245	927,044
Wyoming	---	---	---	30,795	30,795
District of Columbia	196,313	545,194	741,507	2,495,259	3,236,766
American Samoa					
Guam	15,312	43,071	58,383	72,634	131,017
Puerto Rico	---	---	---	9,296,132	9,296,132
Trust Territories					
Virgin Islands	---	---	---	1,030,384	1,030,384
Wake Island					

HOLD-HARMLESS PROVISIONS

Question: The fiscal 1980 budget does not request any funds for the Hold-Harmless Provisions; i.e., provisions to handle phase out of districts that used to be covered under the Impact Aid law.

Would you please explain each of the Hold-Harmless Provisions that exist under law and explain how much money would be required to fund each one?

Answer: Section 3 payments were held harmless by four clauses in section 305(b)(2) of P.L. 93-380. All four clauses were to expire at the end of fiscal year 1978. However, P.L. 95-561 extended two of the clauses, hold harmlesses "B" and "C", through fiscal year 1983.

Hold harmless "B" guarantees a level of payment to school districts that have suffered a decrease in Federal children as a direct result of decreases in or cessations of Federal activities on military installations that were announced after April 16, 1973. The decreases must have occured in 1974 or 1975. The level of payment that is guaranteed is 90 percent of the school districts' entitlement under Section 3 for the preceding year. Because a payment under hold harmless "B" is considred to be a payment of entitlement under Section 3, there is never a reduction in payment of more than 10 percent a year.

Hold harmless "C" was designed to offset the immediate reduction in payments affected by the amendments to Section 3(b) that were made by P.L. 93-380. Those amendments eliminated payments for "out-of-State" children (children residing with a parent employed on Federal property which is outside the State of the school district) and reduced payments for "out-of-county" children (children residing with a parent employed on Federal property which is outside the county of the school district but within the same State). Hold harmless "C" guarantees that a payment for Section 3(b) children will not be less than 90 percent of the amount the school district received for section 3(b) children for the preceding year. (The amount received for 3(b) children may have been received under Section 3(b) or hold harmless "C", or both.)

Section 5(e) of P.L. 81-874 was amended by P.L. 95-561 to include a 90 percent declining hold harmless provision and to provide some discretion in funding to appropriations acts. The new hold harmless "5(e)" would be paid, funds permitting, after the payment of Tier 2(A) (which provides 65 percent of Tier 2) and before any payments beyond Tier 2(A) that may be specified in an appropriations act. If funds remain after all of Tier 2(A) has been paid, school districts paid under Tier 2(A) would receive 90 percent (or less depending on funds available) of the amounts they received under Section 3 for the preceding year.

If funding is provided in accordance with the Administration's proposal, the following amounts are estimated to be required for the hold harmless provisions:

45-224 O - 79 - 14

Hold harmless "B"	$ 8.9 million
Hold harmless "C"	95.7 million
Hold harmless "5(e)"	0 *

*Hold harmless 5(e) does not become payable until after all of Tier 2(A) has been paid.

IMPACT AID PANEL

Question: The Education Amendments of 1978 established a Presidentially-appointed Commission. The panel is required to prepare and submit to the President and the Congress, not later than December 1, 1979, a review and evaluation of the Impact Aid Program. I understand that this ten-member Commission has not been appointed.

What is the present status of this panel?

Answer: At the present time, curricula vitae of potential members are being reviewed; a draft charter has been prepared; a draft budget request has been developed; and various other administrative arrangements are underway.

Question: Have you sent your recommendations to the President?

Answer: No. As soon as the recommendations have been completed, they will be sent to Secretary Califano who will forward his nominees to the President.

Question: When will appointments be announced?

Answer: Due to the uncertainties of reference checks and security clearances, it is not possible to predict an announcement date.

Question: Why has it taken you over four months to appoint this panel?

Answer: We apologize for the delay in appointing the Commission. The Impact Aid panel needs to coordinate its activities with the Advisory Panel on Financing Elementary and Secondary Education authorized by Section 1203 of P.L. 95-561 which will be appointed shortly.

Question: Don't you believe the potential effectiveness of this Commission is being damaged by the long delay in getting it appointed and organized?

Answer: Definitely not. In fact, we expect to request an extension of the date for transmittal of the final report to Congress for two reasons:

(1) The Impact Aid Commission is mandated (by Section 1015 of P.L. 95-561) to closely coordinate its activities with the activities of the Advisory Panel on Financing Elementary and Secondary Education, which will be appointed shortly.

(2) The Impact Aid report will be enhanced if it can include the effects of the Education Amendments of 1978 upon the program.

With the additional time, the Commission will have ample time to do a thorough and credible study.

EFFECT OF BUDGET ON SCHOOL DISTRICTS

Question: The Committee is receiving many letters from local school districts that say their education programs will be drastically affected by the budget request for Impact Aid. We are hearing all sorts of horror stories about teachers being laid off, libraries closing, reading programs being shut down, etc.

Do you believe that the budget request for Impact Aid will in fact have a drastic effect upon the budgets of many school districts in the country?

Answer: No. Over 90 percent of the districts affected by our proposal to eliminate payments for "B" children and the hold harmless provisions rely on these funds for less than 2.5 percent of their total current expenditures. We therefore expect that most States and school districts will be able to absorb these reductions without too much difficulty.

Further, the districts' abilities to absorb these reductions should not be looked at in isolation, as the budget contains substantial increases for programs for the disadvantaged, the handicapped and minorities. In fact, for the school year 1979-80, the year in which the reduction of $288 million under Impact Aid will occur, for other Federal elementary and secondary education programs, the budget contains increases of over $839 million which will flow to districts across the nation.

Question: Besides the Washington, D. C. suburbs in Virginia and Maryland, where will the greatest impact of this reduction in funding be felt?

Answer: Besides Washington, D. C. and its surburban districts, the following are among the ten districts sustaining the largest reduction in funding:

	Estimated Reduction in 1980 vs. 1979 ($ in millions)	Estimated 1979 "B" and Hold Harmless Payments as Percentage of 1979 Estimated Total Current Expenditures
New York City School District	$18.0	.99%
San Diego Unified School District	3.7	2.03
Puerto Rico State Dept. of Education	3.6	.63
Virginia Beach City School Board	3.4	5.50
Chicago Public Schools No. 299	3.3	.33
Hawaii State Dept. of Education	3.2	1.17

DISASTER ASSISTANCE

Question: Last year, the committee provided $12 million to cover disaster assistance under the Impact Aid law. This assistance goes to assist in the repair of school facilities that are damaged by storms or other natural causes in Presidentially-declared areas.

How much of the $12 million do you believe will be obligated during fiscal 79?

Answer: Twelve million dollars is an average based on requirements over the past several years. There is no precise way to predict the distruction caused by "Acts of God". Assuming the spring floods and tornadoes are not too severe and the subsequent hurricane season does not cause extensive damages to school districts, it is possible that a figure less than $12 million will be obligated. However, the opposite is also possible.

Question: How much of the $12 million have you spent so far?

Answer: Major disasters which have occurred in fiscal year 1979:

	No. Claims	Estimated Costs
Arizona	5	$ 92,000
Kentucky	10	945,000
Louisiana	1	164,000
West Virginia	5	327,000
4 States	21	$1,528,000

CONSTRUCTION

Question: The 1980 budget justification for Impact Aid construction had the following quotation: "The condition of many of the schools for children residing on Indian land and those located on Federal installations present life and safety hazards as well as being disruptive to educational productivity."

Do you believe that your fiscal 1980 budget request of $33 million is sufficient to alleviate these safety hazards and disruptive conditions that you mention in your justification?

Answer: It does not. However, we believe the amount requested does address the most critical and pressing problems under each section in priority rank order.

As you know, the $33 million budget request for 1980 applies to all sections of the act under which assistance may be rendered.

Of the total amount requested, $17 million is for Section 14(a) and 14 (b)--schools which serve children residing on Indian lands; $13 million for schools to be constructed by the Government on Federal property; and $3 million for grants to local school districts impacted by increased or new Federal activities. Under the latter section, school facilities may be constructed either on or off Federal properties.

The amounts requested will alleviate in priority order only the most serious and, at that moment, critical needs identified.

Question: If it is not sufficient, what do you estimate would be a sufficient amount to alleviate these conditions?

Answer: On the basis of the recent in-depth study of Federally-owned school facilities (Section 10), approximately $85 million (of the estimated $244 million backlog) would be necessary to remove children from currently overcrowded classrooms or from temporary facilities being used for educational purposes. Projects have been or will be initiated with fiscal year 1978 and 1979 funds to eliminate identified life-safety hazards and barriers to the handicapped in the existing 130 Federally-owned school buildings.

The extent of life-safety hazards or barriers to the handicapped in schools serving children residing on Indian lands cannot be readily described. A study of these specific shortcomings has not been conducted, to our knowledge, by local school districts. If it can be assumed that applications eligible for assistance under Section 14 of the act represent the elimination of such hazards, approximately $240 million would be needed.

CONSTRUCTION

Question: You are recommending tht we provide $33 million for Impact Aid construction in fiscal year 1980.

Why do we need to provide Federal funds to assist in the construction of schools?

Answer: The purpose of Public Law 81-815 is to provide assistance for the construction of urgently needed minimum school facilities in school districts which have had substantial increases in school membership as the result of new or increased Federal activities.

There are numerous situations where local educational agencies, for example those providing education for children residing on Indian lands, have limited or no sources of local or State revenues to construct school facilities. The same can be true in communities where there is new or increased military or other Federal activity. In the instance of a new military activity, such as the "Trident" project in Washington, it may be several years before the local school districts or the State have the resources to provide needed school facilities to house the newly arrived federally-connected children. Additionally, there are some situations where State laws prohibit the expenditure of State and/or local revenues to construct schools on Federal property for federally-connected children, or there may be no local educational agency which is able to provide suitable free public education.

Question: Would you please provide us with a breakdown of how this $33 million will be spent in fiscal 1980?

Answer: The budget requests that the $33 million will be allocated as follows:

Section 5 -	Construction of schools for children residing on Federal property, or residing with a parent employed on Federal property or in the uniformed services	- $ 3 Million
Section 10 -	Construction of school facilities on Federal property, primarily military bases	- $13 Million
Section 14 -	Construction of school facilities on Indian lands	- $17 Million

With the exception of grants under Section 5, one of the difficulties in making projections on the number of projects that might be funded is that we often have to increase the amounts of previously funded projects due to the drastic rises in labor and material costs. Therefore, much of the funding in a given year which would be used for new projects has to be used to assure that currently funded projects under Sections 10 and 14 can be completed and become operational.

In Section 5 we expect to fund about four to six new projects; in Section 10 we will fund one and possibly two new projects; and in Section 14 we expect to fund one or two new projects. In these instances the initiation of these projects will serve to remove children from the extremely over-crowded or undesirable facilities and ultimately place them in educationally and physically adequate facilities.

Question: In recent years we have had a large backlog of funding requests in this program. What is the current dollar amount of applications pending under this program?

Answer: Estimates contained on applications on file are generally based on the dollar requirements at the time the application was filed. Many of these applications have been on file for upwards of 10 years. Consequently, estimates of needs, in terms of current dollars, are difficult to determine since the inflation rate for labor and materials costs has been rising at about nine-tenths of one percent a month for the past several years. The dollar amounts for applications under Section 5 reflect entitlements applicable to the increase period for which each application was submitted. An inflation factor of 30 percent was applied to the Section 10 applications since estimates for them were made two and a half years ago. The dollar amounts for the applications under Section 14 reflect the estimates of funds needed at the time each of the applications was submitted.

The amounts requested under the three sections of P.L. 81-815 are as follows:

Section 5	$112 Million	*
Section 10	$244 Million	**
Section 14	$240 Million	***

* Based on entitlements at the time of the application.
** Based on a 30 percent inflation factor to give a more current estimate.
*** Based on amounts estimated to be the costs to construct facilities at the time the application was processed.

NOTE: All backlog estimates have been updated since printing of Congressional Justification.

Emergency School Aid

STATEMENTS OF:

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

ACCOMPANIED BY:

GEORGE R. RHODES, ACTING ASSOCIATE COMMISSIONER FOR EQUAL EDUCATIONAL OPPORTUNITY PROGRAMS
JESSE J. JORDAN, DIRECTOR, DIVISION OF EQUAL EDUCATIONAL OPPORTUNITY PROGRAM OPERATIONS
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE C. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE)
WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS, OFFICE OF ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

BUDGET REQUEST

Dr. Boyer. Thank you.

We're proposing a modest increase on this budget item, Senator, for $22.1 million above the 1979 level of $332 million. The amount of the increase conceals something that's much more crucial—the fact that we are within that total figure, redirecting dollars, so that we will have the freedom we need to implement an essential policy, of more flexibility to get more desegregation money to districts which are in the process of desegregating. So, the budget before you not only has an increase of $22.1 million, but redirects some $32 million from the existing pilot program to the special projects category, which makes it much more flexible.

Therefore, we will have available in excess of $50 million more to target toward urban school districts in the process of desegregating. Our 1980 budget implements, in effect, the new legislation. In addition, it has $10 million in new money for magnet schools, which would increase from $25 million in 1979 to $35 million in 1980.

We have, in fact, developed a strategy so that at each step along the desegregation route we will have dollars available to help districts in ways that go far beyond any of the strategies we have had available in the past.

Incidentally, I should say we are level funding the State-driven dollars, which, as you know, are allocated by a formula. That's $137.6 million. But the good news is that we're going to have $95 million in the special programs and projects section of this budget, which we think will be much more flexible in our attempts to help districts as they begin to desegregate.

Senator EAGLETON. Did we add some money into the supplemental last year on special project?

Dr. BOYER. Did that come in the supplemental?

Mr. JORDAN. Yes, that's correct.

Senator EAGLETON. How much did we add?

Mr. JORDAN. $25 million.

Dr. BOYER. Yes.

Senator EAGLETON. Your increase is on top of that?

Dr. BOYER. Yes.

Senator EAGLETON. So that 25 is in there, plus——

Dr. BOYER. Yes.

Special projects is going from $69 to $95 million——

Senator EAGLETON. OK.

Dr. BOYER [continuing]. In the 1980 proposal.

And just for the record, Senator, it may be of interest to the committee that we have now developed a grid—never mind the fine print, but if I might explain from this rather hazily visible chart—that shows the type of desegregation assistance that's available for each step in the desegregation process—in other words, we've taken the ESAA authorization, and I've also taken title IV, and we've said, in effect, what tools do we have available at each step along the desegregation process, starting at preplanning and moving to implementation and evaluation.

And the thing that's exciting and encouraging to me is that we now, we think, have with more flexibility in the ESAA legislation the ability to be strategically helpful at each step along the way.

For the first time, we have a kind of grid that matches the steps of the desegregation. And if that would be of interest, we could certainly have that in the record.

Senator EAGLETON. Let's put it in the record.

[The information and statement follow:]

SOURCES OF FEDERAL DESEGREGATION ASSISTANCE IN THE ESAA & TITLE IV PROGRAMS

Type of Desegregation Assistance	ESAA Programs	CRA-IV Programs
1. Help in Developing A Plan	LEA planning grant* Neutral site planning grants	Technical assistance provided by: SEA DAC
Pre-Implementation 2. Help in getting started	Pre-implementation awards* Magnet school grants	Discretionary grants to school boards Institute teacher training Continue support by SEA and DAC
Implementation 3. Help with desegregation problems	General grants to LEAs Emergency special projects* Business and university pairing SEA incentive awards	Discretionary grants to school boards Institute training Continued support by SEA and DAC
4. Replacement of lost Title I services to reassigned students	General grants to LEAs (Follow the child component)	None
5. Community support for desegregation	Grants to nonprofit organizations General grants to LEAs	None
6. Support from State educational agency (SEA)	SEA incentive awards	Continued support by SEA and DAC
7. Full funding at the negotiating level for LEA's implementing plans that are not more than six (6) years old	Emergency special projects*	None
8. Help at any time	LEA planning grants* Pre-implementation awards* Emergency special projects* (LEA & NPO) Discretionary assistance* SEA incentive awards (services from SEA	Service from the: SEA DAC
9. Help with unique and special problems whether or not a grant award is in place	Discretionary assistance*	Discretionary grants to school boards
10. Help in the specialty areas of Arts and student concerns	Other special projects	None
11. Help in media coverage for children's programming in a desegregated setting	Educational television and radio	None
12. Help in identifying and disseminating successful desegregation activities	Evaluation SEA incentive awards General grants to LEAs	SEA DAC

* Funds available throughout the year as needed.

STATEMENT OF ERNEST L. BOYER

Mr. Chairman and Members of the Committee:

I am happy to have the opportunity to appear before your committee today to present the fiscal year 1980 budget for Federal desegregation assistance. This budget reflects the President's continuing commitment to the goals of Brown v. Board of Education, now embodied in law for over 25 years. Clearly, desegregation remains an unfinished national agenda, and integration a goal toward which the Nation must continue to work. We believe that this budget allows us to move ahead, to encourage new and voluntary desegregation while at the same time providing continuing assistance to school districts past the initial implementation stages but having second-generation desegregation problems. We are requesting a total of $354,100,000 for desegregation assistance, an increase of $22,100,000 over the comparable 1979 appropriation.

Federal school desegregation assistance is comprised of two separate, but complementary programs, Title IV of the Civil Rights Act (referred to in the budget as Training and Advisory Services) and the Emergency School Aid Act (ESAA). In 1980, all programs under Title IV and ESAA will be focused on providing funding for districts just entering the costly first stages of the desegregation process. Our emphases are on new and voluntary desegregation with Federal funds flowing to districts in a more timely fashion. Although the Federal role has changed since the beginning of Federal desegregation assistance in the late 1960's, Federal involvement has been crucial to comprehensive implementation strategies.

Under the Emergency School Aid Act, we are requesting an increase of $18.5 million for Special Programs and Projects awards to districts receiving court orders after the regular ESAA funding cycle or having unmet financial needs. These awards can often provide the financial stimulus necessary to begin large scale desegregation activity. We anticipate supporting both required and non-required plan districts with these funds.

Another highlight of this budget is the introduction of a new "discretionary" account, estimated at $5 million, under Special Programs and Projects to allow immediate response to requests from districts unable to receive sufficient funding, either because of timing or inadequacy of resources. This account is patterned after a similar one in the Title IV program where awards can be made throughout the year upon request by a school district which is desegregating.

In past years it has become increasingly evident that the success of implementing desegregation plans is tied inextricably to adequate funding for many diverse activities. In order to assist districts using a variety of approaches to desegregate their schools, several new ESAA programs have been initiated in the past two years. Among these are pre-implementation assistance, State agency incentive awards (up to $2 million), and magnet school awards. We view magnet schools as not only an effective desegregation tool but an excellent way of

encouraging educational quality within the context of desegregation. For this reason, we have requested an increase of $10 million over the 1979 funding level for magnet schools, pairing with businesses and universities, and the development of plans for neutral site schools.

Another pressing need is for the development of thorough plans which can be implemented on an orderly, well-reasoned schedule. For the first time, as a result of the Education Amendments of 1978, we will provide funding for districts which are developing a plan of desegregation, be that plan voluntary or required. We have requested $2 million for such projects. Funding this activity is one example of our continuing commitment to encouraging new desegregation throughout the Nation.

Other funding increases in the Emergency School Aid Act are in the area of educational television and radio. As you know, the Education Amendments of 1978 authorize the funding of radio programming beginning in 1980. We consider both television and radio potential tools for enhancing the self-image of minority children and for promoting understanding of desegregation and integration among all children. Ten percent of the $9.8 million request will be used for radio programming.

Our emphases for Title IV programs for race, sex, and national origin desegregation complement our emphases for Emergency School Aid Act programs. Although the activities which can be supported under Title IV are more limited than those allowed under ESAA, the necessity of providing funds in a timely fashion is of ultimate importance. Toward this end, $14.35 million of the $16.35 million increase above the 1979 level will be used for direct grants to school boards for race and national origin desegregation. These awards are made throughout the year as needs arise, and thus are especially helpful to districts just beginning the desegregation process. Funds can be used for any training associated with the district's desegregation plan and for the employment of advisory specialists to help with the problems arising from the implementation of the plan. The remaining $2 million increase will be used for State and local educational agency awards for sex discrimination prevention and elimination. Awards will also be made for desegregation assistance centers and training institutes.

In summary, we feel that this budget for Federal desegregation assistance represents effective utilization of the flexible authorities granted under the Education Amendments of 1978 and the experience of ten years of program operation. In addition, we think that our emphasis on timely assistance and comprehensive desegregation plans will result in more orderly implementation and educational quality in many of the Nation's largest school districts.

My associates and I will be happy to answer any questions you may have.

GEOGRAPHICALLY ISOLATED DISTRICTS

Senator EAGLETON. In the set of reports accompanying the 1978 supplemental, this committee directed the Commissioner of Education to provide assistance to several geographically isolated school districts.

The reason for this recommendation was so various districts could continue to receive money while amendments to the Education Act of 1978 would be considered—this amendment would allow these districts to have a specific authorization for funding.

On January 4, 1979, which was 3 months after the end of fiscal year 1978, the committee received a letter from the Commissioner, stating that the Office had decided not to follow the committee directive.

Question—Why did it take the Office so long to inform the committee of its decision not to follow this directive?

Mr. RHODES. The Office explored, during that period of time, ways of trying to assist those particular districts. Some of the districts did become eligible by actually developing plans which met our requirements. Some of the other districts were unable to develop plans to meet our requirements; consequently, they were not funded.

But we met, in the regional office—that is, in the Dallas regional office—with some of the superintendents and their staffs to see if there was some way in which it was possible to actually be of assistance to them. And we were able to help some and others we were not.

Those that could meet the conditions——

Senator EAGLETON. Do you have a list of districts, the so-called isolated districts?

Can we have those broken down into the ones who were helped and the ones who weren't?

Mr. JORDAN. Mr. Chairman, part of the problem is a legal problem. Some of these districts could not meet the eligibility requirements required under the act.

Our Office of General Counsel worked with them to try to find some means by which some of them could become eligible. That was successful in some cases; in some cases it was not.

The final determination by the Office was that we could not make grants to those that could not establish ESAA eligibility.

Senator EAGLETON. Well, let me read you a section of current law, section 1522 of the amendment—well, last year, 1978—"There is authorized to be appropriated $1.2 million for each fiscal year prior to such-and-such for assistance to local educational areas which are racially isolated as the result of geographic location of the school district"—et cetera, et cetera.

Now, we got that authorization; right? And did we get some funds in the supplemental that were put in in anticipation of that?

Mr. JORDAN. No, no funds.

Senator EAGLETON. If we appropriate some money this year, pursuant to section 1522, you'll have no choice but to spend it; correct?

Mr. JORDAN. If it's under the fiscal year 1979.

If it's under the fiscal year 1980, the Education Amendments of 1978 substitute or change the law, to make it even more difficult for these school districts to establish eligibility——

NEW ESAA LEGISLATION

Senator EAGLETON. The new law makes it even tougher?

Mr. JORDAN. Yes. The new law eliminates the third purpose of the act, which would overcome the educational disadvantages of minority group isolation as well as the pilot projects associated with that purpose.

Senator EAGLETON. Give us a list of the districts that, at least at first blush, might qualify for assistance under this law. You say you were able to help some and not help others. Give us the total list. Give us a list of the ones you helped.

[The information follows:]

GEOGRAPHICALLY ISOLATED DISTRICTS

The following school districts are located in New Mexico. These districts are racially isolated and because of geographic location find it difficult to implement a plan that will achieve a reduction in minority group isolation. These districts are usually referred to as the CEP districts (Comprehensive Educational Plan District) because they seek to establish ESAA eligibility with a CEP rather than a desegregation plan. The CEP districts were funded in fiscal 1977 with the understanding that in fiscal 1978 they would be required to meet the same ESAA eligibility standards required of all school districts. Those that failed to meet eligibility requirements for fiscal 1978 are indicated below.

CEP DISTRICTS FUNDED IN FY 1977	CEP DISTRICTS FUNDED IN FY 1978	CEP DISTRICTS NOT FUNDED IN FY 1978
1. Bernalillo	x	
2. Carlsbad	x	
3. Cobre	x	
4. Espanola	x	
5. Gadsden		x
6. Las Vegas	x	
7. Santa Fe	x	
8. Socorro	x	
9. Taos	x	
10. Mosquero		x
11. West Las Vegas	x	
12. Pecos	x	
13. Santa Rosa	x	
14. Cuba		x
15. Hagerman		x
16. Questa	x	
17. Mora		x
18. Magdalena		x
19. Ojo Caliente	x	
20. Jemez Mountain		x
21. Hondo Valley		x
22. Dulce		x
23. Chama Valley		x
24. Bloomfield	x	
	14	10

SECTION 1522 DISTRICTS

It is expected that each state would have potential grantees under section 1522 of Public Law 95-561. The following districts were identified through a quick survey of five states.

Arizona
- Dysart High
- Florence
- Fort Thomas
- Indian Oasis
- Morenci
- Murphy
- Rice
- Sacaton
- Somerton
- Tuba City
- Wilson
- Window Rock
- Winslow

Colorado
- Centennial
- Westcliffe
- Rocky Ford

Oklahoma
- Cave Springs
- Grant
- Moton

New Mexico
- Bloomfield
- Cuba
- Dulce
- Dora
- Hagerman
- Jemez Mountain
- Jemez Springs
- Ojo Caliente
- Pojoagle Valley
- Questa
- Raton
- Socorro
- Springer
- Tularosa
- Gadsden
- Mosquero
- Mora
- Magdalena
- Hondo Valley
- Chama Valley
- Millwood
- Salina

Texas
- Asherton
- Banquete
- Bremond
- Centerville
- Clint
- Crockett
- Crystal City
- Dimmitt
- Elgin
- Ferris
- George West
- Hart
- Hitchcock
- Karnes City
- La Ville
- Mission Valley
- Narasota
- O'Donnell
- Pearsall
- Pleasanton
- Ralls
- Rio Hondo
- Runge
- Sinton
- Taft
- Taylor
- Woodsboro
- Austwell-Tivoli
- Bishop
- Calvert
- Chilton
- Cotulla
- Crosby
- Cuero
- Edgewood
- Fabens
- Floresville
- Hale Center
- Hearne
- Karnock
- Kenedy
- Lorenzo
- Natalia
- Nixon
- O Dem
- Petersburgh
- Point Isabel
- Rice
- Roma
- San Isidro
- Skidmore-Tynan
- Tahoka
- Van Vleck
- Zapata

45-224 O - 79 - 15

Mr. JORDAN. We can do that right now if you like.

Dr. BERRY. Senator Eagleton, we had rather long discussions about those districts; and as was pointed out, we did try to find every way we could within the existing ESAA statute to find some way to help them. And the only ones we didn't help were those that the lawyers told us we couldn't.

This legislation, 1522, if it were funded, might take those districts under its own provisions, which are different from the ESAA provisions.

Senator EAGLETON. Eligible districts under that are once again different?

Mr. RHODES. There's one other thing we have to keep in mind, that there could be other districts in the United States that would qualify.

Dr. BOYER. There's no way to target this general authorization to say that those districts that were involved as CEP districts.

Senator EAGLETON. Apparently, we're not of dissimilar minds. You want to help districts; we want to help districts. How do we accomplish this? What's our game plan?

Dr. BOYER. Well, the districts that were in question and in which there were special interests did not seem to meet the ESAA eligibility requirements.

Section 1522 creates another set of criteria for which many districts would also be eligible. We're here to implement the law and see that districts that are intended——

Senator EAGLETON. Give us a little guidance, if you think there are some districts, that that's too broadly gaged—like scattershot. And if it brings in too many districts, let the Government try to fashion something so that if there are districts with a genuinely compelling need, we could respond.

Dr. BERRY. If there were some indication of congressional interest, it should be possible to write some regs that would, in fact, identify such districts within these parameters.

If you're referring to just those districts, this is general though—legislation.

Senator EAGLETON. OK.

Mr. JORDAN. There are two purposes under the Emergency School Aid Act. We're primarily talking about school desegregation, and the act is designed to assist school districts that are, in fact, desegregating or are going to desegregate.

The particular districts in New Mexico that we were referring to are not desegregated and cannot desegregate, and that refers to geographic isolation, as opposed to racial isolation.

And if we wish to help school districts that are geographically isolated, we think——

Senator SCHWEIKER. What do you mean by "geographic isolation"?

Mr. JORDAN. In that particular language, included in the law, it refers to school districts that are located so far apart that desegregation was physically impossible. If we are dealing with that—there are a group of districts in the Northwest, as well as the Southwest, that would meet that definition.

ESAA PLANNING PROJECTS

Senator EAGLETON. All right.

Last year's amendments broadened special project authority to include districts which are planning and developing desegregation plans. Do you have any HEW plans incorporating such districts in fiscal year 1980?

Dr. BOYER. We do.

Mr. JORDAN. Yes, sir. We have $2 million set aside for that, and we are prepared to make planning grants to assist school districts, for up to 2 years. Under our planning grant we can help them develop a plan that will meet the requirements of the act, or a court requirement, or a requirement ordered by the Office for Civil Rights.

Senator EAGLETON. Do you have a list of those districts?

Mr. JORDAN. I can supply that.

Senator EAGLETON. Supply that for the record please.

[The information follows:]

ESAA PLANNING GRANTS

The following school districts are expected to be among those that apply for ESAA planning grants in fiscal 1980: Chicago, Philadelphia, Pittsburgh, Columbus, Dayton, Cleveland, Indianapolis, and Baltimore.

COURT-ORDERED DISTRICTS

Senator EAGLETON. Several large cities, such as Los Angeles, San Diego, and Seattle, and Wilmington, are in the process of implementing very substantial school desegregation programs.

We also hear of other school districts that have been faced with or are about to receive court orders to desegregate. Have there been any major additional court orders issued for school districts within the past year?

Mr. JORDAN. No, sir, there have not been.

Dr. BOYER. Those are the major ones.

Senator EAGLETON. The ones that we just mentioned.

Mr. JORDAN. We have three pending in the Supreme Court.

Senator EAGLETON. What are those?

Mr. JORDAN. Cleveland, Ohio; Columbus, Ohio; and Dayton, Ohio—pending a Supreme Court ruling at this date.

MAGNET SCHOOLS

Senator EAGLETON. This committee has been for several years interested in the magnet schools, and we've been providing some funds for magnet schools in recent years.

Does the Department have any evaluation or progress report—or whatever it might be called—of magnet school programs as they're currently operating around the country?

Dr. BOYER. There have been several evaluations, supported with non-Federal evaluation funds. Chicago, for example, had a systematic assessment of its schools. We have about 42 magnet school awards, Senator. We are currently completing a federally sponsored evaluation of both ESAA-funded and non-ESAA-funded magnet schools.

Senator EAGLETON. Is that 42 different school districts? Or is that a smaller number of school districts—that some of them might have two or three magnet schools?

Dr. BOYER. That's right, the latter.

Senator EAGLETON. The latter—OK.

Dr. BOYER. We are convinced, based on preliminary evidence, that a magnet school, if properly structured, can have a significant impact on quality, as well as desegregation.

Now, we have here the problem that a magnet school is not necessarily a magnet school. I mean, it's a label that carries a variety of experiments within it.

But, given certain criteria—that is, a sharply focused program, with special choices of programs within that for students to actually identify within their own interests, and where quality is built in by selecting good teachers and even outside resource, this becomes, as the name suggests, a magnet for gifted students, interested students, who are highly motivated, irrespective of boundary lines; and quality becomes the centerpiece of the effort.

I just think it's moving in the right direction, in terms of special secondary education, to what the school can become. That's why we're proposing the $35 million increase—I mean, from $25 to $35 million.

Senator EAGLETON. Give us a breakdown of these 40-some odd magnet schools, by district. And are these evaluations of these schools—are they done school by school, or school district by school district? How have they been done? What form are the reports in?

Dr. BOYER. We have not had an evaluation of all magnet schools. The Federal evaluation involved site selection. In total, 18 districts are examined.

[The information follows:]

MAGNET SCHOOLS EVALUATION

The ESAA magnet schools study sponsored by the Office of Education was conducted in 18 school districts. They include 7 with ESAA magnet school awards (Milwaukee; Buffalo; St. Paul; Dayton; Boston; Montclair, New Jersey; and Stockton, California) and 11 non-ESAA districts (Houston; Dallas; Racine, Wisconsin; San Diego; Tacoma, Washington; Portland, Oregon; Tulsa; Des Moines; Jefferson County, Kentucky; Montgomery County, Maryland; and Springfield, Massachusetts). Data are provided on up to 227 magnet schools which will not be listed by name or individually in the study reports.

Several other districts have carried it on more informally. We have not completed a comprehensive assessment. This is a relatively new venture.

I have made an effort to visit several of these, doing my own evaluation from the hip; but I've learned to trust that, at least in part through life, and it's tied very much, as you know, to the quality of the facility and the sense of caring that the institution reflects.

MAGNET SCHOOL FACILITIES

Senator SCHWEIKER. Do these schools require construction of new facilities? Or are they using old facilities?

Dr. BOYER. They are using old facilities, Senator.

Now, that was a point I wanted to touch on. Now, I was in a very old building in one city—very old, but it had been kept very well. It

was refurbished. It was clean, well-painted; there was a sense of pride. It wasn't the age; it didn't have to be new. But the school had an excitement about it.

I went into one room, where the specialty there was in the arts, and students were working, and then in another, where there was an extra effort in drama.

They had also worked out connections between that school and some community facilities, so the gifted art students would be spending some time in local galleries.

There was an idea in creativeness about it. The facility, as a whole—the ideas were new, and they were sharply focused.

I went into another magnet school, a potential magnet school—I mean, they were getting ready for the coming year. I saw a building that was falling apart, hadn't been painted—the paint was peeling; and in my view, there was no way for that community, to sell that institution to the parents of that city and say, "Send your children here."

The minute you walked into it you had a sense—just from the facility—and it's too bad the judgments are made, but it seems to me that absent some attention to the nature of the facility, they couldn't cause parents to think this is an exciting, moving place.

But to come back to close this again, we have not used magnet school money to build new facilities. They are in all sorts of institutions.

CREATING A MAGNET SCHOOL

Senator SCHWEIKER. To set up a magnet school in an old building, obviously you have to pay some attention to the physical district condition the school is in, No. 1. Beyond that, what must you do? Does it take new teachers or special emphasis teachers?

How do you take an old facility, clean it up and make it a magnet school?

Dr. BOYER. First, attention to the facility; second, usually some restructuring of the program—now, these do vary, but the magnet school that I think is most successful is one where they'll choose one or several specialties—if it's an institution that doesn't try to provide a comprehensive education for all students—you say: "This is a school that's going to specialize in sciences, or in the arts, or in work study." You have a very sharply focused purpose.

Then, instead of serving all students in the neighborhood, it becomes a kind of lighthouse for that city; and then you would probably bring some of your best teachers in whatever specialty into that, who would specialize in that. And with some of our money, you could also bring part-time lecturers.

A good magnet school could bring one of the distinguished professors from the university occasionally as a lecturer. They also could work out—get staffing in there to work out school and community connections, so that a student could be off the campus on a part-time arrangement.

One of the magnet schools that I visited—they hired several people. The full-time assignment of those people was to work out apprenticeship arrangements for a large percentage of the students, and that took some logistics and time. So you buy staff or

administration of that part of it. You bring in some additional teachers to enrich the specialty that the school has.

And, of course, then you have a facility——

Senator SCHWEIKER. If the school district sets up a magnet school, say, specializing in science, does that automatically mean that they'll have another one for arts, or does that depend on the school district?

Dr. BOYER. It depends on the district. A district could well have a magnet school that had three or four specialties within that school. The notion would be, if you're outstanding in music, you would go across town to the new magnet school. Not only can you complete your academic program, but you'll get the best music training that the district can provide you.

TRANSPORTATION REQUIREMENTS

Senator SCHWEIKER. What kind of transportation costs does this present, and how is that problem solved?

Dr. BOYER. That works out in a varied fashion. Sometimes the district itself could do it. I talked to one superintendent just 2 weeks ago who conceded that that was his toughest problem, because you didn't have the typical bus route.

Some of it has to be done. Occasionally parents themselves are willing to work out transportation, if its not available, if they think that the school is going to be that outstanding.

Sometimes public transportation is available. Some school districts have traffic worked out, kind of a minibus arrangement to bring in the students from outlying areas who do wish to come into the magnet school. But the logistics is one of the toughest problems.

When you have, say, a large city, this is the school for those interested in specialties.

Dr. BERRY. That's why they seem to work best in places where there is a good public transportation system.

The other thing I noticed about magnets—when I went around looking at them and talking to parents and community people—is that we have to understand that it takes a longer time than a year to have a desegregation effect. I mean, there's no instant desegregation effect—today you set up a magnet, 5 minutes later, all of a sudden, all the different people are going to that school. It takes a longer time. That's consistent with reference to this evaluation question with what we know about education programs in general.

When you put some money into them, it takes a little while for things to happen and for things to take over. So we have to have some patience.

NEUTRAL SITE SCHOOLS

Mr. JORDAN. Senator, another important feature of transportation is the companion funding to magnets. Coupled with that is what we call neutral sites. The actual location of the magnet school is very important in its success or failure in achieving voluntary desegregation.

So sometimes we make planning grants to school districts to locate the most appropriate site for the magnet to be established, and we are finding that where the magnets are actually located, in

neighborhoods that are already racially mixed, the transportation becomes much less of a factor. And the magnet schools become more successful in achieving voluntary desegregation.

Dr. BOYER. The reason I'm interested in magnets is that I have some notions on how the high school structure overall might be reshaped.

Apart from the desegregation of the school, pointing in the direction where high school reforms might be leading us in the future, organizing around specialties, having students come in relation to that specialty, and having connection between the school and apprenticeships, which allows a little flexibility in the scheduling pattern, so the modeling here interests me, just on its merits.

Senator SCHWEIKER. Senator Eagleton would like to have supplied for the record a racial breakdown, as of September 30, for each of the 40 magnet schools.

Dr. BOYER. All right.

[The information follows:]

FISCAL 1978 ESAA MAGNET SCHOOL GRANTS

SCHOOL DISTRICT	NUMBER MAGNET SCHOOLS	PERCENT MINORITY ENROLLMENT
1. Providence, R.I.	1	32%
2. New Orleans, La.	1	50%
3. Kankakee, Il.	Planning Grant	
4. Ithaca, N.Y.	Planning Grant	
5. Community School District #22, N.Y.	1	20%
6. San Francisco, Ca.	University Pairing	
7. Lawrence, Ma.	1	42%
8. Indianapolis, Ind.	1	47%
9. Boston, Ma.	1	52%
10. Cleveland, Oh.	2	50% & 64%
11. Syracuse, N.Y.	1	50%
12. Seattle, Wa.	1	49%
13. Flint, Mi.	1	33%
14. Kansas City, Mo.	2	49% & 52%
15. Montclair, N.J.	3	44.7% to 48.2%
16. Rochester, N.Y.	Planning Grant	
17. Newburg, N.Y.	Planning Grant	
18. Community Sch. Dist. #3	University Pairing	
19. Buffalo, N.Y.	6	45.5% to 50%
20. Stockton, Ca.	1	47.8%
21. Community Sch. Dist. #4	1	50%
22. Compton, Ca.	1	58%
23. Montgomery County, Md.	2	33% & 43%
24. San Diego, Ca.	4	All 35%
25. El Dorado, Ak.	Planning Grant	
26. Bibb County, Ga.	Planning Grant	
27. Teaneck, N.J.	2	39% & 43%
28. Jefferson County, Ky.	1	32%
29. Inkster, Mi.	Planning Grant	
30. Highland Park, Mi.	University and Business Pairing	
31. St. Paul, Mn.	6	22% to 32%
32. Milwaukee, Wi.	16	20% to 97.9%
33. Waukegan, Il.	Planning Grant	
34. Dallas, Tx.	Planning Grant	
35. Bloomfield, Ct.	Planning Grant	
36. Vineland, N.J.	1	34.8%
37. Chula Vista, Ca.	5	27.9% to 49.7%
38. Los Angeles, Ca.	Planning Grant	
39. Dayton,Oh.	3	48% to 50%
40. Philadelphia, Pa.	16	24.9% to 56.9%

MINORITY ENROLLMENTS

Senator SCHWEIKER. On that very question, do you have any rough observations right now on what that racial pattern might be?

Dr. BOYER. Overall, I don't know.

Mr. JORDAN. The magnet schools that we support, under the Emergency School Aid Act, would all be between 20 percent and 50 percent minority. The minority enrollment will not be less than 20 percent, nor more than 50 percent in each of the magnet schools we support under the act.

Dr. BOYER. That's the criterion in order to qualify as a school for desegregation purposes.

ESAA EVALUATION

Senator SCHWEIKER. Your fiscal 1980 request for evaluation funds would support two new awards and two competing continuations. Are these evaluations to be done within the Office of Education, or will you hire consultants to do this?

Mr. RHODES. These evaluations are done by contract to persons outside of the Office of Education, not consultants in the sense of hiring, you know, for consultants, but a contract through an organization.

Senator SCHWEIKER. Not consultants in what sense?

Mr. RHODES. Usually one thinks of consultants hiring 4, 8, or 10 people to come into the office and perform a service. This particular operation is a contract that goes out to bid, and they perform the service for us.

Dr. BOYER. Based on the specifications that we have published.

Mr. JORDAN. That's the national evaluations that are accomplished under the 1 percent setaside in the act.

There are other smaller and more informal evaluations.

Mr. RHODES. However, within our program——

Senator SCHWEIKER. Now, two of these evaluations would be continuations.

Mr. JORDAN. Those are contracts, and those are national.

Senator SCHWEIKER. But they focus on what, in terms of evaluation? Do they focus on the whole emergency school aid program?

Mr. JORDAN. One of them was a study of the ESAA magnet school program.

Dr. BOYER. It's in focus now.

Senator SCHWEIKER. One focuses on the magnet schools?

Mr. JORDAN. Yes. The other focuses on one of the basic grants under the act.

Senator SCHWEIKER. What kind of feedback from the evaluations, in general, do we have so far?

Mr. JORDAN. On the magnet schools report, the final report is not in yet, of course, but we do have some preliminary findings. Those preliminary findings indicate that the districts that have the most successful magnet school programs are those which use the magnets as one component of a more comprehensive desegregation plan.

The study is finding that magnet schools alone will not solve all the problems, but the magnet school, as a component of a comprehensive plan, apparently it will be very successful.

We also are finding that most of the magnet schools that we're funding do, in fact, meet their desegregation goals. We also found that school districts with a smaller overall percentage of minority children are more successful than districts with a larger percentage of minorities.

And as I previously mentioned, where the magnet is located in a racially mixed neighborhood, it's more successful.

USE OF CONSULTANTS

Senator SCHWEIKER. Why do you feel that outside consultants, or whatever you call them, are needed, as opposed to evaluation by the Office of Education? Why couldn't these programs be evaluated by staff within the Office of Education?

Dr. BOYER. We have a very big evaluation obligation, not only in this authority, but in most of the authorities, where certain evaluations are built in. The staff evaluation that's there Senator, I think can only get specifications drawn, and then contract out for the evaluation.

If we were to take on one or two of these and complete the job internally, it would consume practically all of the talent and attention—title I, for example, has a setaside for evaluation, as do several other of the agency's authorities, and that has to be considered.

I think we should look at that further, but I don't think the staff capacity is there in the office.

Now, the NIE role is something Mary can speak to, but I don't think there the evaluation staff within OE can carry on within house, actually do field work, and deliver back on what are really nationwide problems.

Senator SCHWEIKER. The issue isn't limited to this particular program per se. I want to make that clear. You know, this committee placed a limitation of $194 million on consultation for all HEW programs. So what it boils down to is obviously you're setting priorities in terms of where you can do in-house stuff and where you can do out-of-house stuff.

Dr. BERRY. We believe in and I think you would agree with us, that it would be bad policy to have HEW programs evaluate themselves. As a matter of policy, we don't want to do that.

So that, in general terms, what we do with all of our evaluation monies is to have someone, other than the people who are running the program, evaluate the activity. We have a staff that handles evaluations and monitors evaluations; we have a separate office for that, but that office is neither large enough to undertake all of the evaluations that are required—and even there you would not have sufficient distance, I think, between the programs and the evaluation.

We want those evaluations to be unbiased ones that are unchallenged if that's possible. We are sympathetic to the nation of reducing consulting services though. I believe that we should, in every case, do so.

Dr. BOYER. I'm a little troubled by the label, "consultant," as it's been used.

DEFINITION OF "CONSULTANT"

Senator SCHWEIKER. I noticed that.

How would you like to define it? I'm open to your view.

Dr. BOYER. Well, let me see if I can at least play with that a bit. The term "consultant," as it's grown up, over the years, within the organization, as George mentioned, is that you bring in some people who spend time with you, and who give you their brain power for awhile, and then go home. We're the wiser, presumably.

I don't feel very good about that. I think that role should be cut back. But in a task, such as evaluating a program, where you go out to get bid, put out a contract, hire a special organization that's equipped to run an assessment, who then formally complete the contract, and submits it to you for assessment, does not, in my view, fall under, at least the generally assumed notion of what a consultant is. When you say, "Well, we're paying x thousands of consultants; you have all these strange people running around the building from time to time, and I don't like that. If I'm not smart enough to figure out what we should do, I shouldn't be where I am." We hire someone to come in, partly to give us the political shield you need, but I look skeptically at most consultants.

I'm drawing a line between the type of consultant who you hire to come in and the inevitable contracting work we have to get done on certain evaluations and on some other contracts for the office. I guess the terminology, I think, needs to be broken out. It's very deceptive.

Senator SCHWEIKER. What percentage of your money would be used for so-called "consultants"? How much of the consultant money would be used for evaluation of specific programs and how much would be used for other things besides evaluation?

Dr. BOYER. I don't have that figure.

Ms. BEEBE. It's around—it's over 50 percent—for nonconsultants.

Senator SCHWEIKER. Nonconsultants—now, wait a minute; you've been talking about problems with the definition of "consultant." Now, you start using the term "nonconsultants."

Use another word there.

Ms. BEEBE. Much of the money on our consultant contract services list is for requests for proposals and contracts to evaluate programs, or to carry out specific tasks of a more than a day or two duration.

Dr. BOYER. May I just add this as a personal testimony—and we'll break this down totally, so you know what we think is included—but when I saw the figure that was assigned to us and called "consultant," I was stunned.

Senator SCHWEIKER. So were we.

Dr. BOYER. I said, "I can't imagine we have all these people around here. Who is consulting whom, and to what end?"

As I understood the term "consulting," it's bringing in someone for a couple of days or a couple of weeks, and they advise you on a point, and then they go back to their campus and relish in their tenure.

But when I saw the breakdown, I said, "This isn't fair. These functions, by which we're carrying out such things as evaluations under contract, that's far removed from any traditional use——

CONTRACT ACTIVITIES

Senator SCHWEIKER. Would you agree with our definition?

Dr. BOYER. It was about a year ago since I was stung on that one, and I've been stung on some other things since, but my impression was that at least half of our budget was assigned to functions that I would not have labeled consultant service contracts.

Dr. BERRY. Senator Schweiker, the numbers we put together—and we have all of the numbers—fit the definition that's accepted within HEW, the definition that you're complaining about, of what consultant services consist of. That consists of any contract activity which is an examination, survey, analysis, review, or evaluation. That's what is called "consultant services."

So the amounts we have written down are the amounts we used, as they fit the HEW definition.

Senator SCHWEIKER. Give me that again.

Dr. BERRY. "Consultant services" is any contract activity which is an examination, survey, study, analysis, review, or evaluation.

Senator SCHWEIKER. Are you saying you agree with that definition?

Dr. BERRY. I'm saying I don't like the definition, but the numbers that we gave you, of how many dollars we will be spending on consultant services are covered by this.

Senator SCHWEIKER. What activities would you prefer to strike from that definition to have the kind of definition you want? I'm having trouble getting your point.

Dr. BERRY. Not a contract.

Senator SCHWEIKER. A contract for evaluation.

Dr. BERRY. That is correct.

Senator SCHWEIKER. Read that again.

What's that a contract for?

Dr. BERRY. "Any contract activity which is an examination, survey, study, analysis, review, or evaluation."

Senator SCHWEIKER. A contract that examines, evaluates, or reviews something.

Dr. BERRY. Studies and analyzes.

Senator SCHWEIKER. That's not what you would call a consultant?

Dr. BOYER. No.

Senator SCHWEIKER. You don't think that should be included under the definition of consultant services?

Dr. BOYER. No. I'm saying it's a terrible definition, and it misleads entirely.

If I were coming into this room and someone told me that there's an Office of Education spending $50 million for consultants, I'd say, "That's madness."

But if someone then told me that there were certain services, such as evaluation, that the Office had the responsiblity to perform and that they would put out contracts to accomplish this task and then they told me that they included every contract as a "consul-

tant service contract," I'd say the madness in this case is the terminology.

Senator SCHWEIKER. This is a contract for evaluation or a survey. You are saying that the term "consultant" should not be this broad?

Dr. BOYER. No.

Senator SCHWEIKER. You think it should be narrower than this?

Dr. BOYER. Yes.

A "consultant" generally suggests that you have brought in someone on a short-term basis, an individual who is going to give you his advice and counsel, or her advice and counsel, on a particular problem that emerged and then go home. That's what a "consultant" is, someone who consults with you.

I mean, the etymology of that is not all that mysterious—a "consultant" is one who consults.

When you have a task to perform, you write specifications and formally draw up a contract. A contract to fulfill a service is not a consultancy relationship. Whoever wrote that I think needs to go back to some early origins of words and their meaning.

And if it's our definition from HEW——

SPENDING GOVERNMENT MONEY

Senator SCHWEIKER. I'm familiar with what the definition is, but I think the issue began, in this instance, with the fact that we were going outside of government to spend a lot of the government money.

Now, you don't quarrel with limiting that. Your argument is that there are certain things that we have to do outside of government, i.e., evaluating.

Dr. BOYER. Yes.

Senator SCHWEIKER. Well, you say we have to do that kind of thing outside, but you wouldn't call it a "consultant"—is that what you're telling me? I'm still not clear on what you're telling me about that definition. You don't like the definition; it is not a fair definition for a "consultant," but evaluation is the kind of activity that you would go outside of government to buy; is that it?

Dr. BOYER. Let's see, I think that Federal Government and staffs occasionally can bring in somebody to consult with, and I think that should be minimal. I've always taken the view, that if every time I have a problem, I have to bring in a professor from Penn State to tell me how to think about it, then he should be the Commissioner and I should go to Penn State, or worse.

Now, I'm not much on consultants, but a lot of it goes on. But I know $50 million of that doesn't go on.

The second thing—we have a lot of business that's assigned to us by law, evaluation being one. We have a very small evaluation staff; they are skilled to the point of putting out contracts, defining the tasks to be done, getting specifications out, making judgments as to who can best do the job; receiving the reports and assessing them, and following up on the report recommendations.

It would be impossible, without a tremendous expansion of our staff, for us to deliver all the evaluations in a timely and profes-

sionally valid way to the committees under the mandates of the law.

We therefore contract to get that work done. Mary also makes the point that maybe we would even be prejudiced in doing the evaluations of our own programs. I'd say you could argue that we could do them in-house, but contracting them out really doesn't make it a consultant service. And I think it's legitimate work to put out bids for.

There's another little footnote, I might add. All the field readers that we bring in to read and assess the applications for grants—and we do that, for discretionary grants, where we bring in a panel to read through the applications, happen to be called "consultants," under this definition.

And that's a procedure we need in order to have a third party, nonbiased review.

Senator SCHWEIKER. If we delete the word "consultant" there, what word should be put in there instead?

In other words, if you tell me——

Dr. BOYER. What I would do, would be keep the word "consultant." I would simply rewrite the definition. It's the right word, wrong definition.

Dr. BERRY. Mr. Chairman, could we say that whatever definition we use, and do use now, is an HEW-wide definition, and is not just used for education?

Senator SCHWEIKER. I know that.

Dr. BERRY. If we could just say, any change in the definition—ought to be Department-wide. If we could, we would like to submit that for the record.

Senator SCHWEIKER. Yes; let's do that.

[The information follows:]

CONSULTANT SERVICES

As you are probably aware, the existing definition of consultant services is a complex issue, which multiplies in complexity when it carries with it a legal spending ceiling such as occurred in fiscal year 1979. As you may also be aware, there are other definitions of consultant services being used throughout the Federal Government. The Department of Health, Education, and Welfare is attempting to work out some of these differences to arrive at one with some similarity, and because of this, has been unable to develop a new definition within the time period allotted to respond to the Subcommittee's request. The Department expects to discuss consultant services in a special congressional hearing within a short time. It is likely that the proposal for a new definition may be influenced by the results of that hearing. Thus, any revised definition will be provided for the subcommittee's consideration not later than April 30, 1979.

As currently defined by the Department of Health, Education, and Welfare consultant services fall into five categories: (1) Services which support or apply to internal operations and staff offices or operating agencies of the Department; (2) services which are in direct support, or apply to, the planning, management, and operations of external organizations funded by the Department; (3) services in connection with surveys; (4) services in performing program evaluation studies; and (5) services of appointed consultants.

We in the Office of Education would hope that this definition be revised to include only the first category of management consultant services and the fifth category of appointed consultants, both of which support or apply to internal operations and offices. This redefinition would still allow Congress to focus on and review these management type of consultant contracts, for which there is no other means of accountability. There are already in existence avenues for review of the three other categories presently in the consultant services definition. Evaluations and surveys many times are specific line items in the budgets or are percentage set-

asides of program budgets and if need be, tied to programmatic activities and therefore may be reviewed by Congress as part of the program.

DEFINITION OF CONSULTANT SERVICES

Senator SCHWEIKER. The only thing we would change would be the definition. We would still have an overall ceiling on consultant activities.

What we want to do is define a subcategory of outside expenditures that really shouldn't be considered consultant activities.

Dr. BOYER. That's right, I would prefer to break down certain types of major services, consultant services being one.

Senator SCHWEIKER. I agree. I think that evaluation is a very important part of your work. We've mandated evaluations. I think you have to have outside people do some of your evaluation.

Dr. BOYER. This was an in-house quarrel. I was a little grumpy about the definition when it occured, so I guess I haven't gotten over my grump.

SETTING FINANCIAL CONSTRAINTS

Senator SCHWEIKER. What the Appropriations Committee wants to do is set some overall financial constraints on outside expenditures.

You say that you want to see a subcategory of outside expenditure that isn't included under the committee's constraint on consultant costs.

Dr. BOYER. The reason I wanted to do it, Senator, was just to help clarify, that the term "consultant service" is considerably misleading.

Senator SCHWEIKER. I would agree that we have mandated a lot of evaluation. That's why your figures of how much consultant cost is purely evaluation work will be helpful to us in reviewing this matter.

Dr. BOYER. We'll break that out.

[The information follows:]

CONSULTANT SERVICE CONTRACTS

1978: $36.2 million for consultant service contracts; $18.0 million for evaluation; and $18.2 million for all other consultant services.

1979: $28.9 million Congressionally imposed consultant service contracts ceiling; $13.9 million for evaluation; and $15.0 million for all other consultant services.

1980: $36.4 million estimated for consultant service contracts in the very earliest planning stages; $19.8 million for evaluation; and $16.6 million for all other consultant services.

SUBMITTED QUESTIONS

Senator SCHWEIKER. OK. I think the rest of the questions we'll submit for the record, and let you respond to them that way. But, of course, we do want the transcript back in 7 days.

Dr. BOYER. Can we get a consultant? [Laughter.]

Senator SCHWEIKER. As long as you don't call them that.

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

MAGNET SCHOOLS

Question: The Education Amendments of 1978 established a set-aside of 25 percent of the funds appropriated for Emergency School Aid; these funds are reserved for magnet schools, pairing and neutral site school activities. The legislation also includes a similar seven percent set-aside for educational television and radio activities. The budget proposes to cut set-aside percentages for these activities to the amount appropriated under the special program and projects, rather than for the whole Emergency School Aid program. Why are you recommending this provision? What would the budget for Emergency School Aid look like if we were not to follow your recommended bill language?

Answer: Linking 25 percent for Magnet Schools and seven percent for Educational Television (ETV) and Radio to the entire Emergency School Aid Act request would yield an excessive amount of funding for both activities. For example, the amount for Magnet Schools would be approximately $74 million, up from $25 million in 1979. In the case of ETV and Radio, the amount would be approximately $21 million, up from $6.45 million in 1979. We believe that such large increases could not be effectively utilized for either of these activities. We also believe that the intent of Congress at the time the Education Amendments of 1978 were enacted was to link these reservations to the amount appropriated for Special Programs and Projects. We will be submitting a technical amendment to correct this situation in the near future.

Question: Part of the funds under the Magnet school program are available for the pairing of school and school programs with institions of higher education and with businesses. The justification says that increased emphasis will be placed on activities pairing schools with universities, colleges, and businesses. Please give a brief description of how this program component operates?

Answer: The purpose of school pairing with businesses and universities is to provide the school district with the best assistance available to deal with its desegregation problems. For example, the staff of high school was losing control of a newly desegregated student body. This particular situation was diagnosed as a management problem. The school was paired with a corporation that sent in its top management staff. A sound management system was implemented that resulted in a marked improvement. The corporate staff remained paired with the school staff for the entire school year.

Similarly, institutions of higher education are paired with schools having desegregation problems so that the entire resources of the university can be used to help the district with these problems.

Question: Why are you placing increased emphasis on this activity in fiscal 1980?

Answer: School districts indicate that the business and university pairing when coupled with regular ESAA funding are highly beneficial to successful desegregation. A significant increase in the request for pairings is expected for fiscal 1980.

VOLUNTARY DESEGREGATION

Question: This Committee has been urging the Office of Education and the Department of Health, Education, and Welfare to take a more positive role in urging and assisting districts in adopting voluntary desegregation plans before they are ordered to desegregate by courts. What have you specifically done to encourage and assist districts who are attempting to carry out voluntary desegregation programs?

Answer: The Education Amendments of 1978 make it possible for the Department of Health, Education, and Welfare to take a more positive role in assisting school districts in adopting voluntary desegregation. We will now make planning grants for a period not to exceed two years to enable a school district to develop a voluntary plan. Prior to fiscal year 1980 a district could not qualify for assistance unless it was already desegregating.

We are also increasing the amount for the Magnet school program from $25 to $35 million. School districts often use magnet school grants to achieve voluntary desegregation. Our evaluations to date indicate that most magnet schools are able to achieve some degree of voluntary desegregation.

The authorization to use the recentness of a desegregation plan as part of the evaluation criteria also encourages voluntary desegregation because now a newly desegregated district is assured of being placed in a priority category.

Question: How many school districts are currently in the process of implementing voluntary desegregation plans and how many are in the process of planning to desegregate voluntarily?

Answer: There are approximately 200 school districts that are implementing some form of voluntary desegregation. The most comprehensive voluntary desegregation plan was developed and implemented by the Seattle, Washington School District. We estimate that in 1980 approximately ten school districts will request funds to develop voluntary desegregation plans.

Question: Will the emphasis on voluntary desegregation in the Education Amendments of 1978 be of assistance to the Department in this endeavor?

Answer: In addition to the item cited above, the Education Amendments of 1978 add incentive grants for State Departments of Education to take the lead in achieving voluntary desegregation within their respective States.

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APPLICATIONS FOR MULTI-YEAR FUNDING

Question: The Education Amendments of 1978 now allow for one to five year funding periods for Emergency School Aid grantees. Do you believe that this will provide a more efficient means of operating the Emergency School Aid program?

Answer: We believe that making grants to schol districts for up to five years under ESAA will result in more efficient operation of the program since eligible school districts will be assured of project continuity from year to year. We feel that this promise of continuity will allow more efficient planning by school districts just entering the initial, costly stages of the desegregation process.

Question: How do you plan to operate the Emergency School Aid program with this new provision?

Answer: We plan to evaluate the applicants' proposal in light of both the recentness of the desegregation plan and the degree of reduction in racial isolation. The number of years allowed for a particular grant will be determined on the basis of the severity of problems and their likely duration as outlined in the applicant's needs assessment.

Question: How much paperwork do you believe that this will reduce for elementary and secondary school districts?

Answer: Multi-year funding should greatly reduce an applicant's paperwork burden. For example, applicants would have to prepare the detailed, comprehensive application form one time only. In subsequent years, they would be required to submit only the data required by the statute for annual funding of multi-year grants.

SPECIAL PROGRAMS AND PROJECTS

Question: In the 1980 Budget, you are requesting a new discretionary account of $5 million to assist districts needing immediate assistance in desegregation. This is being done as a means of maximizing the Office of Education's ability to respond quickly and with significant financial resources to Districts that are carrying out desegregation programs. Can you please explain how this program will be carried out?

Answer: The purpose of the $5 million special discretionary grant program is to provide assistance to help districts meet unique and unexpected desegregation needs that were not anticipated by the district and such needs were not evident at the time its ESAA application was prepared and submitted to the Office of Education.

An eligible district may apply and receive assistance at any time a unique and unexpected desegregation problem develops.

Question: Can you give an example or two of how having this discretionary account would have aided you in past years?

Answer: If such an account had been available to us in past years, we might have been able to help some school didstricts which experienced desegregation problems at a time which was out of step

with the regular ESAA funding cycle. Examples of unanticipated desegregation problems include the following: (1) the district enrolls during the school year an unexpected number of minority students; (2) the district experiences an unexpected confrontation between various ethnic groups in a particular school; (3) the district experiences an unexpected increase in the number of students suspended and expelled attributable to desegregation.

Question: You say that special programs and projects monies will be used to emphasize new desegregation and to encourage voluntary desegregation. Special programs and projects funds in fiscal 1980 will be targeted on districts planning for or implementing new or recent desegregation plans. How does this differ from your past policy for special programs and projects funds?

Answer: Prior to the Education Amendments of 1978 a school district could not receive ESAA assistance unless it had already begun to implement a desegregation plan. This meant that applicants for special projects grants were already desegregating. ESAA did not provide assistance for the development of desegregation plans. Also, the Act did not permit the Office of Education to consider the recentness of desegregation in making grant awards. Beginning in fiscal 1980, ESAA is authorized to make planning grants to LEAs for a period not to exceed two years. These planning grants will encourage voluntary desegregation. Magnet school grants will also be made for the purpose of achieving voluntary desegregation. Beginning in 1980 ESAA will also be authorized to use recentness of desegregation as part of the criteria for evaluating applications; this will allow support for new desegregation to take priority over old desegregation.

Question: What impact will this have on school desegregation efforts, especially voluntary desegregation efforts?

Answer: We anticipate that some school districts will use planning grants and magnet school grants to achieve voluntary desegregation as an alternative to court ordered desegregation, particularly when a court decision is imminent.

GENERAL GRANTS TO LOCAL EDUCATIONAL AGENCIES

Question: Your budget justification for this program states "The funding level for this program is no longer expected to serve as a primary source of desegregation assistance." The statement goes on to say that this program can continue to provide assistance to second-generation desegregation programs which are having problems. Don't you believe that second-generation desegregation programs should become the responsibility of the State and local school agencies rather than of the Federal government?

Answer: Local educational agencies continue to request ESAA assistance to deal with second-generaion problems. These districts cite various examples as evidence of their continuing need for Federal assistance. For instance, in fiscal year 1978, after ten years of desegregation, Ft. Meyers, Florida had a riot in one of its schools which the district attirbuted to desegregation. Other districts have indicated their continued need for support because of desegregation problems: still others report continuing problems involving the over-representation of minorities in the number of students suspended and expelled.

Question: What is the maximum length of time school districts can receive funding under Emergency School Aid?

Answer: By law the eligibility of a school district to apply for ESAA assistance is not affected by the date of desegregation. The criteria for evaluating applications gives priority to recentness. However, a district that can demonstrate a desegregation need for which ESAA funds are available will continue to receive assistance.

EDUCATIONAL TELEVISION AND RADIO

Question: You are recommending $9,858,000 for educational television and radio in 1980. This is a $3,408,000 increase over 1979. Why are you recommending such a large increase for this program?

Answer: The increase is necessary in order to serve the multiplicity of groups covered by ESAA and to provide for such support activities as tape duplication, promotion of the carriage of TV series by commercial stations, promotion of home viewing of ESAA TV series, and promotion of the use of TV series in school districts receiving ESAA assistance. Increased funds are also necessary to support the addition of educational radio, newly authorized by the Education Amendments of 1978.

Question: Why isn't this activity consolidated under educational TV programming and special projects program?

Answer: In the Office of Education, Educational TV and special projects are administered by the Division of Educational Technology, Office of Libraries and Learning Resources. In order to coordinate better all educational television activities, ESAA Educational TV and radio was transferred to that division in January, 1979.

Question: What activities and programs have you funded under this activity during fiscal 1978 and 1979?

Answer: In fiscal 1978 the following TV series were funded:

"From Jumpstreet," 26 half-hour programs on history of Black music, for Black and other adolescents:

"Villa Alegre," 26 more half-hour programs of a bilingual series for Hispanic and other children ages 5-9;

"The New Voice," 26 half-hour dramatic programs about a multi-racial high school newspaper, for minority and other adolescents;

"Patches," 6 half-hour dramatic programs built around Black Southern folktales, for Black and other children ages 8-12;

Puerto Rican Family, as of yet untitled series of 6 half-hour dramatic programs for Puerto Rican and other youngsters ages 8-12;

"Nation Builders," (tentative title) 6 half-hour programs about the contribution made by Asian-Americans to the growth of America; for Asian-American and other adolescents;

"Que Pasa, USA?" 8 more half-hour programs in a series about the generation gap in a Cuban-American family, for Cuban-American and other adolescents;

"South by Northwest," 5 more half-hour programs in a series about contributions made by Black to the development of the old west for Blacks and other children ages 8-12;

A continuation contract was made to complete the previously funded "Vegetable Soup II" which is directed at children 7 through 12 to help bridge the gap of understanding among different racial and ethnic groups;

One contract was made for the promotion of commercial station carriage of ESAA-TV series; and

Two contracts were made for the duplication of series videotapes to meet station demands and for use by regional public TV networks.

No awards have been made for fiscal 1979. The following categories expected to be funded:

Two national TV series
Five regional TV series
TV Tape duplication
Promotion of series for home viewership
A pilot to test the promotion of the use of ESAA TV series in schools receiving ESAA assistance

Question: Do you have any evaluations that show what the impact of this program has been upon school desegregation?

Answer: We have no direct evidence about the impact of ESAA TV programming on school desegregation. We assume, however, that to the degree children who view these programs enhance their self-image, can take pride in their minority groups roots, learn to appreciate the values of other cultures, and learn the cognitive skills, in language, and arithmetic, taught by these series, that positive effects in such areas as improved inter-group relations and improved academic skills have resulted. Each series produced under ESAA-TV has demonstrated, through an evaluation test of a pilot show, that such accomplishments do take place.

Up to now the program emphasis has been on home viewing, although there is some in-school use made of the series. Beginning this year, however, we will actively promote the use of these series in school districts receiving ESAA assistance.

EVALUATION

Questions: In fiscal 1980, two new awards and two competing continuations will be funded under the evaluation part of this program. What is gained so far from the two continuing evaluations that are in process? Can you please tell us how much money has been spent for each of the two continuation contracts to date and the length of time it will take to complete them?

Answer: The ESAA fiscal 1980 evaluation plans have changed since the budget justification was prepared. There were two planned continuation evaluations for fiscal 1980:

1. Study of the effects of ESAA supported activities on intergroup relations and basic skills (the "ESAA Human Relations Study"), and

2. Study of ESAA civil rights eligibility requirements and of second generation desegregation problems.

In the first study, certain planned data collections will not be undertaken in order to keep the cost and duration of this study down. The cutback means that we no longer plan to use any fiscal year 1980 funds for this study. The second study will not be initiated in fiscal 1979 because of reallocations to satisfy the consultant services ceiling.

In short, we plan no continuations in fiscal 1980. To date, $2,6 million has been spent on the ESAA Human Relations study. It will be completed by January 1981. The results from the first year of data collection will be available by June 1979.

Question: Will these evaluations be done within the Office of Education, or will you hire consultants to do this? Why do you have to rely upon consultants to carry out this program activity?

Answer: The evaluations are designed by Office of Education staff. Contractors are hired by the competitive bidding process to carry out the evaluations (i.e., collect, analyze, and report the data) with monitoring for the government provided by Office of Education staff. It is advantageous to use contractors because a large number of specialists are required over a relatively short period of time to collect and analyze data. If contractors were not used, the Office of Education would require a much larger full-time and part-time staff. Presently a typical study is managed by one individual on a quarter-time basis.

TRAINING AND ADVISORY SERVICES

Question: The training and advisory services program provides desegregation assistance to school districts that are in early stages of the desegregation process. Priority for funding is placed upon school districts which are in the early stages of desegregation, planned preparation, or are in their early stages of implementating a plan. Would you please explain how this program operates?

Answer: This program provides assistance for school districts if the school district is preparing a plan to correct conditions of racial separation in its schools that are the result of State or local law or official action; it has prepared, but has not yet begun to implement, a plan to correct these conditions; it is implementing a plan to correct these conditions and is still experiencing problems resulting from the correction of these conditions. This means that assistance is available at a crucial time when it is most needed.

Question: Why are you recommending an increase of $16,350,000 for this program?

Answer: The increase in funds is necessary because large school districts are having civil rights problems. Examples of these districts include Cleveland, Chicago, Indianapolis, Joliet, Pittsburgh, Fort Wayne, Akron and Long Beach. These districts need help with civil rights problems involving race, sex, and national origin. The problems are complex and require large grant awards to provide meaningful assistance.

Question: What specific activities will you fund with the increase you are requesting?

Answer: Activities approved for funding include the employment of desegregation specialists to help and advise the school board in the development and implementation of a plan to correct its civil rights violations, and training programs designed to give school staffs the necessary skills to deal with desegregation problems.

GRANTS TO NONPROFIT ORGANIZATIONS

Question: The Educational Amendments of 1978 changed the Grants to Nonprofit Organization program from a formula based program to one of competitive grants. Recent evaluation of this program indicated that community relations and desegregation monitoring may be the most effective activities for nonprofit organizations to undertake. Does your budget request for this program reflect the findings of the evaluation?

Answer: The 1978 Educational Amendments changed the Nonprofit organization (NPO) grant program from the state apportionment to national competition. The 1978 amendments also capped the NPO budget at $15 million.

Question: Would there be any great damage done to our national desegregation policy if this program were not funded in fiscal 1980?

Answer: The loss of NPO grants would deprive school districts of community support and involvement in the implementation of their desegregation plan. This support is vital to the success of their desegregation efforts. Relatively small grants make it possible for local groups to initiate community activities in support of desegregation. The elimination of NPO funds would generally mean the loss of these community activities.

SUBCOMMITTEE RECESS

Senator SCHWEIKER. OK. The subcommittee will be recessed until 10 o'clock, Wednesday morning.

[Whereupon, at 3:25 p.m., Tuesday, March 13, the subcommittee was recessed, to reconvene at 10 a.m., Wednesday, March 14.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

WEDNESDAY, MARCH 14, 1979

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

The subcommittee met at 10 a.m. in room S-128, the Capitol, Senator Richard S. Schweiker presiding.

Present: Senator Schweiker.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

HANDICAPPED, OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

STATEMENT OF DANIEL B. DUNHAM, DEPUTY COMMISSIONER

ACCOMPANIED BY:

EDWIN W. MARTIN, DEPUTY COMMISSIONER FOR EDUCATION OF THE HANDICAPPED
CHARLES BUZZELL, ASSOCIATE COMMISSIONER FOR OCCUPATIONAL AND ADULT EDUCATION
PETER D. RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION
PAUL DELKER, DIRECTOR, DIVISION OF ADULT EDUCATION
HOWARD HJELM, DIRECTOR, DIVISION OF RESEARCH AND DEVELOPMENT
CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator SCHWEIKER. The subcommittee will come to order.

This morning we will hear testimony on the administration's budget requests for education for the handicapped and for occupational, vocational, and adult education.

We will consider first the request for occupational, vocational, and adult education, for which the administration has requested a total of $765 million in fiscal 1980, not counting a small permanent appropriation.

Of this amount, $674 million is for vocational education, the same as the current year's level. The balance of the request, $91 million, is for adult education, which represents a cutback to the fiscal 1978 level.

We have with us today to explain the administration's request Dr. Daniel Dunham, the new Deputy Commissioner for Vocational Education.

I believe this is your first appearance before this committee, Dr. Dunham. I welcome you. Would you please introduce for the record the other members at the table and then proceed with your summarized statement. Your full opening statement will appear in the record, as written.

[The statement follows:]

STATEMENT OF DANIEL B. DUNHAM

Mr. Chairman and Members of the Committee:

I welcome this opportunity to appear before you to present the fiscal year 1980 request for Occupational, Vocational, and Adult Education. The request of $772,364,455 for this account--approximately the same as that appropriated in fiscal year 1979--includes a permanent appropriation of $7,161,445 made available under the Smith-Hughes Act. This request reflects the continuing support of the Office of Education for identifying and developing the interfaces between education and work. In this time of high youth unemployment, of unprecedented numbers of women moving into the labor force, of demographic shifts to an older population, and of rapid advancements in technology, national attention is increasingly being focused on assisting persons to obtain satisfying employment. The vocational and adult education programs supported by this request contribute to that goal by helping the States provide the education, training and remedial instruction needed for persons to successfully compete and advance within the labor market.

Vocational Education

To assist the States and local educational agencies in providing and improving vocational education to 17 million secondary, postsecondary, and adult students enrolled in initial, refresher, or upgrading vocational educational programs, $674 million is requested. Over the past ten years, Federal funding for vocational education has increased from $260 million to $682 million. State and local funds have also increased and Federal support has declined from 19 percent to 11 percent of total expenditures for vocational education.

Although State and local educational agencies provide the greater portion of vocational education funding, there are special needs areas--such as the handicapped and disadvantaged--where without the presence of Federal dollars, there would be significantly less activity. For example, States must use a total of 30 percent of the basic grant to provide services to handicapped and disadvantaged students. And because of the legislated 50/50 match, increased Federal appropriations have resulted in increased State and local funding for these special groups. Similarly, a mandated percentage of the basic State grant allotment must also be used by the States to conduct research and guidance and counseling activities--items not always accorded a high priority by State legislatures in the past.

In addition to these required set-asides, the Federal money is targeted on specific areas in other ways. First, in allocating Federal funds, States must use unemployment rates, concentration of low-income families, ability to pay, and initiation of new programs as primary factors in determining funding levels for eligible recipients. Furthermore, certain conditions must be met even before the States receive Federal funds, including the hiring of full-time sex-equity personnel, the establishment of State Occupational Information Coordinating Committees to ensure the availability of adequate supply and demand data for program development, the establishment of State Advisory Councils in Vocational Education, and the submission of five-year and annual State plans and accountability reports. Through these requirements, Federal funds are assuring that State activities will impact on both the quality and availability of vocational education programs.

Of the funds requested for vocational education, $662 million will support six State formula programs: basic grants, program improvement and supportive services, special programs for disadvantaged, consumer and homemaking, State Advisory Councils, and State planning. In addition, $12,800,000 is requested for national programs and activities including the National and State Occupational Information Coordinating

Committees, bilingual vocational training, the National Center for Research in Vocational Education, and programs of national significance. This latter activity will support three projects designed to improve vocational education in the areas of: 1) education and work, 2) urban special needs, and 3) increasing the equity and equality of vocational education programs to all persons. A little over five million dollars is also available for technical assistance grants to Indian tribal organizations for conducting vocational education programs.

Adult Education

For adult education, we are requesting $90,750,000 to assist the States in providing educational opportunities for 2,096,000 educationally disadvantaged adults. Under new legislation this program will expand the delivery system to additional providers, as well as broaden the outreach of the program. New providers will include agencies, institutions, and organizations other than just the public school systems, such as business, labor unions, libraries, institutions of higher education, public health authorities, antipoverty programs, and community organizations. This legislative expansion of the adult education delivery system will also support the Office of Education goal of providing basic skills to all people.

A study conducted in 1975 determined that 23 million adults were functionally illiterate. The adult education program is currently reaching about nine percent of the population annually, with Federal funds providing approximately 63 percent of the total cost. In the majority of the States, however, the Federal share accounts for more than 75 percent of the total expenditures.

The picture is changing, however. Over the past 12 years, Federal funds have risen from $29.2 million to the current level of $90.75 million. During this same period, State expenditures have risen at an even more rapid rate, from 25 percent of total expenditures to 37 percent. It is evident from this that Federal dollars are generating State interest in adult education. As a result of this increase in State dollars, a reduction of $10 million is being proposed for this program in fiscal year 1980, with the expectation that increased State dollars will continue to provide services to approximately the same number of persons. The expansion of the adult education delivery system under the new legislation is also expected to help maintain the number of persons being served. The impact for this program is indicated by some preliminary evaluation data which shows that 8.2 percent of the participants have been upgraded to better jobs after enrollment in this program and two percent have been removed from public assistance rolls.

New Initiatives

I would also like to mention that although the requested levels for vocational and adult education are remaining at approximately the same levels for fiscal year 1980, we will, nonetheless, be undertaking national leadership activities to help focus the use of Federal funds by the States. For example, in adult education we will be doing this by the identification of areas through which we will try to focus State activities.

In vocational education, we have already identified eight priority areas for State and local activity, among which are: CETA and vocational education linkages, vocational equity, urban and rural special needs and planning, data and accountability systems. Through technical assistance, review of State plans, and conducting special policy studies and conferences, we plan to generate State improvement activities in these areas. Another major initiative in vocational education will be an extensive reauthorization effort that will examine the role of the Federal government in providing vocational education opportunities and experiences. By concentrating Federal and State efforts on priority areas, I am hoping to effect major changes and improvements in these two programs and to ensure the better utilization of Federal dollars.

My colleagues and I will be glad to answer any question at this time.

INTRODUCTION OF ASSOCIATES

Dr. DUNHAM. Thank you, Senator. I am pleased to introduce, to my immediate left, Charles Buzzell, Associate Commissioner for Occupational and Adult Education. Next to Dr. Buzzell, Dr. Peter Relic, Deputy Assistant Secretary for Education; Mr. Paul Delker, Director, Division of Adult Education; Dr. Howard Hjelm, Director of our Division of Research and Development. And next to Dr. Martin is Cora Beebe, Director of the Division of Planning and Budgeting.

BUDGET REQUEST

You have already reviewed the appropriation request that we are putting before you this year. For vocational education we are requesting level funding. While the Federal share has decreased from 19 percent to 11 percent for all vocational education programs, we feel there is still a need to target on special areas such as disadvantaged, handicapped, women, and program improvement. That makes approximately $622 million for six State formula grant programs, with $12.8 million for national discretionary programs, which includes the National Center for Research on Vocational Education, the National Occupational Information Coordinating Committee, bilingual vocational training, and a few other projects of national significance.

In the adult education area we are requesting $90,750,000 for 1980, a small decrease over the previous year. This funding is targeted to serve just over 2 million educationally disadvantaged adults. Currently, Federal funds provide 63 percent of the total funds supporting the 2 million—or 9 percent of the population—designated as functionally illiterate.

I think it is important to point out that States have increased their share of the adult education contribution from 25 to 37 percent, as a partial justification for the decrease.

I'd also like to mention that we are undertaking national leadership activities to help focus the use of these Federal funds. We have identified a number of priority areas that we are working at diligently including a reauthorization effort for vocational education.

With those comments, Senator, I welcome the questions of the committee to enlarge on these most brief comments.

COORDINATION WITH CETA

Senator SCHWEIKER. The committee, Dr. Dunham, is constantly receiving complaints about the lack of cooperation between CETA prime sponsors and vocational education institutions. The CETA people blame the vocational education people who, in turn, blame the CETA people. Whatever the situation, it appears there is little cooperation between CETA programs and vocational education programs.

My question is: What are you and your people doing to help provide closer cooperation and coordination between the CETA program and vocational education?

Dr. DUNHAM. Senator, I appreciate that particular question because it represents the highest of the priorities that I have brought

forward to this office, and that is to establish a positive connection between the CETA programs and vocational education.

Under the authority of a memorandum of understanding signed just about 1 year ago by Secretary Califano of HEW and Secretary Marshall of Labor, we have moved forward to establish a number of efforts as demonstration that it is not only proper and OK to play together in this game but to demonstrate, on a Federal level, collaboration between education and labor.

Through a second memorandum the establishment of a coordinating panel has been completed. The HEW portion of that panel has met once and is preparing to meet again this week. We have also established an education divisionwide task force on education and work, which is a high priority of Commissioner Boyer's.

In pursuit of cooperation at both the Federal and State levels, we have engaged with the Office of Youth Programs of the Department of Labor in a plan to support four national projects which will provide joint funding from Education and Labor to foster cooperation at the local level between the local education agency and the local prime sponsor.

During the first year, approximately 20 exemplary projects will be introduced. But there are already a lot of useful things going on. We have, in Prince Georges County, Md., for example, full collaboration between prime sponsors and vocational education institutions——

Senator SCHWEIKER. We just don't hear about those.

Dr. DUNHAM. I am afraid not. We too often hear the negative side.

YOUTH EMPLOYMENT PROJECTS

Senator SCHWEIKER. Tell me about Prince Georges County.

Dr. DUNHAM. Well, as you know, under the Projects Act, 22 percent of the money is set aside to be handled through Education to provide in-school training. The Prince Georges case, for example, 100 percent is being handled by Education. In Baltimore City the learning center is funded by Labor money under the Youth Act, the Youth Amendment. There are examples across the country that we are trying to tap now to demonstrate the effectiveness that in fact the education system can become the dependent variable and whether or not the elements of CETA programs for youth employment and training can be made to work.

We happen to believe it has that capacity. I can tell you, Senator, that in recent meetings I have held with the vocational education and the broader education constituency, the presidents of State boards of education, there is a great upswell of positive attitude about making this connection.

I believe that the national projects—in the first instance, the national task force, the interest of the Vice President's Task Force on Youth Employment Policy, all of these things are moving in the same direction at this point. And I believe we will be able to come to you next year and give you specific examples of the increased employment rate and lower dropout rates and a whole host of promises we will be prepared to begin to make at this point, which will depend on the connection within the CETA programs at the local level.

We can also do a few things at the Federal level to foster that, and I can tell you that our work with the Office of Youth Programs in the Department of Labor has been very, very positive.

We are putting money together at the Federal level to drive projects in these four areas to demonstrate at the local level that this will work. So, we are moving very rapidly. We will have activities in the field by the first of July.

LOCAL COORDINATION WITH CETA

Senator SCHWEIKER. Now, I am glad to hear of your concern and your priority on this area. I think that that is an important factor.

Suppose you get a complaint from a Senator or someone, saying that something in the relationship between CETA locally and a vocational education group is not working, what happens? Where does this person go, and whose responsibility is it to investigate it?

Dr. DUNHAM. At this point we would turn to the State education agency to give us a signal on what the problems were from the education side. The problem is that with respect to the authority of the Office of Education and our bureau regarding prime sponsors, there is no State agency in the CETA system, as you know.

So, we would probably deal through the Office of Education or through a regional office, but we could also deal from the education portion of this effort, through State education agencies. And one of the things that we are trying to foster is an expanded role for the State education agency.

Some of these projects we are proposing to put on this spring and summer will provide for SEA's to establish services to prime sponsors and LEAs jointly, using either Education or Labor funds, depending on the project emphasis.

Senator SCHWEIKER. What about some mechanism to notify the Labor Department to go down their structure with CETA, as you're going down your structure to work it out? What connection is there with Labor to follow up on the CETA side?

Dr. DUNHAM. The new CETA regulations require that the State plan cross-cut with the prime sponsor's plan. That is one connection we have.

Now, in our case, that is handled immediately from our office to State education agencies. From CETA, it is handled to regional offices and prime sponsors.

I can say to you that the impact happens to be made at this point, directly in terms of signalling to the Department of Labor, for example, to Bob Taggart in the Office of Youth programs. And I think we have the makings of a system there. The biggest problem I see is not having on the CETA side any kind of a State agency control system. But I would point out that the provisions, the reciprocal provisions, in the planning process should make this possible.

Senator SCHWEIKER. Well, I gather you are saying that you have a good connection now in the office of youth programs and that is your mechanism?

Dr. DUNHAM. At this point, yes, sir.

EVALUATION OF VOCATIONAL EDUCATION

Senator SCHWEIKER. Last August, the Secretary of HEW advised this committee that the evaluation findings on the vocational education program indicate that vocational education students are no better off in the labor market than students in nonvocational schools.

This being the case, how can we justify continuing a high level of funding for vocational education?

Dr. DUNHAM. Senator, in the first instance, I feel that the information that supported those statistics was not thoroughly studied and investigated.

We have other information that indicates that while the youth unemployment rates on the average runs 14.0 percent, that for those who complete the vocational education course it is about 11.5 percent in terms of placement. That is just one particular statistic that Project Baseline discovered in 1975 and 1976, indicating the effect of vocational education on participants.

I would have to suggest to you that——

Senator SCHWEIKER. Well then, what was the basis of the Secretary's letter to us? In other words, I am not disagreeing with the statistics. I happen to be in support of this. But I am concerned about whether the Secretary has backup material on what he is saying. And we ought to get the record straight, if it is in error, what was he basing his letter it on?

Dr. DUNHAM. The information, as I understand it, having come in a little late, was based on a study done internally that did draw some inferences from a series of reports that had come to the office of the Secretary's staff. That's about the extent of my knowledge of that process. However, we have studied that particular report, or a summary of it, and my bureau has found that some of the material is not particularly supported by the evidence that we have. We have pieces of material, and we will be happy to submit it for the record.

Ms. BEEBE. The data that was used for that letter was based on preliminary information rather than a systematic evaluation of the program. The Office of Education has conducted a number of very formal evaluations for the program, and we have summarized them in our annual evaluation reports for the Congress.

There have been four or five studies which have pointed out some of the very positive successes of the program. For example, Federal funds have been very significant in directing the States to encourage programs for the handicapped and for the disadvantaged that without Federal funds vocational programs would not have been offered for these students.

The data also shows that the innovative activities have been effective in identifying appropriate practices, and many of these projects have passed something called the "joint dissemination panel," which has showed that the evidence exists these programs are effective in accomplishing their goals.

And we can submit quite a number of programs that have been supported by the Federal funds, and have been very effective in accomplishing their objectives.

Senator SCHWEIKER. OK.

PROGRAM IMPROVEMENT

One of the major criticisms we hear from HEW about vocational education is that the program is not keeping pace with the times.

Can you give some specific examples of what you mean by this?

Dr. DUNHAM. Well, I think, Senator, that part of the business of keeping pace with the times has to do with the equipment and facilities that are used in vocational education programs.

Senator SCHWEIKER. How about curriculum? Is that a factor or not?

Dr. DUNHAM. Indeed, it is a factor.

Senator SCHWEIKER. Well, I mean, is that a problem? You said equipment is a problem. I say, is curriculum a problem, too, or not?

Dr. DUNHAM. Yes, it is a problem. Curriculum is reflected in teaching, practice, new information about jobs, the changing job market, and all of that. It is indeed a problem.

I think we have several good efforts under way throughout the country for the improvement of the curriculum process.

Senator SCHWEIKER. Well what are you doing to upgrade the technology, the equipment, et cetera?

Dr. DUNHAM. We have instituted and have in place now and are putting on the street now a request for proposals under discretionary funds. We are upgrading this. We have a national significant fund project money that can be focused on employment. Most of this is done at the State level, given national leadership, identification of problems to staff and conferences. We also have a major project with the Department of Defense to transfer Department of Defense curriculum to the use of vocational educators. We also have a number of curriculum laboratories throughout the country which have turned over huge amounts of material and have put it in place in school systems throughout State education agencies.

That's one of our major continuing projects in the discretionary grants program.

There are consortia of 16 or 18 States for example, primarily in the southeast area of the country, which compiled catalogs based on worker traits and competencies. These are State-initiated activities. Our influence comes, by and large, with the curriculum specialists on our staff and the national funds that are available to stimulate inovations in curriculum.

Ms. BEEBE. If I might just add: Last year, on the committee there was some confusion about programs of national significance and what their purpose was. One of the underlying purposes of this program, involving discretionary funds for the commissioner, was in fact to respond to changes in technology and to respond to new needs as we identify them. Curriculum is a major important aspect of that.

And I think it is very important that we say in the record that these funds are directed to keep vocational education moving in the advance of new technology and new curriculum.

And that has a companion program at the State level where the States have money to fund those activities.

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LABOR MARKET INFORMATION

Senator SCHWEIKER. Well, one question I have in this area is: Are we currently doing any studies as to the relationship between the kind of vocational education slots that we are training people for and the kind of vocational slots that are available in the outside world?

It seems to me that if the Secretary's initial criticism had any validity, that would be the area that I am sure he was hinting at.

What studies have you done in this area? We may be training a lot of people in vocational education, but are we training them for the jobs that are in the want-ad sections?

For instance, I heard several years ago that we just weren't training enough automobile mechanics for this country. And that's the kind of question or illustration, I guess, I am getting at. What are we doing in this area?

Dr. DUNHAM. Well, as you probably are aware, Senator, under the new national occupation coordinating concept we will have State committees. They have been established in all States now; 36 of them are staffed and functional. That is precisely the major issue of the NOICC system.

There are two or three other side issues, but the major issue is to get a good handle on the labor market supply-and-demand situation so we can get some very definitive profiles of what we are doing in the school classroom, whether we are targeting on jobs that are going to be there when people get out of the school.

For the last dozen years or so each State gets its own information. They have what they want for new programs. The NOICC efforts, in the first instance, aimed at identifying with real clarity the supply side and the demand side for jobs.

Senator SCHWEIKER. When will it come to fruition?

Dr. DUNHAM. It is in place now. It is working.

Senator SCHWEIKER. Well, what are we finding out?

Dr. DUNHAM. Well, in the first place, we haven't found anything yet because it is a brandnew system. I think we will have information from the States who have put it in effect from our accountability report, which is due in July. We should have primary information from maybe 15 States that we can aggregate on a national level to give us at least an idea of how close we are in terms of our planning to match the training with potential jobs.

HEALTH TRAINING IN SECONDARY SCHOOLS

Senator SCHWEIKER. Do we have anything in the secondary school system to train laboratory technicians, medical technicians? Or is that something that is post-secondary education?

Dr. DUNHAM. Well, we have beginning programs in the health occupations at the secondary level. The more specific—what we might call "semiprofessional"—levels tend to be post-secondary.

Senator SCHWEIKER. Well, in health, what do you have? What kinds of jobs?

Dr. DUNHAM. Well, Senator, we have a whole host of occupations.

Senator SCHWEIKER. At the secondary level. I would like to hear some of those.

Dr. DUNHAM. We can submit the full list to you for the record. We have such programs as medical lab technicians, nurse's aides, nutritionists——

Senator SCHWEIKER. These are secondary?

Dr. DUNHAM. Oh, yes.

Senator SCHWEIKER. Yes, I would like to have that for the record, because there is one thing we are running into: the shortage of professionals. I realize some of these require more than secondary school background, and some don't. And you say you do have something on this?

Dr. DUNHAM. Yes, we can give enrollment figures, as well.

[The information follows:]

SECONDARY COURSES OFFERED IN THE HEALTH FIELD

Twenty-six categories of health programs have been established for the tracking of vocational education enrollments. Of the 685,000 students enrolled in 1976 in the health field, 108,000 participated at the secondary level. Although secondary students were enrolled in each of these 26 categories, there were 10 programs in 1976 in which at least 10 percent or more of the students enrolled were at the secondary level. These programs are:

SECONDARY STUDENTS IN PROGRAM

Program	Enrolled	Percent
Dental assistant	6,545	31
Dental lab technology	656	15
Other dental	104	41
Medical lab assisting	2,656	17
Other medical lab technology	826	12
Nursing assistant (aide)	33,825	29
Physical therapy	390	13
Medical assistant	8,859	35
Health aide	10,004	66
Other	30,349	26

Courses which have a higher degree of postsecondary participation include: Dental hygienist; nursing (associate degree); practical nursing; occupational therapy; radiologic technology; nuclear medical technology; environmental health; mental health; and medical emergency technology.

VOCATIONAL EDUCATION DATA SYSTEM

Dr. RELIC. In addition to what Dr. Dunham has said, the National Center for Education Statistics, in conjunction with the States, is right now developing the vocational education data system, and there are two primary purposes: to survey vocational curriculums and to gather labor market data.

USE OF DATA SYSTEM

Senator SCHWEIKER. Now, that information, when we have it, what will we do with it?

In other words, how will we utilize that once we get it? Where will we make use of it?

Dr. RELIC. Use of it will be of immense importance to the States. The States have been very enthusiastic about cooperating in col-

lecting this data because with this information they can tailor vocational curriculum offerings to labor market needs.

Further, on the national level, this information will be used to examine our policies on vocational education and youth employment.

Dr. DUNHAM. A couple of comments—that is, that that kind of data—those kinds of data that are being collected and the NOICC system are equally important for our continuation with the Labor Department.

The NOICC has representation—two cases there—but in terms of actual practical use of that data, we require the State plan. And that is one of the functions of the State bureau, to approve the plans and, with commonsense intent, to have quality programs—that the programs approved in the State plan, in fact, are sensitive to match supply with demand and not preparing people for jobs that aren't going to be there.

This shift from agricultural to something else, for example, to all farming, are being taken into account. These are given priority in the State, that the local school districts are encouraged to establish programs dealing with energy technology—some of the new sciences, oceanographic, atmospheric, the whole area or energy.

But in matching suppy and demand—is very hard to test until we have the data on hand.

Senator SCHWEIKER. You say you have the whole operation well in place.

What I am not quite clear on is when are the statistics—when will they receive this information back and begin utilizing it?

Dr. DUNHAM. If everything works the way it is moving now with the VEDS system alone to separate NOICC, they will have the information for the fiscal 1981 State plan, because they are still constrained to use the best available data, based on their own sources of information for the annual updates.

So for fiscal 1981, it is my expectation that most, if not all, States will be able to access the State aid that starts approximately in the fall.

And they bring it around for approval in July of the following year. So for fiscal 1981, annual update for vocational education, they should have it. And that is a tough promise to make, but we believe it will occur.

COORDINATION WITH CETA FOR FISCAL YEAR 1980

Senator SCHWEIKER. One followup on the CETA question—you may have touched on this, but just to focus it clearly—in terms of work with CETA, what major activities do you specifically plan to carry out in the fiscal year 1980 budget that we are talking about?

Dr. DUNHAM. In this fiscal year budget?

Senator SCHWEIKER. Yes.

Dr. DUNHAM. We are just initiating four projects. We have one major project on linkage, which will be to support cooperative effort between LEAS and prime sponsors.

It will be a major project to demonstrate successful practices for making this connection work at the local level.

We have a second project that will be carried out in the area of improving accessibility to vocational education programs for the hard-to-place, disadvantaged, handicapped, unwed mothers, and other special populations.

The third project will forge new linkages between the voluntary organizations that exist in communities who all want to make input to local and State planning, such as the State advisory council.

The fourth project will focus on reducing attrition in predominantly minority universities and colleges.

Now, some of this will be this year's money, and some will be from the budget we are talking about now.

I would also remind the Senator that we have two major continuing efforts under the programs of national significant funding, which is the kind of funding that will support these kinds of efforts.

One is the National Center for Research in Vocational Education, which is required in the mandate, as you know. And the other is the National Occupational Coordination Committee which we and the Department of Labor jointly fund. Finally, is $1 million that we would target to the CETA linkage under our projects of national significance.

Ms. BEEBE. We will be testifying tomorrow about a new program called the youth employment, and its Special Projects Act. And the major objective of this activity is to help build linkages between the schools and the CETA program, and we will be having four major activities, one of which is to publish, for the general public, all the rules, regulations, and procedures and activities, both vocational education, then its regular school program and CETA, so that parents and students have the fullest possible knowledge of how they might be involved as individuals.

We will be conducting regional and local workshops for teachers and CETA prime sponsors to talk about better ways of improving linkages and relationships between these groups. This is another piece that supports the vocational education effort.

Under our career education activities program, also authorized under the Special Projects Act, we will support similar discretionary activities designed to facilitate the transition from school to work.

Dr. DUNHAM. If I may, Senator, I would like to make a couple of additional comments, on this. I want to point out that we do have in those areas, where we are specifically going to do something else, I did want to point out that in Philadelphia, not too long ago, I visited the Education Work Conservation programs in the city of Philadelphia. They are bringing independent vocational education and CETA programs together.

Some young people spoke about their support for this program of youth employment education. They stole the show. It was—it is a very exciting venture.

RESPONSE TO YOUTH EMPLOYMENT EDUCATION

Senator SCHWEIKER. What was the thrust of what the young people said?

Dr. DUNHAM. That they would not have stayed in school had they not had the opportunity to work and make money to help with home, that they were getting counseling through these outreach programs under the educational program that connected them with school and brought them back to the school, and that they were not getting it in the regular school program, which is something we have been concerned about, but that their training has been in the cooperative work experience area.

There must have been 200 groups represented in Greater Philadelphia at this meeting saying that work experience, coupled with their in-school training, was the part of the connection that was really working.

Just last week, I was in Atlanta and heard the same thing from more young people, who, again, were the stars of a very, very brief conference of how to make this connection work.

Schools which I visited in New York some time ago—they had a project there that was rebuilding urban dwellings.

I, most importantly, wanted to point out the one in Philadelphia, the one in your home State.

Senator SCHWEIKER. You are learning fast, for a new witness. You've got the right one. [Laughter.]

MINORITY YOUTH UNEMPLOYMENT

As a follow-up on this point—and I think it is a very critical one—we see these horrendous unemployment figures of black teenagers, and there is one thing that disturbs me about our whole system. If you don't put teenagers in our economic system, I think you are going to signal the end of the system.

And No. 2 is that to see such a horrendously disproportionate number of black youths not being employed, that brings to bear some serious questions.

And I realize there are many factors beyond your domain that enter into it. I recognize that, but what are you doing and what is the Department doing to correct these just horrendously discouraging figures?

Dr. DUNHAM. I am very happy you asked me that question. That happens to represent the second of my highest priorities. And it is interwoven with the urban issue.

Presently, I am forming a task force with people from the urban field to advise us. Participating in the program will be teenagers, students, parents—particularly from minority groups, who will give us input and assistance in designing this program.

And we have laid out a plan, and I will be happy to submit an outline of the plan for the record.

We also make it very clear to the State directors that we expect the majority of Federal funds to be targeted to cities where these high demand areas are.

For example, we are having troubles with the availability of facilities in cities—we have trouble in Baltimore and; we have trouble in this city-state right here.

It is a problem of economics, and a problem of having facilities available. And I think——

Senator SCHWEIKER. You mean that they are not brought into the programs to begin with or what?

Dr. DUNHAM. It is very complex in terms of all of the variables. In the first instance, you can't offer vocational education programs on the street. You have got to have facilities, places for people to learn. And our urban centers have tended not to respond early enough in the process in constructing facilities, in the same way that the rural and suburban areas have.

Senator SCHWEIKER. You mean in terms of vocational training schools; is that what you are saying?

Dr. DUNHAM. That's right. The money wasn't there to match——

MINORITY YOUTH EDUCATION

Senator SCHWEIKER. If we are not teaching them vocational education, and we are not preparing them for college, what are we doing with them?

Dr. DUNHAM. They are being taught general education for those who can't go on to college or who do not have access to a vocational education program.

Indeed, we have unemployment statistics that are even higher for black females than black males.

In the age group 16 to 19, the male unemployment percentage is 47 percent in Detroit. For black females, it is even higher, and they are getting into lower level jobs.

And now, all of that whole situation absolutely must be corrected. It is one of our top priorities. We hope to give a good bit of our funding to this in our national significance program. After those two obligations I mentioned to you, half of that is going to go into that effort——

LACK OF FACILITIES

Senator SCHWEIKER. In your judgment, in terms of your field—I realize there are other factors, but in your area of training, urban employment, and particularly minority employment, what do you think are the two or three biggest reasons that we have fallen so far short of what we set out to do?

You say one of the key factors is that because of the lack of facilities for vocational education, they don't have access to vocational training programs?

Dr. DUNHAM. Yes, sir, that's correct.

I think another factor is attitude about vocational education.

Senator SCHWEIKER. Is that because of a lack of funds or lack of sensitivity to the problem on the part of urban school superintendents?

I am confused on that. I would think urban schools would have a high proportion of vocational training for youths.

Dr. DUNHAM. They don't have.

I was beginning to cite a facilities study that indicates that a very small percentage of the facilities—and I don't want to belabor this—but a very small percentage of the facilities are available to the very large populations in the metropolitan areas.

For example, in central cities of 500,000 or more, they have 23-percent share of the facilities and 22-percent share of the population.

In towns and regions of zero to 25,000 population, the very small, semirural, and rural areas, 41 percent of the facilities exist, serving 23 percent of the population, the same percentage of the population as the large cities.

Senator SCHWEIKER. Well, I have never seen that figure before.

Dr. DUNHAM. They are just not there.

Senator SCHWEIKER. You mean vocational education facilities and programs aren't there?

Dr. DUNHAM. Yes, sir. There are some tremendous examples in Texas and Dallas, where there is a lot of money to build those facilities.

I visited a school in Philadelphia and looked at the possibility of equipment for a facility for vocational education——

Senator SCHWEIKER. The black who isn't going to college is just being taught general education courses?

Dr. DUNHAM. If he is taught at all. They are the highest dropout rates in that population—currently 25 percent. The dollars are not behind it.

Senator SCHWEIKER. Do you have a study showing a breakdown of these figures for the 20 or 30 largest urban areas?

Dr. DUNHAM. We can pull that, yes, sir. We have central cities running—I don't——

Senator SCHWEIKER. I don't think I have ever heard of these figures before, and I am sort of astounded.

[The information follows:]

VOCATIONAL EDUCATION FACILITIES

A National Study of Vocational Education Systems and Facilities, conducted by Westat, Inc. and Institutional Development Associates, Inc., was released in the fall of 1978. This study was designed to examine both the condition of existing vocational education facilities, as well as the process used to determine planning for and utilization of vocational education facilities.

Data gathered by this study provided the following information on vocational education facilities and the relationship to the population being served:

Region	Percentage of Instructional Facilities	Percentage of Population
Central City, over 500,000:		
Secondary	10.6	
Postsecondary	13.3	22.8
Central City, 100–500,000:		
Secondary	8.2	
Postsecondary	17.1	8.9
Suburb, over 500,000:		
Secondary	13.5	
Postsecondary	10.5	38.0
Suburb, 100–500,000:		
Secondary	6.1	
Postsecondary	2.9	3.6
City or Town, 25–100,000:		
Secondary	21.4	
Postsecondary	15.5	3.1
Town or Region 0–25,000:		
Secondary	34.5	
Postsecondary	6.7	23.6

Region	Percentage of	
	Instructional Facilities	Population
Service area not elsewhere classified:		
Secondary	5.7	
Postsecondary	34.0	N.A.

OLD VERSUS GENERAL CURRICULUM

Dr. RELIC. The other part of the problem is what you stated in your question to Dr. Dunham. That is, although urban areas do not have adequate facilities, I think we are finding out that the curriculum that exists is in a ratio to the number of jobs available.

Senator SCHWEIKER. Now, is that because of general curriculum or because it's the old vocational curriculum?

Dr. RELIC. The old vocational curriculum. In addition, there has been a reluctance to take a look at the long-term impact.

People are very proud of entry-level statistics and are very quick to cite that a high percentage of the students are employed upon graduating. But then, when the question is asked 2 years later, where are they, the studies do not exist.

We hope that the data system I spoke of earlier will be responsive to that need for information.

Dr. DUNHAM. Just to follow up. Pittsburgh has one skill-learning center for adults.

Senator SCHWEIKER. In the public school system? You are not talking about any governmental programs, per se? This is a skill center under the Pittsburgh school system?

Dr. DUNHAM. It's my understanding, yes, sir. The facilities in that city average—well, there is no average. Three buildings are between 2 to 50 years old, and 11 buildings are 50 to 95 years old. In Pittsburgh, equipment is 10 to 15 years old, and many of the facilities were originally in elementary schools.

Let me hasten to add one thing though, Senator. I don't want to leave any suggestion on the record that this is a problem for the local or large city administrators alone.

I started to talk about attitude, and when you are talking about black youths my colleagues in the National Association for the Advancement of Black Americans in vocational education, have this as a high-priority issue.

There is an attitude problem on the part of parents of black students who are working in low-level jobs and low-income jobs, people particularly who have had problems with accessing vocational education—vocational education to the black population is very much today what it was when Sidney Marland made his famous statement: "Something for somebody else's kid."

People have not pushed it. We have not done a public understanding job on this value.

MINORITY RESPONSE TO VOCATIONAL EDUCATION

Senator SCHWEIKER. Are you saying they look down on it?

Dr. DUNHAM. Yes, sir; absolutely.

Senator SCHWEIKER. Is it popular among whites?

Dr. DUNHAM. Yes.

Senator SCHWEIKER. But the black community tends to look down upon this?

Dr. DUNHAM. Yes, sir; because it seems to them to lead to dead end jobs at $2.65 an hour.

Senator SCHWEIKER. What are we going to do about that?

Dr. DUNHAM. Well, I would like to give it a shot through our urban initiative program. I am working with black urban leaders on this problem, and I think their expertise and their historical background will really help us.

Senator SCHWEIKER. Well, it would seem to me, with the horrendous, rising cost of college education today and the lack of ability of many college graduates to get jobs, that it ought to be going the other way.

Dr. DUNHAM. Absolutely. It is something we must put our energy into.

Dr. BERRY. I wonder if I might add something here. We have asked for a supplemental appropriation for concentration grants under the title I program. We have recognized that in urban and isolated rural areas the problem of basic skills among junior high and high school students is a major impediment to the vocational program and to students' success in general curriculum.

With these additional funds, we expect that over 50 percent of the counties will be able to add courses of a supplementary nature for the junior high and the senior high students who work on those skills that will provide them access to the general and vocational curriculum.

So we are well aware of the problem, and we are not only addressing it in vocational education, but in the general curriculum.

Senator SCHWEIKER. All right.

Well, I'm glad to hear that is one of your high priorities, because it seems to me it is a real failure of our system, and I admit there are a lot of reasons for it. But obviously, here is one area that we have got to focus on.

WOMEN IN VOCATIONAL EDUCATION

What about women in vocational education? The education amendments of 1976 require that women be provided equal access to vocational education programs, yet the latest program data show that 35 percent of female enrollment in vocational education is concentrated in consumer and homemaking programs.

And I might say, I can understand the reasons for that, but I will ask the question—what about it?

Dr. DUNHAM. Well, the figures are beginning to shift. They are not shocking or marked at this point, but keep in mind we are in the first part of the second year of implementation of this act and with the foresight that Congress had to place in that bill a provision for sex equity personnel, I think we have made good progress.

Over the last 10 years, in the field of agriculture, we have had almost a 13-percent change in women's participation at all levels.

In health we have had a 14-percent decrease in females. That means a 14-percent increase in men. It is working both ways.

We have had a 14-percent decrease among women in consumer and homemaking down from that 50-percent level to, I think, 36-percent level that has been taken up by men.

They are entering the program—6 percent in technical. We are all homemakers, to varying degrees. And the trades and industries are a tough area to crack, historically—about 3½ percent of women.

So in 1 year, really, we are beginning to turn this around.

There are many, many efforts of seeing some exciting examples, including the State of Pennsylvania, in terms of eliminating the sex stereotyping from the vocational curriculum.

We have State sex-equity coordinators in all States. This is one of the sharpest, brightest, hardest working groups of people that I have ever met with, and they are influencing State administrations. They are influencing program managers. They are getting themselves involved in the whole process of eliminating sex stereotyping in vocational education.

I think in 2 years we will see a major shift in the women's situation. We are doing a good job, given the short time we have had to work on it.

Senator SCHWEIKER. Well, I spent a lot of time on your two highest priorities, so you should be pleased about that.

Dr. DUNHAM. I am delighted.

REDUCTION IN ADULT EDUCATION FUNDS

Senator SCHWEIKER. I will ask one question about the adults.

According to a recent press account, functional illiteracy among adults is on the rise nationwide. Yet, you have reduced your request for adult education.

Is that an accurate statistic; and, if so, why did you reduce your request?

Dr. DUNHAM. I can't testify to the accuracy of the statistics personally.

Senator SCHWEIKER. Maybe you have some figures. If you have figures on functional illiteracy, I will be glad to have them.

Mr. DELKER. We don't have figures that show it is on the rise. Our most authoritative study was the 1975 national sample of the population, and the figure estimated there, very reliably, is 23 million adults.

Now, I'm not aware of any study—certainly, we haven't sponsored any in the Office of Education——

Senator SCHWEIKER. Well, let me read you what we have here, an article from the Chicago Times, December 12, 1978:

> Functional Illiteracy. The Census Bureau says that 1.4 million Americans are illiterate—unable to read and write at all. And although in the last 100 years, the illiteracy rate has fallen from 20 percent to 1 percent, functional illiteracy is on the increase, researchers say.

And it goes on to say that:

> In 1975, the Adult Performance Level Project reported on a study for the U.S. Office of Education, in which individuals over the age of 18 were asked to perform a number of simple tasks. The researchers concluded that 1 out of 5 Americans is

functionally illiterate—able to read, write, add, and multiply, but unable to do them well enough to be productive members of society.

A similar study of 17-year-olds, conducted by the National Assessment of Educational Progress, estimated that 13 percent of the teens still in school could be classified as functionally illiterate despite the $70 billion a year poured into U.S. public schools in the pursuit of universal literacy.

I will just raise that.

Mr. DELKER. That does help, Senator. The study to which they refer was the same study I was referring to. The problem becomes one of definition. In World War II we considered a fourth grade reading level as functional literacy in the military. Now, the military consider it the seventh grade level in most cases.

Senator SCHWEIKER. We have changed our definition. You are saying we raised our standard from fourth grade to seventh grade?

Mr. DELKER. When you talk about functional literacy, you are talking about an adult's ability to function in the society, and that is the 1975 study, which used a much more sophisticated level of requirement than any previous estimates.

And therefore, you get—you do get interpretations rather easily made that the functional illiteracy rate is on the rise.

But it is largely because of a changing standard of requirements in society.

And you are probably familiar with some of the efforts going on in governments, such as the Internal Revenue Service, to simplify these requirements. That effort is as important, in my judgment, as our own effort to educate people to a higher level.

Senator SCHWEIKER. Why did we ask for a decrease in funding in this area?

Dr. DUNHAM. Let me attempt to respond to that, Senator.

Senator SCHWEIKER. Did OMB ask for it?

That's a tough one for a new witness now. [Laughter.]

Dr. DUNHAM. We have something in here that will indicate to you that the request was requested—but our consideration in support of the problems of fiscal constraints this year and in the year coming is that because the adult education program, which was a State grant program, has been increased in support from State and local dollars. We felt it is an area where we can slightly reduce the level of funding requested, without affecting the service to these groups in the face of some of the statistics which are part of our own study.

We do feel that, because of this increase of about 8 to 10 percent of the State and local funds, it will not be a serious issue for this 1 year.

SUBMITTED QUESTIONS

Senator SCHWEIKER. All right.

We will put all the rest of the questions in the record, and we appreciate your testimony.

Thank you. Good luck in your new assignment.

Dr. DUNHAM. Thank you.

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

Handicapped Enrollment

Question: The latest published vocational education program data shows that only 1.9% of the total program enrollment is comprised of handicapped persons. Why is the total enrolled so low when 12% of the school age population is handicapped?

Answer: There are several reasons why it appears that vocational education is serving a low number of handicapped students.

First, and most importantly, handicapped students are mainstreamed into vocational education programs as quickly as possible. Because they are mainstreamed, they are not reported in the enrollment figures as handicapped. Only students who leave an audit trail for special services are counted as handicapped.

Secondly, vocational education is only one program option available to handicapped students. Many handicapped students are able to opt for professional careers not requiring vocational education preparation at the secondary level. On the other hand, other agencies also provide services for the handicapped, such as vocational rehabilitation programs.

Third, present methods of identifying and reporting handicapped individuals at the secondary level are still lacking direction and accountability. There is not in existence, yet, a uniform system which can accurately identify and report handicapped students participating in vocational education.

Fourth, there presently exists in the States a great variance in the data being reported which seriously question the 12% figure. Differences in identification and assessment procedures, definitions and eligibility criteria, as well as the ability of individual States to reimburse special education services certainly raises questions regarding the total number of handicapped students in the school age population.

Fifth, some vocational education programs are not yet accessible to the handicapped. While physical accessibility to programming has improved, other barriers such as program and course prerequisites can deny entry to handicapped individuals. Often these prerequisites address a student's chance for success in a course rather than chance for success on the job. Therefore, we need to closely examine these more subtle forms of barriers to assure the accessibility of vocational education programs to handicapped students.

Finally, although the 1.9% figure has remained relatively constant over the last several years, I must note that total vocational education enrollments have increased significantly. This means, of course, that the absolute number of handicapped students served has also increased significantly. I might mention that we are hoping that the new Vocational Education Data System will help us get a better handle on this particular situation.

Occupational Information System

Question: You have requested $3 million for the National Occupational Information Coordinating Committee to develop an occupational information system in conjunction with the Department of Labor. What sort of system is this and how, and by whom is it used?

Answer: Occupational information is accumulated by many different groups to serve various needs. The individual collection efforts of any one of these organizations, such as the collection of statistics on vocational education program enrollees and completers, is often so large as to be called systems themselves. Yet the systems are often not compatible with one another.

The Occupational Information System is designed to provide occupational information for use by education and training program planners and administrators as well as for use in occupational and career information systems designed to assist persons making career decisions, without duplicating the efforts of other systems. In this way, the National Occupational Information Coordinating Committee will not be a primary data collection agency but will principally coordinate such efforts among its member agencies.

Primary data sources include: vocational education data system; higher education general information survey; State and National apprenticeship system; Comprehensive Employment and Training Act; U.S. Employment Service (USES); and Unemployment Insurance Services (UIS). On March 28, 1979, NOICC will provide to all SOICCs, during a national conference, an OIS Handbook in draft form, which provides a description of the data elements in the OIS and the source of each data series. Furthermore, materials will be distributed that provide a procedure for relating vocational education program categories to the four major classification systems used to present occupational employment and related information.

The State Occupational Information Coordinating Committee will implement this system at the State level by coordinating the disseminations of OIS data and information that meets user needs and requests.

Question: Exactly what does the HEW share pay for? And what sort of coordination do you have with the Department of Labor to support these national and State coordinating committees?

Answer: The Education Amendments of 1976 amends the Vocational Act of 1963 to establish a National Occupational Information Coordinating Committee with separate State occupational information coordinating committees. Under the Vocational Education Act the Commissioner of Education is required to transfer annually an amount, "not to be less than $3,000,000 but not to exceed $5,000,000 in any fiscal year," to the NOICC. Similary, the Comprehensive Employment and Training Act of 1973, as amended, requires the Secretary of Labor to transfer annually to the NOICC "not less than $3,000,000 and not more than $5,000,000 for any fiscal year." Under an Inter-agency Memorandum of Understanding, signed in July, 1978, these funds are transferred to the Employment and Training Administration, which acts as the fiscal and administrative agent for the NOICC.

All funds expended by the NOICC are reported under five (5) priority categories that reflect the legislative mandates set forth in both the Education Admendments of 1976 and the Comprehensive Employment and Training Act Amendments of 1978.

Under the same Memorandum of Understanding, it was agreed that the Employment and Training Admistration of the Department of Labor would provide those administrative services to NOICC relating to personnel and fiscal affairs, including contracts and grants, while the U.S. Office of Education would provide those services relating to space and supplies. Furthermore, it was agreed that each involved agency would transfer staff positions to NOICC for its use. Each Department provided 6 such positions.

The Technical Steering Group, composed of a representative from each of the Member agency meets periodically to provide policy direction to the NOICC staff, to approve all expenditures by NOICC, review budget plans, and otherwise provide guidance and assistance in the development of this information system.

Disadvantaged Enrollment

Question: A recent evaluation of the Special Program for the Disadvantaged reported that on the local level 50% of the project directors did not believe that all of the students enrolled in their classes were disadvantaged. Could you comment on this?

Answer: The Olympus Research Corporation did a national study of the Vocational Education programs for the disadvantaged during 1974-75. One of the findings mentioned in the study indicated that many teachers and local directors of vocational education did not feel that all of the students being classified as disadvantaged were really disadvantaged in their view. This situation occurred because of a misunderstanding of the term "disadvantaged." The common use of the word disadvantaged at that time was associated with low income levels as described in MDTA, CETA, ESEA Title I, etc. The definition of disadvantaged for vocational education purposes, however, meant any one who was not able to succeed in a regular vocational education instructional program because of academic or social disadvantagement. These different uses of the word were confused in this study.

Question: Are you taking steps to improve this situation?

Answer: Yes, we are. For example, the new Vocational Education Amendments of 1976 and subsequent regulations are more specific in identifying the disadvantaged as those who have academic or economic disadvantages and require special services in enabling them to succeed in vocational education programs. The Vocational Education Data System now being implemented should also provide us with better information concerning the disadvantaged and how they are served. In addition, a new handbook giving further explanations and examples of serving the disadvantaged is in the final stages of development by BOAE. We anticipate that with the use of the new handbook, along with VEDS and special workshops for State and local staff, that teachers and local directors will better understand the term "disadvantaged" and will be reporting much more accurately in the future.

Program Improvement

Question: Can you provide the Committee with some specific examples of how Program Improvement and Supportive Services improve the quality of vocational education programs?

Answer: Yes, I can. The area of curriculum development in the States is a good example. Wisconsin funded a project to develop a management system for curriculum development. Indiana funded planning for a three-year effort in curriculum modification consistent with job market trends. Florida contracted for activities leading to strengthened coordination of vocational curriculum development, and Pennsylvania funded a project to evaluate funded projects for the development of vocational instructional materials.

There is also considerable developmental work undertaken in areas of competency/performance-based instruction. Much of this work is occupation-specific such as nursing assistants (West Virginia), machine trades (Indiana), and legal secretary (New Jersey). Wisconsin funded a project to articulate competencies developed in high school business occupations programs with competency-based business education in technical institutes; and Indiana made a contract to improve Cable TV by performance-based instruction.

State Program Improvement projects seem to be increasingly targeted at curriculum for changing occupations including: careers in criminal justice (Missouri), employer-based automotive training (Kentucky), core curriculum in electronics (North Dakota), health occupations curriculum guide (Massachusetts), and engineer-services (Illinois).

Projects for the development and dissemination of materials for new and emerging occupational areas in the States were described by eight States. Among the awards made were: Pennsylvania - Petroleum Production Oil Field Worker; Washington - Industrial Electricity; Kentucky - Diesel Mechanics; Minnesota - Retro-fit Energy; Maryland - Aviation/Avionics; Texas - Vocational Gemology; Illinois - Land Reclamation and Mining; Wisconsin - Laser Technology.

A number of curriculum projects funded by the States also specifically targets on the needs of handicapped, disadvantaged, limited-English speaking individuals and problems of sex bias and sex stereotyping. However, concerns for these needs were included in other developmental work as well as in applied research studies. Among these curriculum specific projects were: performance-based multi-media instruction in 10 vocational areas for disadvantaged students (Florida); learning activity packages for the handicapped (Maine); audio-visuals for special needs students in occupational home economics (North Dakota); computer-assisted reinforcement training for the handicapped and disadvantaged (Washington); sex-fairness resource materials (Maryland); revision and development of materials to increase awareness of sex-bias and sex-stereotyping in vocational education (Texas); survival skills and curricula for bilingual vocational education (Illinois); programmed texts for persons with reading deficiencies (Indiana); curriculum revision for TMR's, EMR's and disadvantaged in child care and wood construction (Pennsylvania).

In closing, I might just point out that these State program improvement monies can also be used for vocational guidance and counseling, vocational education personnel training, research and exemplary programs.

Question: What is the 20% set-aside for guidance and counseling used for?

Answer: As determined by the law, the States can use their 20% set-aside funds in guidance and counseling for: initiating and improving vocational guidance and counseling programs; vocational counseling for children, youth, and adults; provision of educational and job placement services; acquainting guidance counselors with the changing work patterns and roles of men and women; counseling for youth and adult offenders in correctional institutions; guidance for persons of limited English-speaking ability; establishment of vocational resource centers; and leadership for vocational guidance and exploration programs at the local level.

Question: What effect has this money had on the drop-out rate in vocational education programs?

Answer: Unfortunately, since we have just started our second year under the new Act, we do not have any indication yet of the effect that this set-aside is having on the drop-out rate. And since the States do not presently have to formally report to us on this particular activity through their Research Coordinating Units, it may take us longer to determine the effect.

Question: What role do the Research Coordination Units play in the use of these Program Improvement funds?

Answer: The Research Coordinating Units have the legislated responsibility to administer the functions of research, curriculum development, and exemplary activities under the contract mode. In many instances, the Research Coordinating Units may also be responsible for administering the sex-equity and guidance and counseling functions authorized under the same part of the Act. These Research Coordinating Units direct funds both to solve problems that are unique to the individual States, as well as to disseminate information and products to the local level that are provided by the dissemination and utilization function of the National Center for Research in Vocational Education. These RCUs are required to develop a comprehensive plan of program improvement which must be submitted as part of the State Plan for approval.

Immigrants

Question: The Education Amendments of 1978 authorize a separate program to provide Adult Education for Immigrants, for which you have not requested any funds. Do you have any information as to the need of immigrants for Adult Education?

Answer: We have some information on the overall needs of immigrants. Approximately 75% of the 400,000 immigrants legally admitted to this country each year need English language instruction.

45-224 O - 79 - 18

These people, however, are already being served in large numbers under the State grant program. In addition, the Education Amendments of 1978 require the States to give special consideration to the needs of adult immigrants in their three year State plans.

As a result, we think it is wise to let the States make their needs assessments and identify other resources available before initiating a separate Federal effort directed toward immigrants. If State plans clearly indicate a serious lack of resources, we will take that into consideration in formulating next year's budget request.

Question: HEW estimates 65,000 new Indochinese refugees will arrive this year. Won't that add substantially to the demand for Adult Education?

Answer: Indochinese adults are currently being served under the State Grant Program. For the present fiscal year, Congress increased the State Grant Program by $10.25 million, which was that level specifically designated for Indochinese adults the year before. Congress has thereby provided the resources to the State Grant Program to maintain services for Indochinese. We think this is a wise course. In addition, under advance funding, Congress has already increased the State Grant appropriation by another $9.25 million for the program year beginning July 1, 1979 and some of these funds can provide services for these Indochinese if needed. By July 1980 -- which is when these requested funds become available -- we do not anticipate that Indochinese adults will be a special need.

Bilingual Vocational Training

Question: Your request for $2.8 million for Bilingual Vocational Training would train about 575 students. What percentage is this of the target population?

Answer: Preliminary information from the NCES Study of Bilingual Education indicates that approximately 12 million Spanish-speaking training. We anticipate receiving information about other limited English-speaking persons from the 1980 census. The 575 students supported by our program represent less than one percent of the target population of Spanish speaking persons; this does not even include the other language groups.

Question: How do you allocate these limited funds?

Answer: The bilingual vocational training program is a national discretionary program, with 65% of these funds going to training, 25% to instructor training, and 10% to development of curriculum materials as mandated by the law. Applications are reviewed in the published regulations. Those applications which have the highest scores receive support from the available funds. However, the $1,280,000 for actual training projects does not allow many applications to be supported; only ten projects will be supported with fiscal year 1980 funds.

Question: What evidence do you have of the effectiveness of bilingual vocational training

Answer: Placement figures over the past years indicate that approximately 85 to 90 percent of the persons trained in bilingual vocational training programs have been employed. This is an extremely high figure.

Question: What do you estimate to be the need for bilingual instructors as compared to the 60 you would train with this request?

Answer: Instructors are trained specifically to teach in bilingual vocational training programs; consequently the number of instructors trained each year should be consistent with the number of trainees in the bilingual vocational training programs.

State Planning Grants

Question: You have requested $5 million for State Planning Grants to be used for planning, accountability reports, and evaluation of State vocational education programs. You have also requested $6 million for State Advisory Councils to do the same things. Is there duplication here? What is the difference in these two functions?

Answer: There is no duplication between funds requested under State Planning and those requested for the State Advisory Councils. Section 102(d) of the Vocational Education Act authorizes monies to be used by the State Board for Vocational Education through its administering agency to support: 1) preparation of five-year plans; 2) preparation of annual program plans and accountability reports, including the collection of necessary data; and 3) conduct of State evaluations as required under the law.

The $6 million requested for State advisory councils supports an independent State agency mandated by the law to be representative of a number of interest groups, such as persons who are familiar with the vocational education issues, with labor, with community and junior colleges, with women's issues, etc. This group is appointed by the appropriate appointing agency in the State as determined by State governance and laws to assist the State board in evaluating the vocational education programs sponsored under the State plan and to be an integral part of the planning group to insure the efficacy of the State plans and accountability reports.

While both appropriations have as their desired effect the improvement of vocational education programs and services, in one instance it is assigned to the State board for vocational education; in the other to an independent evaluation group which reviews the administration of the law. Moreover, the planning grants are requested to design a better State vocational education program which meets the needs of people and the labor market through more comprehensive planning, collection of data and feedback on current programs. The State Advisory Councils provide more overall guidance.

State/Local Spending Increases

Question: What does your most recent data show as to the rate of increase in State and local spending for vocational education?

Answer: I would like to submit the following table which shows that State and local expenditures for vocational education increased dramatically during the four year period 1972-1976 and increased at a slower rate between 1976 and 1977. At its peak, State expenditures were increasing at 19.1% of the previous year's level.

Total Expenditures for Vocational Education,
by Source of Funds, Fiscal Years 1972-78
(in Billions)

	1972	FY 1973	FY 1974	FY 1975	FY 1976	FY 1977	FY 1978 (Projected)
AMOUNT:							
Grant Total	$2.6	$3.0	$3.4	$4.0	$4.7	$4.9	$5.3
Federal	.5	.5	.4	.5	.5	.5	.6
State/Local	2.1	2.5	3.0	3.5	4.2	4.4	4.7
PERCENTAGE DISTRIBUTION:							
Grant Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Federal	17.5	15.9	13.6	13.3	11.5	10.8	10.9
State/Local	82.5	84.1	86.4	86.7	88.5	89.2	89.1
PERCENTAGE CHANGE FROM PREVIOUS YEAR:							
Grand Total	13.4	14.0	13.1	17.6	16.8	5.3	7.2
Federal	17.6	3.5	-2.9	14.5	1.3	1.8	8.7
State/Local	12.5	16.2	16.2	18.1	19.1	6.2	7.0

Question: How does this compare with the past rate of increase?

Answer: As the table indicates, the increase in FY 1977 was only 6.2% as compared with prior years in which increases of 12% to 19% were experienced.

Question: Do you foresee any leveling off of State and local spending up through fiscal 1978?

Answer: Based on a sample of the 1978 reports, we project that there will be a modest rate of increase to cover inflation for 1978. We plan to have a summary of the 1978 reports available by mid April. It seems reasonable, however, to project only inflationary increases during the next few years based upon the known secondary school population and the conservative fiscal attitude of State and local governments.

Occupational Information System

Question: The 1976 amendments included a five percent set-aside for national programs. These included the establishment of a National Occupational and Information Coordinating Committee responsible for the development of an occupational information system and the coordination of VEA programs with CETA programs. How are coordination efforts proceeding?

Answer: Our efforts to coordinate occupational information are coming along well. First of all, almost all the State Directors for the State information systems are in place. Secondly, several national workshops have been held to familiarize the States with the goals of the OIS as well as to surface problems in establishing the State Committee. Third, NOICC will shortly be providing to all SOICCs during a national conference, an OIS Handbook in draft form, which provides a description of the data elements in the OIS and the source of each data series. Also, materials will be distributed that provide a procedure for relating vocational education program categories to the four major classification systems used to present occupational employment and related information, which are the Dictionary of Occupation Titles, the Occupational Employment Statistics Program, the Census of Population, and the Standard Occupational Classification system. Briefly, the Handbook will cover occupational supply, occupational demand, occupational characteristics, complementary information (such as descriptions of education and training programs and labor market demographics) and a discussion of the interface between occupational demand and supply.

The SOICCs will implement the OIS system at the State level by coordinating the dissemination of OIS data and information that meets user needs and requests.

Question: What steps have been taken to ensure that coordination efforts are part of an ongoing process to identify local manpower needs and make sure that VEA and CETA programs are meeting them?

Answer: First of all, the primary goal of the Occupational Information System is to respond to the needs of administrators, planners, researchers and other persons responsible for vocational education and employment and training programs to assure that all such programs produce trained workers who meet expected job employment needs at the local, State and national levels. Furthermore, the National Occupational and Information Coordinating Committee is legislatively mandated to give special attention to the labor market information needs of youth. These goals which look specifically at local labor market data serve as primary factors in establishing what type of activities are to be supported both by the State committees as well as by the national committee. Finally, the State committee staffs will become increasingly involved in the dissemination of occupationally related information, including the coordination of the delivery of such data and information, to various user groups in the States, such as advisory councils, planners, administrators, and counselors, to ensure the usage of local market data.

Eliminating Sex - Bias

Question: The 1976 Vocational Education Amendments required States to provide grants for programs to assist in overcoming sex bias. How has this requirement been implemented by the States, and how is it monitored at the Federal level?

Answer: Each State is required to expend not less than $50,000 in each fiscal year from funds available under the basic grants (section 120 of the Act) to hire and support personnel to work full-time on: creating awareness in vocational education programs to reduce sex bias and sex stereotyping; gathering, analyzing and disseminating data on the status of male and female students and employees in vocational education programs; developing and supporting actions to correct problems uncovered in the analysis of data; reviewing the distribution of grants and contracts by the State Board to assure that interests and needs of women are addressed in all projects assisted under the Act; reviewing all the State's vocational education programs for sex bias; monitoring the implementation of laws prohibiting sex discrimination in all hiring, firing and promotion procedures within the State relating to vocational education; assisting local education agencies and others in improving vocational opportunities for women; making available to a number of specified agencies and councils, the Commissioner of Education, and the general public, information developed under this section; reviewing the self-evaluations required by Title IX; and reviewing and submitting recommendations regarding the overcoming of sex stereotyping and sex bias in vocational education programs for the annual program plan and report prior to their submission to the Commissioner for approval.

The States' efforts in these areas have been monitored in-depth through on-site interviews conducted as part of the mandated Vocational Education Equity Study sponsored by Office of Planning, Budgeting and Evaluation and carried out under contract with American Institute for Research. By the way, this study will be released in June 1979.

Another periodic review is made when the Bureau conducts its Management Evaluation Review for Compliance/Quality reviews in 11-12 States per year. Each of the 10 functions is treated as a separate compliance item.

Also, proposed activities must annually be set out in the State plans which will then be later checked against their accomplishments in the annual Accountability Report.

Question: Since 1976, what percentage increase has there been for women enrolled in non-traditional vocational education programs? What is the percentage increase for men?

Answer: Preliminary data back from 1977 indicates some major increases for women in the area of Technical Education - 99%; Agriculture - 43%; and Trade and Industry - 38%. We are also interested in the longer - term movements of women which indicate more permanent trends and we've had significant changes in these same fields over the last 10 years. At the same time we've had some major shifts of

men moving into the more traditionally female areas of health and Consumer and Homemaking -- 14% and 13.9% respectively over the last decade. We will be watching these data closely over the next several years to assess the impact that the sex equity requirements implemented in Fiscal Year 1978 have had on these trends.

Youth Employment Act

Question: The Youth Employment and Demonstration Projects Act of 1977, P.L. 95-93, sets aside 22 percent of the amount allocated to each prime sponsor for programs for in-school youth. These funds must be used pursuant to agreements between local prime sponsors and local school districts. Has the Education Division been working with the Department of Labor, prime sponsors and local school districts in the implementation and coordination of the provision? Please give some specific examples.

Answer: Yes, the Education Division has been coordinating with the Department of Labor to provide guidance to Prime Sponsors and LEAs on implementing these agreements. For example, we have conducted jointly sponsored DHEW/DOL Youth Employment Workshops to disseminate information on YEDPA to CETA prime sponsors and local education agencies. These workshops were held at Dallas, San Diego, Boston, Atlanta, and Cincinnati.

Joint site visitations were also held to prepare five case studies on the impact of YEDPA on education and CETA relationships. Furthermore, an analysis of 60 randomly selected agreements between prime sponsors and local education agencies has been conducted.

Question: What kind of guidelines has the Education Division distributed, through Vocational Education or some other program, to guarantee that school districts really implement this provision and work with the CETA prime sponsors?

Answer: First of all, the only "guidelines" that we have out as such are the regulations for vocational education and YEDPA. We have, however, disseminated information on maximizing the YEDPA/vocational education linkage. This information includes an extensive CETA/LEA agreement checklist that I will be glad to supply for the record. In addition, we have also disseminated two studies looking at the interfaces between vocational education and YEDPA and career education and YETP. We will be glad to supply you with information on these also.

Graduation and Placement Rates

Question: What percentage of students enrolled in vocational education programs graduate from those programs?

Answer: Over 2,224,000 persons completed vocational education programs in fiscal year 1977. Although this figure may seem low when compared with the number of students enrolled, there are several reasons for the discrepancy. First, the total enrollment figure includes 2 million students enrolled in special programs such as prevocational, remedial and industrial arts. Secondly, over 3.5 million are enrolled in consumer and homemaking courses. Third, another 3 million are enrolled in adult courses which are not sub-

ject to completions under this tracking system. Finally, the remaining students are enrolled in one - two -, and even three - year programs. Accordingly, significantly less than 50 percent of persons enrolled in programs specifically designed to provide them with entry-level employment skills are available for completions each year. The new data system being instituted for vocational education will begin to track students by their enrollment in courses with the goal of employment. This will give us a more accurate picture of completers in vocational education.

Question: What percentage find employment, and what percentage find jobs in the field for which they were trained?

Answer: Of the 2,224,000 persons completing vocational education programs in fiscal year 1977, 1,204,585 persons or 54.2 percent were available for employment. Of this number, 90.5 percent were placed. Further analysis revealed that 64.6 percent of those available were placed full-time in the field for which they were trained or in a related field with 25.9 percent obtaining other employment. The correlation of training and placement in the field trained for increases at the postsecondary level to 75.9 percent.

Consumer and Homemaking

Question: The amendments retained a separate category for consumer and homemaking programs. What kinds of occupations do these two programs qualify people for? What kinds of opportunities do they offer enrollees for advancement in the labor market? How relevant are they to the needs of the Labor market?

Answer: The Consumer and Homemaking education program is authorized specifically to prepare males and females, youth and adults for the "occupation" of homemaking. As currently authorized, consumer and homemaking is not designed to prepare youth and adults for paid employment. But even though the consumer and homemaking education program and ancillary services cannot directly prepare students for paid employment occupations, the program does enhance the employability of enrollees by preparing and assisting them to improve management of resources, to better understand consumer, nutritional, and parenthood needs, and to encourage both males and females to combine the roles of homemakers and wage earners.

In short, Consumer and Homemaking education programs seek to improve the quality of living, family life, and individual development by providing the opportunities for individuals and/or family members to develop living, coping, survival, and managerial skills essential for successful performances on the job, in the home, or in the market place.

On the other hand, Section 120 under the Basic Grant portion of the Vocational Education Act does specifically prepare males and females for paid employment in fields related to Consumer and Homemaking education. These fields include child care and guidance; food management, production and services; home furnishing, equipment and services; institutional, home management and supportive services for the aged; and clothing apparel and textile management, production and services.

In addition, Subsection J, K, and L of Subpart 2, Section 120 (PL 94-482) suggest additional possible areas for expenditure of Federal funds by preparing persons who have primarily been homemakers to become employable. Special services to this population include: support services for women entering fields previously limited to men; day care services for children of students in secondary and postsecondary programs; and vocational education for persons who are single head of households or primarily homemakers who must seek employment.

Labor Market Information

Question: What is the basis for determining what types of vocational education programs should be offered in order to meet local labor market needs?

Answer: The five-year plan, which was approved in Fiscal Year 1978 sets forth a State's basic labor market needs and its projected programs to meet those needs by occupational areas. These plans are updated annually as necessary.

Question: Is there a systematic method of collecting data on local job openings? How often is such data collected?

Answer: The State is required to have in place a State Occupational Information Coordinating Committee which provides coordination of relevant labor market data and assures its availability to planning groups at both the local and State level to insure the highest degree of correlation between the projected needs and the programs designed to meet these needs. Although these committees do not actually collect data, they do mine the variety of existing sources, such as Census data, Bureau of Labor Statistics data, vocational education, etc. At the same time, an extensive vocational education data system has been set in place to acquire information on what vocational education is turning out. Furthermore, in following up on program outcomes, States are required to examine the completer/leaver and also obtain employer followup data to ascertain the relevancy of skills and knowledges to the current job market. Data for the VEDS system will be aggregated nationally once a year.

Question: How is it dispersed to ensure that ongoing vocational education programs, as well as other manpower programs, are meeting immediate and future job needs of the State and local communities?

Answer: The U.S. Employment Service, the Employment and Training Agency of the Department of Labor, and Vocational Rehabilitation Agencies assist with the collection and use of data pertinent to determining the actual labor market needs at the local level. They are all represented on the State Occupational Information Coordinating Committees and, therefore, can both help shape the coordinating efforts of the Committee, as well as dissemination to potential clients. Not only are vocational education planners and training program personnel being reached, but this data is also becoming available to students in order to help them make career decisions based on the most current projections of future needs in various fields.

Additional R&D Funds

Question: What would you do with additional funds for the Programs of National Significance?

Answer: If the Programs of National Significance were supported with five percent of the vocational education funds as mandated by the law, $29,850,000 would be available. This budgeting level would allow for implementing the strategy of program improvement in vocational education that was originally envisioned by the law by enabling us to establish a "national" system of program improvement for vocational education programs. This national money would help lever State program improvement dollars by providing initial development of products and approaches which would then be adapted at the State and local levels.

Specific strategies would include funding for:

-- The National Occupational Information Corodinating Committee and the 57 States and outlying area Occupational Information Coordinating Committees at $5 million.

-- The National Center for Research in Vocational Education at $6,000,000. This would allow the Center to increase its dissemination activities, increase its activities for limited English-speaking persons and increase its efforts in urban areas.

-- Graduate Fellowships at three million dollars to support approximately 300 fellows in leadership development for up to a three year duration.

-- Certification Fellowships at one and a half million dollars to support approximately 180 two-year training fellowships for certifying teachers in occupational areas where teacher shortages exist.

-- And finally, $14,350,000 would be directed at exploring certain national priority problems to improve the quality of vocational education programs as well as to ensure the maximum utilization of resources available in these areas by the States. These priority areas include:

- -- Two million dollars would be expended to provide vocational education leaders with materials, models, and training concerning effective ways of linking CETA supported programs and vocational education supported programs.

- -- Two million dollars would be directed towards expanding alternative methods of providing vocational education for inner city and rural youth. Special emphasis would be given to providing vocational education opportunities for delinquent and out-of-school youth.

- -- A total of $5,350,000 would be directed toward assuring the accessibility of vocational education programs -- especially in new and emerging occupational fields -- through increased curriculum development and dissemination, through curriculum coordinating centers and through

training State personnel to utilize available resources for improvement of programs.

-- $1 million would be allocated to improving planning, accountability and data systems. These funds would be directed at providing data for policy development and for developing better data systems relating vocational education to the socio-economic and macro-economic development of the nation.

-- $1,000,000 would be utilized in the area of guidance to continue the effort to train teams of State and local personnel to utilize data from the State Occupational Information Coordinating Committees to assist students in making more informed occupational choices. This effort would impact every State and outlying area and would improve the effective utilization of the twenty percent set-aside for guidance under the Program Improvement and Supportive Services portion of the Education Amendments of 1976.

-- $1,000,000 would be utilized to ensure equality within vocational education programs. Materials would be developed for use by State personnel in each of the major occupational areas for training local administrators, supervisors, and instructional personnel regarding the needs of women and older workers and strategies for better serving their needs in each of the major occupational areas.

-- $1,000,000 would be used to produce special instructional materials in the various occupational areas for learners with specific handicaps and for learners with specific disadvantages.

-- And finally, one million dollars would be targeted on strengthening the basic skills of those entering vocational education so that they can benefit from vocational education instruction.

Evaluation Studies on Vocational Education

Question: Can you indicate some of the studies and findings that have been conducted that demonstrate the value of vocational education.

Answer: I would be happy, Senator, to indicate some of these studies and findings. For example:

--Project Baseline notes that the youth unemployment rate for vocationally trained students is 11.5% as opposed to the 14% national rate for all 16-24 year olds.

--According to Beatrice Reubens' article, "Vocational Education: Performance and Potential", vocational students "obtain their first jobs more quickly and, subsequently, experience fewer and briefer spells of unemployment than others with a high school education."

--In a study entitled "A Five-Year Follow-up of Students Enrolled in Post-Secondary Vocational-Technical-Transfer Programs," the

authors noted that many non-completers also found jobs related to their aborted training. In addition, even those students not initially obtaining jobs related to their training often depart their first jobs and secure others which are training-related. Thus, the authors concluded that vocational education is a motivator which encourages persistence in job hunting.

--A 1974 Ohio study examining the earnings potential of vocational program graduates with respect to graduates of other high school programs found that "vocational education in Ohio is a worthwhile investment for individuals and for society." Of eighteen vocational programs studied, all but two were found to return benefits to society in excess of resources expended on them.

--A Massachusetts study credits vocational high schools with producing male graduates who outearn their non-vocational counterparts by $1,378 per year. It further states that enrollees in cooperative education programs, consisting predominantly of vocational students, earn a good deal of additional money while in school.

--According to Project Baseline, approximately 26 percent of secondary vocational education completers continued their education at the postsecondary level in FY 1975.

--In addition, national data indicates that the placement rate of vocational education students averages about 90% of those available with 64% in training-related fields. This correlation with training increases to 75.9% with post-secondary training.

Coordination with DOL

Question: What are you doing to increase coordination with Department of Labor programs?

Answer: One of the key goals of the Office of Education in 1980 is to promote a nationwide school/work program by implementing the HEW/Department of Labor agreement. Included in this effort will be four national programs jointly funded by DOL and USOE to demonstrate exemplary practices through: 1) LEA-prime sponsor joint projects; 2) impact training and education projects for the handicapped, disadvantaged, unwed mothers, and limited-English speaking; 3) work-study, work-sabbatical and academic credit for work programs to reduce drop-out rates; and 4) new linkages between existing work education, industry-education-labor councils, local vocational advisory committees, and other groups. In addition, an internal task force will support the education-work priority through assisting the President's National Commission on Employment and the Vice-President's Task Force on Youth Employment and establishing intra-agency linkage projects and written working agreements with related agencies and organizations.

To provide the necessary coordination a DHEW/DOL Policy Panel has been established. The work of this group will be reinforced through an Intra - Education Division Task Force on Education and Work as well as separate Bureau of Occupational and Adult Education and DOL work groups.

Immigrant Adult Education

Question: The Education Amendments of 1978 established a new adult education program for immigrants. What types of programs will be carried out under this authorization?

Answer: No funds are requested in the Fiscal Year 1980 budget for either the Program for Indochina Refugees under Section 317 or the Program for Adult Immigrants under Section 318.

First, Indochinese adults are currently being served under the State Grant Program. For the present fiscal year, Congress increased the State Grant Program by $10.25 million, which was that level specifically designated for Indochinese adults the year before. Congress has thereby provided the resources to the State Grant Program to maintain services for Indochinese. We think this is a wise course. In addition, under advance funding, Congress has already increased the State Grant appropriation by another $9.25 million for the program year beginning July 1, 1979 and some of these funds can provide services for these Indochinese if needed. By July 1980 -- which is when these requested funds become available -- we do not anticipate that Indochinese adults will be a special need.

Turning to the matter of the overall needs of immigrants, approximately 75% of the 400,000 immigrants legally admitted to this country each year need English language instruction.

These people, however, are also being served in large numbers under the State grant program. In addition, the Education Amendments of 1978 require the States to give special consideration to the needs of adult immigrants in their three year State Plans.

As a result, we think it is wise to let the States make their needs assessment and identify other resources available before initiating a separate Federal effort directed toward immigrants. If State plans clearly indicate a serious lack of resources, we will take that into consideration in formulating next year's budget request.

In the event that funds were made available for Programs for Adult Immigrants in the Fiscal Year 1980 budget, the first priority would be to fund programs to reach immigrants who are most in need and least served. Emphasis would be on increasing outreach to immigrants who are geographically and culturally isolated. Programs would be designed to teach spoken English, reading, mathematics, and other basic skills necessary for them to become productive members of American society.

Question: What proportion of the programs will be administered by private non-profit organizations as opposed to State and local education agencies?

Answer: Section 318 requires that at least 50 percent of the funds available for adult immigrants go to private non-profit agencies, organizations, and institutions. Contracts with these organizations would require close cooperation with State and local education agencies to assure that services are not duplicated.

Question: What are the advantages of the private programs?

Answer: Our experience with private programs under the Emergency Program for Indochina Refugees indicates that private agencies often provide a wider range of support services by utilizing volunteers and community and voluntary agencies. They also provide readier access to some immigrants because they are frequently in touch with them in non-educational settings and meet a variety of social needs.

Question: How will adult education programs for immigrants be coordinated with adult education programs and special training projects specifically for refugees so as to avoid duplication of services?

Answer: Both Section 317 and 318 require that applications be reviewed by State Education Agencies to assure there is no duplication of services. Close coordination will be required between agencies conducting programs for immigrants and Indochinese in the same State. State Education Agencies are required to provide overall coordination with public and private non-profit agencies in developing and carrying out the total State adult education programs.

Depressed Areas

Question: The 1976 Amendments reaffirmed that States should target a portion of their funds to areas which have high unemployment or are economically depressed. What steps have been taken to assure that the States are meeting these requirements?

Answer: The legislation requires that States give priority attention to areas of high unemployment and large numbers of low-income families in approving project proposals and/or applications from local education agencies or eligible institutions. The States are required to develop fiscal procedures -- usually in the form of a mathematical formula -- which assigns weights and allocations on the basis of at least these two criteria.

The Bureau of Occupational and Adult Education has taken several steps to insure that States are complying with this part of the law. First, the State plan is extensively reviewed to assess whether or not these factors are included in the allocation of funds. Secondly, there is in place a "Management Evaluation Review for Compliance & Quality" which examines 11 States annually. In these reviews, the State's operation is considered on the basis of each of the Act's provision with evidence reviewed to insure that the State's administrative and program practices actually conform to the Act and their submitted plan.

The Bureau also conducts periodic monitoring reviews in additional States, independent from the audits conducted by the Department of Health, Education and Welfare Audit Agency, in which we examine difficult to administer requirements in the Act for full compliance and conformity.

Finally, the Bureau has issued various policies which interpret or clarify the published regulations to insure that the intent of Congress is carried out.

Focusing Federal Dollars

Questions: How are you ensuring that vocational education funds are actually focusing on the more severe problems people face in the transition from school to work?

Answer: There are two major ways in which we focus the use of Federal dollars at the State level on issues of need. The first is through ensuring compliance with the legislative requirements of the Vocational Education Act. In response to needs surfaced in the GAO report, the 1976 Vocational Education Amendments instituted several corrective measures to better serve persons desiring vocational education opportunities. These mandated activities include the expenditure of at least $50,000 for eliminating sex-stereotyping and sex-bias; the required provision of services to displaced homemakers; the mandated set-aside of funds for handicapped, disadvantaged -- including persons of limited - English speaking ability--post-secondary students and adults, and program improvement; and most importantly, the use of certain factors by the States in allocating Federal funds. These factors include: relative ability of eligible recipients to pay; rate of unemployment; concentration of low-income families; and the initiation of new programs. These requirements are monitored for compliance by the State through Federal review of the State plans as well as through periodic Management Evaluation Reviews for Compliance.

The second way in which Federal funds are targeted on need is through leadership at the national level. Recently my office identified 8 areas as priority areas for the use of Federal funds in vocational education. These areas include: the CETA - Vocational Education linkage; urban/rural special needs; accessibility to and availability of vocational education programs; vocational guidance and counseling; planning, data and accountability system; equity; handicapped and disadvantaged; and basic skills. These eight items will be used in a variety of ways to encourage State involvement in these areas. For example, State plans will be reviewed against these factors; discretionary funds will be awarded against these issues; and finally a notice will be published in the Federal Register shortly seeking field input on these 8 items to help us develop strategies to meet these pressing needs.

Staffing

Question: The GAO Report on vocational education that come out in 1975 indicated that your staffing needed to be increased. Now, instead you are apparently in for a decrease in positions. How do you explain this?

Answer: There is an overall government-wide personnel ceiling which mandates total agency personnel to be at 1977 levels. In addition, the Senate Appropriations Committee has requested a reallocation of all positions throughout the Office of Education. The reduction in staff for the Bureau is a response to the overall government-wide reduction and a result of a realignment of program priorities within OE.

Participation in Adult Education

Question: In a recent speech, Senator Eagleton, a member of this subcommittee, stated that although persons aged 55 to 65 make up 35 percent of our population, they account for only 10 percent of the participants in Adult Basic Education Programs. Why is this figure so low?

Answer: We have determined that the educational wants and needs of the 55 years and older adults are not always readily served by a program of high school equivalency. Their educational needs relate much more immediately to concerns about health, use of community resources and consumer economics. These facts were one of the principle reasons that the administration requested that the purpose of the Adult Education Act be expanded. The first purpose now supports programs to "enable all adults to acquire basic skills necessary to function in society." This requires States to support programs which meet the needs of older persons without requiring that those programs necessarily lead to high school equivalency. In addition, the Education Amendments of 1978 require expanded program outreach so that more programs will be offered in non-public school settings so that older persons will have reasonable and convenient access to programs.

Question: What is the Office of Education doing to improve or increase the participation of people over 55 in Adult Basic Education Programs?

Answer: The draft Regulations implementing the Education Amendments of 1978 require, for the first time, that the State Plan give special attention to meeting the needs of elderly persons and that representatives of organizations offering education programs for older persons have an opportunity to be involved in developing and carrying out the three - year State Plan.

In Fiscal Year 1977, the Commissioner also established involving older persons in adult education as a priority for programs of national significance under what is now Section 310 of the Act.

Finally, the Division of Adult Education is working collaboratively with States to identify and refine programs which are most effective in bringing educational services to older persons. The objective is to disseminate one or more program models through the U.S. Office of Education National Dissemination Network.

Effects of Adult Education

Question: Do you think that participants in the adult basic education program can better their employment prospects thru increased learning skills?

Answer: Yes, we have positive evidence that this occurs. For several years data have been collected from the States regarding the impact of the program on employment prospects of participants. A review of these data indicates that 8.2% of the participants have been upgraded to better jobs or obtained new jobs. In addition, approximately 2% of participants have been removed from public assistance rolls. We believe that there is a far greater impact on the economic status of participants in this program than these data indicate but local educational agencies do not have adequate resources for followup on each participant.

GAO Report on Adult Education

Question: A GAO Report on the Adult Education Program recommended better planning between programs sponsored under the Adult Education Act and related Poverty Programs, and better accounting for and reporting of Federal Grants for Adult Education by States. Have these recommendations been implemented?

Answer: In Fiscal Year 1976, the Bureau of Occupational and Adult Education began sending review teams to State educational agencies to conduct Management Evaluation Reviews for Compliance (MERC's). To date, the Division of Adult Education has conducted 36 reviews and examined documentation in the following areas of State administration: State advisory councils; program management; evaluation procedures; adult basic education; adult secondary education; provision for bilingual education; coordination with other programs; innovation; teacher training and special projects funded under Section 309; and fiscal and reporting requirements.

States that have been found out of compliance are generally given sixty days to take prompt corrective action, and specific follow-up activities are identified and carried out to assure compliance. By the end of Fiscal Year 1980 all States will have been reviewed and a second round of MERC's will be conducted.

In addition to the MERC program, the Division of Adult Education has conducted special technical assistance activities in program coordination and in improving reports. Models of program coordination have been identified and disseminated. Special teams have visited State and local educational agencies to identify and analyze problems in accounting for and reporting adult education program activities. Corrective procedures have been identified and implemented.

The 1978 amendments to the Adult Education Act require that at least 16 specific agencies and groups be involved "in developing and carrying out" a three - year State Plan. Included among these are State and local manpower agencies, community organizations, voluntary and fraternal organizations, and churches. Involving representatives in formulating all stages of the State Plan and in carrying that Plan out will insure that even more effective coordination takes place.

AVA Request

Question: The American Vocational Association has proposed an increase of $300,000,000 for vocational education. What would be your priorities for expenditure of this increase through State grants?

Answer: As I noted earlier, I have already identified several areas of pressing concern for vocational education involvement. And although the AVA and I differ as to whether there are 3 or 8 priorities --as mine is a much more specific list--I wholeheartedly support their 3 priorities. These priorities are: unemployed youth in economically depressed areas; adults in economically depressed areas; and most importantly, program improvement. An increased amount of Federal effort would be directed towards this last item in order to develop a "national" program improvement system as well as to ensure a vocational education program that was responsive to changing labor market supply and demand data.

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R and D Products

Question: What is being done to get research and development products into the hands of potential users?

Answer: We are employing several approaches to ensure that R and D products are being disseminated to users. First, dissemination and diffusion activities are included in each contract we put out. This includes: copies for dissemination; workshops or conferences; GPO availability; and public notices.

The second approach is through the National Center for Research in Vocational Education, which spends over 1 million dollars annually on dissemination. For example, the Center distributes bi-monthly about 2,000 copies of Resources in Vocational Education which lists all State and Federally funded on-going and completed projects to leaders in vocational education. The Center is also connected with ERIC and provides training and information to the States. In addition, the Center selects a limited number of the best R and D products each year and markets these products with key State personnel. Further Center efforts include: a bibliography of all vocational education projects since 1970; short-term training of State leaders; conferences; and development of State-of-the-Art reports on selected national issues.

And finally there are the six Curriculum Coordination Centers supported by the Programs of National Significance. These six Centers form a national network for dissemination and liaison with the fifty-seven States and outlying areas. During 1978, these six Centers disseminated over 132,000 copies of materials to vocational educators. They also conducted in-service workshops and training on such topics as new and emerging occupations, sex equity, and instructional materials. Over 285 workshops were conducted by this network for over 10,000 participants.

Discretionary Funds

Question: Why are no funds being requested under the new discretionary portion of the Adult Education Act?

Answer: This decision was governed entirely by the need to limit the current budget. Although we view the new Section 309 authority as important to achieving national priorities in this program, it is an expenditure which can be delayed. We would hope to request funds at a future time.

Question: What would you do with funds if they were appropriated?

Answer: Our major effort would be directed towards identifying and disseminating those programs and techniques which most effectively provide services to those adults who are least educated and most in need. We would also direct some funds to developing and demonstrating new programs to reach priority populations among this group, such as older persons, rurally isolated and unemployed youth. In addition, we would explore how adults can be better served through the use of television and other technologies.

Cost of State Planning

Question: What is your estimate of the State cost for vocational education planning as mandated under the Vocational Education Act?

Answer: The exact cost of complying with all of the planning requirements mandated under the Vocational Education Act of 1976 is difficult to estimate. But, based on a recent 9-State survey, it is estimated that nationally $8.6 million was used in Fiscal Year 1978 to comply with three planning requirements -- the development of the five-year plan, the annual program update, and preparation of the annual accountability report. These activities also required an equivalent of 244 person years at the State level. These efforts do not include other planning costs resulting from other mandated activities such as the implementation of the vocational education data system, required State evaluation of programs, administrative costs, or State Advisory Councils. Also not included in this cost estimate are the preliminary planning functions and activities required at the local level which are believed to be considerable.

EDUCATION OF THE HANDICAPPED

STATEMENT OF EDWIN W. MARTIN, DEPUTY COMMISSIONER

ACCOMPANIED BY:

DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY FOR BUDGET
ROBERT HERMAN, ASSOCIATE OF THE BUREAU OF DEPARTMENT DIRECTOR
GARRY McDANIELS, DIRECTOR, DIVISION OF INNOVATION AND DEVELOPMENT
JASPER HARVEY, DIRECTOR, DIVISION OF PERSONNEL PREPARATION
RAY SIMCHES, DIRECTOR OF ASSISTANCE TO STATES

BUDGET REQUEST

Senator SCHWEIKER. Next, we will consider the request for handicapped education. In fiscal 1980, for the first time, the Education for All Handicapped Children Act, Public Law 94–142, requires full educational services to children age 18 to 21, in addition to those children age 3 to 18 already served under the law.

The administration has requested a total of just over $1 billion for fiscal 1980 to assist State and local jurisdictions with the growing cost of carrying out the Federal mandate to serve these children.

Here to explain the administration's budget request is Dr. Edwin Martin, Deputy Commissioner for Education of the Handicapped.

Dr. Martin, will you introduce the other witnesses and then proceed with your opening statement. Your full statement will be placed in the record.

INTRODUCTION OF ASSOCIATES

Dr. MARTIN. To my left is Dr. Berry and Mr. Wilford J. Forbush, Deputy Assistant Secretary of Budget. To his right is Robert Herman, Associate Deputy Commissioner for Education of the Handicapped.

To my right is Dr. Garry McDaniels, Director, Division of Innovation and Development; Dr. Jasper Harvey, Director, Division of Personnel Preparation; and Mr. Ray Simches, Director, Division of Assistance to States.

Thank you, Mr. Chairman.

I appreciate the opportunity to present the fiscal year 1980 budget request for Education of the Handicapped. As you know, 1980 will mark the fifth year since the passage of the Education for All Handicapped Children Act, and the fourth year since the law went into effect. September 1, 1978, is the deadline for full services.

I would like to say that it is a pleasure to have the opportunity to testify before you, as one of the prime sponsors of the act. In the

Human Resources Committee, you are a longtime friend of the handicapped. And I will also say that if what I am reading in the newspaper is true, we are going to lose a real friend if you don't change your mind.

Senator SCHWEIKER. Thank you.

[The statement follows:]

STATEMENT OF EDWIN W. MARTIN

I appreciate this opportunity to present the fiscal year 1980 budget request for Education of the Handicapped. As you know, 1980 will mark the fifth year since the passage of the Education for All Handicapped Children Act--the landmark legislation which assures that handicapped children are provided the same rights to a free, appropriate, public education that have been provided to non-handicapped children for many years. 1980 has added significance--the full-service deadline for the provision of services to children aged 3 to 21 will arrive on September 1 of that year. Our budget request totalling $1,027,825,000 is designed to reflect the role that the Handicapped Education programs play at this critical point in our efforts to meet the legislated mandate.

As in 1979, the bulk of the requested funds--$877 million, or 86 percent--will go directly to States to assist them in paying for the costs of educating almost four million handicapped children. The remaining $150 million will be used to continue ten discretionary programs which support activities such as personnel training, demonstration projects for severely handicapped children and youth, development and marketing of media products and materials, and applied research into selected aspects of special education.

State Grant Programs

In order to maintain the Federal commitment to assist States in implementing P.L. 94-142, we are requesting $862,000,000 for the State Grant program, an increase of $58 million, or seven percent over 1979. At this level, the Federal contribution will be maintained at 12 percent of excess costs. The increase is necessary to account for higher per pupil costs and an additional 150,000 children who we anticipate will be receiving services by that time. As you know, each State's allocation is based on the number of children receiving special education and related services, multiplied by a specified percentage of the national average per pupil expenditure. In 1980, the budget request will provide $218 per child toward the excess costs of educating the Nation's handicapped children compared with $211 in 1979. Since 1977, the number of children served has grown from 3.4 million to the 3.95 million estimated for 1980.

In order to encourage States to expand educational services to preschool handicapped children, $15,000,000 is requested for the Preschool Incentive Grant program, $2.5 million less than for 1979. In 1980, this program will give each State $67 for every handicapped child aged three, four, and five who receives special education and related services. The reduction is requested in view of the fact that these children also receive funds under the State Grant program, and continue to benefit through the Handicapped discretionary programs such as the Early Childhood Education program. An estimated 225,000 preschool children will be served in 1980, 10,000 more than in 1979, and 30,000 more than were served during the first year of this program in 1977.

Discretionary Programs

In addition to the two programs which provide direct assistance to States, a wide variety of activities are funded through ten discretionary programs authorized by the Education of the Handicapped Act. In 1980, $150,825,000 is requested to continue these programs. Of the ten programs, eight will be continued at the 1979 level, with two receiving slightly less funds than in the previous year.

To continue operation of 17 regional deaf-blind centers which provide direct educational services to over 5,600 deaf-blind children, $16,000,000 is requested. In addition, innovative educational prac-

tices for deaf-blind children will continue to be developed and demonstrated through the demonstration project component of this program.

For the Severely Handicapped projects, $5,000,000 is requested, maintaining this program at the 1979 level. In 1980, approximately 33 demonstration and five outreach projects will be supported to address significant needs in the education of severely handicapped children and youth.

The Early Childhood Education program is proposed for a reduction of $2 million in 1980--from $22 million to $20 million. With this amount we will be able to continue a high level of effort in the area of developing and demonstrating new methods for teaching handicapped preschool children. Since there have been over 230 model projects funded over the past five years, we believe that even with a reduced amount for the program as a whole, the objectives of the program will continue to be effectively met.

At the requested level of $2,400,000, the Regional Vocational, Adult, and Postsecondary program will continue at its current operating level. This program assists handicapped persons in postsecondary institutions acquire skills needed for gainful employment.

In 1980, as in previous years, the Innovation and Development program will support projects aimed at expanding the knowledge base underlying the provision of high quality special education. With the $20,000,000 requested for 1980, almost 190 projects will be funded, such as research and demonstration into learning disabilities, personnel development, and physical education for the handicapped.

Funding for the Media Services and Captioned Films program will be maintained at $19,000,000. Activities of this program include not only captioning and recording, but also the support of Media and Materials Centers, marketing and implementation of media products, the National Theater of the Deaf and Recordings for the Blind.

The request for Regional Resource Centers is $9,750,000, the same as 1979. These Centers assist States and local education agencies in meeting their responsibilities under P.L. 94-142. Emphasis will continue to be placed on assisting teachers in developing appropriate individualized education plans for handicapped children.

The Recruitment and Information program will be maintained at a $1,000,000 level. The two primary goals of this program are to disseminate information about programs and services for handicapped children and provide referral services to parents, teachers, and other persons especially interested in the handicapped.

The request of $55,375,000 for the Special Education Personnel Development program represents a decrease of $2.3 million from the 1979 appropriation amount for this activity. More reliance will be placed on the States to train teachers and administrators as required under P.L. 94-142. We believe that with last year's significant increase--over $12 million more than 1978--and with a continued high level of funding for this program, we will still be providing a high degree of Federal support for personnel development. At the requested level, 92,000 teachers and administrators will receive training in 1980, compared with 95,000 in 1979. Approximately 47,000 regular classroom teachers will receive training, as well as 35,000 special educators and 10,000 support personnel.

Finally, we are again requesting $2,300,000 for Special Studies to continue to measure and evaluate the progress and implementation of P.L. 94-142, as required by Section 618 of the Act.

This concludes my statement on Education of the Handicapped. I would be pleased to answer any questions.

ADDITIONAL CHILDREN IN SCHOOL SYSTEM

Dr. MARTIN. Implementation of the Handicapped Children's Act is going incredibly well. It has already acted to stimulate about 250,000 additional children being served in the school system, although the money is just beginning to flow. For example, during fiscal year 1978, the first fiscal year of funding under the new law, approximately $252 million was awarded to the States, only $52 million more than the amount available under the act several years ago.

This year there is $565 million available to the States. Although these funds are now going out, much of the money will be programed by the States for expenditures during the next school year. Despite the fact that the money is just beginning to flow, there has already been a significant and exciting rate of growth.

This year, for example, the rate of growth more than doubled in terms of new children served as compared with last year. In all, we are expecting about 195,000 new children to be added to the rolls. And 50 States have shown increases in the number of children served. Interestingly enough, the number in a few States has decreased. One puzzling situation is in New York State, where there are 25,000 fewer children reported this year than last year. We are looking to New York City to try to find out what happened to the 25,000 children.

Senator SCHWEIKER. Go ahead.

CHILD COUNT

Dr. MARTIN. One of the theories is that they have these children in a special program. New York has a low enrollment overall of handicapped children, only about 6 percent of the school-aged population. However, they have 350,000 children in a program called pupil education needs, and these children fall between the normal children and the handicapped children as far as New York is concerned. Our feeling is that this pretty much explains where the statistical aberrations are in New York.

Some of those children have reading and learning disabilities, and they could be eligible under Public Law 94-142. But we are going to look at that more carefully, to see whether or not that is true and whether the children are getting a full range of services that they might really qualify for in some instances.

Until recently, the title I funding, for example, has been greater than the funding for educationally handicapped, and a State might be able to serve such children in title I programs. So New York's statistic is the interesting and just about the only aberration.

Dr. BERRY. For example, the number of children has increased by 3,000. Pennsylvania had a fairly high enrollment in the bill.

Senator SCHWEIKER. We had a little court activity up there.

Dr. MARTIN. One day when we were arguing about the impact of the bill, Secretary Pittinger said that the court didn't hurt any.

In any event, the program is doing well, and now, in 1980, as you mentioned in your opening statement, the age range for provision of services is extended from 3 to 21. We have requested additional funds today because of the expected increase in children in that age range.

I would point out that the way the statute was written, serving children 18 to 21 or children zero to 5 is not mandatory, unless the State is serving nonhandicapped children in those age ranges or they have a State law which mandates it.

The premise was that equity would require equal treatment. If there was no treatment for nonhandicapped children, then programs for handicapped would not have to be furnished in those particular age ranges.

We do expect, however, that a number of States will begin to extend their programs to 18- to 21-year-old youngsters, and in fact should. We think it is an important area. And I would like to follow up on the previous witness' testimony. One of our highest priorities has been development of cooperation with the vocational education people so that handicapped children would be given opportunities in this area.

As in 1979, the bulk of the requested funds, $862 million or 84 percent, will go directly to States to assist them in paying for the costs of educating almost 4 million handicapped children.

COMPARISON WITH PRIOR YEARS

Senator SCHWEIKER. That figure compares to what amount going to the States last year?

Dr. MARTIN. It was about $565 million, Senator, for basic programs for school-aged children. There is another $15 million for preschool-aged children in the incentive program. There is a more than $250 million increase from last year to the fiscal year which will begin in September. In 1980, there will be $804 million available, and this budget then picks up an additional $58 million to $862 million.

Here is the change, $862 million.

Senator SCHWEIKER [referring to a chart]. Now, is this the State grant program area?

Dr. MARTIN. Yes; we've only completed really 1 year of funding at this level. We are in the process of funding, this year, over $330 million. It has been distributed to States so far in this year. This year we will begin with the new fiscal year, and this is the year in question before you, $862, an increase of $58 million.

Senator SCHWEIKER. We are in 1979, though, aren't we?

Dr. MARTIN. Yes, but the 1979 money won't be released until July for the school year which begins in September. That's the system we have—advance funding. We are discussing money from last year, this year, next year, and 4 years from now, and it is hard to keep it straight.

The remaining $150 million of our request is to continue 10 discretionary programs which support activities such as personnel training, demonstration projects for severely handicapped children and youth, development and marketing of media products and materials, and applied research into selected aspects of special education.

In order to maintain the Federal commitment to assist States in implementing Public Law 94-142, we are requesting $862 million for the State grant program, an increase of $58 million or 7 percent over 1979. At this level, the Federal contribution will be main-

tained at 12 percent of excess costs. The increase is necessary to account for higher pupil costs and an additional 150,000 children who we anticipate will be receiving services by that time.

As you know, each State's allocation is based on the number of children receiving special education and related services, multiplied by a specific percentage of the national average per-pupil expenditure. In 1980, the budget request will provide $218 per child toward the excess costs of educating the Nation's handicapped children compared with $211 in 1979. Since 1977, the number of children served has grown from 3.4 million to the 3.95 million estimated for 1980.

By the way, those figures are primarily for children in public school systems. These figures are really the ones that drive this particular formula, and so we're talking about local education rather than the State schooling.

In order to encourage States to expand educational services to preschool handicapped children, $15 million is requested for the preschool incentive grant program, $2.5 million less than for 1979.

In 1980, this program will give each State $67 for every handicapped child aged 3, 4, and 5 who receives special education and related services.

The reduction is requested in view of the fact that these children also count in determining a State's allotment under the State grant program—for example, in Pennsylvania there have been 10,000 preschool children served using part B funds. That will be part of the $862 million, and a number of States have focused on extending the program to younger children. The reduction is requested on that basis.

An estimated 225,000 preschool children will be served in 1980, 10,000 more than in 1979 and 30,000 more than were served during the first year of this program in 1977. That is taking into account these other sources of funding. Eighty-five percent of money that is going to the States and to the local districts is being used for salaries. There is a particular priority on new programing for the severely multihandicapped persons in providing such things as interpreters for the deaf, physical education program for the handicapped, occupational therapy, and physical therapy.

Our case studies are suggesting to us that there are really two ways the money is being used. One is a result of the new individual education programs which are causing a new look at children. Additional services are being added for children that weren't getting them before. They were getting a little bit of supplemental help. They may be getting more now.

The other way is to add new children to the rolls, and we think that the number of children who would be served is a significant and important concern of the States.

In addition to the two programs which provide direct assistance to States, a wide variety of activities are funded through 10 discretionary programs authorized by the Education of the Handicapped Act.

In 1980, $150,825,000 is requested to continue these programs. Of the 10 programs, 8 will be continued at the 1979 level, with 2 receiving slightly less funds than in the previous year.

We will continue operation of 17 regional deaf-blind centers which provide direct educational services to over 5,600 deaf-blind children. We are requesting $16 million for that, the same level as last year. We are now using part of those funds to develop new and innovative approaches to serving deaf-blind children. I met recently with a group of 200 leaders of education for the deaf-blind across the country. They are pleased to see emphasis given to trying to find new and effective ways to educate these children.

For the severely handicapped projects, $5 million is requested, maintaining this program at the 1979 level. In 1980, approximately 33 demonstration and 5 Outreach projects will be supported to address significant needs in the education of severely handicapped children and youth.

The early childhood education program is proposed for a reduction of $2 million in 1980—from $22 million to $20 million. With this amount, we will be able to continue a high level of effort in the area of developing and demonstrating models for best practices for teaching handicapped preschool children. Since there have been over 230 model projects funded over the past 5 years, we believe that even with a reduced amount for the program as a whole, we can continue to make it, but we would like to see the level stay at at least $20 million.

Senator, we have eight projects in Pennsylvania right now that we are funding as new projects this year. In fact, there is one project in Allegheny County, and one in Scranton, and one in Butler. These projects are working with youngsters zero to 3. The focus of this program is to work to identify these youngsters early, to work with their parents, to allow the parents to get home training for these children so that by the time they have reached the 3- to 5-year age group, they will be already along the way.

We are requesting $2.4 million for regional vocational education and secondary programs, and this particular program assists young people going to college and universities by supporting more effective models of educating postsecondary high school youngsters.

I will touch just briefly on the highlights of the other programs. We are asking $20 million for our research program. It is a highly applied program and we are working in some interesting areas.

For example, again, we are trying to bring the illustrations close to home. There is a grant to Research for Better Schools, Inc., in Philadelphia. This organization has been developing materials to assist the classroom teachers and principals and others who have had no training in understanding the handicapped people. Also the University of Pennsylvania is doing a very imaginative type of research project involving ways to try to match severely handicapped people with learning sources so they can function better.

We are asking for a $19 million level of funding for the media services and captioned films program. This activity supports, among other things captioned television for deaf persons.

The request for regional resource centers is $9.75 million. These centers——

CAPTIONED TV NEWS

Senator SCHWEIKER. How is your captioned evening news doing?

Dr. MARTIN. Very well. It is being watched now by an audience of up to 6 million. The project I mentioned a minute ago will be an extension of captioning to more TV fare, only the average viewer won't be able to see the captions unless they have an adapter on their set.

For the last 2 years, I have been working under the President's and Secretary's requests to get the commercial networks, television set producers, and so forth to work with us to try to bring this about. And it is encouraging. We aren't quite ready yet to close the deal, but we have moved from a situation where everyone was opposed, to where a number of people are being quite supportive.

PBS has been supportive with the captioned news. I think this is an exciting possibility.

Now, part of the impetus came about when there was an earthquake in Los Angeles and there was no way to warn deaf people whether to run or whether to stay or what. And the radio announcements ordinarily did no good. Waiting for the newspaper the next morning is a small consolation when there is an earthquake around you. So the impact was brought home to a number of people and helped us to get some support for this.

Senator SCHWEIKER. Let me interrupt you a minute. CBS announced this week that it will not join the NBC, ABC, PBS cooperative effort in captioning. CBS says it has a better way.

What is your reaction to CBS's better way?

Dr. MARTIN. Well, we have been encouraging CBS for a number of years to go along with us. We are aware of the system, Teletex, that they think is better.

At that time we asked the Federal Communications Commission for permission to go forward with line 21, which is the alternate that we are proposing to Teletex. The FCC felt that our way was feasible. The CBS way is a few years away from feasibility. We feel we have a bird in hand.

Senator SCHWEIKER. Well, what they are doing—is that line 21?

Dr. MARTIN. They are suggesting an alternative to line 21. However, I think the timing of the CBS activity is a little late. I think that there are a number of engineering and pragmatic reasons for moving forward, not the least of which is that we have a system that now works, which has been tested, which can be produced economically, and for which we have FCC approval. None of those things are true about what CBS might do over the next few years that might then become commercially viable.

CBS hasn't closed the door yet, however. I might say, this program is not completely tied together yet. We're working on it, and we're hopeful that the Secretary will be able to announce it when we do get it together.

We have a $55 million request for personnel training. In Pennsylvania this program trains a great many specialists. It provides $1 million to support such activities as training teachers of the severely handicapped and teachers for the early age groups. We have some recreation activities for the handicapped with the Boy Scouts at Slippery Rock State College. [Inaudible.]

TRAINING PROGRAM IN BOY SCOUTS

Senator SCHWEIKER. What is the nature of that project?

Dr. MARTIN. What we are trying to do is this. On the whole—handicapped people have been protected from physical education and recreation. I mean, basically the reason was used they might hurt themselves or they might not be able to take part and then—well, maybe we will get up a special kind of adaptability PE, but which has been a kind of babysitting as well.

Our involvement in this area began a few years ago when we began to try and train people who would be physical education specialists or recreation specialists and who would in turn train people for a variety of occupations with the national service. We have worked with a number of city recreation programs. And one of the areas where there has been an interest has been in Boy Scouting and camping.

The program at Slippery Rock is really working in conjunction with the Boy Scouts to train people to adapt these programs to the unique needs of handicapped young people. It's one of a number of such projects that I'm frankly delighted about.

I think educators have sometimes had a narrow focus. We have not provided handicapped children with instruction in the arts or physical education or recreation. Those are things that the IEP's are really bringing together.

They are saying to school systems that it is important to have the basic instruction program first. But other youngsters get these programs, and we want to see handicapped persons get a chance.

We do expect to train 92,000 teachers and administrators this year. In addition, we are requesting $2.3 million for special studies. The focus of this program has been to provide material for the annual report to the Congress.

We have just published our first report. Somebody mentioned that maybe it would be a first because it was prepared on time. We will provide it to the committee. It is a very comprehensive, data packed document. And it does give a lot of commonsense observations about how the program is working.

I might just say, Senator, that with Garry McDaniel's help we have evolved a kind of commonsense evaluation program. For example, we are going in and doing case studies in 9 States and 22 cities picked randomly. We will be following them year after year, talking with teachers, talking with principals. Instead of trying to give a kind of statistical report, which does have certain value, these reports will actually be able to tell you what's happening and why it is happening.

We have learned, for example, that teachers feel under pressure not to refer children, because they believe that there may be constraints in the system's ability to respond. And so they do not put themselves in the position of creating demands which may not be met.

We have got to design systems which allow the referral of children, and the concomitant delivery of services to these children. Simply, we have heard that some of the IEP teams tend to restrict the provision of services that children need because they don't think those services are available.

Fortunately, the law provides mechanisms to continue activities in those areas. But we would not have known that from a statistical survey. We have had to do case studies in these districts, and to talk directly to teachers. I believe we will be able to give the committee, over the next few years, some commonsense information about what is happening out there.

Thank you, sir.

DELAYS IN EXPENDITURES OF PUBLIC LAW 94-142 FUNDS

Senator SCHWEIKER. All right. According to the Congressional Budget Office, there is a considerable delay between appropriation and actual expenditure of the handicapped education State grants. CBO says only about half the amount appropriated in fiscal years 1977 and 1978 will have been spent by the end of fiscal 1979.

How much of the money from these two years has been expended so far?

Dr. MARTIN. We have been in contact with OMB on this matter to help them respond to CBO. We think that is a statistical analysis that doesn't make any sense in commonsense terms. Let me tell you why: Looking at this chart, the funds for fiscal year 1978 have been totally obligated. The States have the $252 million. The funds for fiscal year 1979 just became available on July 1 for the fiscal year beginning on October 1.

Senator SCHWEIKER. Now, that is because of forward funding?

Dr. MARTIN. Yes, that is the fiscal year in which they were appropriated, fiscal year 1978. But they are really being spent at present in school year 1978-79.

OBLIGATIONS IN FISCAL YEAR 1979

Senator SCHWEIKER. When were they technically obligated under the procedure?

Dr. MARTIN. About $332 million of those funds have been obligated already this year. And the remaining $566 million will be obligated to States during the school year.

Now, what CBO has done is to take these two together and assumed that all of them would have been obligated on the first day of the fiscal year. And therefore if these actually were obligated last year—these might have been obligated—and their assumption was they would be obligated on the first day of the fiscal year.

That happens not to jive with the way schools are run. And, for example, the local school would make its commitments to hire teachers ordinarily in the spring, in February, March, April. It will be doing its planning. That is the way they have historically done it.

These funds aren't available to them until July 1 at the soonest. And they really wouldn't be able to spend them until September when the school year begins.

So in its report, CBO, by looking at how much was spent by the end of the year, really is applying only a 3-month kind of expenditure period against when the schools could spend those funds. In fact, schools have an additional 2 years to spend the money. So we didn't find anything surprising about CBO's funding.

Now, let me give you an example of how the process works in Pennsylvania, for example. Pennsylvania sent in their plan to us around the beginning of the summer, around July. We read it and found that it was reasonably approvable and we extended their first quarter funds to them on August 14, I think it was.

Then we sent back to them for additional revisions because there were a number of provisions in the plan that still showed so many needs for strengthening. It indicated, for example, that there were still some programs which needed development, and so forth and so on. And so they then returned their plan to us in December, and in January we released the full funds, $26 million for Pennsylvania.

Now, some States and under our urging have anticipated in March and April that this money would be forthcoming. We think that is desirable for the State to anticipate that and to make their plans to spend it. That is one of the reasons we gave funding for the first quarter in August because we know Pennsylvania is among those States that was anticipating expending funds.

But other States have much more conservative legislatures and they don't want to obligate any dollars until they have the dollars in the Treasury. They have gone through vetoes and different things, and so over the years they have gotten a little shellshocked over this.

Now, we have been urging them to move forward. Two years ago we had $21 million obligated by December. One year ago we had $60 million obligated by December. This year we had $120 million obligated by December. The path is up. We have been convincing the States to preplan, that the money is there. It is in the appropriations bill. They will get it.

But in turn they have for a number of years been following this other pattern of when they have to make the decision. And the second thing, Senator Tydings a few years ago had an amendment that was—I believe through the Human Resources Committee, which extended the availability period for an additional year. After 1 year a number of States found it very convenient to use.

In other words, they know when they get it. Now they can begin spending it because it is available to them for the next year. And so they have planned for it in that way.

Now, what is happening now, which is very encouraging to us, the States are sending their plans in early, and furthermore, that will get simpler rather than more complicated because in each of the last few years, we have had the kind of negotiations which I mentioned with Pennsylvania. A number of States have not sent in their plans yet because the legislatures haven't agreed to make the changes which will be necessary in order to approve the plans. But next year's plans are essentially exactly the same as 1979, no new tricks or gimmicks. And from 1981 forward we are going to go on a 3-year approval cycle.

So if nothing happens to disrupt the flow of the funds or reduce them and if they see that the Congress isn't going to put them in the position of hiring teachers one year and then not having enough money to pay for them the next year, I think the States are going to make their decisions in March and April, counting on the money that will be available. So they will pay for the people in December.

Vermont made a big gamble forward and had almost 100 percent gain in enrollment, but other States aren't going to spend it until they get it in hand.

APPROVAL OF STATE PLANS

Senator SCHWEIKER. How many States do not yet have approved plans for handicapped education services for the current school year?

Dr. MARTIN. About half have not fully approved plans and about half have. We have only a few plans in hand, about five, from States that are now pending. Actually, all the others have been reviewed. The remaining plans are back in the States for reworking to satisfy the requirements of the act or are pending legislative or regulatory change in the state.

Senator SCHWEIKER. Well, does this mean that the States cannot get their allotments for handicapped education until their plans are approved?

Dr. MARTIN. Yes; it does. Although, as I said, we have worked with States that wanted to facilitate the expenditure of funds by awarding their first-quarter funds, if their plans were substantially approvable. That is what we did in Pennsylvania. We said fine; now you can continue to revise your plan. When the plan is fully revised, then we will release the rest of the allotment.

We have done that, and it worked out quite well. Some States are not pushing this because they have had the other pattern of behavior. We have received the plan, but we have checked with each of them, and almost all of them have set legislative action. There has been very few problems between the States and the bureau over this.

Naturally, there are always a few, but from our point of view, these couple of years are the last chance we have to assure handicapped children that the States will in fact implement the procedures that Congress wrote. And, if we release the money without really getting the guarantees, we will have given away our best bargaining tool.

EFFORTS TO FACILITATE PLAN APPROVAL

Senator SCHWEIKER. What are you doing to speed up the process of approving State plans?

Dr. MARTIN. The State plan approval process takes only about 1½ months, as far as time in the agency is concerned. That is down from about 2 months. The rest of the time deals with the time it takes the State to respond and the kinds of pressures they are under.

We have been urging the States to trust the forward funding provision, and next year we will have no new requirements that a State will have to do, pending no changes in the law.

And so that that will be a relatively routine submission. The following year we will go to a 3-year approval, which will make it even more routine. At that time, I would think that most States would be able to receive their funds shortly after the first date of eligibility. And if they are gamblers, they will do that, and in fact

45-224 O - 79 - 20

make their commitments in the previous 2 or 3 months for salaries that they will use the Federal moneys to pay for.

They are moving very sharply in that direction. I think as I talked with the lady who wrote the CBO report, she didn't have a sense of when the State would be obligating funds or raise that. This is not a typical pattern, by the way, because obviously the Federal programs there have some of the same restraints. That is, that the funds have to be committed.

Now, if a program had level funding each year, you might have an argument. But these appropriations are going up very quickly, so there are a whole lot of new people that are being hired and decisions that have to be made. And there is a lot of caution before extending services.

PROBLEMS IN DELAYS IN EXPENDITURES

Senator SCHWEIKER. What problem will that present to States that don't get their funds until the school year ends? Is that a problem?

Dr. MARTIN. It is a problem, in a sense, from my point of view—and I am trying to convince the states it's a problem from their point of view too. Basically, they plan to use the funds under the second year availability, a procedure they have been following since 1970. This is nothing new.

What is new is that we are pushing them to spend the money earlier and earlier each year because we are anxious for as much money to be out as soon as possible. We realize there are some restraints in their willingness to sign contracts with teachers before they have those Federal dollars in hand. A lot of States are beginning to do this, that is, spend earlier, because they trust the process, and trust that we are going to come through with our commitment.

Furthermore, as the system levels out in funding, it will tend to support ongoing expenses in the States. They have to go out and hire new people; 80 percent of this money is going into personnel, plus the cost is going up.

It is really not surprising to me at all that States that began getting the money earlier in the year don't necessarily spend it. Furthermore, in our view, we have tried to accommodate all of the States. We have had not one blowout, slowdown, shouting, one letter to the commissioner saying, "We can't get our money, and the bureau is dragging its feet." Instead, we have had some really tough negotiations, but eventually all of them have worked out.

But in some instances I think that pattern of all these new written records—all of these new IEP's, due process procedures, all of that is past us now. The last new provisions are in this year's plan; and, from now on, it should be pretty routine.

CHILD COUNT PATTERNS

Senator SCHWEIKER. The Education Amendments of 1978 changed the State count of handicapped children from two counts, in October and February, to one count to be done on December 1. What is the result of last December's child count?

Dr. MARTIN. There is a very interesting pattern. As I mentioned to you, almost every State has increased its count. The overall number of new children added is about 196,000 children more than it was last year.

Senator SCHWEIKER. And how does that compare to your projection?

Dr. MARTIN. We originally projected, Senator, that about 12 percent of school-age population—from 10 to 12 percent—would be enrolled in special education. Right now there are about 43 million school-age children; that would mean that we would expect to have about 5.2 million handicaped children enrolled. Instead, we have about 4 million handicapped children enrolled. Now, the question is: Are these 1.2 million children really there, or was that a figment of our imagination? What is our data on that?

Our data is that a number of States now are in fact meeting those estimates. About half the States are close to the 10 to 12 percent range. Furthermore, we are finding patterns that explain why some of the States are reporting lower percentages. So, our feeling is that those estimates of school-age populations were in fact realistic. Based on the top six States, if you were to extrapolate, there would be 5.7 million children enrolled.

Now, there has been some confusion which I think I should point to. During the time the House and Senate were working on the bill estimates of 7 million and 8 million children were used. But those were the zero to 21 age group. The 12 percent of school-age children figure is the target we are working on.

We think we will find 10 to 15 percent of school-age children are handicapped. However, there are some interesting variations. Wisconsin, for example, has enrolled handicapped children equal to only about 6 percent of its school-age children. Utah and Massachusetts is 12 percent; we are looking at this issue. We are going to go into the States. We are not going to have a rigid posture about the count, per se. That is, "If you do not have 12 percent, you are under arrest." But we are trying to look at questions such as, are there waiting lists? We know there are 9,000 to 10,000 children waiting in New York City. We have been working to solve that problem. We know there are waiting lists in other places.

In fact, most of the States don't want to admit it, because there is a "Catch-22," but we think high school children have not been well screened. We think many hearing-impaired children have not been diagnosed. We think children with emotional problems are not well served. For example, a small percentage of the school-age population in Delaware are enrolled in programs for emotionally disturbed children—fewer than 100 children. It is too much to expect that that's a variation by chance, and that is what we have got to find out.

But I think the estimates of 10 to 12 percent are going to hold up in many cities. I was in Massachusetts the other day, and Superintendent Wood reports about 18 percent of youngsters in the schools in the city of Boston alone as handicapped. This is because of the coincidence between the poverty in inner-city populations and handicapping conditions.

Dr. BERRY. If I may, I think he is right. But I think we certainly don't want students to be identified as handicapped if they are not.

While the effort is to identify everyone who is handicapped, to do that we are not in the position of saying that somehow they should include people who are not. I just want to point that out.

Dr. MARTIN. I agree.

ACCURACY OF CHILD COUNTS

Senator SCHWEIKER. Well, in this area you both touched on, Senator Mathias has a question: How do we determine which states do have the more accurate count, and does your procedure penalize those States that have a significantly higher count?

Dr. MARTIN. No; the way the formula works, the more children you have, the more money you get, because the formula is an incentive formula, and it multiplies the number of children served by the available dollars.

Also, there is a cap which says that you can't count more than 12 percent of the school-aged population as handicapped.

Senator SCHWEIKER. Well, how about the accuracy?

Dr. MARTIN. It is pretty good. We have done two studies to try and find out about the accuracy. What the studies say is this: Educational data systems are, in general, not very accurate. Our count is probably as good as, if not better than, any other educational count available, because it is a real head count, not an estimate or a survey.

Also, we are working on improving States' data collection. We have prepared and distributed a booklet to each State on how the census attempt is to improve its procedures to have a more valid head count. But I was relieved to find that the two outside studies indicated that head-count data is the most reliable data, that the numbers of children we are counting are most likely to be accurate, and more so than any of the other mechanisms that are involved in estimating. So, we really are dealing with as hard a figure as we can get, but we need to look at the figure and double-check it.

Senator SCHWEIKER. Would you provide for the record a breakdown of the percentage of children identified under each type of handicap and show how that compared with previous years?

Dr. MARTIN. I certainly will. It is in the annual report.

Senator SCHWEIKER. OK.

[The information follows:]

PERCENT OF HANDICAPPED CHILDREN SERVED IN TERMS OF HANDICAPPING CONDITION

	School year	
	1976–77	1977–78
Mentally retarded	24.05	23.15
Hard of hearing	1.14	0.94
Deaf	0.64	0.71
Speech impaired	37.38	34.51
Visually handicapped	0.82	0.73
Emotionally disturbed	7.25	7.15
Orthopedically impaired	2.25	2.19
Other health impaired	3.59	3.34
Learning disabled	22.87	27.28
Total	100.00	100.00

MAINSTREAMING

Senator SCHWEIKER. Public reaction to mainstreaming has been, at best, mixed so far. Many teachers seem to feel the demand of working with handicapped children in the regular classroom takes time away from the rest of the class.

How are schools coping with this problem?

Dr. MARTIN. That is a really interesting question. I recently looked at the second year of a study done for us by Turnkey Associates. The first year we found a lot of what I call "the sky is falling" stories. I must say that some of the representatives of the groups that were speaking were anticipating problems. So we put effort into meetings, discussions, and technical assistance.

Now, much of that reaction in the second year around is fading. But it is the kind of sensationalism that interests the newspapers and television—the idea of handicapped kids somehow dramatically dumped into the regular classroom. That would be totally inappropriate and would violate the law.

Who makes the decisions on where a child is placed? The local placement committee. It is not made in Washington or Harrisburg.

The second thing is: If there is a child who is disruptive in the classroom or is not profiting, that is a violation in the sense that the Congress intended that that child has an appropriate placement, and so the child should be placed in a more appropriate setting.

Now, in something like 22 school districts, what we are finding, we find some teachers who don't trust schools and think they will have handicapped kids dumped in on them. We found very few instances where a teacher said, "I have an unworkable kid in my classroom." This is the kind of thing that is happening, but not to me.

So, my feeling is 60 percent of the children are already involved in regular programs part time. About 40 percent of them are appropriated. That has been the pattern, and I think probably what we are getting here is a little oversensational response.

At the same time, we are working very hard at developing media and materials and providing in-service training for regular education teachers. I believe, what people feel is frequently more impor-

tant than what is true. And, we are dealing here with a problem which is more on the emotional rather than on the rational level.

But we are going to try and deal with it through expanding the service, talking with parents. States have plans to have institutions with 500,000 parents, for example, in this last year, to help them understand.

Senator SCHWEIKER. Would you provide for the record the definition you use for the various types of handicaps which are eligible for assistance under the law?

Dr. MARTIN. Yes. They are in the law.

[The information follows:]

DEFINITIONS OF HANDICAPPING CONDITIONS UNDER PUBLIC LAW 94-142

The term "handicapped children" means those children who are mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed, orthopedically impaired, other health impaired, deaf-blind, multihandicapped, or who have specific learning disabilities, and who, because of those impairments, need special education and related services.

The terms used in this definition are defined as follows:

"Deaf" means a hearing impairment which is so severe that the child is impaired in processing linguistic information through hearing, with or without amplification, which adversely affects educational performance.

"Deaf-blind" means concomitant hearing and visual impairments, the combination of which causes such severe communication and other developmental and educational problems that they cannot be accommodated in special education programs solely for deaf or blind children.

"Hard of hearing" means a hearing impairment, whether permanent or fluctuating, which adversely affects a child's educational performance but which is not included under the definition of "deaf" in this section.

"Mentally retarded" means significantly subaverage general intellectual functioning existing concurrently with deficits in adaptive behavior and manifested during the developmental period, which adversely affects a child's educational performance.

"Multihandicapped" means concomitant impairments (such as mentally retarded-blind, mentally retarded-orthopedically impaired, etc.), the combination of which causes such severe educational problems that they cannot be accommodated in special education programs solely for one of the impairments. The term does not include deaf-blind children.

"Orthopedically impaired" means a severe orthopedic impairment which adversely affects a child's educational performance. The term includes impairments caused by congenital anomaly (e.g., clubfoot, absence of some member, etc.), impairments caused by disease (e.g., poliomyelitis, bone tuberculosis, etc.), and impairments from other causes (e.g., cerebral palsy, amputations, and fractures or burns which cause contractures).

"Other health impaired" means limited strength, vitality or alertness, due to chronic or acute health problems such as a heart condition, tuberculosis, rheumatic fever, nephritis, heomophiliac, asthma, sickle cell anemia, epilepsy, lead poisoning, luekemia, or diabetes, which adversely affects a child's educational performance.

"Seriously emotionally disturbed" is defined as follows:

The term means a condition exhibiting one or more of the following characteristics over a long period of time and to a marked degree, which adversely affects educational performance: an inability to learn which cannot be explained by intellectual, sensory, or health factors; an inability to build or maintain satisfactory interpersonal relationships with peers and teachers; inappropriate types of behavior or feelings under normal circumstances; a general pervasive mood of unhappiness or depression; or a tendency to develop physical symptoms or fears associated with personal or school problems. The term includes children who are schizophrenic or autistic. the term does not include children who are socially maladjusted, unless it is determined that they are seriously emotionally disturbed.

"specific learning disability" means a disorder in one or more of the basic psychological processes involved in understanding or in using language, spoken or written, which may manifest itself in an imperfect ability to listen, think, speak, read, write, spell, or to do mathematical calculations. The term includes such conditions as perceptual handicaps, brain injury, minimal brain disfunction, dyslexia, and devel-

opmental aphasia. The term does not include children who have learning problems which are primarily the result of visual, hearing, or motor handicaps, of mental retardation, or of environmental, cultural, or economic disadvantage.

"speech impaired" means a communication disorder, such as stuttering, impaired articulation, a language impairment, or a voice impairment, which adversely affects a child's educational performance.

"visually handicapped" means a visual impairment which, even with correction, adversely affects a child's educational performance. The term includes both partially seeing and blind children.

SUBMITTED QUESTIONS

Senator SCHWEIKER. I have some additional questions which I will submit to you for written response to the record. I would appreciate your having them back in seven days.

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

COORDINATION

Question: What kind of coordination exists between the Bureau of Education for the Handicapped and the other parts of the education division responsible for the handicapped entitlements under other programs?

Answer: Other programs in the Education division which require coordination among BEH and other offices are the ESEA Title I set-aside for State-supported schools, the ESEA Title IV set-aside for improvements in local educational practices, Vocational education, and Impact aid.

1) ESEA, Title I -- State Supported Schools. Although the Administration of P.L. 89-313, the ESEA Title I set-aside for the State operated and State supported schools, is the responsibility of the Bureau of Education for the Handicapped (BEH), coordination does exist with the Bureau of Elementary and Secondary Education to prepare the allocations for the eligible State agencies. Other coordinated efforts with ESEA Title I include joint in-service activities for Federal, State and local personnel. BEH has recently worked closely with the Bureau of Elementary and Secondary Education on the development and collection process for the new monitoring and enforcement plans required by P.L. 95-561, the 1978 Amendments to ESEA.

2) Title IV -- Improvement in Local Educational Practices. Title IV-C of ESEA states that not less than 15% of each State's award under Part C will be used to meet needs of handicapped children. The BEH has assigned a staff member to serve as liaison to the ESEA Title IV Office in the Bureau of Elementary and Secondary Education. This person acts as a consultant and provides technical assistance to that office in the administration this special education set-aside. Liaison functions include:

- Assisting in the development of Title IV-C regulations.
- Assisting in the development of an on-site monitoring instrument.
- Participating in Title IV State program reviews.
- Making presentations at National Title IV and special education conferences.
- Assisting in the review of Title IV state plans.
- Acting as a resource for inquiries regarding the set-aside.
- Assisting in the resolution of compliance problems regarding the 15% minimum set-aside.

3) Vocational Education: In accordance with the Vocational Education Act, 10% of each State's funds must be used to serve the handicapped. Conditions for the use of the set-aside funds through the Vocational Education Act have been jointly developed and are incorporated into regulations governing the program. BEH

participates in the review of State plans and performance reports submitted to the Bureau of Occupational and Adult Education to insure consistency. BEH also periodically participates in State monitoring activities conducted by the Bureau of Occupational and Adult Education. Other coordination activities include:

- Joint task force to take appropriate action relative to the common concerns of the two bureaus in addressing the vocational needs of handicapped students.

- Joint Rehabilitation, Vocational Education, and Special Education National Conference.

- Reading and reviewing proposals for vocational education for the handicapped.

- Jointly developing requests for proposals (RFPs)

4) Impact Aid Program. BEH has coordinated with the Division of School Assistance in Federally Affected Areas (DSAFAA) in developing regulations regarding the use of Impact Aid funds earmarked for providing special education and related services to handicapped children. The DSAFAA has worked closely with BEH in the development of the program regulations to assure consistency with the requirements of the Education of the Handicapped Act. BEH is also involved when issues concerning handicapped children are brought to its attention by the DSAFAA. For example, when a case involving a handicapped child is referred to the DSAFAA, BEH works with that office to resolve the case in a manner which protects the rights of the handicapped child and their parents as required under P.L. 94-142.

18-21 YEAR OLD AGE GROUP

Question: You have estimated that about 150,000 handicapped children aged 18-21 will be added under the full-service mandate of P.L. 94-142 for the first time in fiscal 1980. On what did you base that estimate?

Answer: According to the provisional estimates of the resident population of states as of July 1, 1977 (U.S. Census Bureau, No. 734), there are approximately 17.025 million persons between the ages of 18-21. Of this group, approximately 80% or 13.62 million have graduated from high school (National Center for Education Statistics, The Condition of Education, 1977.) Thus, there are 3.41 million persons in this age group who have not graduated from high school and who are still eligible for secondary school services.

Of this number, we estimate that about 4.54% or 154,000 persons may be handicapped. This estimate was determined as follows. The 1978 child count for the State Grant program showed that approximately 6.93% of the school aged population qualifies for funding under P.L. 94-142. However, the percent served is age-related. Specifically, most speech impaired children are identified and treated very early and rarely do they need services in secondary programs. Therefore, persons 18-21 who were speech impaired were

not counted, reducing the percentage to our estimate of 4.54%.

The agency is in the process of collecting the first child count reports that list the 18-21 group separately. Counts have been received from 42 states; based upon those counts, an estimated 103,000 students between 18 and 21 are being served this year. Given that SEAs are continuing to develop programs for this age group in order to meet the 1980 requirement, our 150,000 estimate is believed to be accurate. In addition, improved child-find methods should result in more children being served in Special education programs.

Question: What sort of services will be provided for this age group?

Answer: The types of services provided to this age group vary from State to State. There is a strong emphasis on vocational education, as indicated by the examples described below.

In Connecticut, LEAs have developed programs which provide alternatives to the normal high school program. These programs have flexible schedules which allow the students opportunities to hold employment. Most students completing these programs are successful in qualifying for high school diplomas or the state equivalency certificate.

Similar programs from Wisconsin, Michigan and Idaho attempt to coordinate school experiences with skills required for vocational and social adjustment in the community. Staff members conduct thorough evaluations of vocational interests and competencies which leads to individualized instruction in both simulated and actual environments. This type of training is currently not available in most secondary schools, especially for the handicapped. The students are then referred to vocational rehabilitation counselors who attempt to identify suitable employment.

IMPLEMENTATION PROBLEMS

Question: What have been the most significant problems with the implementation of Public Law 94-142?

Answer: Chapter VI in our "Report to Congress on the implementation of P.L. 94-142: The Education For All Handicapped Children Act" reviews the progress toward meeting the goals of the act and highlights the remaining problems. We feel very good about the fact that many of the problems that were expected to impede implementation are being resolved.

For example, during fiscal year 1978, the Bureau's monitoring visits to State Education Agencies resulted in 349 issues being identified as needing corrective actions. The areas most frequently requiring attention involved IEP, least restrictive environments, procedural safeguards, and confidentiality provisions. 314 corrective action have already been initiated. The 35 remaining problems are being worked on by State and federal officials to achieve resolution.

DEAF-BLIND CENTER

Question: How many children are served by deaf-blind centers, and what kinds of services do these centers provide?

Answer: The most recent data indicate that the sixteen centers for deaf-blind children are providing services for some 5,872 children.

Full-time and part-time educational services including prevocational and vocational training is provided in both residential school and day school settings. In addition, centers provide tutor companion services, itinerant home service programs with an educational emphasis for the child and training for the parents, group home and community residence programs for the adolescent deaf-blind, diagnostic and educational assessment services, and inservice training for teachers, aides, parents, and other professionals working with deaf-blind children. Centers also provide technical assistance to State and local education agencies to meet the varied needs of these children, to assist in the coordination of State resources, to train staff working with these children, to maintain a registry of deaf-blind children by each State, and to develop individualized educational programs.

Question: Why are separate centers required for deaf-blind children - is it not possible to mainstream these children as the new law requires?

Answer: The deaf-blind centers have had some measurable success in placing deaf-blind children in the least restrictive educational environment. Approximately 2,500 of the 5,872 deaf-blind children reported are receiving educational services in day school and public school programs. An additional 870 children between the ages of 0-4 years are receiving itinerant home services or awaiting program placement. Many of these children benefit from day school programs providing critical support services such as tutor-companions, therapeutic services including physical therapy, auditory, and speech training, mobility training, and parent services are made available by the local education agencies.

The remaining 2,500 deaf-blind children are being served in residential programs at schools for the deaf, schools for the blind, or in State institutions for retarded children. The centers and the State and local education agencies are working on an ongoing basis to deinstitutionalize some 1,500 deaf-blind children presently in State institutions who may be better served in a residential school program, a group home setting, and possibly even a day school program.

Even with these intensive efforts of the Centers to achieve the deinstitutionalization of deaf-blind children in State institutions, a large number, possibly 1,000 to 1,200 of the 1,500 deaf-blind children reported will require the intensive care and treatment that may be provided only by such institutions. The goal of placing all children in day programs is one that cannot, at least at this time, be fully achieved because of the severity of their handicapping conditions which in many cases includes severe brain damage and mental retardation in addition to deafness and blindness. The centers are vital in cost-effectiveness, pooling services for this low incidence population.

Question: How many deaf-blind children are in other programs?

Answer: Through approximately 250 subcontracts with residential school programs, State instituions, and public and day school programs for the blind, virtually all of the 5,872 deaf-blind children are benefitting from deaf-blind (Part C) funds. No one program is entirely supported by Part C monies; rather, these funds are used in conjunction with State, local, and other Federal funds to support programs for deaf-blind children.

PRESCHOOL INCENTIVE GRANTS

Question: How many preschool children are served as a result of the Preschool Incentive Grant program?

Answer: Incentive grant funds are being utilized by most States for the first time during this school year, September 1978 to June 1979. Official reports of numbers served are due January 1, 1980. According to preliminary data based on State education agency estimates approximately 75,000 handicapped children ages 3 through 5 are receiving direct services in programs and projects funded wholly or in part by Federal Incentive grant funds. Other major activities funded with these Federal dollars include: major screening activities which have screened approximately 50,000 children, and inservice training for approximately 5,500 teachers.

Question: What evidence do you have that these children would not have been served in the absence of this program?

Answer: Although it is difficult to determine precisely what the level of funding for services to these children from other sources would be in the absence of this program, data from States indicate these funds do indeed provide an incentive to increase the number of children served. For example, some States--such as California--use the entire Incentive Grant to identify and serve previously unserved children.

Before this program was begun, data showed that the proportion of handicapped children aged 3, 4, and 5 being served was well below the proportion of school-aged handicapped children receiving special education services. Due to the importance of early intervention, and considering the fact that there is no Federal requirement to serve this age group, this program, in effect, encourages States to recognize this importance, and to extend services to the unserved in this age range. No State has restricted the use of Incentive Grant funds to children who are already receiving services, that is, who generated the funds and were included in the child count.

EARLY CHILDHOOD EDUCATION

Question: What is the purpose of the Early Childhood Education program and how many children does it serve?

Answer: The Early Childhood Program is not a service program. Rather, the purpose of the program is: 1) to demonstrate a variety of locally designed approaches to serving young children with handicaps and their families, and 2) to stimulate the development of high-quality services. Approximately 4,690 children receive direct services as a result of their participation in these projects. An additional 3,960 children benefit from projects which begun with Federal funds but which are now fully supported by funds from other sources. Also, as a result of approximately 600 replications of model projects, more than 13,000 additional children are being served.

Question: What is the difference between this program and the Pre-School Incentive Grant Program?

Answer: The major differences between the Preschool Incentive grant program and the Handicapped children early education program are as follows:

- o Incentive grants are distributed on an entitlement basis to all States according to a legislated formula, whereas Early childhood projects are funded on a discretionary basis.

- o Incentive grants are awarded only to State educational agencies, whereas Early education funds, except for State implementation grants, are awarded to public and private nonprofit agencies.

  Although funds under both the Incentive grant program and the State implementation grant component of the Early childhood program are awarded to SEAs, their purpose and expenditure differ in the following respects:

  -- the incentive grant funds pay for services to handicapped children and their parents, provided primarily by LEAs;

  -- implementation grants are used by SEAs to develop and implement statewide plans to extend services to preschool handicapped children. Funds may not pay for direct services to children or parents.

- o The target population of the Preschool incentive grant program is handicapped children aged three, four, and five, whereas each component of the Early childhood education program benefits children from birth to eight years old.

These two programs do not overlap. The Preschool program supports direct services, whereas the Early Childhood program supports the development of model projects and assistance in developing statewide plans to serve handicapped children.

Question: What kind of coordination is there between these two programs?

Answer: Since the Preschool incentive grants and the State Implementation projects are administered by different divisions in the Bureau of Education for the Handicapped, applications for both activities are reviewed both separately in each division and then in a joint session. In the Division of Assistance to States, which is responsible for the Preschool incentive program, each State plan officer reviews the proposals for State implementation grants to ascertain that activities undertaken are complementary rather than duplicative. Similarly, in the Division of Innovation and Development, which administers the State Implementation projects, each Section chief reviews the plans submitted for Preschool incentive grants to assure that there is no overlap of activities between the two programs.

Question How do you determine that children served by one program are not also served by the other?

Answer: The sites of activities funded under the two programs are listed in the applications and reports and staff of the two programs check to see that the same activity is not included in the applications for the two different programs. But again, given the different purpose of the two activities, the likelihood of overlap is remote.

REGIONAL VOCATIONAL ADULT AND POST SECONDARY

Question: The Regional, Vocational, Adult, and Postsecondary program (under Part C) was first funded in 1975. What insights has it provided with regard to efficient and cost effective ways to provide postsecondary education for the handicapped?

Answer: The following insights have resulted from the operation of the Regional, Vocational, Adult and Post Secondary Program (REP):

1. Postsecondary institutions across the nation need to be assisted in becoming aware of validated programs, practices, and modified curricula for the handicapped. When such information is available wasteful duplication is avoided. (Note: the REP has sponsored two national conferences on the postsecondary handicapped and the proceedings of these conferences are being disseminated nationally. Also, REP will support the development and dissemination of specially adapted curricula this year.)

2. A central office which coordinates and/or administers services for the handicapped is better than having these services administered by various departments or offices of the postsecondary institution.

3. Special class scheduling may be necessary to provide adequate services. For example, deaf students may be asked to enroll in the same section of a required math course in order to ensure the availability of interpreters.

4. Techniques for determining the most effective and efficient service delivery models have been developed for critical support services. For example, the notetaking and tutoring services have been discovered to work best when the deliverers of these services are remunerated for their services, as opposed to relying on volunteers.

5. Since most handicapped students are clients of Vocational Rehabilitation there should be uniform eligibility criteria from state to state and these criteria should be consistently-enforced/administered.

6. Except for certain necessary preparatory/remedial courses, handicapped students can be successfully educated at the postsecondary level in an integrated setting.

7. Handicapped students are better served if the admitting institution becomes aware as early as possible of the potential enrollment of such students and the special services they will require.

Question: What coordination is there between this program and programs funded under the Vocational Education and Vocational Rehabilitation programs for handicapped persons in this age group?

Answer: On November 21, 1978 an Interagency Agreement was negotiated between the Bureau of Education for the Handicapped, the Bureau of Occupational, Vocational, and Adult Education, and the Rehabilitation Services Administration. This agreement effected a joint national initiative to expand and improve the service delivery system to handicapped individuals among the RSA, USOE (BEH and BOAE), National Association of State Directors of Special Education, National Association of State Directors of Vocational and Technical Education, and the Council of State Administrators of Vocational Rehabilitation. A special task force was created as a result of this development. The Coordinator of the Regional Education Progam serves on this task force. Additionally, the Coordinator of the REP meets with other program officers of vocational education and vocational rehabilitation programs to develop strategies for complementary action. The Coordinator of the REP also serves as a Federal reviewer of proposals submitted to Vocational Education to serve the handicapped.

Question: A recent article in the New York Times cited a special college program designed for students with learning disabilities. How many such programs are there nationwide?

Answer: There are approximately 100 college programs for students with learning disabilities. To be included in this number a school must serve those students who conform to the definition of learning disabled included in P.L. 94-142 and must provide at least one special instructor and offer compensatory services such as taping or remedial reading.

Question: How do students learn of such programs?

Answer: Closer Look, a periodical published under the auspices of the Bureau of Education for the Handicapped, provides information of this nature. Additionally, a publication developed under a BEH grant, A College Guide for Students with Disabilities, had nationwide distribution to professional educators, organizations, and institutions. Many students learn of such programs through materials distributed by parent advocacy groups, such as the Association for Children with Learning Disabilities, 5225 Grace Street, Pittsburgh, PA. 15236.

RESEARCH

Question: What specific improvements in the quality of special educational services can you trace to the results of research funded by the Bureau over the past several years?

Answer: There are many. Some examples follows: Curricula packages developed under BEH support for the mentally retarded are now available and being widely used in science, math, physical education, social living, and self-help skills.

Research on visual and tactual representation of sound patterns has significantly enhanced speech training of deaf students.

Visually handicapped students are benefitting extensively from availability of the Optacon and the Kurzweil Reading Machine, two reading aids developed under BEH research support.

Public school programming for emotionally disturbed children has been substantially improved by the programs made available by the BEH-supported Center at Oregon for Research in the Behavioral Education of the Handicapped. These programs will be much more broadly available soon through commercial publication channels.

Several speech training programs developed and researched with BEH support are being widely used in clinical work with speech impaired children.

The Bureau has supported a number of research and development activities related to communication aids for severely motor impaired children. While none of these aids are yet readily available, they have proved extremely valuable for the limited number of children who have these devices available.

BEH supported the modification of the New York state-wide health education curriculum to meet the special needs of health impaired children. The modified curriculum is now widely used in New York, and the impact of the program has been felt in other states.

Though not yet generally available, a beginning reading program for children with learning disabilities developed under BEH support shows considerable promise for impact in this area.

Numerous handbooks and manuals have been developed in Spanish and English language for parents of young handicapped children to aid the parents in home programming.

A wide variety of screening and diagnostic instruments have been developed for all age groups. In addition, administrators have been provided guides to help them implement P. L. 94-142 requirements.

A current project will soon report the cost of special education and provide the schools with a methodology for accurately assessing costs.

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Question: In general, where have handicapped research funds been concentrated in recent years?

Answer: The following tables provide data on new projects funded under the Field Initiated Research program in 1978. Concentration of funding is indicated in terms of geographic distribution, target population and type of applicant. While these data precisely describe only a single aspect of the overall research program, the proportion of funding is reasonably consistent with total research funding.

A) Geographic Distribution

State	1977 No.	1977 Funding	1978 No.	1978 Funding
Arkansas	1	$ 8,496	---	
California	2	352,896	1	$ 57,773
Colorado	1	175,090	---	
District of Columbia	3	215,839	1	87,978
Florida		---	2	144,387
Illinois		---	1	82,910
Indiana		---	1	11,370
Kansas		---	3	242,672
Kentucky	1	87,476	---	
Maryland	1	28,900	---	
Massachusetts	4	352,539	5	564,601
Minnesota	1	138,754	---	
Missouri		---	2	131,266
Nebraska		---	1	50,814
New York		---	2	247,061
North Carolina	1	25,480	2	193,687
Ohio		---	1	115,000
Oregon		---	2	152,968
Tennessee		---	1	130,000
Texas	1	58,633	---	
Utah	1	87,897	---	
Virginia	3	282,617	---	
Washington	2	184,551	---	
International 1/	1	99,667	---	
	23	$2,098,835	25	$2,212,487

1/ Grant to the Organization for Economic and Cooperation and Development, located in Paris, France. The United States is a member.

B) Target Population

Population	1977 No.	1977 Funding	1978 No.	1978 Funding
Seriously Emotionally Disturbed	1	$ 19,644	2	$ 213,727
Hearing Impaired		---	3	272,415
Learning Disabilities	1	66,509	2	202,983
Mentally Retarded	5	311,180	6	631,247
Orthopedically Impaired	1	61,922	2	154,588
Speech Impaired		102,950		---
Visually Handicapped	2	384,722	1	173,325
Cross-Categorical	2	84,113	4	193,891
Non-Categorical 1/	10	1,067,795	5	370,311
TOTAL	22	$2,098,835	25	$2,212,487

1/ Such as testing, special education finance and administration, etc.

C) Applicant Institution

Type of Institution

	1977 No.	1977 Funding	No.	Funding
College/University	7	$ 459,133	19	$1,623,959
State Agency	1	28,900		---
School	1	25,480	1	71,862
Association	6	582,910	1	87,978
Research Group	7	792,780	3	255,363
Other	1	209,632	1	173,325
TOTAL	23	$2,098,835	25	$2,212,487

Question: Are any research programs being funded on the educational development of preschool children?

Answer: Early childhood education has been a major area of emphasis since the inception of the BEH research program. Through our regular grant programs, we are currently supporting many projects which focus on the improvement of early education for handicapped children. In addition to these grants, we are currently supporting four early childhood research institutes. These institutes are a joint endeavor of the Bureau's Research Projects Branch and the Handicapped Children's Early Education Program.

Individual project grants range in duration from one to three years and address a variety of handicapping conditions and topic areas. Several projects are designing or testing new methods of identifying infants and children who are handicapped or at risk

for a handicapping condition. Other projects address parent education through the development of parenting materials and investigation of parent-child interaction patterns. Also supported are curriculum development projects and studies to improve the instructional process for young handicapped children.

The four early childhood research institutes are conducting long-term research to improve the identification and instruction of young handicapped children. Each of the institutes is expected to operate for at least five years and concentrate on several problems that are critical to improved programming for handicapped infants and children. In addition to conducting programmatic research, each institute is involved in training graduate students and research assistants, and in disseminating broadly the results of the research activities.

Question: How are research findings disseminated and shared with programs which may be able to utilize them?

Answer: Typical distribution efforts include commercial publications, placements with the National Audio-Visual Center, journal articles, books, monographs, and other vehicles. The Marketing component of the Media and Resource Services program (also administered by BEH) shows promise of significantly enhancing dissemination of research and development products. The Educational Resources Information Center, operated under the auspices of the National Institute of Education is the primary organization for dissemination of educational research results, including data generated under the handicapped research program. Beyond this general dissemination resource, all products of supported research and development are reviewed individually to determine the appropriateness of other distribution efforts.

PROGRAM FOR THE SEVERELY HANDICAPPED

Question: What activities are carried out in the severely handicapped children projects that cannot be provided for under the Part B, State Grant Program?

Answer: Part B funds are used to begin or maintain basic educational services. Severely handicapped program funds, by contrast, are made available to develop and demonstrate new models of educational services designed to meet the unique learning needs of this population. Additionally, these special funds may be used to design specialized curricula, instructional sequences and techniques structured to eliminate the complex obstacles to learning faced by this population.

There are three global criteria that must be met by applicants seeking funds from the Severely Handicapped Program:

- Assurance that basic educational services are provided by state or local monies;

- documentation that the model presented extends the current state of the art and addresses a significant national

problem; and,

- demonstrations that the model presented will result in new levels of performance or opportunity for the severely handicapped.

Given such a framework, the Severely Handicapped Program is able to conduct activities which test and extend the limits of knowledge regarding the education of the severely handicapped, while Part B monies are used to underwrite the costs of basic educational services to all handicapped students, of which the severely handicapped are but one group.

Question: What is the per pupil cost for treating severely handicapped children compared to the per pupil cost for services provided under state grant?

Answer: The costs of basic services to severely handicapped students funded by Part B can range from $12,000-$25,000 for students whose individualized education programs call for 24-hour residential programming, from $6,000-$10,000 for students served in private day placements, and from $4,000-$6,300 for severely handicapped students attending programs in the public schools.

As indicated in the response to the previous question, the purpose of the Severely Handicapped Program is to support model development rather than provide basic educational services. Consequently, a comparison of the costs of these two types of activities would be misleading. What severely handicapped funds support are the resource personnel (e.g., curriculum developers, evaluators, technical consultants, dissemination specialists, content or technical editors, etc.), supplies, equipment, dissemination materials and training activities which are required to develop the model. In many cases these costs are one-time expenditures. Once a curriculum is conceptualized, written, field tested and packaged, there are very few additional costs incurred in its distribution and implementation by teachers in the field. In other cases, the costs of model development are incorporated into the final replicable product. For example, part of the costs of developing a community-based service delivery model might involve the addition of a teacher in order to reduce the student-teacher ratio when learning to use services in the community. The lower student-teacher ratios for community activities would then be part of the final model which other schools would replicate.

Question: Considering the costs of treating children who are severely handicapped, what does the $5 million appropriation request accomplish?

Answer: Monies from the Severely Handicapped Program support primarily model program development activities in projects which are at the same time serving children. Funds are directed to developing models which address a variety of nationally identified critical needs such as the problems of the bilingual severely handicapped and those confronting the severely handicapped adolescent. In the past the program focused on the design of models to provide education

to rural or homebound severely handicapped by means of telecommunications technology, to initiate comprehensive educational services, to train parents to better cope with and teach their severely children, and to extend existing technology to the larger educational community. Products of model efforts have included curriculum sequences, instructional methods and materials, multidisciplinary team models, and parent and paraprofessional training packages. In the future, program monies will be invested in the design, implementation, and evaluation of service delivery models to enable severely handicapped students to receive basic educational services in the school settings with their non- handicapped peers where a variety of types of interactions could occur, as well as models which facilitate the deinstitutionalization and community integration of the severely handicapped.

After a model is developed, the expectation is that it will be replicated in part or whole in projects supported by Part B monies or by funds from other state or local sources.

HANDICAPPED BARRIERS STUDY

Question: What is the status of the study of the cost of compliance with Sec. 504 requirements to eliminate barriers to handicapped access?

Answer: A study will be completed this summer which examines the program accessibility costs required by Section 504 and how these costs compare to the costs planned by institutions. This exploratory study, funded by the office of the Assistant Secretary for Planning and Evaluation (ASPE), covers all major HEW recipients, including higher education, elementary and secondary education, hospitals and nursing homes. The ASPE study is also designed to reveal misunderstandings which exist concerning the 504 program accessibility requirements as well as innovative responses to these requirements.

A study of the actual costs of providing students educational services required under P.L. 94-142 and Sec. 504 is the focus of a study by the Rand Corporation sponsored by the Bureau of Education for the Handicapped. The Rand study of costs of services will be available in the fall of 1979.

Results of the accessibility study will be shared with the Appropriation committees as soon as the raw data can be validated and extrapolated to accurate national estimates.

Question: What part of HEW has the primary responsibility for this study and what part does your Bureau play?

Answer: The Office of the Assistant Secretary for Planning and Evaluation has supported the effort to study 504 program accessibility costs, while BEH has supported research into service costs. All HEW agencies including BEH play a major role in reviewing the results of the study of program accessibility costs. These reviews will insure that valid estimates of compliance costs are available.

Question: Can you make any preliminary estimate as to what percentage of school buildings already meet Sec. 504 requirements?

Answer: Such estimates are not currently available and will only be available upon completion of the ASPE study. Moreover, estimates of school building accessibility would be misleading. Sec. 504 requirements for accessibility relate to school districts, not individual school buildings. Because districts are obligated to make their elementary and secondary education programs as a whole accessible, not every school building must be accessible. Projections of school district accessibility compliance necessarily must rely on the study of the compliance problems at a carefully selected sample of school districts drawn on the basis of their urban/rural character, size, and age of physical plant.

INTERAGENCY AGREEMENTS

Question: What kinds of interagency agreements or other cooperative arrangements concerning handicapped education do you have with other HEW agencies responsible for administering related programs such as Headstart, the Vocational Rehabilitation Title XX Social Services, and SSI (Supplementatl Security Income)?

Answer: The Bureau of Education for the Handicapped has entered into a number of agreements with other HEW agencies responsible for adminstering related programs. These agreements address issues such as cooperative planning and programming, demonstration of innovative educational techniques,and information dissemination. Agreements or cooperative arrangements currently exist between BEH and the following agencies:

-- Rehabilitation Services Administration (RSA) and Bureau of Occupational and Adult Education (BOA), to strengthen employment prospects of handicapped individuals

-- Health Care Finance Administration (Title XIX of the Social Security Act), to provide complementary health and education services in intermediate care facilities and other Medicaid funded mental retardation institutions.

-- Administration for Children, Youth, and Families to assure that handicapped children in Head Start programs receive the services that are available from LEAs.

-- Public Services Administration (Title XX of the Social Security Act), to clarify the role of Title XX in view of enactment of P.L. 94-142.

-- Social Security Administration (Supplemental Security Income), to advise all Educational agencies of SSI provisions and the need to refer potential eligibles to SS district offices.

-- Bureau of Community Health Services (Title V of the Social Security Act), to concentrate on diagnosis and treatment of handicapped children through support of six State projects to demonstrate collaborative health and education programming

-- OE Task Force on Early and Periodic Screening,Diagnosis, and Treatment (EPSDT), to encourage schools to refer eligible children to EPSDT providers or to become providers.

INSTRUCTIONAL MEDIA

Question: How large a clientele is presently being served by the Media and Captioned Films program?

Answer: The Media and Captioned Films Program serves between 10 and 15 million persons annually. The captioned films and captioned television audience alone totals about 10 million hearing impaired persons (4 million for the films and 6 million for television). Recordings for the Blind serves about 13,000 visually-handicapped public school children. In addition, the Optacon and Kurzweil reading machines reach approximately 5,000 blind youngsters. Finally, two educational media and materials centers and the National Instructional Materials Information System (NIMIS) produce materials which are made available to 180,000 special education teachers and to the parents of handicapped children.

Huge numbers of persons--precise figures would be difficult and costly to gather--are being affected as a result of the following:

--Three public awareness films to help nondisabled children become more aware of children who are disabled. These films have been shown on public television and are regularly used at workshops, conferences and seminars.

--A prize-winning film on hiring the handicapped entitled "A Different Approach"--now a nominee for an Academy award--has been distributed to all major federal agencies and is shown to various associations and organizations throughout the country.

--Twenty-six products for the handicapped developed with BEH support, including educational media packages are presently being marketed nationally.

--The BEH-supported Handicapped Learner Materials Distribution Center has significantly increased its circulation to parents, teachers, and individuals. Bookings have gone from 207 to 802 in less than six months.

Question: What portion does this number served represent of the total population of handicapped persons who might benefit from the activities under this program?

Answer: Whereas the Captioned Films for the Deaf program is directly addressed to handicapped persons, the other programs are aimed at strengthening the efforts of State education agencies, local education agencies, teacher training institutions, research programs and the like. Indirectly, the programs touch on the lives of the majority of handicapped persons.

Question: What is most of the $19 million you have requested to be used for?

Answer: Most of the $19 million will support 60 contracts to develop, adapt, produce, and distribute materials incorporating the most recent technological advances in television and recording. The most recent example of this is a system of closed television captioning for the nation's 14 million hearing impaired citizens. Also included in this portion of the budget is the captioning of the ABC news on public television and the highly successful captioned educational and entertainment films for the deaf and hearing impaired.

The next largest budget outlay--$3.5 million--is for the marketing and implementation program set up to assure that models of curricula, materials, and products developed for the handicapped actually get into the classroom.

Question: How would you evaluate the overall success of the Media and Captioned Films program in making educational materials available to the handicapped?

Answer: Our efforts to make educational materials available to the handicapped have been successful. The demand for captioned films alone has been so great that it has been necessary to establish a computerized scheduling system (to be operational by July). Since 1968, the number of organizations registered as users of captioned films has grown 2 1/2 times and the number of film showings has tripled. Once the computerized system is operating, the volume could increase another 10 or 15 percent.

Other programs such as marketing, NIMIS, and the materials centers have consistently increased their services to clients.

REGIONAL RESOURCE CENTERS

Question: Explain briefly how the Regional Resource Centers operate--what kinds of services do they provide directly, in what ways do they assist state and local school administrators to comply with the law, and how do they coordinate with related agencies?

Answer: Regional Resource Centers (RRCs) provide direct technical assistance to State departments of education and to local education agencies. This year, because of specific requests from the States, the RRCs have focused assistance on the P.L. 94-142 requirement that every handicapped child have an individualized education program (IEP). Teachers, administrators, supervisors, counselors, and parents have been trained in assessment, appraisal, and educational programming for handicapped children. Four RRCs sponsor demonstrations on the best and current IEP techniques.

Another major aim of the RRCs is to assist States in cooperative planning among various agencies serving the handicapped. In February, for example, the program sponsored a national workshop

involving more than 230 state supervisors and directors of special education, vocational rehabilitation, and vocational education. As a result of the meeting, some 20 states worked out collaborative agreements based on a model set up by BEH to ensure coordinated services, particularly for the secondary-level handicapped learner.

Question: How many children are served by the Regional Resource Centers?

Answer: RRCs have reduced the provision of direct service to children in accordance with increases in P.L. 94-142 funding that make it possible for States to assume more of that responsibility. There is now instead an increased emphasis on assisting the States to improve their programs for the handicapped by linking them with best practices, demonstration models, and coordination and planning strategies. The goal is more effective use of State dollars.

Nonetheless, 3,000 children received direct services through the "one-stop" Direction Service Centers that are organized to match the needs of handicapped children with services available.

Question: Have you evaluated these centers and, if so, what have you learned about their effectiveness?

Answer: An evaluation is currently being conducted by the Office of Planning of the Office of the Commissioner. No findings have yet been reported. However, comments by the State directors of special education plus observations by BEH program officers indicate that the centers are worth the investment. It may be difficult to fully assess effectiveness this early, particularly since much of the current RRC work is in helping states comply with the law rather than working on the overall quality of their programs.

PERSONNEL DEVELOPMENT CUT

Question: What is the rationale for your cutback in funds requested for personnel development?

Answer: The budget is restored to the President's level of last year since States can spend up to 25% of their P.L. 94-142 allocations on training to carry out the plans for comprehensive personnel development which they were required to submit under the act.

Question: How much of the State grant appropriation do you estimate is used for personnel training?

Answer: Data from the Interim Performance Report for School Year 1977-78, reported to the Bureau of Education for the Handicapped in January, 1979 by 21 States indicate that the following numbers and types of personnel were given training:

A. Teachers: 24,894 [Range: 0 (Hawaii) to 6,951 (Ohio)]

B. Teachers' Aides: 4,137 [Range: 0 (Hawaii) to 687 (Illinois)]

C. Other
Personnel: 10,213 [Range: 0 (Hawaii) to 2,758 (Texas)]

D. Total
Personnel: 39,244 [Range: 0 (Hawaii) to 8,046 (Ohio)]

At an average cost of $400 per trainee, the amount spent would be approximately $15,698,000.

Question: Is that amount an increase over the FY 79 level of spending at the State and local levels?

Answer: The above-noted data are the first that we have available from the States. There are no prior comparable data with which we can compare the $15,698,000 spent to train the reported 39,245 persons.

TEACHER TRAINING

Question: In light of the pressures on regular classroom teachers to accept and work with mainstreamed handicapped children, what portion of the personnel development appropriation would be used for training programs for these regular classroom teachers?

Answer: A total of $19,125,000 is allocated for special education training for regular education teachers. This is divided between Regular Education Preservice (REGP), the Deans' Grants Program, and Regular Education Inservice (REGI) as follows:

A. Regular Education Preservice,
Deans' Grants .....$ 7,250,000

B. Regular Education Inservice.....$11,875,000

C. Total Regular Education.....$19,125,000

The $19,125,000 is 34.54% of the total $55,375,000 budget.

Question: What sorts of training do these regular classroom teachers receive?

Answer: Regular classroom teachers receive training based on the following topics:

--characteristics of various handicapped children
--identification of handicapped children
--Individualized Education Program
--due process
--role of placement committee
--working with parents
--diagnosis-prescriptive teaching approaches
--use of instructional materials for handicapped children
--classroom control and management

The common inservice models include intensive training institutes, workshops, classes followed by additional training during the school year. Projects emphasize skill training which actually changes the way services are provided in the school.

Question: To what extent does this training prepare them to meet the legislative requirements in P.L. 94-142 for individualized educational plans and due process hearings?

Answer: Progress reports from individual projects indicate that teachers have been trained in these areas. Informal reports from these teachers and SEAs also indicate that they have received useful training. An additional SEA reports that its entire Education Division staff received excellent training which has had broad impact in the state.

Question: What portion of the training would be used for inservice training and what portion would be used for preservice training?

Answer: The $55,375,000 budget is broken down into preservice training at $28,517,000 (51.49%) and inservice training at $26,858,000 (48.51%). These amounts would provide training to approximately 91,898 persons; 7,174 would receive preservice training and 84,815 would receive inservice training.

Question: Where do you perceive the greatest concentration of funds and efforts should be in this program?

Answer: The Agency continues to feel that there is need to maintain balance between preservice and inservice modes of personnel preparation. The need for fully trained and certified special education teachers is most important; however, the need to train regular education personnel is also critical. Each type of training is central to the provision of a free, appropriate public education for each handicapped child. Over a period of time, States and local education agencies can take over more of the in-service training; however, a discretionary training program in this areas continues to be the only model development on a quality basis can be monitored and encouraged. Provision of the new personnel can be through preservice university-based programs. As the work-force in special education is more fully developed, the attrition numbers increase even though the rate of attrition remains relatively constant at 6%.

Question: What are the teacher specialties with the greatest need for additional personnel within the field of special education?

Answer: The data from the Comprehensive System of Personnel Development (CSPD) of the States' Annual Program Plans for P.L. 94-142 indicated the following needs for special education personnel at the beginning of the current 1978-79 school year:

Emotionally Disturbed	21,595	36%
Learning Disabled.....	15,787	26%
Mentally Retarded.....	10,936	18%
Hard-of Hearing.....	4,175	7%

OVERLAP WITH TITLE I

Question: What data do you have on the degree of overlap between Handicapped education assistance and the Title I program? In other words, what portion of children identified as handicapped are also counted as disadvantaged for the purpose of getting Title I funds?

Answer: A reanalysis of the Spring 1979 Survey of Income and Education (SIE) has estimated that approximatley 1,250,000 students (aged 5-17) are eligible for both ESEA Title I and P.L. 94-142 special education assistance. These children constitute approximately 2.5% of the 1976 5-17 school aged population and 17.5% of the SIE's estimated Title I poverty population. Information is not yet available to indicate how many of these children are counted for purposes of P.L. 94-142 assistance or are included in the Title I formula count. These estimates of overlap do not relate children counted for funding to children actually receiving services from both programs.

Question: Is this sort of double counting appropriate? Are such children actually getting services under both programs?

Answer: Data are not yet available which indicate the number of handicapped children who actually receive services under both Title I and P.L. 94-142. Nevertheless, it is our opinion that handicapped children must be afforded participation in projects conducted with Title I funds. The Title I regulations specifically include handicapped children in the definition of children eligible to participate in Title I activities. However, in an exploratory study of the degree of overlap between these two programs in five states, SRI International reported that duplication of services was not a major problem. In California for example, it was found that teachers seemed to make a substantial effort to coordinate services to those students who receive both Title I and special education services.

Question: Do you plan any more extensive studies of this overlap?

Answer: Two studies are currently underway in National Center for Educational Statistics and the Office of the Assistant Secretary for Education which are designed to arrive at estimates of numbers of children who receive both Title I and handicapped services and to explore problems associated with the provision of services from both programs.

Speech/Language	2,166	4%
Crippled	1,837	3%
Other Health Impaired	1,770	3%
Visually Handicapped	1,122	2%
Deaf	505	1%
Total new teaching personnel needed	59,893	100%

Question: How effective is the personnel development program in attracting and training the kinds of special education personnel that are most needed at present?

Answer: The goals of attracting and training the kinds of special education personnel most needed are shared among several BEH activities. In the Recruitment and Information program, for example, a newsletter entitled Special Education Careers is directed at regular educators and college students to attract personnel to the field of special education. However, the actual task of training needed personnel is accomplished through both the State Grant program, which requires States to assure an adequate supply of teachers for the children in their state and provides funds to assist them in doing so, and the Personnel Preparation program, which continues to provide a broad base of support for special education training. In terms of the need for special education teachers as described in the previous answer, of the 59,893 new teachers needed for the 1978-79 school year the personnel preparation program is training about 7,100 in preservice programs, although not all of these will graduate this year. No estimate is available on the number of teachers trained trained through the States from their own resources.

Within the Personnel Preparation program, discretionary funds are directed into the following twelve areas of need in terms of personnel:

- Early childhood
- Severely handicapped
- Physical education
- Recreation
- Interdisciplinary
- Paraprofessionals
- Vocational education
- Instructional models
- Regular education teachers
- Model implementation
- Parents/Volunteer program
- General Special education

As the need for one of these categories grows or diminishes the amount of funds awarded in that area can be increased or decreased appropriately. In addition to allocating resources among these twelve priorities, a balance between preservice and inservice training is sought. The strategy of shifting priorities in accordance with changing needs is evidenced, for example, by the gradual increase in the percentage of program funds that have been used to support inservice training over the last six years. In 1974, 3.8% of the funds were for inservice training as opposed to approximately 47% in 1980. Also, the effects of the least restrictive environment provisions require more training for regular education teachers, which is reflected in the increase of support for this objective from 20% of the program funds in 1978 to 34% in 1980.

OVERLAP WITH TITLE I

Question: What data do you have on the degree of overlap between Handicapped education assistance and the Title I program? In other words, what portion of children identified as handicapped are also counted as disadvantaged for the purpose of getting Title I funds?

Answer: The Title I regulations specifically include handicapped children in the definition of children eligible to participate in Title I activities. A reanalysis of the Spring 1979 Survey of Income and Education (SIE) has estimated that approximately 1,250,000 students (aged 5-17) are eligible for both ESEA Title I and P.L. 94-142 special education assistance. These children constitute approximately 2.5% of the 1976 5-17 poverty population. However, information is not yet available to indicate how many of these children are actually counted both for purposes of P.L. 94-142 assistance and in the Title I formula count. The estimates of overlap in eligibility, moreover, does not indicate the number of children actually receiving services from both programs.

Question: Is this sort of double counting appropriate? Are such children actually getting services under both programs?

Answer: Two studies are currently underway which will provide answers to these questions. The first study is by SRI International and its purpose is to determine the extent to which Title I and P.L 94-142 funds purchase the same types of services fo the same children. The second study is being conducted by the National Center for Educational statistics This study is a fast-response survey of 600 school districts to determine what problems and duplication of services may stem from multiple eligibility of children in similar programs. The results of both studies will be available in May 1979

Question: Do you plan any more extensive studies on this overlap?

Answer: Except for the two studies described above, no additional studies are anticipated at this time.

SUBCOMMITTEE RECESS

Senator SCHWEIKER. The subcommittee will stand in recess until 2 p.m. tomorrow.

Thank you.

[Whereupon, at 12:10 p.m., Wednesday, March 14, the subcommittee was recessed, to reconvene at 2 p.m., Thursday, March 15.]

DEPARTMENTS OF LABOR, AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

WEDNESDAY, MARCH 14, 1979

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

The subcommittee met at 10 a.m. in room S–146, the Capitol, Senator Dennis DeConcini presiding.

Present: Senator Deconcini.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

STUDENT FINANCIAL ASSISTANCE

STATEMENT OF LEO KORNFELD, DEPUTY COMMISSIONER

ACCOMPANIED BY:

PETER VOIGT, DIRECTOR, DIVISION OF POLICY AND PROGRAM DEVELOPMENT

MARY BERRY, ASSISTANT SECRETARY OF EDUCATION

WARREN HILLMAN, ACTING DIRECTOR, DIVISION OF PLANNING AND BUDGETING

WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS

1979 APPROPRIATION AND 1980 BUDGET REQUEST

Senator DECONCINI. The Subcommittee on HEW will come to order.

This morning we will observe the administration's budget request for various student assistant grants and loan programs. These include the basic educational opportunity grants, the BEOG's program, various so-called campus-based programs, State scholarship, and federally guaranteed loan programs.

Taken together, student loan programs now continue to constitute the largest share of the HEW budget for education. The administration has requested a total of $4.6 billion for these programs in 1980, about $262 million less than those appropriated for 1979, largely as a result of expected prior-year surpluses in the BEOG's program.

Unfortunately, accompanying the growth and size of these student aid programs has been mounting evidence of fraud and abuse.

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Here to explain the administration's budget request and to tell us about efforts to control this fraud and abuse is Mr. Kornfeld, Deputy Commissioner for Student Financial Assistance.

PREPARED STATEMENT

Mr. Kornfeld, would you please introduce the other members for the record and proceed with your opening statement? Your full statement will be included in the record.

[The statement follows:]

STATEMENT OF LEO KORNFELD

STUDENT ASSISTANCE

Mr. Chairman and Members of the Committee:

I appreciate this opportunity to appear before you to present the fiscal year 1980 budget request to support the Office of Education's programs under the Student Assistance account.

The fiscal year 1980 budget request of $3,687,000,000, which represents over 37 percent of the Office of Education's budget, embodies one of our primary goals in education--to eliminate financial barriers to postsecondary education and to allow for a measure of choice in the selection of a postsecondary institution. Through a program of student grants, loans and jobs, this budget request not only responds to the rising cost of education but also broadens eligibility to a significantly growing number of students. Last year the enactment of the Middle Income Student Assistance Act broadened student eligibility under the Basic Grants program to students from middle-income families by reducing the amount which families were expected to contribute to postsecondary education. In 1980, this budget incorporates further implementation of this Act by redressing the inequitable treatment previously accorded independent students under the Basic Grants program.

The 1980 budget request represents a continuation and expansion of the policy enunciated in the 1979 appropriation. The total level of $3.7 billion, approximately $250 million less than in 1979, is designed to maintain comparable benefits to all qualified students, and does not represent any decrease in benefits. The slight decrease in budget authority primarily reflects lower cost projections to fully fund the Basic Grants program. Due to rising incomes and the accelerated efforts to detect fraud and abuse, the number of students participating in the program is projected to decline. This results in a lower projected cost for 1979 of $2,435,000,000, $165,000,000 below the 1979 appropriation. Therefore, although the 1980 budget request of $2,444,000 is $156,000,000 less than the 1979 appropriation, it is $9,000,000 above the projected costs of Basic Grants in 1979. In other words, the decline in budget authority from the 1979 appropriation to the 1980 request is not a real decrease in costs, but due to a 1979 appropriation which exceeds need.

I would now like to discuss the details of this request.

Basic Educational Opportunity Grants

The fiscal year 1980 budget request of $2,444,000,000 for the Basic Educational Opportunity program is based upon our best estimate of funds necessary to fully fund the program, with a maximum award of $1,800, and to implement those provisions of the Middle Income Student Assistance Act which relate to independent students. An additional 60,000 independent students will be eligible for Basic Grants under this proposal and the average grant for all students will rise from $892 in 1979 to $940 in 1980. Since the inception of this program, over ten million awards are expected to have been awarded to under-

graduate students, growing from grants averaging $269 in 1973 to over three times that amount today.

Our $2.4 billion request, which is approximately $9 million above our present estimate to fully fund the program in 1979, includes a reappropriation of $726,000,000 of unused funds from the 1978 appropriation for use in fiscal year 1980. This amount will be available due to the reestimates of Basic Grants costs in both 1978 and in 1979.

Although our current estimates represent the latest information available to us, certain problems in projecting exact costs for the Basic Grants program remain. For example, the participation rates of the newly eligible population resulting from the Middle Income Student Assistance Act are still an unknown variable. In addition, a variety of factors which impact enrollment and costs are in flux and impede accurate projections. Should our projections underestimate the requirements to fully fund the Basic Grants program, we will meet our commitment and, if necessary, return here and request additional appropriations.

Campus-Based Programs: Supplemental Educational Opportunity Grants, Work-Study and Direct Loans

To supplement the Basic Grants program and provide a measure of flexibility for responding to individual needs at the campus level, our budget request maintains support for Supplemental Educational Opportunity Grants, Work-Study, and Direct Loans with a comparable level of services as provided for in fiscal year 1979.

Supplemental Grants

Our request for $340,100,000 for Supplemental Grants will provide 573,000 grants averaging $570 at over 3,400 institutions. The 1979 and 1980 levels of support in this program represent more than a 40 percent increase above the average funding level for the previous five years. The number of students aided has increased every year since the program began until a grand total of over five million grants will have been awarded with the 1980 budget request. This request will require a waiver of the Middle Income Student Assistance Act which provides for a minimum appropriation of $370,000,000.

Work-Study

The 1980 budget request for $550,000,000 maintains this program at the 1979 level. Through the matching provision of this program, over $600,000,000 is available for 990,000 student jobs with average earnings of $610. Over the past five years, it is expected that over $2.6 billion will have been made available in support of student jobs.

Direct Loans

Our request for the Direct Loans program provides an excellent example of our dual commitment to expand access and manage our programs more effectively. The budget request for $220,000,000 for new Federal capital contributions, although $90,000,000 below the fiscal year 1979 appropriation, does not represent a significant decrease in the volume of loan funds available to students. This maintenance of effort is

possible due to increased collections on prior loans which reimburse the revolving loan funds and provide approximately the same level as the previous year. Over 900,000 awards, averaging $710, will be supported with this effort. With the 1980 budget, over $7 billion will have been generated since this program was initiated in support of student loans.

From the Direct Loans appropriation, up to $20,000,000 is reserved to ease the transition of institutions whose Federal capital contributions are reduced or eliminated under the proposed regulations when the default rate reaches a specified level, but which show evidence of improved managerial practices. We believe it is not equitable to penalize students at these institutions because of past administrative problems, especially given the inadequate Federal attention in the past to this problem both in identifying and assisting those schools to improve their collection efforts. Also, as a part of this budget request, a waiver of the requirements in the Middle Income Student Assistance Act that $286,000,000 be appropriated for Direct Loans is requested.

State Student Incentive Grants

Our budget request includes $76,750,000 for the State Student Incentive Grants program. This amount must be matched or exceeded by State funds. In total, over 300,000 student awards, averaging $500, will be provided. We believe that consideration of the expansion of this incentive program should be postponed until after reauthorization activities have been completed.

Administrative Support

The last item I wish to discuss is a new proposal to incorporate within this budget request the administrative costs associated with the Bureau of Student Financial Assistance. This is a consolidation of the sources of funding for the support services required to operate and manage the programs of the Bureau previously provided for under the administrative set-asides of Basic Grants and the Student Loan Insurance Fund and under the Salaries and Expenses account. Not included, of course, are funds for Office of Education staff salaries, travel, equipment, or other related costs.

By consolidating these activities which include contractual services for application processing, training, preclaims assistance and such, not only could the funds be more efficiently utilized, but less complex accounting procedures could be used. The request of $41,385,000 reflects an increase of $169,000 above the total amount appropriated under the three separate sources of funding for these programs in 1979.

Conclusion

Finally, we believe that the program of grants, loans, and jobs supported here achieve our goals of access and for all practical purposes remove financial hardship as a barrier to postsecondary education.

Our 1980 budget request will maintain services to already eligible students and expand coverage to a newly eligible group of independent students. Yet it will be accomplished with no increase in costs due to the efforts of this Administration to insure that student aid resources are distributed equitably and fairly to all who qualify.

STUDENT LOAN INSURANCE FUND

I appreciate this opportunity to appear before you to present our 1979 supplemental request of $243,189,000 and our fiscal year 1980 budget request of $959,621,000 for the Student Loan Insurance Fund. The amount requested for guaranteed loans will continue to support the Administration's goal to expand access to postsecondary education for all students and will be used to carry out provisions of the Middle Income Assistance Act of 1978. The Act liberalized the program to provide that any student, regardless of family income, is automatically eligible for a seven percent Federal subsidy.

The Guaranteed Student Loan program is one of the major forms of financial assistance to students designed to assist in removing financial barriers to postsecondary education by providing access to low-cost interest loans and loan insurance. The program enables students to borrow from commercial and other lenders to help pay for the cost of education and training. Loans are either guaranteed by State or private nonprofit agencies or insured by the Federal government.

1979 Supplemental

We are requesting an additional $243,189,000 in 1979 supplemental budget authority to support an increase in subsidy costs for the Guaranteed Student Loan program. This amount, together with the current available appropriation of $739,314,000, will result in total fiscal year 1979 budget authority of $982,503,000.

The major reasons for the requested increase in budget authority are an increase in the special allowance rate paid to lenders on outstanding loans from the earlier estimate of 2.9 percent to a revised estimate of five percent, and an increase from $7.0 billion to an estimated $7.8 billion in outstanding loans subject to the special allowance payments. Another factor contributing to the request is an increase from $4.0 billion to $4.7 billion in the volume of loans for students that are currently in school and subject to a seven percent interest subsidy payment. Related subsidies costs are also caused by an increase in new loans from $1.7 billion to $2.2 billion.

1980 Request

I am pleased to report that our fiscal year 1980 request of $959,621,000 will enable this program to provide over one million new loans to students and that by the end of fiscal year 1980 over $17.8 billion in loan disbursements will have been made. An estimated $2.5 billion of these disbursements will have occurred in 1980 alone. Approximately $8.9 billion of total loans disbursed will be outstanding and held by nearly 16,000 lenders. Students receiving Guaranteed loans are enrolled in over 8,100 universities, colleges, and vocational schools.

Over the past year, the Federal program has reduced its loans in defaults by $30 million -- from over 400,000 loans totaling $430 million to less than 350,000 loans totaling just over $400 million in January, 1979. The Federal program default rate also has been cut sharply from about 13 percent at the end of 1977 to approximately ten percent currently. This latter rate reflects adjustments made for amounts collected, defaulted loans converted to repayment status or written off. In 1980 we are predicting that the default rate will decrease to nine percent under the Federal program.

Federal collections on defaulted loans are expected to total $50 million in 1980, compared to an estimated $30 million in 1979, and $16 million in 1978. Our regional offices have reported Federal collections this year of $10.5 million which are almost three times what they were during the same period in fiscal year 1978 and more than the total amount collected during fiscal year 1977. To test the feasibility of collections by private agencies, we have awarded contracts to private collection agencies in our Atlanta and San Francisco regions. These private agencies are expected to collect $4.9 million in 1979 and $12.2 million in 1980. In addition, we are improving our pre-claims assistance services which will reduce defaults by providing early identification of delinquent or unlocatable borrowers.

The total obligational costs in fiscal year 1980 for this program are estimated at $1,037,127,000, compared to $1,023,768,000 in 1979. These costs will be met through the use of an appropriation of $959,621,000 and through default collections and other receipts totaling $77,506,000.

The request includes $165,997,000 for default payments. This amount, along with receipts of $77,506,000, will support total obligational costs associated with defaults of $243,503,000. These costs include $10.5 million in collections on federally defaulted loans to be transferred to the Salaries and Expenses account for related collection activities.

The requested appropriation for interest subsidies and related costs will support obligations totaling $793,624,000. These obligations include $357,987,000 for interest payments for loans for students currently in school, $377,782,000 for a special allowance rate of 4.25 percent on outstanding loans, $6,748,000 for death and disability claims, and $11,883,000 for bankruptcy cases.

In accordance with the Education Amendments of 1976, $16,204,000 is requested for advances to State agencies which must be used to encourage States to establish adequate loan insurance programs. Since the passage of these amendments, thirteen (13) more States have established agencies bringing the total to 39, including United Student Aid Funds (USAF) which serve as an agency for eight of the participating States. Our request also includes $11,990,000 for administrative allowances to guarantee agencies. This amount, authorized at the rate of one-half of one percent on new loans insured each fiscal year, must be used to promote lender participation, pre-claims assistance, and collection costs in the program. In addition, we are requesting $11,030,000 for the supplemental administrative allowance, authorized at the same rate, which will be paid to guarantee agencies that adopt policies paralleled with the Federal program. These allowances also must be used for administrative expenses.

This concludes my statement. I shall be pleased to answer any questions.

HEALTH PROFESSIONS GRADUATE STUDENT LOAN INSURANCE FUND

I appreciate this opportunity to appear before you to discuss our fiscal year 1980 plan for the Health Professions Graduate Student Loan Insurance Fund. Since receipts to the Fund from insurance premiums on guaranteed loans are expected to exceed any claims that will be paid, no appropriation is requested. Borrowing authority of $2,500,000, authorized in the fiscal year 1979 appropriation, will support any unanticipated costs in fiscal year 1980.

The Health Education Assistance Loan Program was authorized under Title VII, Part C of the Public Health Service Act to provide federally insured loans to graduate students in schools of medicine, osteopathy, dentistry, veterinary medicine, optometry, podiatry, public health and pharmacy. Loan principal is provided by commercial lenders, educational institutions, State agencies, insurance companies and pension funds. Although the principal and interest are guaranteed by the Federal government, no subsidies are provided.

There are 323 health professions schools and 253 are participating in the program. It is expected that many of the schools not participating will sign agreements to do so in the near future. However, some institutions have declined to participate because to do so they would also have to participate in the Public Health Service's capitation grant program which has certain legislative requirements that they do not choose to follow. Other institutions have chosen not to participate because they feel the interest rate of 12 percent, compounded semiannually, and the lack of an interest subsidy places too great a financial burden upon their students.

Lender participation in this program has been very successful. There are several national lenders that will accept applications from students located anywhere in the country. As a consequence, we have assured lender access for all eligible students.

Regulations to implement the program were effective on September 15, 1978 - after the peak summer months when most students seek financial aid. Accordingly, the first loans were made under this program in fiscal year 1979, and as of February 16, 1979, 175 loans totaling $1,293,433 had been disbursed. However, in fiscal year 1980, the second year of operation based on a full academic year of participation, it is anticipated that 17,000 students will borrow $136 million under the program. These borrowers will consist of 8,500 medical students, 2,550 dental students, and 5,950 graduate students in other health fields.

Although no defaults are expected, an estimated $1,000,000 in death and disability claims are anticipated. However, estimated receipts of $1,300,000 deposited into the fund from insurance premiums on guaranteed loans will cover program requirements. Therefore, no appropriation is requested.

This concludes my statement. I shall be pleased to answer any questions.

INTRODUCTION OF ASSOCIATES

Mr. KORNFELD. Thank you very much, Mr. Chairman. We appreciate the opportunity to be able to explain the budget at this hearing.

On my left is William Dingeldein, Director for Division of Education Budget Analysis; and Mary Berry, Assistant Secretary of Education. On my right is Peter Voigt, who is the Director, Division of Policy and Program Development; and Warren Hillman, from the Division of Planning and Budgeting.

Senator DECONCINI. Welcome, all of you, to the committee.

Mr. KORNFELD. We will submit the written testimony that we have prepared for you for the record. I would like to summarize the thrust included in that statement.

BUDGET REQUEST SUMMARY

First, as you know, the Middle-Income Student Assistance Act was signed by the President November 1, and that act represented a major thrust forward in the student financial assistance program. It got us much closer to the administration's basic objective which is to insure that everyone in this country who desires an opportunity for a postsecondary education will not be denied that opportunity because of financial reasons. We feel that the Middle-Income Act has taken us much closer to that basic objective.

The fiscal year 1980 budget continues that same general direction.

For example, the primary difference in funding levels between 1979 and 1980 for the basic grant program is primarily the revised treatment of independent students. For the supplemental grant and work-study program, we are proposing level funding between 1979 and 1980.

In the direct loan program we are recommending a reduction in the appropriation. We feel that the total amount of loans available should be the same as in fiscal year 1979. We think we will be able to obtain the additional dollars by our increased efforts to improve collections.

The direction that we are taking which we have already started this year, is to try to do everything we can to operate these programs more effectively. Those programs have served a very valuable social purpose, and we want to continue in that direction.

The kind of things that we have done, are doing and plan to continue doing are these: First, in the basic grant program we are working to insure that the data we have, which is the basis for providing grants to students, are more accurate. We've made major strides in this area this year. As a result we have reduced the cost of this program on the order of $500 million. We intend to continue to take steps to insure that students receive the amount of aid to which they're entitled, and no more.

In the guaranteed student loan program, we are very comfortable in that we are reducing the default problem. The default rate has been reduced from 14 to 10 percent this past year. We're still not completely satisfied with that rate. We still want to see it go down even further, and plan to continue our efforts in this area.

We also feel that we now have to start working on the State agency default problem. We are concerned that as these loans mature we may have the same kind of problem in the State agency program as we had in the Federal program. We have started a campaign to see what we could do to assist the States decrease their default rates.

DIRECT LOANS

In the NDSL program, we've taken some steps but we're still not satisfied with the progress we have made in that program. We intend to initiate a new program to insure that the default rate is decreased.

As you know, the default rate in that program is about 17½ percent. Last month, Secretary Califano announced a new procedure to assist those institutions that operate this program implement steps and activities to reduce this default rate.

It is also important to note that as we reduce the default rate, more funds are made available for loans. For example, that program provides loans to about 900,000 students. And, if the money were collected in that program that should have been collected, the number of loans that we would have been able to provide, would have been significantly higher. Therefore, reducing the default rate is our objective.

In summary, those are the three major areas in which we're working to improve the effectiveness of these programs.

The other point I would like to make concerns the work-study program. We think the work-study program is a very important program. It provides an opportunity for people to obtain financial assistance through work, rather than through loans and grants.

We have requested level funding in 1980 at $550 million.

Our plan is to try to work with the various institutions and make sure that there are more work opportunities for persons so those funds are indeed used in both 1979 and 1980.

At this point, we would be very happy to answer any questions you may have.

SHORTFALL ON COLLECTIONS

Senator DeConcini. Thank you.

If you have a shortfall on your collections, what recourse is there for a supplemental?

Mr. Kornfeld. That would be our recourse, Mr. Chairman. We would have to come back with a supplemental.

Senator DeConcini. I am sure your statement sets forth your procedures and plans for those, reducing those collection percentages.

Mr. Kornfeld. They're not in our statement. We will be very glad to outline briefly what we have done so far.

Secretary Califano announced procedures which include, in summary, the following steps:

We have already announced a procedure to the institutions to use to return loans in default in their institutions, which they have not been able to collect. We think we can get those loans integrated into regular loan programs, and we're optimistic that we will be able to make significant strides in collections.

As you may know, 95 percent of all the defaulters in the direct loan program are from either 2-year or 4-year colleges, as contrasted to the guaranteed student loans programs where perhaps 60 percent of the defaulters are proprietary, which means, as we see it, that we're talking about primarily people who have gone to college and many of them, hopefully, are rather in decent paying occupations at this point.

We feel that once we get a system underway and do have a system where we can contact the students, we will get many payments back. We are optimistic about that.

In addition to getting the papers back from the institutions, the Secretary also announced that what we will do is, after we do that, those institutions that have a high default rate or other inadequate performance that we will set forth in regulations, we will not provide additional Federal contribution to those institutions.

Senator DeConcini. What do you consider an old loan which you're going to take the primary responsibility for?

Mr. KORNFELD. The law says—the statute requires that it has to be 2 years or over to be an old loan.

Part of the problem is the Government, because we did not have regulations on this program until November of 1976. So, part of it cannot be really put on the institution directly. We have to share for the problems in this program.

In the plans that we have set forth, we are telling institutions that any loan paper they had prior to November 1976 we will accept and without due diligence, because due diligence never was defined before 1976. We will accept that, and then we will integrate those loans within our collection force.

The Federal Government now has a rather large, effective collection force, trained people. They're located in all the regions throughout the country, and they're doing very well, and we feel that they will be able to do the same kind of thing on the direct loan program.

Senator DECONCINI. Do you want to give those to us, put them in the record at this point?

Ms. BERRY. Yes.

[The information follows:]

PROCEDURES TO INCREASE COLLECTIONS

Institutions will have their Federal capital contribution reduced or eliminated if one of the following characteristics is present:

A default rate in excess of 10 percent;

The number of students in default between 1 and 2 years on June 30, 1978 does not decline by at least 10 percent as compared to the number of students in default between 120 days and 1 year on June 30, 1977; and

Does not demonstrate due diligence in the administration of the direct loan program.

Institutions are encouraged to assign notes that are 2 years or more in default to the Office of Education for collection. The procedures to make this transfer have been revised and simplified and have been implemented.

Technical assistance and training for institutions that need help in improving the management of their loan program are provided by the Office of Education.

INDEPENDENT STUDENT TREATMENT

Senator DECONCINI. I have some questions here from the chairman and the staff, and I will read them to you.

As you are no doubt aware, Chairman Magnuson, Senators Eagleton, Schweiker, and several of our colleagues wrote to the Secretary on February 2 regarding use of fiscal 1979 BEOG's funds for the independent student provisions of the Middle-Income Students Assistance Act. As yet, we have had no response.

What is the status of that matter? Can you report to us?

Dr. BERRY. Mr. Chairman, in response to that, I can state what our position is on the issue. Our position is that the decision not to fund the provisions in 1979 was simply a budget decision made in terms of how much we had available, and was not a decision in which we are not interested in taking care of the independent students or a lack of faith with the new provisions of the Middle-Income Assistance Act.

We would point out, as the Secretary will point out in response formally, that if there is any desire to implement those provisions in 1979, it would require some legislative changes. It is not simply something that the Secretary will do on his own.

The legislative changes that would be required would be a change that would permit us to use the funds that are left over, carryover funds above the percentage that is now permitted by law.

It would also involve a change in the contribution schedule, and one should also recognize, that in addition to the legislative changes, we do have less available for 1980 if we carry over the fund now, but the two legislative changes would be required before we could act and respond directly.

And I point out again that our decision not to fund those was based primarily on budgetary considerations.

Mr. KORNFELD. The administration does feel the independent student was to be treated more equitably. There are 58,000. If the change was made for fiscal year 1979, we're talking about 58,000 independent students that would be treated more equitably, and that would cost the Federal Government approximately $120 million.

Senator DECONCINI. This week or next week, for sure. What's the current trend in the number of student aid applicants who claim they're independent of their parents?

Mr. KORNFELD. It's very interesting, because we have just done an analysis on that. In the past this trend had continued to move upward. However, it has leveled off this last year. About 40 percent of our total applicants have classified themselves as independent students.

Another interesting aspect within that overall statistic is the fact that only about 18 percent of that number are under 22 years of age, which means that of the total number of applications we received, only 7 percent are under 22 years of age. We still are concerned about people representing themselves as independent students when they're not. We're concerned, and we are looking into it as part of our reauthorization effort.

It seems to have leveled off to be under control at this point, because, generally, anyone over 22 years of age certainly has a right to claim himself as an independent student.

REAPPROPRIATION FOR 1980

Senator DECONCINI. I understand that you've estimated in the BEOG's surplus $726 million BEOG's money will remain unused from fiscal year 1978 appropriations being spent this year.

Did you request that that amount be reappropriated as fiscal 1980 money? Is that accurate?

Mr. KORNFELD. Well, it's somewhat complicated, because basically ——

Senator DECONCINI. Money left over, first of all?

Mr. KORNFELD. First, we estimate that in this year there will be about $500 million left over. That comes about for a number of reasons.

This year, for the first time, we have made major changes in that program. We implemented multiple data entry, which means that students do not have to fill out Government forms. They fill out whatever form is required of the institution which they are going to attend, and then we extract information from that form to determine basic grant eligibility.

This procedure reduces the number of Government forms by over 2½ million.

In addition, the other change we now have is a computer edit system, where the data on the application must be consistent, in the sense you cannot state the fact that you come from a family which has a $10,000 income and show a tax bill of $12,000. Something of that sort. If you have that kind of information, you have to explain that as to why that situation exists.

Applications are selected on random sampling, and plus specific criteria. We require substantiation of the data by the student, who brings to the financial aid administrator a copy of his or her tax returns to substantiate the data that was included on the tax return that it is, in fact, the accurate data.

These steps, plus the fact that we have made it very clear to all people that we intend to get accurate data on the form, have reduced the cost of the program. We are comfortable because we are getting much more accurate data than we ever have before.

With all of this comes certain bad news, as we do recognize the fact that some students, because of the complexity of the system, get caught in the system. Some students that are absolutely filling that questionnaire as they should, and they're trying to be honest about it, but the system is such and the complexity is such that they're caught in the system and can't seem to get themselves out of it.

We are committed to continuing this validation and completing the computer editing, we are also committed to simplifying the entire system.

We have already submitted to the Secretary a revised form that we plan to implement so that the form makes more sense than the present forms do. In our opinion, the present forms are too complicated, and, even with the best of intentions, people who are trying to answer those questions honestly get themselves confused because of the nature of the complexity of the forms themselves.

We intend to simplify the procedures and we are working on that.

As an example of the problem we have found that the students selected for validation on a random sample basis and who submitted corrections after being selected for validation had an average award reduction of about $80.

Again, part of the reason for poor reporting is misinformation. Part of it is the system. And we intend to correct all those things.

The reason for the $726 million reappropriation request is somewhat complicated. We estimate the reduction in the cost of the program fiscal year 1978 to be about $561 million. We are planning to use $165 million from 1979 in 1978. The $726 million is then available for reappropriation in fiscal year 1980.

Senator DeConcini. So, this carryover is for more than just 1978.

Ms. Berry. 1978 and 1979.

Senator DeConcini. Since the 1978 money doesn't lapse until September, why couldn't you spend the surplus, whatever it turns out to be, this summer on students getting basic opportunity grants for this fall?

Mr. Voigt. Basically, it is a different mechanism. We felt that it would be better to show the full amount that we expect to use for

the program in 1980. This is really a matter of budget presentation. You're quite right. The money could be used as you suggest.

Senator DECONCINI. You gave me the answer. That's just an administrative judgment?

Ms. BERRY. The way it is presented, yes.

INFORMING STUDENTS OF STUDENT ASSISTANCE

Senator DECONCINI. Last year the Middle Income Student Assistance Act was enacted. Many middle income students are now eligible for student assistance programs.

What is the Office of Education doing to make middle income students aware of their eligibility for participation in student assistance programs?

Mr. KORNFELD. We've launched a number of steps, and we plan to continue with them. One thing we have done is to have a monthly newsletter which we send out to various persons who are interested.

This newsletter now has a circulation that's larger than Time magazine. It's become such a popular item. The last issue described the middle income bill to various readers to clarify what's in that bill and how it may affect persons.

In addition to that, we are in the process of awarding a contract with an advertising agency for TV spots, radio spots and news media releases to make sure that people in this country know what that middle income bill does include and what it means. We feel that the problem is not only misinformation, but also lack of information.

Senator DECONCINI. How much will you spend on that?

Mr. KORNFELD. The maximum cost of that would be $250,000.

Senator DECONCINI. You get a lot of public service time?

Mr. KORNFELD. That's the plan, yes. The only thing we're paying for is the advertising agency to put together the spots. We're going to try to get free time on the radio.

Senator DECONCINI. What's the cost of your newsletter? Is that done in-house?

Mr. KORNFELD. Yes, it is done in-house, and we have one person assigned full time who does that.

Senator DECONCINI. What is the subscription number?

Mr. KORNFELD. About 50 some thousand circulation. We're trying to keep it under 12 pages, but it gets fatter and fatter with each issue. We're going to have to arbitrarily say no more than 12 pages.

Mr. VOIGT. It goes to all institutions, to high school guidance counselors——

Mr. KORNFELD. Financial aids, administrators, lenders, various lobbying groups.

Senator DECONCINI. Do you get feedback, good response that they read it, post it?

Mr. KORNFELD. People say it's the best thing we do, unfortunately.

CBO ESTIMATE OF BASIC GRANT PROGRAM COSTS

Senator DECONCINI. They just don't know, right?

Back when you put together your fiscal 1980 budget request, you estimated the cost of the BEOGs program to be $2.44 billion. As I'm

sure you are aware, the Congressional Budget Office has estimated the cost of the program to be considerably higher, $2.837 billion, for example.

Have you revised your estimate?

Mr. KORNFELD. No, we have not.

Senator DECONCINI. What about the difference between your estimate and that of the Congressional Budget Office?

Mr. KORNFELD. The difference is although we use the same basic data base as the Congressional Budget Office, as far as trying to make these estimates, it's the assumptions that go into the formula that make the difference.

There have been many changes in the formula and the bill provides for a new population. The major difference is estimating participation. And that's really an estimate, and that's almost a guesstimate, would be a more appropriate way to describe it.

And I think the only way that the question will ever get answered is after the year is over and see whose guesstimate is best.

Our plan to fully fund the program is certainly the administration's intent and we think that the estimate we now have, based on at least our past experience, is that we're going to come pretty close to it.

If we are wrong, if we have underestimated the costs, of course, we would have to come back and ask for a supplement.

There's no question the intent is clear, fully funded programs.

Ms. BERRY. Mr.Chairman, since we recognize that economics is not an exact science, that's the reason why we're not debating the various economic assumptions and the reason why we will stick with the number we have and proposed to stick with it. And we feel that our commitment to fully fund the program will satisfy those who are concerned as we are that it will be funded.

Senator DECONCINI. How do you come out with the Congressional Budget Office in the past? Comparisons of their estimates and yours?

Mr. KORNFELD. This last year, as a matter of fact—we have been working to make sure that the model that we use is the same as theirs. Of course the assumptions may be different. I haven't been here that long but I think that this is the first time since we've begun this cooperative effort that we've had a major difference.

Ms. BERRY. We've won some and we've lost some.

Senator DECONCINI. How many have you won?

Ms. BERRY. More than we've lost.

DATA ON THE GUARANTEED LOAN PROGRAM

Senator DECONCINI. A recent GAO report noted that since 1968 the Office of Education's accounting system and computer systems have failed to provide accurate financial and operational data on the guaranteed student loan program.

Why has this happened, and what is OE doing to resolve the problems? You touched on this, I know. But can you be a little more specific, how this got us into the problem we're in?

Mr. KORNFELD. First, unfortunately, GAO is correct in their statement. Part of the problem has been each year the GAO report has come out with the same general recommendations, and each

year we have told them we were going to do something about it, and each year we have not done it.

Senator DECONCINI. Why hasn't something been done?

Mr. KORNFELD. It's hard to answer. It falls into a number of different areas. First, a system was designed without any financial controls in it. The whole computer system was designed without that so that the system does not even exist.

Second, the Bureau has never really focused on the problem and assigned people to work on it. These are very complicated problems. The programs are complicated, and someone has to focus on it and figure out a way to reconcile the accounting records with the Treasury, which we have never done.

And those two things are just major gaps. What we have done, is put together a group who are committed to work on this area. We submit quarterly reports to the Inspector General telling him exactly what we're doing. We plan to develop a plan and submit recommendations to GAO by this summer. Although we won't have all the problems licked, we can get closer to reconciliation. We have a reorganization, and have assigned a full-time, permanent unit to concentrate on this subject.

Senator DECONCINI. Who's doing this analysis? Do you have a task force?

Mr. KORNFELD. Yes, a task force within the Bureau. We brought in a consultant from the outside who has financial background to help work with our people.

Senator DECONCINI. Who heads this effort?

Mr. KORNFELD. The person's name is Dave Olson. He is the outside consultant. We have Rich Klingensmith from within the Bureau.

Ms. BERRY. Mr. Kornfeld is too modest to say. The reason why we appointed Mr. Kornfeld to this position is because we recognized the complexities of those problems that we've been talking about, discussing, and we wanted someone who had an understanding of systems analysis and computers and also have some education background concerning these very complicated programs. And that's the reason we got Mr. Kornfeld in there. And we think things are improving.

And by the time we leave office after the President's next 4 years, we'll be in good shape.

Senator DECONCINI. Since 1967 approximately $50 million has been obligated for computer support systems, and yet it is our understanding that the Office of Education does not have a complete and accurate list of all federally insured loans. Is that correct, that you don't have an accurate list?

Mr. KORNFELD. We have a list. It has inaccuracies in it.

Senator DECONCINI. That's what you're bringing current now?

Mr. KORNFELD. That's what we're working toward.

Senator DECONCINI. I realize it's easier to sit here and criticize when you don't have to work those programs.

Mr. KORNFELD. Our problem is that the system was designed in an ad hoc kind of basis. It was never really put together with competence and that is what we are now facing. It's like having a jet flying up there at 600 miles an hour. We can't land.

You have to keep the system going. We can't say we'll stop and get it going again. You can't land the airplane.

For example, one of the biggest problems we have now, is that our collections are coming in so fast the system can't cope with the workload. Those people who work in collections, for example, now work 6 days a week until 8:30 every night.

We operate the system 7 days a week in order to try to keep the program going. We collected, for example, during the month of January, in that system $3½ million compared to January 1978, when we collected maybe $800,000.

So the system is being used 4 to 5 times more than it has been, and we're having trouble coping with that problem.

Senator DECONCINI. When will the system be able to absorb this tremendous collection?

Mr. KORNFELD. It's going to be a continuing effort. The contract costs us—we use an outside contractor for the service, and that contract costs us about $8 million a year. A new contractor has been just let. Hopefully, with changes, that contract will be somewhat reduced.

We're going to be struggling with that system for a long time. There's no immediate panacea. The problem is picking and choosing and fine tuning and cleaning it up. And it's going to be going on for a long time.

Senator DECONCINI. What time, a year or less?

Mr. KORNFELD. Years. The system is working now. And we do think the system is working reasonably well right now. We can give you, for example, information on all the student loans, for example. We have a system out there now that does tell us each student that is in default, how much he owes us, how much principal, and how much interest. We can do that now.

The problem is some of the data in the past has been somewhat flakey.

Senator DECONCINI. Can you give us the rates of the schools at various default rates?

Ms. BERRY. We presented that already.

Senator DECONCINI. All the schools, the percentage rates?

Ms. BERRY. Right.

Senator DECONCINI. Your system can call that out?

Mr. KORNFELD. For the direct loan program, we have. The Department recently published the default rate of every school in the country in every State alphabetically within a State. We cannot do it in the guaranteed loan program.

Senator DECONCINI How many students so far have been denied capital contribution because of default rates?

Mr. KORNFELD. The system works as follows.

What we did announce in the last regulation was that those institutions that did not have either a 10-percent default rate or less or did not show an improvement in their number of student defaulters would be denied new Federal capital contribution. We only tried to take into account the current loan portfolio rather than the old portfolio.

The institutions now can—who have been denied any Federal capital money this year, can now appeal if they in fact have

implemented due diligence and the default rate is due to unique circumstances on their particular campus.

I don't remember the number offhand, but a significant number of institutions have had a portion withheld, of their Federal capital contribution, until such time that they either can appeal or demonstrate to us that they do deserve it. If they cannot, we will not provide those institutions with the money. But rather reallocate it to other institutions.

Senator DECONCINI. Have there been any schools in Arizona?

Mr. KORNFELD. I don't know.

Mr. VOIGT. The appeals process is going on this week, so you should know by next week.

Senator DECONCINI. Can you furnish to us the names of the schools that are being denied?

Mr. KORNFELD. It's a long list.

Senator DECONCINI. Is it long? How voluminous is it?

Mr. KORNFELD. Offhand, you're talking about 800 to 1,000 schools.

DEFAULTS BY FEDERAL EMPLOYEES

Senator DECONCINI. Take it back. I don't want it.

We understand that about 7,000 Federal employees have defaulted on their guaranteed loans; is that an accurate number?

Mr. KORNFELD. Yes.

Senator DECONCINI. What action has been taken? How many are presently making payments?

Mr. KORNFELD. Right now we're down to about 1,000 persons who are not in repayment, paid in full, no longer with the Government, or something of that sort. There are still 1,000 that have to be handled.

Senator DECONCINI. You say there are still 1,000 in Government, who have not paid?

Mr. KORNFELD. Who have not paid. The reason is that those thousand are primarily in two agencies: Defense and the Postal Service. Part of the problem there is that those two agencies have people all over the world, and it's very difficult to locate them.

The whole procedure dealing with Government employees who have defaulted is to try to work through the employing agencies. The agencies counsel the person, and if the person still does not enter repayment, we then exercise appropriate administrative action and/or litigation. Since Defense and the Postal Service are located in so many geographical locations, we did extend their time. I believe, by the end of this month, all the counseling in those agencies will be completed and for any Federal employee who is in default by the end of this month, we will then initiate an administrative action, including litigation.

Senator DECONCINI. Are there any Members of Congress?

Mr. KORNFELD. We haven't done that yet. That's the next one.

Senator DECONCINI. Are there any employees of Congress?

Mr. KORNFELD. We have never matched congressional staff. The way it is done, we match the agency payroll with the default list.

Senator DECONCINI. Can you do that? Can you isolate it?

Mr. KORNFELD. There has been some conversation between Senator Magnuson and the Inspector General on that very subject. It can be done.

Senator DECONCINI. Can you do it?

Mr. KORNFELD. The agency?

Senator DECONCINI. The agency can do it?

Ms. BERRY. I am sure that is possible.

PROPRIETARY SCHOOLS

Senator DECONCINI. You have my interest. The Inspector General has been investigating proprietary schools that participate in student assistance programs. Do you know the status of this investigation?

Mr. KORNFELD. Yes. We have a number of things going as far as proprietary schools are concerned. Of course we are taking action not only on proprietary schools, but for all schools.

Congress gave us the authority to limit, suspend, and terminate those institutions that abuse these programs. We have implemented that statute. And at this point we have recommended termination on about 12 schools. Some of these actions get appealed and have to go before the administrative law judge. Second, we have limited about 30 institutions in these programs.

The Inspector General has a specific program for proprietary schools. We have been working with the Inspector General on these. The Inspector General also has a particular program dealing with schools of cosmetology since a large number of these schools have been causing us some problems.

The Inspector General is trying to determine what is the nature of the problem of these kinds of schools and how we might cope with it. Unfortunately, because there are so many of them and the percentage of schools we are having trouble with is large, the Inspector General felt that he would like to determine whether this is a particular type industry that we ought to initiate more intensive investigation.

That program is still going on. I don't know when it's going to be completed.

Senator DECONCINI. I know I called to your attention last year, cosmetology schools that were having trouble with the loan programs. The Department has been very helpful and this happened to be a legitimate school, and they were having some problem getting it processed.

I'm sure you're being careful to not categorize all such schools.

Mr. KORNFELD. I was going to make that very point, Mr. Chairman. Unfortunately, any time schools abuse these programs, there's adverse publicity and everyone knows about it. I think it's unfortunate if we label all the proprietary schools to be bad. Some of them serve a very valuable purpose. We certainly should support them.

The problem is that some of them are guilty of just plain fraud and abuse and others because of lack of knowledge. Some of them are very small and just don't know how to cope with these problems.

JOBS AFTER TRAINING

Senator DECONCINI. Do you have any data on the number of students attending these kinds of schools who are unable to find work after they finish their educational programs?

Mr. KORNFELD. No. But that's an area we're looking into. We don't have the authority right now to do this. We are concerned with those schools that do provide a vocational training.

Senator DECONCINI. Certainly gives good credibility to whether or not the schools serve the purpose.

Mr. KORNFELD. We think that subject, which might be generally labeled as "consumer information," is one that warrants much more work on our part, because we do feel it's important that students get more information about what happens when they go to these schools. If he or she chooses to go to that school, it's certainly their right.

Senator DECONCINI. Is there a higher drop-out rate for proprietary schools?

Mr. KORNFELD. We don't have a specific number on the drop-out rate. And the occupation placement is of concern to us. What we would like to do is get that information to the students before they select certain schools.

Senator DECONCINI. You don't have authority to do that?

Mr. KORNFELD. The authority we have only provides that a school furnish information at the request of the student. In other words, if the student asks for the information, I think the school has to provide it. Or, for example, if a school advertised the fact that all students ended up with jobs at $10,000 a year——

Senator DECONCINI. Is that by statute?

Mr. KORNFELD. I think that's by statute. We have regulations on it. The point we make, which always intrigues me, is Harvard Business School makes a practice every year to advertise how many job offers their students get, and the beginning salary, because they're proud of their accomplishment. We think that information should be provided to other students, too.

Mr. VOIGT. We are concerned about that issue. We are planning to study both drop-out rates and placement rates at institutions which offer programs of training for a specific occupation.

Ms. BERRY. Under the 1976 amendments, Congress required us to do a survey of completion and attrition for vocational schools. But the proprietary schools were not included in the survey. We have to look further into these problems and make a determination.

GRANTS RELATED TO SELF-HELP PROGRAMS

Senator DECONCINI. I think it will be very helpful.

It's been expressed that students turn down work-study and loans, which have certain self-help type aid, partly because of available grants that they increased.

Does the Department have estimates on the standards to which this may be happening?

Mr. KORNFELD. I would be surprised if it is happening. We don't have any specific data, but I just don't know how that would come about.

The way these packages are put together is that the basic grant can only cover half-cost. So, unless the student receives other assistance in order to go to the school, the other assistance has to come from self-help primarily, because there is no grant program that covers total cost.

I am sure there could be exceptions. There might be some people out there who can get total grant help and meet all their needs, but it can't be a common problem

The area where this statement that I just made could be somewhat misleading is in the community college. For example, a student goes to a community college, and, say, it's a tuition of $500. And the way the program is put together, these programs also look at total costs, not only tuition—tuition, rooming costs, books, et cetera. The way the basic grant program operates is that for a particular student going to a community college with tuition of $500, the total cost of that school would be $2,000, including room and board, books, and transportation, et cetera. This means that the maximum that student could get from the basic grant program is $1,000.

Then, one could start a debate to say that since the tuition is only $500, we've covered his total tuition costs, which is true, but that a $1,000 grant has not covered his total cost at that institution.

Mr. VOIGT. That student may have a summer job on his own which covers the rest of his costs. So, there may not be any need for a work-study job. It depends on the individual circumstances.

Ms. BERRY. Senator, in conferring on that with university presidents, and my own experiences show that we have a similar problem in work-study. It has a couple of aspects. One was with the availability of loans and grants. Some students were less likely to accept work than they would have been otherwise, and others have balanced their needs and time they wanted to spend on their education. That was a minor problem.

The other problem we had was in generating the numbers of jobs needed for students. And the difficulty there is that once you get above a certain number, what kinds of jobs on a campus or in the community students can do? The jobs they can do in the community are, of course, influenced by what the unemployment rate is in the community, the jobs they can do on the campus in some institutions, plus by whether there are unions and controls affecting certain types of employment. There is a problem generating enough jobs in some institutions, and a problem with students being willing to accept them in others.

We believe very firmly in self-help and believe in the work-study program. It is not a major problem, but I do think there may have been some complaints from some quarters along the lines that I have just described.

REFUNDS

Senator DECONCINI. Thank you.

The January 25, 1979, Federal Register printed new regulations pertaining to refunds under the Basic Education Grant. The new regulations require institutions such as trade schools to base re-

funds for BEOG's on a clock-hour basis rather than on a monthly basis.

Some trade schools say that these new regulations had extra paperwork and hardship on students to do the increased tuition that would be required to implement them.

One school has reported to us that it has already raised tuitions from $2,300 to $3,600 a year in order to comply with the regulations. Can you explain why these new regulations are being implemented? Why are you requiring that refunds be calculated on a clock-hour basis?

Mr. KORNFELD. That regulation, Mr. Chairman, was not from the Bureau of Student Financial Assistance. That's an FTC regulation. We have looked into it, just to keep ourselves informed.

Ms. BERRY. They were implemented consistent with their effort to stop unfair competition without consultation.

Mr. KORNFELD. It's an FTC regulation.

SUBMITTED QUESTIONS

Senator DECONCINI. We have some additional questions, and those we will submit to you. After you have answered them, return them, along with the hearing transcript, after seven working days. That will be very helpful.

I thank you for your fine testimony and presentation this morning.

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

STUDENT AID: REASONABLE COLLEGE COSTS

Question: Colleges and universities develop their own estimates of the actual cost for individual students seeking financial aid packages. What information does the Office of Education have on the extent to which schools may be overpricing their cost estimates so that students may qualify for more Federal assistance?

Answer: The Office of Education has no information of widespread abuse on the extent to which schools may be overpricing their cost estimates so that students may qualify for more Federal Assistance. The level of tuition and costs of education are institutional decisions. However, the Office of Education is concerned about the impact of the availability of financial assistance upon institutional tuition levels and costs. The concern will be addressed during the reauthorization process.

Question: What information do you have on the reasonableness of postsecondary costs used in developing financial aid packages?

Answer: We have no information on the "reasonableness" of costs used by institutions in developing student financial aid packages. Institutions are free to establish their own costs of education.

Question: What information is available on the extent to which schools may be "overpricing" budgets so that their students qualify for more aid?

Answer: We have no information which would indicate that schools are "overpricing" their budgets in order to qualify their students for more aid.

Question: Do you have any figures on the extent to which schools are raising tuition due to the availiability of student aid?

Answer: We have no information that schools are raising tuition due to the availability of aid. We will be closely watching this in light of the Middle Income Student Assistance Act in order to be sure that abuse does not occur.

Question: How prevalent is this at low-cost community colleges?

Answer: We have no evidence that low-cost community colleges are artificially inflating their costs to obtain more student aid funds.

COLLEGE ELIGIBILITY REVIEW

Question: A GAO report found deficiencies in the Office of Education process for determining eligibility of colleges to participate in the student aid programs. What steps have you taken to comply with the GAO's recommendations for improvements in your eligibility review?

Answer: On July 11-14, 1978, the Office of Education (OE) co-sponsored, with the Education Commission of the States, a conference on State postsecondary authorization and oversight which included representation from accrediting agencies, States, and the Federal government. An important purpose of this conference was clarification and strengthening of the State role in determining institutional or program eligibility for Federal educational financial assistance.

OE co-sponsored, with four accrediting agencies and associations, a conference in Chicago in November, 1978 concerning "Accreditation and Protection of the Student as Consumer." Proceedings of this conference are now available.

OE's Bureau of Higher and Continuing Education and Bureau of Student Financial Assistance have established a formal information sharing system, the intent of which is to serve as an "early warning" mechanism for the purpose of uncovering institutional malpractices before any appreciable damage is done.

INSTITUTIONAL APPLICATIONS

Question: I understand a panel has recommended changes in the institutional application process for the so-called campus based programs -- SEOG's, Work-Study and Direct Loans -- and regulations have been issued.

Will there be a need for statutory changes to implement these recommendations?

Answer: There will be no need for statutory changes in order to implement the changes in the institutional application procedures. We expect final regulations in May.

The panel has recommended study of the statutory State Allotment formulas which will be considered as part of the reauthorization.

ACADEMIC STANDING

Question: What is the Department's current position regarding adequate academic standing of student aid recipients?

Answer: "Good standing" is a requirement as part of student eligibility in the authorizing legislation of the Educational Opportunity Grant (now Supplemental Educational Opportunity Grant), College Work-study, and National Direct Student Loan programs.

The Education Amendments of 1976 requires that any student receiving any Title IV funds, must be "maintaining satisfactory progress in the course of study he is pursuing, according to the standards and practices of the institution..."

The Department of Health, Education, and Welfare's position is that the statute precludes any test by us of the reasonableness of an institutions' standards. We can only require that standards be established and administered. Thus, during the course of on-site monitoring of institutions participating in Title IV programs (approximately 1,000 institutions are scheduled for review in 1979) we will determine whether or not an institution has, in fact, established and is administering standards of satisfactory progress.

To date, our information is very limited and is primarily anecdotal. From the anecdotal information, we do know that some institutions have set standards and as a result some of them have experienced a decline in enrollment. We also know that other institutions, out of fear over a potential reduction in enrollment, have either not set any standards or have developed standards that are meaningless. One such example of this latter situation is a mid-western institution which requires that a student must complete 50 percent of the courses he or she begins. However, the institution does not include withdrawls in the calculation of course completion and a student can withdraw up to the last day of classes.

Question: Is it still left totally to schools to define what constitutes good academic standing?

Answer: Yes, it is still left totally to schools to define what constitutes good academic standing.

Question: What are the Department's plans in this regard?

Answer: The program reviews will give us information about the standards of satisfactory progress that institutions have established and the institutions' conformance with their own standards. The findings will be used in the discussions of the requirement during the reauthorization process.

AID RECIPIENT DROPOUT

Question: Do you have any information on college drop-out rates for students participating in the student aid programs compared to students not getting aid? If so, what do these rates show?

Answer: The Office of Education (OE) has no comparison data on drop out rates for student aid recipients and non-recipients. However, OE is currently involved in a project designed to collect information regarding the issue of dropout rates. The Office of Evaluation and Dissemination has a contract with the Higher Education Research Institute of Los Angeles, California. The report of this project will provide statistical data on dropout rates.

Various types of information on drop-out rates will be available based upon the diverse characteristics incorporated into this longitudinal study. This project entitled the National Study on Student Progress is a longitudinal study of a sample of 16,000 in-

coming freshman, who began their academic career in 1975 and follows their progress through the 1977 academic year. In addition to the statistical data the report will also include information on student perceptions on a variety of issues. This study is expected to be completed in late spring or early summer.

SINGLE NEED ANALYSIS SYSTEM

Question: What is OE's position on the feasibility of having one need analysis system for all student financial aid programs which might develop more consistent need analyses?

Answer: We are committed to simplifying the entire delivery system for student financial aid. Obviously, one of the major components of the delivery mechanism is the need analysis system used for Federal aid programs and we are currently reviewing the possibility of establishing a single system covering all Federal need-based programs.

Question: Why hasn't one system been developed to this point -- wouldn't one system provide more consistency in the treatment of students in similar financial circumstances?

Answer: One system would certainly provide more consistency in the treatment of students.

MONITORING STUDENT AID WITH VA, SSA, AND IRS

Question: Does the Office of Education have access to SSA, Veterans Administration or Income Tax files on a routine basis for monitoring of Student Assistance programs?

Answer: The Office of Education does not routinely match Social Security, Veterans Administration or income tax files on recipients with all student assistance applicants. However, some data from these sources are available for use in determining the appropriate award under the Basic Grants program.

Question: Does OE now have access to SSA, VA, IRS files on a routine basis for any studies or monitoring of student assistance programs?

Answer: The Office of Education and the Social Security Administration have established procedures to compare data between the Basic Grant Program and the Social Security Administration. The Veterans Administration has released to the Basic Grant Program information on veterans eligible for Veterans Education Benefits during the 1979-80 academic year.

The Office of Education does not have access to Internal Revenue Service files on a routine basis for any studies or monitoring of student assistance programs.

Question: If so, how has this information been used and what has been the outcome?

Answer: Information from the Social Security Administration and Veterans Administration will be compared with Basic Grant applications processed during the 1979-80 academic year to determine if benefits from these agencies have been reported on the Basic Grant application. Since 1979-80 processing has recently begun, we do not yet have data on the outcome of the comparisons. Data gathering and assessment is a routine part of the comparison plan.

The Office of Education has conducted two statistical data matches, with Internal Revenue Service concurrence, comparing the accuracy of financial data reported on the Basic Grant application form to Internal Revenue Service tax returns for the 1974-75 and 1976-77 filing populations.

Data from the 1974-75 Internal Revenue Service (IRS) comparison study was used to assess the overall accuracy of income data reported to the Basic Grant Program (BEOG) and to establish baseline data for future monitoring of accuracy rates. Results of this data match indicated that approximately 82% of the BEOG applicant population reported their adjusted gross incomes within $\pm$ $200, 13% under-reported their incomes to BEOG by more than $200 and 5% over-reported their incomes to BEOG. Preliminary data from the 1976-77 BEOG-IRS data match indicate that the overall accuracy rates for the BEOG applicant population has decreased by approximately 6%. These findings show that 76% of the applicants reported their incomes within $\pm$ $200, 17% under-reported their incomes to BEOG by more than $200 and 7% over-reported their incomes to Basic Grants. These data matches did not result in the identification of individual citizens but rather the accuracy rates of various categories of applicants.

These data have also been used to develop criteria for selecting applicants from the application data base for verification of the information reported on their application form. The Office of Education is planning to conduct another statistical data match with the IRS on the 1978-79 BEOG population to continue to monitor the accuracy of financial data reported on the application form.

In the past the Guaranteed Student Loan Program has routinely assessed Internal Revenue Service files for the current address of loan defaulters. The Office of Education is in the process of negotiating to renew this agreement with Internal Revenue Service for continued assistance in providing current addresses of loan defaulters under the Guaranteed Student Loan Program as well as to initiate a similar arrangement to obtain current address information for borrowers defaulting under the National Direct Student Loan Program.

Question: If not, has HEW asked for and been denied such access? Why?

Answer: We are continuing to pursue with Internal Revenue Service the possibility of a comparison based on identifiable data either as Basic Grant applications are processed or for later recovery. We are also continuing to negotiate with the Veterans Administration to continue the matches on a routine basis.

REFUND POLICY

Question: What has been the Department's experience with its criteria for refund policies at schools participating in Federal programs, particularly the Basic Grant Program?

Answer: Neither the Basic Grant Program nor the three campus-based student aid programs (National Direct Student Loan (NDSL), College Work-Study (CWS), and Supplemental Educational Opportunity Grant (SEOG)), have regulations which establish an institutional refund policy. There have been minimum standards for institutional refund policies in the Guaranteed Student Loan Program regulations since 1975. The Guaranteed Student Loan regulations do not specify exact refund criteria. Rather, they require that an institution's refund policy be "fair and equitable," and then list a number of factors to be considered in determining whether it actually is fair and equitable.

These factors were omitted from new proposed regulations for the Guaranteed Student Loan Program published on April 5, 1978 because at that time it was planned that the factors would be incorporated into proposed fiscal and administrative standards regulations applicable to all Title IV student aid programs. However, because of objections from the higher education community, the factors were not included in the proposed standards regulations when they were published as a notice of proposed rulemaking on August 10, 1978. But a supplemental notice of proposed rulemaking was published in July 1978 which again included refund factors solely for the Guaranteed Student Loan Program.

The Office of Education feels that it is important to maintain a minimum standard for school refund policies at this time. It is in the best interest of the Guaranteed Student Loan Program borrowers. Refunds of unearned tuition and fees can significantly reduce outstanding loan amounts and subsequent default claims.

A recent study conducted by the Bureau of Student Financial Assistance on this problem found that the accrediting agencies for public and private non-profit institutions needed more specific policies to assist schools in developing better refund policies at the institutional level.

Accrediting agencies for private profit-making institutions have specific policies in this area but must implement procedures to ensure compliance with their adopted guidelines. The Federal Trade Commission has published detailed procedures relating to the refund policy of proprietary schools. These will be effective January, 1980.

The Office of Education feels that it is inappropriate to surrender at this time the responsibility for assuring that participating schools have fair and equitable refund policies. The Office of Education is working with various educational associations in an effort to encourage those organizations to develop a way to regulate themselves in this area. When the educational community, hopefully, through the accrediting agencies, has adopted refund policies or viable standards for refund policies, the Office of Education will review the need to regulate in this area.

Both the current Guaranteed Student Loan regulations and the Basic Grant regulations which were effective from December 1974 until they were superseded by new regulations published on January 25, 1979, contained refund reduction formulas. Basically, the formulas provided that the portion of a refund to be returned to each program would bear the same ratio to the total refund as the amount of the grant or loan bore to the cost of education for the period for which the grant or loan was to be used. The regulations for the three campus-based programs (NDSL, SEOG, and CWS) have never contained reduction formulas.

Question: What is the new policy and how did it change from the previous policy?

Answer: With regard to the establishment of regulations governing refund policies, current Office of Education policy is consistent with that which has existed for several years. New final regulations for the Guaranteed Student Loan Program, currently in the clearance process, will again contain factors for evaluating whether a school's refund policy can be considered fair and equitable.

The new regulations for the Basic Grant Program, published on January 25, 1979, and those for the campus-based programs, published on August 24, 1978, do not contain any minimum standards on evaluative factors for refund policies.

With regard to institutional refunds, the new fiscal and administrative standards' regulations applicable for all Title IV programs will contain a formula for apportioning an institutional refund among the programs for which the student received aid. These new regulations are expected to be published before July 1, 1979.

Question: What effect will this policy have on schools?

Answer: By having a fair and equitable refund policy in accordance with the factors set forth in Guaranteed Student Loan regulations any institution whose students receive Guaranteed Student Loans will have a refund policy subject to Federal regulations even though that policy may not be governed by the regulations of the other aid programs. The regulation governing refunds for all Title IV programs will provide a consistent and equitable procedure for returning to Federal program accounts amounts of unused aid.

Question: For the last three academic years, how many refunds has the Department received from the various programs?

Answer: When an institutional refund results in money being returned to the various aid programs, those portions of the refund are simply returned to the program accounts at the institution, or, in the case of a Guaranteed Student Loan, to the lender. The amounts returned to institutional program accounts are then available for the remainder of the award period to aid other needy students. The refunded amounts are not returned to the Office of Education, and data is not collected on the number of refunds attributed to the various programs.

QUALITY CONTROL STUDY

Question: Please describe the "Major Quality Control Study" which was mentioned in the HEW response to questions posed by the House Intergovernmental Relations and Human Resources Subcommittee in July 1978.

Answer: The Bureau of Student Financial Assistance (BSFA) is conducting a major quality control study of the Basic Educational Opportunity Grant (BEOG) program in terms of three major objectives:

- To reliably document the programwide error rates of the 1978-79 BEOG student program determinations, including eligibility benefit amount, and payments.

- To gain insight into specific types and probable causes of significant programwide error rates in such determinations, if any.

- Identify actions which can effectively reduce or eliminate errors including analyses of management options which address feasibility, cost and effectiveness of proposed corrective actions.

We expect to use the results of this study to support the development of an ongoing, comprehensive quality control system.

Procedures

To achieve the study's objectives, the following three data sets will be collected and analyzed:

- An institutional data set. A national representative sample of approximately 200 public, private and proprietary institutions will be selected. The student financial assistance officer at each institution will be interviewed to verify the accuracy of the institution's BEOG processing procedures. In addition, a random sample of approximately 10 students at each institution will be selected to have their records reviewed and awards recomputed.

- A student data set. The students randomly selected at the institutions or approximately 2,000 student will be interviewed.

The students will be asked to supply documents that verify the information they reported on their application forms.

A parent data set. The parents of the students randomly selected at the institution, i.e., the parents of approximately 2,000 students will be interviewed. Parents of both independent and dependent students will be included. Like the students, parents will be asked to supply documents verifying the information appearing on the student application forms.

The results of each of these data sets will be analyzed to determine the nature of any errors, the frequency of each type of error, the causes of the errors, the effect of the errors on BEOG awards, and procedures that may be used to reduce or eliminate these errors.

Project Schedule

The institutional interviews were completed in February 1978, with 100 percent response rate. About 68 percent of student and parent interviews were completed as of March 7, 1979, and we are expecting at least a response rate of 90 percent. The first, interim report is due in May, the second in July, and the final report in September.

BASIC GRANT REAUTHORIZATION

Question: What changes is the Administration proposing for the Basic Grant Program during the reauthorization of the Higher Education Act?

Answer: We are still reviewing various aspects of the Basic Grant Program as part of our reauthorization activities and expect to include our proposals when the reauthorization package is submitted to Congress.

Question: Have you considered tying the maximum grant level to some indicator of the change in consumer prices or Higher Education prices?

Answer: One of these areas we are looking into is "indexing" the maximum grant level. There are, of course, many things to be considered in this issue including the significant cost implications of a provision for automatically increasing the maximum ceiling.

COST ESTIMATION ACCURACY

Question: How accurate do you believe your Basic Grant cost estimation model to be with regard to the 1979-80 school year, given the large numbers of applications being rejected this year and the major expansion of the program next year as a result of the Middle Income Student Assistance Act?

Answer: The Basic Grant (BEOG) cost estimation model includes a myriad of technical detail. In an effort to be as brief as possible, it should first be noted that the forecasting techniques employed within the Basic Grant Model have been developed jointly by cost projection analysts within the Bureau of Student Financial Assistance (BSFA) as well as experts with similar technical expertise throughout HEW in addition to representatives from the Congressional Budget Office, Congressional Research Service, and outside private interest groups such as the American Council on Education. These individuals, collectively referred to as the Technical Work Group to Review and Update BEOG Cost Estimation Procedures, have adopted a number of standard assumptions about what is the "best available" baseline data and "most appropriate" projection techniques for estimating future program costs.

With regard to the estimate for 1979-80 there appear to be two (2) major variables which will influence the accuracy of current cost projections:

(1) The impact of the Middle Income Student Assistance Act (MISAA) and resulting increased eligibility of students from higher income families.

(2) The alteration of the projected "participation rate" of our eligible population. The term "participation rate" refers to a technical procedure which attempts to specify how many of the potentially eligible student population will apply for a Basic Grant, and ultimately receive an award.

From a cost projection standpoint, the impact of MISAA will be considerable since the data input into the Model is based largely on historical program statistics. Because the joint distribution of these statistics is derived from our prior applicant/recipient populations who were essentially "low income" students, our analysts contend that the use of such data in projecting awards for "higher income" populations is questionable, but currently unavoidable. Therefore, a separate research project was initiated by the Office of Education last year to collect data on "currently enrolled" students in a sample of educational institutions throughout the country in order to obtain the necessary statistical information for input into the Model. The project is now in the data collection phase, and it is expected that data tabulations will be available by late Spring, 1979 which will assist in making our projections more reliable.

The participation factor has long been recognized as an extremely sensitive variable in the Model because it is affected by personal decisions on the part of students to continue education plans, labor market conditions, and other similar influences. Under any set of circumstances in which large numbers of students decide to discontinue their education in order to go to work, get married, etc., program participation declines.

During the 1978-79 award period (Fiscal Year 1978 appropriation), the new validation efforts designed to reduce fraud and abuse, including tightened computer edit checks in the BEOG application processing system, have introduced yet another variable which has had the unforseen result of confounding the original cost projections by significantly increasing the size of our reject pool of BEOG applicants. This reject pool consists of students whose applications were returned unprocessed because they contained data which were identified as suspect or exceeded computer tolerance edits. As an indication of the effect of these new procedures, it should be remembered that for the 1977-78 award period, (Fiscal Year 1977 appropriation) we experienced some 222,406 rejected applicants. At this point in the 1978-79 award period, our reject pool contains approximately 498,000 applicants. It is assumed that a number of the students currently within the reject pool are potentially eligible for awards, but have become discouraged by reject notices so that they have either discontinued postsecondary education plans or are simply not making the necessary changes which would enable them to be processed through the application system and ultimately receive awards.

The Office of Education instituted earlier this year emergency procedures to identify such applicants and encourage their re-entry into the system. The problem is that there exists no definitive data on the number of potentially eligible students who are currently in reject status nor the success of our efforts to identify such individuals and encourage them to re-enter the BEOG application system either this year or in future years. What we are aware of is that our original participation rate projections are now inappropriate. Accordingly, we have adjusted this ratio downward based on assumptions about what the current data means. We are constantly monitoring incoming data in an effort to develop a more precise participation rate later this year.

In summary, we should simply acknowledge that our current estimates are preliminary in nature and subject to revision later in the year. We understand the Congressional Budget Office has also adopted this caveat for their current projections.

45-224 O - 79 - 24

BASIC GRANT APPLICANTS REJECTED

Question: How many individuals applied for a Basic Grant during the 1978/79 school year and were rejected because of Office of Education computer checks of their applications?

Answer: Of the 3,770,273 applicants processed (as of February 20, 1979) 1,507,172 were rejected.

Question: How many of these applicants subsequently submitted corrected and acceptable applications and how many remain in a rejected and uncorrected status?

Answer: Of the students whose applications were initially rejected, 498,508 remain in a rejected status (as of February 21, 1979). It should be noted that at a similar point in time in the 1977/78 academic year, 236,720 were in a rejected status. It is always the case every year that a number of students remain in a rejected status at the end of the year.

Question: What hardships have resulted at schools which have large percentages of students dependent on Basic Grants for their educational costs?

Answer: Schools which have large percentages of students dependent on Basic Grants will probably have to make some greater amount of effort with their students to make sure they get through the application process successfully. While the majority of students are successful with their initial submission of an application, others do need to carefully review the information provided and answer the questions that are posed to them. Schools that have a large percentage of Basic Grant recipients may experience difficulty in locating and counseling all students that may need assistance. If students have not provided the necessary information in time to complete the processing of their applications before the start of their enrollment, this may place schools in a difficult position in terms of admitting the student before institutional costs (that were to be covered by financial aid) have been taken care of.

Question: How do you propose to remedy this situation?

Answer: For the 1978/79 academic year, a number of steps were taken to lessen the problems being experienced by the schools. A set of special workshops was held and an extensive "Dear Colleague" letter was written last September to provide schools with information on how to deal with those cases where students were having difficulty in establishing their eligibility for Basic Grant aid. The workshops and letter provided such information as: the most common reject situations and how to correct them; hints for getting students through the process easier; a listing of key addresses and phone numbers for special attention to the problem cases. In addition, special procedures were established whereby schools could make partial payment of Basic Grant awards to students who were still in the corrections process. Approximately 100 schools participated in these special procedures.

For the 1979/80 academic year, a number of steps have been taken to smooth out the application process for students. Among the steps taken are:

1. Earlier implementation of the application processing system (almost a month ahead of the previous year's schedule).

2. Increase in weekly processing capacity by more than 50%.

3. Increased staffing that assumes a much higher total volume of applicants and rejected students.

4. Significant revisions in the wording of the messages to rejected students to make them more clear and direct.

5. Expanded toll-free phone system that will provide assistance to students and schools for 11 hours daily.

6. A special reminder notice will be sent to rejected applicants who have not submitted corrections within 60 days of the processing of their application.

7. Students who have attempted to make corrections on two occasions and were unsuccessful will be given the toll-free phone number so they will be able to request direct assistance.

8. Extensive reporting and monitoring system to evaluate the processing operations and to detect problem areas in advance.

9. Improved application forms to better collect the necessary information from students and parents.

10. Extensive training of high school counselors and financial aid administrators, stressing the proper completion of forms as a key to getting students through the financial aid process.

Question: What types of errors caused applications to be rejected?

Answer: The majority of errors committed by students in completing their applications occur in relation to income items. A significant number of students left key income questions blank or provided responses that were either incomplete or inconsistent. It appears likely that the problems with the income items may be caused, at least in part, by the fact that many students and parents complete the aid application before they have made an accurate accounting of their income from the previous year. For the 1978/79 academic year, almost 70% of the rejected applications were due to problems with the income items. The next two most frequent types of errors were failure to sign the application and failure to provide a social security number, which together accounted for an additional 15% of the rejects.

Question: To what extent were rejected applications the result of inflexible auditing procedures?

Answer: We have very thoroughly reviewed our procedures for screening applications for financial aid and believe that they are largely sound and necessary. Preliminary data on the types of corrections being made by rejected applicants indicate that a significant number of rejected students provide new data that results in large decreases in their eligibility for aid. This would support the theory that the screening procedures are effective and necessary to maintain consistent treatment of students and program integrity. As the data becomes more complete, we will review it carefully to make sure we are rejecting only those cases where we have strong reasons to believe that the information on the application is not accurate. We should also note that based on our initial review of the data, we have made some changes in our screening process that would permit a more selective approach to rejecting certain types of cases. However, in general we feel that the screening process in working well and that our primary concern at this point is to make every effort to make the processing of original applications and corrections as smooth and timely for students as possible.

BASIC GRANT VALIDATION STUDY

Question: You conducted a validation study of Basic Grant applications during 1978.

Answer: For the 1978-79 academic year we selected, as applications were processed, over 120,000 applicants for review by their school before payment could be made.

Question: What findings did you make about the accuracy of the financial data submitted on Basic Grant applications?

Answer: Data on this validation study are preliminary. Institutions were not required to conduct the validation until the regulations were effective, on February 27, 1979. Also, processing of corrections to applications is still continuing; therefore information on the extent and effect of corrections of applicants selected for validation is not final. As of February 21, 1979, 34,262 applicants selected on the basis of pre-established criteria have made corrections to their applications, with resulting average grant changes which could range as high as $150. As a result of random selection for validation, 3,719 applicants have made corrections with grant changes averaging approximately $50 to $60. Also, until the information on recipients is received we will not be able to fully assess the validation to determine, for example, the number of applicants selected for validation who did not present their student eligibility reports for payment.

Question: What action are you going to take to address the problem of inaccurate financial data being reported to the program?

Answer: For the 1979-80 academic year we are continuing to select applicants for institutional validation as Basic Grant applications are processed. These applicants must verify key family and financial information before their Basic Grant award may be disbursed.

We have refined the selection criteria and are increasing the size of the sample to be validated. If the applicant does not respond to the validation request, no payment will be made. If the information on the application is proven to be incorrect as a result of validation, corrections must be made, and eligibility recalculated, before payment will be made.

BASIC GRANT APPLICATION FRAUD

Question: What have you done concerning students failing to report Veterans' Benefits, Social Security Income, and Public Assistance on their Basic Grant applications?

Answer: We have initiated a match with data from the Social Security Administration and Veterans Administration as applications are processed. Applicants who fail to report the full amount of their benefits will have their applications returned to them for correction or verification.

It appears, from a preliminary review of the Aid to Families with Dependent Children (AFDC) regulations, that underreporting of AFDC benefits will not affect the amount of the Basic Grant award because, in the vast majority of States, the public assistance benefits are lower than the amounts of the family size offsets. If this is the case, a routine comparison program would not be necessary. We are continuing to study this and will decide on a plan of action shortly.

In the validation effort formerly conducted centrally by the Office of Education, instances of misreporting of Veteran, Social Security and public assistance benefits were detected.

Question: Have you obtained any refunds from such students?

Answer: Since the 1979-80 data comparisons with Veterans Administration (VA) and Social Security Administration (SSA) are pre-award, we will hopefully be able to detect instances of misreporting before improper disbursements are made.

In those instances in the central Validation effort where misreporting was detected, the applicants corrected their Student Eligibility Reports and were instructed to present these corrected Student Eligibility Reports to their school for recalculation of eligibility. In the last year of the central validation effort, 1977-78, approximately 23% of all confirmed discrepancies were related to the misreporting of non-taxable income.

Question: If so, how much?

Answer: We are not able to relate recoveries to the specific types of discrepancies causing the overpayment.

BASIC GRANT OVERPAYMENTS

Question: What has been your recent experience with overpayments in the Basic Grant Program?

Answer: We selected a sample of recipients from the 1977-78 academic year where multiple Student Eligibility Reports had been submitted from different schools. Of those selected for this sample, only a few were determined to be potential recipients of concurrent awards and investigations of these students are continuing. The Multiple Student Eligibility Reports that were submitted for the remainder of the sample were cases where no payment had been made by the school, the student was a transfer student, etc.

During 1977-78 11,000 applicants were determined to have applied for a Basic Grant using the same address. We are now sorting and analyzing this file to determine which of the many multiple addresses may be the result of an applicant using different identifiers to receive multiple Basic Grant awards as opposed to applicants living in apartment buildings, or living with siblings who are also Basic Grant applicants. It is likely that the vast majority of these cases will be determined to be legitimate.

As overpayments are identified by institutions they are referred to the Office of Education for collection. Overpayments are referred to us for a variety of reasons; for example, the student reported incorrect financial information, the student withdrew from school or reduced the course load, the student was not a citizen, etc.

The collection activity has been handled centrally, but, beginning on July 1, the collections effort will be conducted by our regional collectors.

Question: What has been the result of your efforts to reduce duplicate payments to students under the Basic Grant Program? We understand that an estimated 30,000 such students were identified for 1976-77.

Answer: We have received the first printout of potential concurrent award recipients from the 1978-79 Student Eligibility Reports received to date. We will be following up on a sample of these recipients to determine the scope of the actual concurrent award problem. We are also working on a system to immediately identify all multiple Student Eligibility Reports, as they are keyed into our system, for routine follow-up action.

DIRECT LOAN DEFAULTS

Question: It is my understanding that defaults in the Direct Loan program now exceed 800,000 loans and that the average default rate has topped 17%. And you have just released a report, showing default rates at individual schools, which indicates the rate exceeds 80% in some instances. Can you give us a rundown on the numbers of schools at various default rates -- the percentage with defaults over 80%, 60%, etc.?

Answer: Yes, information on the number of institutions by default range is noted below.

National Direct Student Loan Program
Percentage of Institutions by Default Rate Range
June 30, 1978

Default Rate Range	Number of Institutions	Percentage of Institutions
0-10%	1,025	31.53%
11-20%	874	26.88%
21-30%	495	15.23%
31-40%	329	10.12%
41-50%	250	7.69%
51-60%	148	4.55%
61-70%	82	2.52%
71-80%	25	0.77%
81-90%	14	0.43%
91-100%	9	0.28%

Question: What action has the Department taken so far against schools which have historically been lax in administering the direct loan program?

Answer: If an institution had a default rate in excess of 10 percent or the number of students in default between one and two years on June 30, 1978, did not decline by at least 10 percent in comparison with the number of students in default between 120 days and one year on June 30, 1977, or the institution could not demonstrate due diligence in the administration of the program, its new Federal capital for the 1979-80 award period has been reduced.

Question: How many schools so far have been denied new capital contributions because of inordinately high default rates on loan repayment?

Answer: Prior to the consideration of appeals, approximately 40 percent of the 3,400 institutions participating in the National Direct Student Loan Program had their Federal capital tentative funding reduced. This percentage will decline somewhat as a result of the action of the National Appeal Panel.

Question: What additional actions are planned?

Answer: The Office of Education will expand technical assistance and training for institutions that need help in improving the management of their loan programs. The Office of Education will also take additional steps to facilitate the assignment to the Federal Government of loans that have been in default more than two years. To encourage institutions to act promptly, loans assigned to the Office of Education during the next year will not be included in the calculation of an individual institution's default rate. Proposed regulations are being developed for the 1980-81 academic year that will set performance standards for the reduction of institutional default rates. The proposed regulation will provide that institutions which do not meet these standards will receive no further National Direct Student Loan funds from the Federal Government. Performance will be evaluated on the basis of fiscal operations reports submitted for the period June 30, 1978 to June 30, 1979.

DEFAULT AMOUNT

Question: About how much money is involved in these direct loan defaults?

Answer: As of June 30, 1978, institutions reported $702,542,830 in default.

Question: What has the Department been able to do to reduce this amount?

Answer: New initiatives to reduce the default rate in the National Direct Student Loan (NDSL) Program have recently been undertaken. They include the development of performance standards that institutions must meet to secure further NDSL funds from the Federal Government.

Question: By how much has it reduced the amount?

Answer: It is too early to assess the results of our recent actions.

DIRECT LOANS AT CLOSED SCHOOLS

Question: Is OE currently servicing Direct Loan accounts of institutions which have closed?

Answer: The Office of Education (OE) first attempts to transfer the loan fund of a defunct institution to another institution which is willing to assume both the assets and liabilities of the defunct institution's fund. If that proves infeasible, the Office of Education assumes responsibility for the promissory notes and establishes contact with the borrowers for the purpose of continuing routine billing and payment processing for these student accounts.

Question: How many schools and accounts are involved?

Answer? The Office of Education is currently servicing 7,964 accounts from 26 defunct institutions.

Question: How much in defaulted, delinquent accounts are involved?

Answer: Of these 7,964 accounts, 4,223 are in default. The principal outstanding in default for these accounts is $2,886,127. Some of these defaulted notes were issued to borrowers who are refusing to repay on the premise that the institution closed without providing the academic training that the borrowers had paid for with these loans. Allegations are reviewed on a case-by-case basis.

DIRECT LOAN COLLECTIONS

Question: To what extent are collection agencies used in the Direct Loan program?

Answer: Institutions have the option of employing collection agencies or performing the collection work internally.

Question: How much have they recovered?

Answer: There is no estimate available regarding the recovery by collection agencies of defaulted loans.

Question: How much do they receive for their services?

Answer: Agencies typically charge a percentage of the amount collected - usually one-third.

Question: Could this be better accomplished by adding Federal collection agents?

Answer: On defaulted notes assigned to the U.S. Office of Education, Federal collection agents will be used to attempt recovery. This experience may then be used to evaluate institutional efficiency in collections.

Question: Does the Privacy Act and Freedom of Information Act impact on the success of such collection procedures?

Answer: The Privacy Act and the Freedom of Information Act provide guidelines governing collection procedures which may be used. Successful collection efforts can be made within these guidelines.

DIRECT LOAN CASH BALANCES

Question: Has the Department implemented procedures to limit the amount of money available to schools to their immediate needs rather than allowing them to retain large cash balances at the schools?

Answer: Yes, in April 1978, the Office of Education provided new procedures to all institutions which would restrict the amount of new Federal capital which could be withdrawn from their cash account at the Department of Health, Education, and Welfare, and deposited into their loan funds, to an amount which was needed to meet the projected loan demand for the next month.

Question: Has HEW collected excess cash from schools with amounts on hand which exceed their immediate needs?

Answer: The Higher Education Act of 1965, as amended, authorizes an institution to carry out a partial liquidation of its loan fund at any time which it believes the fund contains excess cash. We received approximately $3,000,000 last year from some institutions on a voluntary basis. However, the Office of Education has not yet advised institutions of a mandatory return of excess cash until such time as the Congress considers our request for a legislative amendment which would enable the Office of Education to reallocate such excess funds to other institutions which are in need of additional capital.

Question: Can the Department account for substantially all of the funds lent out in the Direct Loan program?

Answer: The cumulative amount loaned under the National Direct Student Loan (NDSL) Program from its inception through June 30, 1978, is $5.5 billion, of which $2.1 billion has been repaid or cancelled and $3.4 billion is outstanding. Approximately 80 percent of the $3.4 billion is in good standing. The Department has recently announced major initiatives to re-establish institutional accountability for the remaining defaulted principal, or to encourage them to assign notes in default more than two years to the United States for collection by the Office of Education.

PROPRIETARY SCHOOLS

Question: What percentage of Direct Loans go to students attending proprietary schools?

Answer: Data for June 30, 1978, will be available in the near future. For the year ending June 30, 1977, proprietary students received 7.98% of the loans and 8.32% of the loan dollars.

Question: Has this trend increased in the last few years?

Answer: The trend appears to be increasing. However, 1974 and 1975 data is unedited. The following are the best available percentages:

	Students	Dollars
1974	2.60%	3.60%
1975	4.25%	5.60%
1976	6.05%	6.76%
1977	7.98%	8.32%

Question: Do you know what the default rate is for proprietary schools as a whole?

Answer: The default rate for proprietary schools as a whole is 33.10% as of June 30, 1978.

WORK-STUDY

Question: How many students participated in the College Work-Study Program last year?

Answer: Data from the June 30, 1978 fiscal operations report on College Work-Study student participants have not been validated. For academic year 1976-77, there were 722,147 students in this program.

Question: How many of those students were from low-income families?

Answer: A total of 168,910 (23.39%) were from families with income under $6,000. An additional 44,701 (6.19%) came from families with income of $6,000 to $7,499. Independent undergraduate students, for whom income data is not collected on the fiscal operations report, totaled 151,073 (20.92%).

Question: How effective has the program been in employing needy students?

Answer: All students employed in the program would have some measure of need.

Question: How effective have the institutions been in locating off-campus jobs for students?

Answer: Jobs were located or developed for 13,660 students with total earnings of $22,211,863 through the Job Location and Development Centers for the year ending June 30, 1978.

Question: There have been views expressed that students turn down Work-Study and loans which are characterized as self-help type aid partly because available grants have increased. Does the Department have estimates on the extent to which this may be happening?

Answer: The Department has no estimates on the extent to which this has been happening.

STATE STUDENT INCENTIVE GRANTS

Question: Have alternative methods been proposed to allocate State Student Incentive Grants (SSIG)?

Answer: Alternative allotment formulas have been studied by staff and consultants from time to time. No formal allotment proposal has been set forth by the Office of Education or the Department of Health, Education, and Welfare to date. However, the present formula is being reviewed as part of the pending reauthorization of the Title IV programs.

The present statute sets the State's allotment at the same ratio as the number of students in attendance at institutions of higher education in the State bears to the total of such students in all States. This includes students attending any kind of postsecondary institution in the State - graduate students, part-time students, degree and non-degree credit students, students from out of State. For California and New York, for example, this includes a relatively large number of special part-time students. For Massachusetts, it includes a large number of out-of-State and graduate students. The recent amendment requiring that all nonprofit institutions in the State must be eligible to participate has helped standardize institutional eligibility although some States need time to adapt their constitutions to comply with this requirement.

The choice of allotment formula depends upon answers to such questions as: whether Federal funds follow students (postsecondary enrollments) or attract students (high school graduates); whether to reward State effort (expenditures for postsecondary education) or bolster State ability (to help students or families with greatest need).

The present formula rewards States for their postsecondary enrollments. An allotment based on need would shift aid to States with larger proportions of needy students.

Question: What efforts have been made to evaluate this program?

Answer: Under an Office of Education contract, the Education Commission of the States (ECS) has been doing a quasi-evaluative descriptive study of State Student Incentive Grant (SSIG) programs from a programmatic viewpoint. The study looks at relative efficiency of various patterns of State administration in student aid programs using SSIG funds, how State need analysis practices are related to those used by Basic Grants and Campus-based programs, how aid is packaged for SSIG recipients, under what conditions grants are portable, the problems and potential of expanding eligibility of institutions and students to meet legal and other requirements (such as providing assistance to needy adult students), the effects of alternative State allotment formulas, and how consistent the State programs are with respect to other Federal-based student aid. As a basis for this work, ECS prepared a 3-volume set of profiles of State scholarship/grant program characteristics and related documents highlighting similarities and differences among State student assistance programs, recommending solutions to various emerging problems, and suggesting a data collection plan to aid in monitoring the effectiveness of SSIG over the years.

The annual surveys of State scholarship programs, published by the National Association of State Scholarship and Grant Programs, are also quasi-evaluative in nature. These reports credit SSIG with providing the incentive for rapid State scholarship program growth in the years since SSIG became operational. The Tenth Annual Survey shows that, while SSIG increased from $19 million in 1974-75 to $63.75 million in 1978-79, total State payout for needbased undergraduate scholarships increased from $440.8 million to $828.9 million. During this same period, the number of participating States doubled. All 57 eligible States and territories now participate.

UNRESOLVED AUDITS

Question: What is the extent of unresolved audit exceptions concerning the major student aid programs which were reported by GAO or the Office of the Inspector General?

Answer: One major area exists where audit exceptions need resolution. Specifically, the area involves the GAO recommendation regarding the improvement of the Guaranteed Student Loan Program (GSL) Accounting system. Over the past ten years, the Bureau of Student Financial Assistance has not been successful in implementing an accounting system that would satisfy GAO reporting standards for the Student Loan Insurance Fund. The new management of the Bureau has taken this task as its priority for resolution during 1979.

The bureau successfully established an accounting system to deal with its collection activity, and will use the same approach to design an accounting sub-system which will satisfy the GAO concerns. The sub-system implementation will be tracked by the Bureau with quarterly progress reports forwarded to GAO.

In addition to exceptions dealing with the GSL accounting system, there are over 60 recommendations which have been made by GAO and HEW Audit Agency (Office of the Inspector General) which are in varying stages of resolution. Progress on these recommendations is being monitored internally within the Bureau. With the exception of the GSL accounting system, there are no major problems in implementing the GAO and Office of Inspector General recommendations.

Question: How many program/grants or contracts, officials or others are assigned to resolving such exceptions?

Answer: In order to establish a viable accounting sub-system which will be responsive to the GAO recommendation for the Guaranteed Student Loan (GSL) accounting system, we have assigned a full-time staff member to work with a sub-contractor to develop the necessary program specifications. Additional staff will be added as necessary.

The remaining recommendations which do not relate to the GSL accounting system, have been incorporated in various work plans throughout the bureau, and it would be difficult to isolate the staff resources specifically dedicated to the implementation of audit recommendations.

LOAN DEFAULT

Question: A couple of weeks ago Secretary Califano told this Subcommittee that the default rate in the Student Loan Insurance Fund, also known as the Guaranteed Student Loan program, will fall from 13.7 percent in 1977 to 10.5 percent in 1978. The estimate for the first quarter of 1979 is 9.8 percent. This is the first time in recent years that the default rate has actually gone down. I think the Department is to be commended for its efforts. What have you done to bring about this reduction in default rate?

Answer: On January 29, 1979 two private collection organizations were awarded contracts to assist the Bureau of Student Financial Assistance in the collection of defaulted loans. By March 31, 1979 approximately 10,000 accounts will have been transferred to the contractors. An estimated $12 million will be collected by the contractors during the initial one year experimental period.

Also having positive impact on the reduction of defaults are the strenghthening of the management of the Guaranteed Student Loan program at both the Federal and institutional level, and with widespread publicity given to the enhanced collection efforts and our firm commitment to confront the default problem. Particularly effective in this area was Project Cross Check, in which the Federally Insured Student Loan default file was matched against Federal active duty civilian and military employees revealing a total of 16,500 employees in default, with indebtedness of $15.8 million.

Additional factors aiding our reduction of defaults were an increased emphasis on performance of due diligence by lenders, improved efforts in the area of pre-claims assistance, and establishment of a computerized billing system.

FURTHER REDUCTION OF DEFAULTS

Question: What activities are you presently carrying out to further reduce the default rate?

Answer: In addition to the actions enumerated in the previous answer, several new provisions are included in our proposed regulations which will affect defaults: First, lenders will be required to send the loan check directly to the school. This will serve as notice to the school that the student has received a guaranteed student loan and preclude students who fail to enroll from receiving loan funds; second, the Office of Education will pay full interest subsidy and special allowance from the date of first disbursement if the lender will make multiple disbursements. This will reduce the amount of default claims filed on students who withdraw from school before subsequent installments are disbursed; and third, lenders must file claims within ninety days after the student defaults which will enable us to initiate collection efforts on a more timely bases. We are also considering a provision to provide data to the Internal Revenue Service (IRS) on accounts written off by the Office of Education as uncollectable so as to permit taxation of these funds as income. Additional consideration has been given to proposing legislative authority for releasing IRS address data to State guarantee agencies to assist their pre-claims efforts prior to submitting the claim to the Office of Education.

TARGET DEFAULT RATE

Question: Do you have a target that you believe is an "acceptable" default rate?

Answer: We believe that our projected default percentage of 9.0 percent for 1980 represents a level of continuing improvement in default reduction that meets or exceeds most expectations in this area. While we have not identified a long-term goal on this, we will always remain committed to improving this problem.

DEFAULT REDUCTION FUNDING

Question: What funds are you requesting for default reduction this year?

Answer: In 1980, we are requesting a total of about $23 million for the primary and secondary administrative cost allowances to be paid to participating guarantee agencies. Of this amount approximately $9 million is estimated to be used for default reduction related activities including collections and pre-claims assistance. In addition, we are requesting authority to reprogram from Federal default collections $10.5 million and $1.5 million to be used for collection personnel support and collection computer support respectively. Approximately $1.5 million will also be requested under the Bureau's Administrative Fund--separate from the Guaranteed Student Loan program budget--for contractural pre-claims assistance support.

GUARANTEED STUDENT LOANS

Question: How many borrowers in the Guaranteed Student Loan program are repaying loans on graduated repayment schedules, rather than fixed, periodic installment schedules?

Answer: Currently, only a small number of schools-lenders utilize this type of repayment plan, and they have less than 3 percent of borrowers under the plan. To date, there has been very little interest expressed by commercial lenders in this kind of plan, primarily because it differs from their generally accepted practices.

STUDENT DEBT

Question: Do you believe, as apparently many do, that the level of debt among former students is excessively high?

Answer: A 1978 survey of about 28,000 graduate students made by the Educational Testing Service (ETS) showed that the average undergraduate debt was almost $3,700, while the median debt was slightly under $3,000. All of those students surveyed had received some form of financial assistance while an undergraduate. At this time, it is difficult to assess what is excessive student debt. Certainly, students with higher earning potential can afford a higher debt limit. One means of assessing whether or not student debt is excessive is the ability of the student to repay these debts upon graduation; however, at this time, we do not have data which analyses this ability.

ALTERNATIVE LOAN REPAYMENT METHODS

Question: Do you think alternatives to the usual methods of repayment--such as income-contingent repayments--should be explored to help them arrange repayment?

Answer: Imcome-contingent repayment schedules are being evaluated as an alternative to the usual methods of repayment. Although most income-contingent schedules would equalize the burden of the debt level of student borrowers, there are problems in terms of implementation. Most of the schools utilizing this method do not widely advertise its availability because of concerns that the small payment amounts during the early years would have a "drying-up" effect on future loan availability. Additionally, this type of repayment presents problems in their computer systems and must be processed manually.

Another alternative, having graduated repayment schedules, is also being considered and appears be more feasible and praticable. This would involve having the Office of Education provide several types of schedules, and allowing the borrower--with the lender's concurrence--to select the schedule which best suited his or her financial and personal situation. This, combined with loan consolidation provisions, would aid in greatly reducing the burden on student borrowers.

The proposed final Guaranteed Student Loan regulations--currently in clearance--will authorize both graduated and income-contingent repayment schedules. Currently, income-contingent repayment plans are limited to school lenders who must obtain prior approval by the Office of Education to ensure that the borrower is not unduly burdened.

STATE LOAN GUARANTEE AGENCIES

Question: How many State guarantee agencies are currently in place in the Guaranteed Student Loan program?

Answer: There are 38 States that currently have guaranteed agency programs, and another 13 States are in the process of estalbishing such agencies. Of the 38 States, 30 are administered by State agencies and 8 by private nonprofit agencies. In addition, 9 of the State administered programs contract with the United Student Aid Fund, a private nonprofit agency, to administer their program.

PROS AND CONS OF GUARANTEED AGENCIES

Question: Would you share with us your thinking now on the advantages or disadvantages of making this program essentially State-run, as mandated by the Education Amendments of 1976?

Answer: There are several advantages in operating the Guaranteed Student Loan program at the State level. First, guarantee agencies are physically closer to students and lenders and therefore have closer supervision and control. However, they are not as effective in monitoring schools, other than those in their own State. The Federal government must still be the major force in supervising educational institutions for compliance with law and regulations; second, States are dealing mostly with their own residents. This builds incentive for greater investment by lenders to respond to financial needs of the State's students and their parents; and third, the State can often

45-224 O - 79 - 25

trace students better than the Government and thereby reduce defaults. However, the Federal government can and does assist in this function as the government has certain resources not available to the guarantee agency programs. A lower default rate results in a lower cost to the Federal government and therefore to the taxpayers.

One of the disadvantages of the guarantee agency programs is that they are permitted by law to have certain flexibilities in their programs. This results in uneven loan accessibility and different forms and procedures which sometimes causes problems with schools who accept students from several States. Efforts are in progress to develop a standard form for use by all agencies to minimize these problems.

RISK OF LOSING FEDERAL CONTROL

Question: Do we run the risk of being increasingly unable to make fundamental changes in the structure of this program as fewer and fewer loans are directly insured by the Federal government, and more State agencies control parts of the program?

Answer: The Commissioner has the responsbility for assuring that all applicable Federal laws and regulations are adhered to by GSLP participants, whether loans are through guarantee agencies in the States or direct from the Federal government. The financial incentives provided to the guarantee agencies by the Federal government offer sufficient basis for assuring that national objectives are met.

GUARANTEE AGENCY DEFAULTS

Question: Although your budget predicts an improvement in defaults on Federally Insured Student Loans, the default rate on those initially insured by State agencies, which you "Reinsure," continues to climb.

Federal costs for these loans will go up to another 12 percent in 1980. The cost of defaults on these reinsured loans now exceeds that of Federally Insured Loans by more than two-to-one.

What can be done to get better control of the growing default rate on these reinsured loans?

Answer: Several steps are either planned or underway to help control the default problem in the guarantee agency program. First, a guarantee agency review team composed of Regional and Headquarters personnel will annually review each agency program and provide technical assistance for the prevention of defaults. The first agency reviews are scheduled to begin in April, 1979; second, all guarantee agencies currently provide their lenders pre-claim and skip tracing service that is designed to provide early identification of student borrowers whose current address is unknown, or who are delinquent on their accounts or actual defaulters. This procedure is intended to improve the Guaranteed Student Loan program by reducing administrative cost to lenders and to reduce the number of defaults.

Each guarantee agency also is required to submit to the Office of Education a Monthly Report of Activities as well as a Quarterly Claims and Collection Report. We are currently designing a single form which will combine both of these reports--dropping unnecessary data and clarifying certain other data--which will be analyzed to assist us in

identifying actual or potential default problems so that remedial action can be taken. We will also begin collecting information necessary to calculate a "default percentage" for guarantee agencies as is currently done for the Federal Insurance program.

IMPROVED GUARANTEE AGENCY DEFAULTS

Question: When can we expect to see some decline in the default rate on the reinsured loans?

Answer: We are currently projecting the lenders default claim percentage to begin leveling off in 1981 and if the actions cited in our response above are effective, it is possible that a decline could occur as early as 1982. It should be noted however, that this is dependent on many factors and in fact, the default problem could actually get bigger if the loan volume to those students who might be considered "high risk" borrowers increases. Many of the agencies have historically had restrictive loan practices regarding such borrowers, but under the provisions in the Education Amendments of 1976 they must begin to "mirror" the Federal Insurance program and be less restrictive.

STATUS OF COLLECTION CONTRACTS

Question: The Education Amendments of 1976 gave the Office of Education authority to use private collection agencies. What is the status of your project to test the use of private collection agencies?

Answer: The project to test the use of private collection agencies started on January 29, 1979. The Office of Education awarded two private collection organizations contracts to assist in the collection of defaulted Federally insured student loans.

The contract in our Atlanta Region office was awarded to Financial Collection Agencies and the contract in our San Francisco Regional Office was awarded to Payco American Corporation. By March 31, we plan to have transferred approximately 10,000 accounts to the contractors.

COLLECTION CONTRACTS RESULTS

Question: How do the results of this effort compare with collection efforts being conducted by the Department of Health, Education, and Welfare in other regions?

Answer: It is too early to compare the results of the private collection agencies' efforts with collection efforts being conducted by the Department of Health, Education, and Welfare in other regions at this time. The Office of Education plans to have preliminary results available by the end of May 1979.

However, the formal cost/benefit comparison evaluation of the performance of the private contractors versus the Office of Education in-house collection efforts will be conducted by the DHEW Office of Inspector General. This evaluation is scheduled to be completed in September 1979.

PARTICULARS OF THE COLLECTION CONTRACTS

Question: Could you discuss the particulars of the collection contracts?

Answer: The collection contracts are on an experimental basis for one year in our Atlanta and San Francisco Regional Offices. At the end of that period, the Office of Education will determine whether or not to extend the contracts, based upon the Inspector General's review. During the first year, up to 100,000 accounts with an estimated value of $106 million will be referred to the contractors. The following particulars will be provided in the contract specifications.

Contract Specifications:

Contractor will make no decisions that would reduce the amount owed the Government. This includes decisions on disputed amounts, compromise, write-offs, school refunds, repurchases, and suspension of collection activity. These decisions will all be made by the Office of Education.

Data for referred accounts will be extracted from the Bureau of Student Financial Assistance files. Original documents will remain in regional offices at all times.

In general, a contractor may not retain an account for more than 180 days unless the debtor has started payment.

Where contractor efforts fail, data will be returned to the regional office for appropriate action. These accounts will be reviewed by the regional office personnel and where appropriate, will be written off or referred to the U.S. Attorneys.

All collection activity must be documented so as to provide an audit trail.

Contractor may use only salaried employees on Office of Education cases; no personnel working on commission may be used.

The contractor will be required to comply with the provisions of the Fair Debt Collection Practices Act and the Privacy Act. Violation of these laws will constitute grounds for termination of contracts.

Contractors will be prohibited from disseminating any information pertaining to the Bureau of Student Financial Assistance accounts.

COLLECTION CONTRACT COMMISSION RATES

Question: What percentage of collections will the private agencies be allowed to keep?

Answer: The contractor servicing accounts in our Atlanta Regional Office will keep 27 percent of all monies collected. The contractor servicing accounts in our San Francisco Regional Office will keep 37.4 percent of all monies collected.

PREVENTING THE COLLECTION CONTRACTORS FROM "CREAMING"

Question: What will prevent the collection agencies from "creaming"--that is, pursuing only those student defaulters who are easy to locate and willing to repay their loans?

Answer: There are two factors which prevent the collection contractors from "creaming" the accounts referred to them for collection. First, the contract stipulates that the contractors must perform specific action steps within a set timeframe in attempting to collect on an Office of Education account. The Office of Education will review selected accounts on a daily basis to verify that the contractors are in compliance with the contractual agreement.

Second, one of the provisions under the contract requires the contractors to indicate the percentage of accounts that they estimate they would be able to convert into repayment status within 180 days after receipt of an account from the Office of Education.

The contract further states that the contractor is expected to meet and maintain its proposed percentage cured rate and that the contractors will be monitored for this performance. Failure of the contractors to achieve and/or maintain the rate shall be cause for termination for default pursuant to Article 24, Default General Provision Form HEW-314.

LOCATING BORROWERS

Question: What methods of locating borrowers can the Office of Education employ in its effort to provide pre-claims assistance to Federally Insured Student Loan lenders?

Answer: The Office of Education can currently use only two methods for the location of borrowers via pre-claim assistance. The first is a series of computer generated letters on the Bureau of Student Financial Assistance letterhead to the last known address of the borrower or that of a relative. The second is a postal trace card to the postmaster at the post office of the last known address.

The use of other address sources is being pursued at this time. These include the Internal Revenue Service, Taxpayer Address Request Program, Credit Bureaus, and the Department of Motor Vehicles of various States.

We have been advised by the Internal Revenue Service that as a result of the Tax Reform Act of 1976 the Office of Education may not use the Taxpayer Address Request Program to request addresses for borrowers for which the Office of Education has not paid an insurance claim. This ruling is being appealed to the General Counsel of the Internal Revenue Service. We are also considering an amendment to the Tax Reform Act of 1976 to allow the Office of Education the use of the Taxpayer Address Request Program to use in the recovery of monies owing the U.S. under all Title IV financial aid programs.

We are currently proposing to negotiate a contract with a Credit Bureau for their assistance in locating borrowers. This is being reviewed by the Under Secretary's office and we anticipate approval soon. Requests for address information from the Motor Vehicle Departments of the States will be handled as a portion of the Credit Bureau contract.

USING INTERNAL REVENUE SERVICE ADDRESSES

Question: Can the Office of Education secure addresses of borrowers from the Internal Revenue Service if those borrower's loan notes are still held by individual banks?

Answer: No. Currently the Tax Reform Act of 1976 allows the Office of Education to request addresses for only those loans for which a claim payment has been made. We are considering a legislative amendment to allow the Office of Education to request the address information and disclose the addresses for all guaranteed loans that are delinquent, to assist the lenders in their efforts in locating borrowers.

NEW COMPUTER CONTRACT

Question: In July 1978 the Office of Education solicited bids for operation of the computer system? Has a contract been awarded?

Answer: No. A contract has not been awarded. The bids submitted in response to RFP 51-78 are currently being evaluated. We anticipate an award early in April 1978.

CURRENT GSLP COMPUTER CONTRACTOR

Question: What firm is presently providing computer support to the Office of Education?

Answer: The following firms currently provide the Office of Education with computer support for the Guaranteed Student Loan Program: On-Line Systems, Inc. (OLS) of Pittsburgh, Pennsylvania; Systems Management Associates, Inc. (SMA) of Virginia Beach, Virginia; and the Rehab Corporation of Arlington, Virginia.

ROLE OF CONTRACTORS

Question: How many contractors are involved and what are the roles of each contractor?

Answer: On-Line Systems (OLS) provides overall system support and maintenance of master files and subsidiary systems. This includes claims payment processing, interest and special allowance billings and processing, and all receivables processing. This is also the primary contractor involved in developing improvements for the Guaranteed Student Loan accounting system and Student Loan Insurance Fund.

Systems Management Associates, Inc. (SMA) provides data preparation and entry and microfilming of source documents. This includes loan application forms; various other forms which identify subsequent loan status such as loan transfer and student status confirmation; and all computer data tapes submitted by participating guarantee agencies.

Rehab, Inc. provides pre-claim and defaulted loan locating services and mails collection letters to defaulted student loan borrowers.

GSL PROGRAM REFUND POLICY

Question: What response do you make to higher education associations which claim that your proposed Guaranteed Student Loan regulations governing tuition refund policies represent unacceptable Federal interference in the affairs of academic institutions?

Answer: The Guaranteed Student Loan program regulations have contained standards for "fair and equitable" refund policies of GSL program participating schools since 1975. Also, since that time there have been continued complaints about including these standards by the educational community. The major argument has been that schools should be left to govern themselves in this area.

We feel, however, that it is inappropriate at this time to surrender the responsibility for assuring that participating schools have fair and equitable refund policies. It is in the best interest of GSL program borrowers and the program as a whole to retain Federal requirements. Refunds of unearned tuition and fees can significantly reduce outstanding amounts and subsequent default claims.

We have been working with various educational associations in an effort to encourage those organizations to develop a way to regulate themselves in this area. When the higher education community--hopefully through its accrediting agencies--has adopted refund policies or viable standards for refund policies, we will review the need to continue to regulate in this area.

EXTENDING REFUND REQUIREMENT

Question: Are you going to extend these regulations to the other Federal student assistance programs?

Answer: No. There is no plan at this time to apply the Guaranteed Student Loan program requirements to all Title IV programs. However, standard requirements are being developed to allocate refunded tuition and fees to the various Title IV programs.

GSL PROGRAM LENDER COMMITMENT

Question: With the recent, sudden rise in interest rates on commercial loans, is the commitment of lenders to the Guaranteed Student Loan program likely to lessen?

Answer: Commercial lender participation in the Guaranteed Student Loan program is voluntary and self-limited. The extent of participation depends on many factors, such as financial and economic conditions facing lenders, availability of funds, regulatory and paperwork burdens, and availability of Sallie Mae and other secondary markets. We would expect that lenders would be increasingly discouraged from GSL participation by situations that might arise that would make GSL participation even less profitable such as high interest rates and our current five percent ceiling on special allowance. Although we have no definitive statistics supporting this opinion, several major eastern lenders have indicated that they will have to severely curtail their GSL loan activity soon if market interest rates continue to increase and the current special allowance ceiling does not rise accordingly.

GSL PROGRAM RATE OF RETURN

Question: What is the current rate of return to a lender on a Guaranteed Student Loan?

Answer: Currently, the annual rate of return to a lender in the Guaranteed Student Loan program is twelve percent which includes a seven percent interest subsidy and a five percent special allowance payment. Under current provisions, the special allowance rate cannot exceed five percent for any consecutive twelve-month period; however, it may exceed this limit for any individual quarter. For instance, for the quarter ending December 31, we paid 5.625 percent and for the current quarter ending March 31 we anticipate the rate will be about 6.25 percent. Under the five percent limitation, this means that the maximum rate payable for the next two quarters will be about 4.0 and 4.125 percent respectively. The lender rate of return would then be about 11 percent.

FUTURE GSL PROGRAM LOAN VOLUME

Question: What are your predictions of the adequacy of the Guaranteed Student Loan volume in the immediate future?

Answer: For the first quarter of this fiscal year, dollar loan volume in the GSL program is somewhat higher than it was for the same period last fiscal year. However, it is too soon to predict that this trend will continue through the entire year. This will depend largely on the situation regarding the special allowance rate which we can pay and the possibility that interest rates will continue to rise. If, as suggested in the above question, we can only pay about four percent special allowance for the June and December quarters, this is certain to have some dampening effect on loan volume although it is impossible to predict the magnitude.

DISTRICT OF COLUMBIA GSL PROGRAM OPERATION

Question: Please describe the present arrangement in the District of Colimbia for originating, disbursing and servicing guaranteed student loans.

Answer: Until June 1976, the Guaranteed Student Loan program in the District of Columbia was administered by the city government. Under the D.C. program, loans were made by a consortium of commercial banks in the District who pooled their funds. The Consortium make loans to students rather than individual banks as is typical in the rest of the United States. Because of the financial inability of the D.C. government to pay default claims, the Consoritum ceased making any more loans.

In 1978, the Consortium agreed to resume making student loans under the Federally Insured phase of the Guaranteed Student Loan program (FISL). They allocated $5 million for the 1978-79 school year, of which $1 million was set aside for first time borrowers and $4 million for repeat borrowers. Because no new loans had been made by the Consortium for the preceding two years there was very little demand from repeat borrowers. The $1 million allocated for new borrowers was quickly utilized and the Consortium refused to reallocate any of the funds reserved for repeat borrowers. Thus, by mid-summer of 1978 there was again a lack of loan accessibility in the District of Columbia.

This problem was addressed by the Bureau of Student Financial Assistance (BSFA) and the Student Loan Marketing Association (SLMA), a government sponsored private corporation which serves as a secondary market for the Guaranteed Student Loan program. Because loan accessibility is a major objective of BSFA, it was decided that unless we could assure loans in our own backyard, we could not hope to meet this objective elsewhere.

A plan was developed whereby Office of Education personnel would perform all aspects of the loan process normally performed by the lender except the issuance of the loan check. This includes interviewing prospective borrowers, determining student eligibility, determining the loan amount, and completing the necessary paperwork for loan approval. The applications are then sent to the Student Loan Processing Center in Norfolk, Virginia for both physical edit and computer verification of the loan. Once a loan commitment has been issued by Norfolk, the loan documents are fowarded to a national bank in Washington, which issues the check. Once the loan has been disbursed, SLMA purchases the loan and will service the loan through one of its contract servicing agents.

Any student who is a resident of the District of Columbia, regardless of where he or she attends school, is eligible. In addition, nonresident students attending school within the District may also apply. If the student is eligible, he or she is assured of receiving a loan.

In order to maintain the integrity of this new approach and to keep defaults to a minimum, the following safeguards have been implemented:

Safeguards for District of Columbia Loans

The student must appear in person to apply for a loan. If he or she is attending school out of State, a parent or other relative may appear. The purpose of this personal contact is to assure that the student fully understands the responsibilities encountered under a federally insured loan;

the student must provide identification, as is noted on the application, in order to verify that the borrower is the person named on the application;

applicants must apply for other aid programs before a Guaranteed Student Loan program is approved;

before loan checks are issued, both the bank and SLMA personnel review the loan file to make sure all required documentation is present and complete;

loan checks are made payable to both the student and the school and the check is sent to the student's financial aid administrator at the school. The student must endorse the check first. The school retains amounts due it and disburses the balance, if any, to the student on an as needed basis. This assures that students use the loan proceeds only for educational purposes. It further assures that in the event of early withdrawal from school, only a portion of the loan will have been disbursed, thus reducing the amount of potential default;

several meetings have been held with financial aid administrators of all District of Columbia schools to discuss the operation of

this new program and resolve problems. When an issue arises affecting an individual school, the school is immediately contacted by telephone to resolve the issue;

Office of Education employees have been specially trained to assist students in this new program. Numerous training sessions were held with these persons. They have been trained to keep borrowing to a minimum by requiring applicants to justify requested amounts. Students needing assistance in processing Basic Grant applications or in determining the status of their Basic Grant application are referred to special couselors.

This unique program was announced by a press release on September 14, 1978. Operations began shortly thereafter. Through the end of February, 1979, 3,303 loans have been been approved for $8,420,868. Of these, 1,934 were to undergraduate students; 1,369 to graduate students. While the majority of these loans were approved for students attending schools within the District of Columbia, these totals relfect loans for use in 314 schools.

PROBLEMS IN THE DISTRICT OF COLUMBIA LOAN PROGRAM

Question: Is it likely that the problems encountered with the program in the District of Columbia will be duplicated in other States? Please explain.

Answer: Historically, the District of Columbia has been the most difficult place in the United States for students to obtain guaranteed loans. In other States, loan accessibility varies. In the majority of states, the Guaranteed Student Loan program is adminstered by State or private nonprofit agencies. It is anticipated that by 1980, these guarantee agencies will administer the program in virtually every State. The Office of Education has been strongly urging each of these agencies to develop a program of loan certainty for those students who need loans. Some States have already done so. Most agencies are working toward this objective. As it is subsequently determined that there are loan access problems in a given State and the guarantee agency is unable to resolve that problem, the Office of Education will consider alternative means of improving loan access. This may or may not take the form of the approach used in the District of Columbia.

ANNUAL LOAN REPORTS

Question: Has the Office of Education begun publishing the annual report on loan volume and defaults by lender category as required under Section 432 of the Higher Education Act? Please share with us the findings of these reports.

Answer: The annual report required by Section 432 os the Higher Education Act has been completed and is currently going through departmental clearance. Such clearance is expected soon so that a copy of the report can be submitted to the Committee.

SUBCOMMITTEE RECESS

Senator DeConcini. The subcommittee will stand in recess until the call of the chairman.

Thank you.

[Whereupon, at 11 a.m., Wednesday, March 14, the subcommittee was recessed, to reconvene at the call of the Chair.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

THURSDAY, MARCH 15, 1979

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

The subcommittee met at 2:10 p.m. in room S–128, the Capitol, Senator Lawton Chiles presiding.

Present: Senator Chiles.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

EDUCATION DIVISION

STATEMENT OF DR. MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION, DIRECTOR

MISSION BUDGET

Senator CHILES. I am pleased to welcome you, Dr. Berry.

The "mission budget" sorts out all of the education programs into eight major categories, which lets us examine the directions and priorities for Federal funding. I will start out by saying that this year's education mission budget represents a vast improvement over what we received in previous years.

I think you are really on the track now for providing a coherent presentation of how the major programs serve national missions. I know it takes a lot of staff work to sort out these programs this way. I want to say I certainly appreciate it. It makes it where we can understand a little bit more.

I have long felt that, sort of sitting like a board of directors, and if we can't really see the areas of how we can make the decisions, then there is no way we can make them properly with a budget that just has line items. That is what we have tried to face for so many years.

To begin the discussion, let me run through the funding trends which you summarize on page 4. You present funding levels for the missions in 1978 and 1979, plus the President's proposals for 1980. I talk in terms of 2-year changes from 1978 to 1980, because that gets us around adjustments for supplemental and technical estimates.

The first mission, providing supplemental programs for historically underserved populations, increases by 27 percent over the 2 years, and goes from 38 to 41 percent of the total education budget. That appears to be a generous increase in what is clearly your top priority within this mission.

Programs for the disadvantaged go from 27 to 29 percent of the total.

Handicapped goes from 8.6 to 9.9 percent, a 34-percent increase.

Language ethnic minorities goes up 27 percent, but they are only 1.9 percent of the total.

While assistance in desegregation of schools goes up 14 percent over 2 years, it stays at only 3 percent of the total.

Developing occupational skills increases only 6 percent over the 2 years, and goes down from 6.2 to 5.7 for the total.

I want to discuss this direction of programs in that mission in more depth later.

Programs that provide general support are the big losers in your proposals, declining from 14 to 9 percent of the total, mostly due to your proposed cut in impact aid.

Proposals to improve the quality of education only represent 1.5 percent of the total, but you do propose a substantial increase, 18.5 percent, over the 1978 level, 6.9 percent over 1979.

I would like you to pay particular attention, in discussing this area, because the major problems in our schools seem to be more of an educational outcome than simple financial problems.

I also think we are going to have a lot of debate in the next year or two about whether to take programs like rare education and gifted and talented, which are aimed at the qualitative aspects of education, and expand them from national curriculum development and demonstration programs to formula programs in funding service in every State. While I personally put a very high priority on those two programs as approaches to education, I think we do need to look carefully at what is the appropriate Federal role and what should be left to the States.

I also wonder whether we should fund these qualitative improvements through categorical grants or whether they should be supported through the general support innovation formula block grants to the States.

The second largest mission is eliminating financial barriers to postsecondary education. This increased by 22 percent in 2 years, going from 35 percent of the total education budget in 1978, 38 percent in 1979, and declining slightly to 37 percent in 1980. This is clearly due to the big increase in middle income assistance last year. This year you seem to be giving a higher priority to the disadvantaged.

Dr. Berry, would you start off briefly discussing your major mission priorities, and we can go into a more detailed discussion of your proposals.

PREPARED STATEMENT

Dr. BERRY. Thank you very much, Senator.

I am pleased to be here to present the fiscal year 1980 mission budget. I do have a statement which I would submit for the record, with your permission.

Senator CHILES. Thank you.

Dr. Mary F. Berry, Assistant Secretary for Edcuation, accompanied by: Alfred L. Moye, Leonard O. Spearman, Thomas McAnallen, Edward Meador, Cora Beebe, William Dingeldein, and Michael Timpane.

[The statement follows:]

STATEMENT BY DR. MARY F. BERRY

Mr. Chairman: I am pleased to be here today to present the fiscal year 1980 Education Mission budget, since this gives me the opportunity to discuss the cross-cutting nature of the budget.

The Mission budget examines budget policy by arraying financial resources by the major goals, or missions, for Federal involvement in education, rather than arraying the budget by major legislation or by organization. In this year of governmentwide fiscal restraint, it is particularly important for us to recognize our major goals, and their relative priority. Only then can we allocate limited resources most efficiently: Targeting assistance on those who are most in need, and reducing or eliminating programs that are not effective, or which do not meet certain programmatic criteria.

As I stated in testimony given earlier this week, in making our decisions on any individual program, we considered what it contributed toward achieving our most important missions. That is, we asked: Does it either improve educational quality or expand access to educational opportunities?

We also considered the evidence we had on whether or not a program is effective; the extent to which a program targets its resources on the Nation's disadvantaged groups; and the extent to which primary responsibility for that program or type of assistance rests, or should rest, at the State and local levels.

By applying these criteria we were then able to propose funding increases—even within a tight budget—for the most critical Federal education missions. Under the Mission of providing supplementary programs for historically underserved populations, we are proposing an increase of $182.2 million for the educationally and economically disadvantaged, for the handicapped, and for those of limited English-speaking ability.

We have provided an increase of $36.2 million for assisting in the desegregation of schools—an area which is still of pressing national concern.

Also, in 1980 we are maintaining our policy of improving access to postsecondary education through the elimination of financial barriers. The request of $4.6 billion for this mission is a relatively small dollar decrease from 1979; however, actual levels of student support will be maintained, primarily as a result of 1979 cost savings in the basic grants program and improved management of the direct loans program.

We have increased by $12.7 million, or almost 7 percent, our efforts to improve the quality of education. And we have increased by $2 million support for programs designed to develop knowledge about education.

Offsetting our increases, we have proposed $1.2 billion, a reduction of $346 million, for programs that provide general support, such as Impact Aid. This reduction reflects a specific policy to reduce general aid in program areas that are not well targeted. In addition to this major decrease, we are also reducing the controllable portions of our administrative budgets in order to limit the costs of Federal program administration.

I will be glad to answer any questions the committee may have.

STATEMENT HIGHLIGHTED

Dr. BERRY. Most of the credit for putting together the mission budget should go to Cora Beebe, who is the Director of the Division of Planning and Budgeting in OE. She is the major force behind this, and I am pleased that you believe that we have done a better job this year than we have before in meeting this requirement.

We think the mission budget is important because it does give us an opportunity to lay out the financial resources by goals and missions, and consider where we are going, what we are doing, and

make sure that we are allocating resources properly and putting them in the major priority areas.

This is a great opportunity for us. We have, as you pointed out, focused again on the disadvantaged as a top priority. But I would point to other tasks related to other areas of the budget.

While it might appear that we are in the position of decreasing the amount of support for eliminating financial barriers to postsecondary education, that is not the case. That change this year is a result of our estimated participation rate in the basic education opportunity grants program. We have a commitment there to fund all of the students who are eligible. It is just that the dollar amounts turn out to be different.

So it is not a lessening of commitment. It is still a high-priority area for us.

I would point out, too, that in general terms the only area that you see decreases in is the area of providing general support, and that is because we made a conscious decision that it was better to target support on areas that are high priority for the country, for the Congress, and for us in the administration, for the people, rather than to provide general support that may be dispersed in some way, that is not targeted in that way. And that, as you point out, in the impact aid B, children whose parents are living or working on Federal property, we have continued our commitment to the areas of improving quality and developing knowledge about education, because we think that if our mission serves the disadvantaged. And the mission to serve the underserved, and the mission to serve, to eliminate financial barriers to postsecondary education, if those are going to be accomplished successfully, we have to help the States and the local schools and the institutions as much as possible to improve the quality of the education they offer.

The way to do that is to continue the support for research, new ways of teaching and learning; to continue the planning and evaluation functions, and the demonstrations.

In the area of occupational skills, I would point out that, while it might not appear that we are increasing in that area, this is not an indication of lack of support for the programs there. We believe in vocational education, for example, that the programs have not been as effective as they could be in meeting the national need for developing occupational skills, because they are not targeted effectively on the groups in the population that have the greatest needs.

That has been remedied somewhat in the Education Amendments of 1976, the vocational amendments, by the new targeting provisions. We have not yet seen the fruit of the implementation of that. So we have level funding in that area for that reason.

In any case, we believe that the mission budget approach is one that helps us to identify our priorities and focus on them. And I would be pleased to answer any questions you might have, Senator.

Senator CHILES. Thank you, ma'am.

VOCATIONAL EDUCATION

I have also been a supporter of vocational education programs. I also want to see it grow and change to reflect the changing needs of our society.

You point out in the mission budget narrative, that the 1976 amendments to the Vocational Act provide for a new focus for the handicapped and disadvantaged. It looks like the detailed breakdown in the appendix shows that, of the $682 million you propose for 1980, only $20 million, 3 percent, will go to the disadvantaged; only $2.8 million, 0.4 percent, would go to the language ethnic minorities; and none would go to the handicapped.

How does that push them along toward the goal we are talking about of the legislation of 1976 in changing directions? This is 1980 we are talking about now.

Ms. BEEBE. Perhaps I might answer that question. In the procedures for doing the mission budget, the definitions derived the dollars on those table displays according to the targeting of the money and the principal objective. So that the vocational moneys have been targeted against the vocational category.

However, if one were to take that program and array it across its multiple functions, it could be split among absolutely all the categories in the budget, because the formula in the law drives money to the disadvantaged, to the handicapped.

There is a special bilingual program. We have a research and dissemination effort. So that, in fact, in terms of functions and target groups, that act crosses all of the missions.

In terms of doing the mission budget, the money is displayed according to its principal intent.

Dr. BERRY. There is also a provision in the legislation which requires the states and local governments to use a percentage of the basic grant for purposes that we have identified; that is, for the disadvantaged and the like, in terms of the way we budgeted it.

Senator CHILES. If I understand your answer—and I am trying to—something is wrong. Then we are not getting a mission budget breakdown, or we have got to redefine how the budget is broken down. If more than 3 percent is going to the disadvantaged, but it is not showing up, how am I going to be able to ever check? How is the Congress going to be able to know?

Ms. BEEBE. This is an anomaly in the structure that exists. Actually, vocational education is the only subject area identified as a mission. If we eliminated the mission of vocational education, then those dollars would fall out according to the remaining missions.

Dr. BERRY. Your question is why did we not array it in such a way that one would clearly see?

Senator CHILES. I am trying to see—you have told me that, in your statement, Dr. Berry, that, while there was a level funding in the vocational at this time, you all were pushing the efforts of the 1976 act, and that those efforts would be shown on stream shortly, or would be showing on stream.

So then if we look even at vocational education as a mission, and then within that running a cross section, somehow I can't get that to jibe up with what you told me. So that is what I am trying to determine.

Ms. BEEBE. The vocational dollars across the other missions show up in parentheses as nonadds, so that by looking at the table displays you can see the full distribution.

Senator CHILES. Rather than spending a lot of time on this, maybe I should ask you, for the record, to show me those other dollars.

Dr. BERRY. It is shown in the table. That is what she is saying.

Ms. BEEBE. We will provide you a table for the record.

Senator CHILES. Thank you, ma'am.

[The information follows:]

BREAKDOWN OF THE VOCATIONAL EDUCATION PROGRAM ACROSS EDUCATION MISSIONS [1]

[In thousands of dollars]

Mission	1978	1979	1980
1. Providing supplementary programs for historically underserved populations:			
A. Disadvantaged	(139,865)	(150,460)	(150,460)
B. Handicapped	(53,783)	(58,708)	(58,708)
D. Language/ethnic minorities	(8,178)	(8,171)	(8,171)
2. Assisting in the desegregation of schools	.....	.....	.....
3. Developing occupational skills	642,161	681,614	681,614
4. Providing general support	(21,513)	(22,463)	(22,463)
5. Eliminating financial barriers to postsecondary education	.....	.....	.....
6. Improving the general quality of education:			
A. Demonstration/installation	(23,307)	(7,000)	(7,000)
B. Dissemination	(5,000)	(5,000)	(5,000)
C. Educational personnel training	.....	.....	.....
7. Developing knowledge about education:			
A. Research and development	.....	.....	.....
B. Planning and evaluation	(6,066)	(12,073)	(12,073)
C. Statistics and data gathering	.....	.....	.....
8. Administering Federal programs:			
Total appropriation	642,161	681,614	681,614

[1] Where there is overlap into missions of secondary concern the amounts are shown as non add figures in parenthesis.

VOCATIONAL EDUCATION GOALS

Senator CHILES. If you are not pushing this, Dr. Berry, because you don't think it is going to the special groups as the 1976 act is talking about, what is the Office of Education doing to try to achieve the new focus by way of regulations or otherwise? What do you think could be done to get better achievement of the goals?

Dr. BERRY. One of the greatest needs in vocational education is to target programs for women. In that regard, what we have been doing in the Department is issuing some regulations and some guidelines on how the amendments are implemented, and we are trying to implement them with relationship to opportunities for both sexes in those programs within the State.

In overall terms, the way the language is written, it is difficult to get more targeted by regulation than is specified by the legislation. I don't know whether regulations could impose some differences. But we are trying to implement the 1976 amendments, and we haven't done it completely.

The mission regulations, we are trying to enforce the guidelines of vocational education for sex equity. We think it will improve in that regard.

The point I was making or was trying to make is that in the basic programs in vocational education, we did not request an increase because we thought that, while the program is effective—we know it is overmatched, for example, but we recognize it is effective. But we had referred at first to use some of the money that might have gone to that in some of our disadvantaged programs or elsewhere, which is just a question of priorities. That was the only point I was attempting to make.

We have issues of regulations and we have guidelines, and we are trying to enforce them. We think they will bear fruit.

Senator CHILES. Do you require a percentage of special groups in the 5-year plans the States submit for Federal funds?

Dr. BERRY. I have no idea. We would have to submit that to you for the record. I am not sure there is anyone here who knows.

Ms. BEEBE. I can give a partial answer. The law specifies that certain percentages must be given to certain groups, and the States' 5-year plans must address how those percentages earmarked in the legislation, how will be directed toward the specific programs: the disadvantaged, the handicapped, the postsecondary, for example.

Senator CHILES. As I understand it, the subparts are allocated to the States under the same formula. But the program improvement grants go to exemplary and innovative programs, as well as research, curriculum, development, and training.

Ms. BEEBE. That's correct.

Senator CHILES. What percentages do you think should eventually go to the disadvantaged handicapped?

Dr. BERRY. It is hard to say. I guess it would take some assessment of the needs in that area before one could come up with an exact figure. We know that there is a major problem in the handicapped area and with the disadvantaged now. I would not know any exact figure, percentage, at this time.

Ms. BEEBE. We are in the process of beginning our study for the reauthorization of vocational education. This is one of the items under consideration.

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Higher and Continuing Education

STATEMENT OF ALFRED L. MOYÉ, DEPUTY COMMISSIONER

ACCOMPANIED BY:

EDWARD L. MEADOR, DIRECTOR, DIVISION OF INTERNATIONAL EDUCATION

THOMAS McANALLEN, CHIEF, ACADEMIC FACILITIES BRANCH, DIVISION OF TRAINING AND FACILITIES

CORA P. BEEBE, DIRECTOR, DIVISION OF PLANNING AND BUDGETING

LEONARD H. O. SPEARMAN, ASSOCIATE COMMISSIONER, BUREAU OF HIGHER AND CONTINUING EDUCATION

MARY F. BERRY, ASSISTANT SECRETARY FOR EDUCATION

WILLIAM DINGELDEIN, DIRECTOR, DIVISION OF EDUCATION BUDGET ANALYSIS

MICHAEL TIMPANE, DEPUTY DIRECTOR, NATIONAL INSTITUTE OF EDUCATION

BUDGET REQUEST

Senator CHILES. We now go over to the budget request for continuing education programs and higher education.

Dr. BERRY. Yes, sir.

We have with us today Al Moyé, who is the Deputy Commissioner for Higher and Continuing Education. He will have a statement on the subject.

Senator CHILES. Thank you.

Dr. MOYÉ. I would like to introduce those at the table with me. At the far right is Mr. Ed Meador, who is Director of the Division of International Education; Tom McAnallen, who is Chief of the Facilities Branch, Division of Training and Facilities. You know Cora Beebe, Director of the Division of Planning and Budgeting.

Leonard Spearman, who is my Associate Deputy Commissioner; William Dingeldein, who is Director of the Division of Education Budget Analysis; and Mike Timpane, Deputy Director of NIE.

OVERVIEW

We are very pleased to have the opportunity to appear before you today to present our 1979 supplemental request of $2 million in U.S.-owned excess foreign currencies for "Educational activities overseas," and our 1980 budget request of $349 million for "Higher and continuing education," $2 million in U.S.-owned foreign currencies for "Educational activities overseas," and $3,120,000 for participation sales insufficiencies under the Higher Education Facilities Loan and Insurance Fund.

The fiscal year 1980 budget proposed for higher education programs reflects the constraints imposed by the Nation's serious inflation problems and our determination to cooperate with President Carter's efforts to curtail spending. We have been compelled

to make very hard choices among many competing demands for the limited funds available.

The proposed budget which we are discussing this afternoon represents our efforts to continue to serve those segments of higher education where the need is greatest and where Federal dollars will have the most impact.

For example, 46 percent of the budget or $160,380,000 will support the objectives of increased access to postsecondary education. Our 1980 budget also includes requests for programs which reflect innovation and change.

Let me briefly describe our efforts to maintain fiscal responsibility while at the same time addressing continuing and emerging educational needs.

The 1980 budget request includes new or expanded initiatives in three programs: the "Graduate and professional educational opportunities" program, the "Trio" programs and the "Cooperative education" program.

The "Graduate and professional educational opportunities" program is designed to increase the number of minorities and women in graduate and professional fields of high national need, in which they have been historically underrepresented. We are requesting $15 million for this third-year of funding, an increase of $7 million over fiscal year 1979.

To complement this program, we are initiating two special emphases within our Trio programs. We are requesting $5 million to fund a "Special emphasis upward bound" program, which will strengthen the preparation of disadvantaged students in mathematics and sciences. We are also requesting $5 million to fund a special emphasis in our "Special services for disadvantaged students" program, which would include, among other activities, earlier orientation to academic requirements and intensified basic skills work in science, mathematics and communications.

Under our "Cooperative education" program, we will fund special collegewide programs at seven major institutions, providing a closer tie between education and work, giving more students on-the-job experience as they study.

It is our conviction that these priorities reflected in our budget request are a wise allocation of limited resources and will make a significant contribution to the promotion of access and retention in higher education.

I would like to submit for the record more detailed statements on each of these accounts.

Senator CHILES. Your statement will be printed in the record.

[The statement follows:]

STATEMENT OF ALFRED L. MOYE

HIGHER AND CONTINUING EDUCATION

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to appear before you to present our fiscal year 1980 Higher and Continuing appropriation request. These programs are designed to complement our student assistance programs to promote equal educational opportunity and to foster reform in post-secondary education as well as strengthen the relationship between education and work. The 1980 proposed appropriation totals $349,080,000.

Expanding Access

To promote and expand access to postsecondary education, eight programs will be supported at a requested level of $160,380,000. Within this group of programs, several shifts in emphasis on strategy are proposed. Within the Special Programs for the Disadvantaged, two new initiatives addressing the dual needs of access and retention are proposed. Increased funding for Graduate/Professional Educational Opportunities is proposed, while a decreased appropriation is required to continue the current policy for Veterans' Cost of Instruction.

The five Special Programs for the Disadvantaged are proposed for funding at $130,000,000. In Upward Bound, we propose to fund new Special Emphasis projects focused on the physical sciences. These new projects will provide not only intensive academic training but also career guidance, counseling and extensive contact with practicing scientists from both industry and the academic community. We propose to fund 25 science-based projects as a first step toward preparing about 2,700 disadvantaged students for careers and postgraduate study in the physical sciences where they are still underrepresented.

In the Special Services Program, we propose to fund 34 New Concept projects based on a comprehensive delivery system designed to promote a high level of academic achievement and to provide intensive counseling and guidance to inform students of the full range of academic fields of study at both the undergraduate and graduate levels, particularly in science and mathematics and other areas in which minority and disadvantaged students are few in number. These projects, while similar to the traditional Special Services Program, differ in that they are more comprehensive in the services they offer and that they involve students from a variety of fields and departments.

In addition to funding these two initiatives, the 1980 request will continue to support the traditional TRIO programs: Talent Search, Upward Bound, Special Services, Educational Opportunity Centers, and Staff Training. These programs are designed to provide disadvantaged students with encouragement and assistance to enter and to successfully complete postsecondary education.

Complementing these efforts are two fellowship programs. The Graduate/Professional Educational Opportunities Program provides fellowship support to women and minorities to pursue studies in fields where they are underrepresented. This program will be available to assist those students whom we have been encouraging to seek professional careers by means of the Upward Bound and Special Services Programs. For fiscal year 1980, $15,000,000 is requested, an increase of $7,000,000. This will allow the number of fellows participating in

this program to be doubled from the 1979 level of 850 to a total of 1,700 in fiscal year 1980. We are also proposing to continue the current funding level of $1,000,000 for Legal Training for the Disadvantaged which provides both fellowships to guarantee access and support activities designed to improve the retention of disadvantaged students training for the legal profession.

To assist colleges and universities to recruit Vietnam-era veterans and meet their special educational needs, we are requesting $14,380,000 for the Veterans' Cost of Instruction Program. This will maintain a constant level of support per eligible veteran. The reduction in funding, $4,620,000, from the 1979 appropriation is the result of a decline in the number of eligible veterans.

We believe that the above programs, along with the Federal student financial aid programs, will effectively provide access to postsecondary education for the disadvantaged and provide them with the encouragement, advice, academic preparation and financial resources they need to attain a high level of academic achievement and to enter the full range of career opportunities already available to more advantaged students.

Improving Educational Quality

In addition to providing supportive services and financial aid for disadvantaged students, we also believe it is essential that we help strengthen the educational quality of those institutions which traditionally enroll large numbers of low income and minority students. To more effectively meet this objective, we are now in the process of making a major change in the operation of the Strengthening Developing Institutions Program by combining the Basic and Advanced components of this program. This change will permit institutions to develop grant proposals which reflect their needs both in terms of the number and complexity of activities to be funded and the length of time needed to fully implement the proposal projects. These projects can range from one-year planning grants to five-year grants for long-range development projects. This consolidation also makes better management possible through the use of a single application form; commonality in monitoring, evaluating, and reporting; and uniform program administration.

The 1980 request of $120,000,000 continues full funding for this program. Approximately 300 institutions are expected to benefit from this program.

Promoting National Priorities and Reform

The fiscal year 1980 budget includes requests for two programs which reflect innovation and change: Cooperative Education and International Education. As part of the Office of Education's effort to bring together the worlds of education and work, a major new thrust is proposed for the Cooperative Education Program. Over the past ten years, this program has supported projects designed to infuse cooperative education in specific departments or schools. Beginning in 1980, a new type of project, designed to offer cooperative education throughout an institution, will be supported. To test the feasibility of this type project, seven demonstration grants, averaging $1,000,000, will be awarded to large urban institutions. These grants, which will be expended over a three-year period, will make possible the installation of institution-wide cooperative education programs. These comprehensive programs will make cooperative education available to greatly increased numbers of students at these institutions; will greatly strengthen institutional commitment to cooperative education;

will expand employer involvement and commitment; and will foster close cooperation with high-school level cooperative education programs and with existing College Work-Study programs at these institutions. We are requesting appropriation language to allow up to $8,000,000 for demonstrations, research, and training.

The importance of improving and expanding opportunities for international education is embodied in this request. An increase of $2,000,000, for a total of $22,000,000, is proposed. For Title VI we will continue programs to support centers of international study, to encourage research, to provide fellowships for graduate study, and to improve programs of international study. The Cultural Understanding Program, initiated in fiscal year 1979, will be expanded by 50 percent in 1980. The purpose of this activity is to increase awareness and understanding of other cultures and peoples and of the international dimension of issues, such as energy, food, water resources and the environment among students at all levels as well as the general public. The new clientele addressed by this effort are so important that we are proposing a $1,000,000 increase for this program in 1980 despite the constraints of a very tight budget.

A further indication of the importance which we attached to international education is the $1,000,000 increase we are requesting in 1980 for the Fulbright-Hays Program which supports a variety of study and research projects abroad.

Uncontrollables

The 1980 budget also provides funding for two uncontrollable programs. The $2,700,000 permanent appropriation for the Aid to Land-Grant Colleges Program will continue to provide funds to support instruction in agriculture and the mechanic arts at 72 institutions. For Interest Subsidy Grants, $29,000,000 is requested in order to meet our statutory commitment to make continuation payments for interest subsidies on construction loans approved in prior years.

Summary

In conclusion, let me say that I believe that our fiscal year 1980 budget request responds to some of the most important issues in postsecondary education namely, improvements of educational opportunity for the disadvantaged, development of the linkage between education and work, and increased understanding of other peoples and cultures and of transnational problems. The programs we are proposing to fund are mutually supportive and reflect a coherent strategy for improving both the accessibility and the quality of postsecondary education. Furthermore, this strategy has been developed within a framework of fiscal responsibility.

That concludes my opening statement.

EDUCATIONAL ACTIVITIES OVERSEAS

I appreciate the opportunity to appear before you today to present our fiscal year 1979 supplemental budget request and our fiscal year 1980 appropriation request for Educational Activities Overseas. Our request for both fiscal years is for $2 million in U.S.-owned foreign currencies which the Treasury Department has determined to be in excess of normal requirements, the same as our 1978 appropriation.

The excess foreign currencies under this appropriation are used in conjunction with the U.S. dollars in the Fulbright-Hays program which supports the same kinds of projects. We presently have available for our use excess foreign currencies in Egypt, India, and Pakistan, which will be used to fund research and training projects in these countries for American students and teachers.

Research and study abroad are critical for training specialists, keeping scholars current in their specialties and, generally, for helping to improve and develop a high caliber of language and area studies instruction throughout the educational structure of the United States. Participation in overseas educational activities contributes directly to the professional development of the individual scholars and teachers, and also has a considerable impact on their students and their employing American educational institutions.

The goal of this program is to improve the quality of foreign language and area studies instruction in the United States relating to the Indian subcontinent and the Middle East. Approximately 56 individual and group projects abroad involving over 500 participants will be supported in each year in Egypt, India, and Pakistan, providing the opportunity for selected educational leaders and students to gain valuable first-hand knowledge and experience of these two important world areas. Group projects include seven long-term projects focusing on intensive language training and research and 18 short-term projects enabling teachers to expand their understanding of the culture and language of the country involved so that upon their return improved curricular materials will be developed. The program also will provide fellowships to 12 faculty members to improve the international studies programs where they teach and 14 doctoral dissertation fellowships which will provide opportunities for advanced full-time research in two world areas in which we currently have shortages of trained personnel.

One example of a group project funded in 1978 is a project entitled The Arab Republic of Egypt: Role and Impact on the Middle East and the Modern World, which sent an interdisciplinary team of 18 Rhode Island college professors and selected social studies directors of different school districts to develop materials for college courses, instructional materials for continuing education purposes, and instructional materials developed for K-12 school instruction. Over the past 13 years similar types of group projects and various faculty and doctoral dissertation fellowship projects supported by this program have provided the opportunity for over 7,000 American scholars, students, and teachers to study in overseas countries.

Fiscal year 1979 is the first year since 1965 that Congress failed to authorize use of these excess foreign currencies for our overseas projects. If these funds are not made available, the more than 500 students and faculty members mentioned above will be unable to participate in each fiscal year in these overseas projects, and U.S. currency from the Fulbright-Hays program will have to be substituted for high priority projects in Egypt, India, and Pakistan, thereby drastically reducing funds available for projects in other countries.

In summary, we feel that the use of excess foreign currencies supports important American research and training programs abroad in significant non-Western countries. This program not only benefits the American taxpayer in educational terms; it also contributes significantly to a broader awareness of today's interdependent world. Yet the program involves no new additional tax dollars since these foreign currencies were generated by the sale of U.S. agricultural products and the repayment of loans. Indeed, failure to use these

nonconvertible foreign currencies owned by the Federal government may result in an actual net loss to the taxpayer as their value and extent are eroded annually by political considerations, inflation, and constantly changing international currency rates of exchange.

Thank you for this opportunity to appear before the Committee. My colleagues and I will be happy to answer any questions the Committee may have.

HIGHER EDUCATION FACILITIES LOAN AND INSURANCE FUND

I appreciate this opportunity to appear before you to present our fiscal year 1980 budget request of $2,189,000 for the payment of participation sales insufficiencies under the Higher Education Facilities Loan and Insurance Fund. Although no new loans are planned, the requested $2,189,000, along with an estimated permanent indefinite appropriation of $931,000, will support insufficiencies on participation sales certificates for 1980.

The Fund was established by the Participation Sales Act of 1966 for making academic facilities loans to higher education institutions under Title VII, Part C of the Higher Education Act. To provide additional capital to the Fund for making new loans, the Participation Sales Act also authorized the sale of $200 million in participation certificates to the private credit market. An equal amount of previously made loans was pledged as collateral. The proceeds from 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.

To cover the difference in the three percent rate of interest received by the Commissioner on the facilities loans pledged as collateral, and the five to six percent rate of interest paid on the participation certificates sold in prior years, appropriations for insufficiencies are needed each year. In 1980, $3,120,000 is needed for this purpose. A permanent indefinite appropriation of $931,000 will cover insufficiencies on the $100,000,000 in sales authorized in fiscal year 1967, and an annual definite appropriation of $2,189,000 is needed for insufficiencies on the $100,000,000 in sales authorized in fiscal year 1968.

Other Operating Costs

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 1980, will be supported by receipts and available balance within the fund.

This concludes my statement. I shall be pleased to answer any questions you may have.

Dr. MOYÉ. We will answer any questions that you may have.

GAO REPORT ON THE STRENGTHENING DEVELOPING INSTITUTIONS PROGRAM

Senator CHILES. On February 13, 1979, the General Accounting Office issued a report entitled "The Federal Program To Strengthen Developing Institutions of Higher Education Lacks Direction." This report to the Congress was highly critical of the "Strengthening developing institutions" program.

Among other things, it indicated that, after 12 years, no institutions had graduated from the program.

How do you justify the fact that 120 institutions have received funds for at least 8 years under this program and 91 have received funds for 10 or more years?

Dr. MOYÉ. My response to that is simply to go back to the legislation to see the way it was designed and how it has been implemented. The "Strengthening developing institutions" program was designed to deal with the entire institution and strengthen the institution to the point that it would be able to move into the mainstream of academic life.

I don't believe that an institution can be strengthened sufficiently in 12, 14, or 20 years, especially in the way in which we have administered the program by giving out rather small grants over an extended period of time.

If I may digress for a minute, we have had a some what similar experience in the private sector. Private philanthropy has also tried to address this problem, and we have learned one very serious lesson from their experience. That is, one does not develop institutions by giving out small grants yearly or for 2 or 3 years. It can only be done by giving out very large grants over an extended period of time during which perhaps matching can take place.

I think the emphasis in this program really is on strengthening and not develoing. The GAO report seems to believe that the emphasis of the program is on developing institutions. I believe Congress had in mind that title III moneys would be used to strengthen a set of institutions which we have identified as developing, and not to develop institutions.

Senator CHILES. You are saying we ought to look on this program as being one that is going to be continuous and that colleges in low-income areas, serving mostly minorities, are always going to be in need of this financial assistance?

Dr. MOYÉ. To a great extent, I would agree with you. I believe that these institutions will always have a very high cost factor. They will not have the substantial alumni gifts which assist other institutions. In addition, they will continue to have a heavy demand for very costly remedial courses and services.

As long as we are giving out $300,000, $500,000, or $1 million grants we will have to continue this type of assistance.

Dr. BERRY. If I may add, we appreciate the GAO evaluation and feel that we have responded in part to their criticisms since coming into office. We don't know precisely whether we would recommend that the emphasis of the program continue to be on strengthening or developing. We have, however, started to focus on improved

administration of those programs as well as improved financial management and administration of funded campuses. We would like to see institutions grow or graduate out of the program, but precisely what the definition and requirements for graduation will be have not yet been determined. In the higher education reauthorization discussions which are now going on in the Department, we are considering recommendations made by the Secretary about the program.

But for the present, we believe that the program has done a lot of good for a number of institutions. I have visited several institutions in the southern States where, if they did not have these funds, they would be in a pickle. These institutions are serving students.

Ms. BEEBE. We have taken four administrative actions which I think are important and that respond to the GAO report.

One is we are proposing to increase by 15 positions the number of professionals working in the program.

Second, we have a new system for site visits, to be sure that we are targeting on the high-risk institutions.

Third, we have a Secretary's MITS objective which is designed to reduce the number of schools in severe financial distress.

And fourth, we have been working with our Office of Grants and Procurement to develop more specific guidelines for institutions on how they may administer the funds which they receive under this program.

ASSISTING AGENCIES

Senator CHILES. One of the assisting agencies that this Committee has heard of is one located in the District of Columbia, TACTICS. Where is TACTICS located?

Dr. MOYÉ. On S Street, NW.

There are several assisting agencies, five of which we would list as being the major ones in this program.

TACTICS is only one. It serves predominantly black schools. There is also the ACCTION consortium that serves the community colleges. In addition, there is a small college consortium, and also McManis Associates and University Associates. Two, ACCTION and University Associates, are located in L'Enfant Plaza. McManis is on Connecticut Avenue and TACTICS is on S Street. The Small College Consortium is on 15th Street NW.

All of these agencies are located within the area in which they must do business, near Dupont Circle where most of the higher education associations are located and near our offices, where they can be of good service to their constituents.

Senator CHILES. How much money do they receive from the strengthening and developing institutions program?

L'Enfant Plaza sounds like a pretty good address.

Dr. MOYÉ. It is a good address, and it reflects—fortunately the staffing is not consistent with the high cost——

Senator CHILES. I would say they are developing——

Dr. SPEARMAN. TACTICS was set up in design to really assist the predominantly black colleges, and most of them participate in that relationship to give technical assistance. A similar relationship is established with the junior colleges. While they are physically lo-

cated there, it is really an implemental staff or an implementing staff—about four or five people in one room.

The actual monetary flow of funds for all of the consortia takes place through grantee institutions. The law does not permit us to fund an assisting agency directly, so therefore the institutions carry out most of the fiscal responsibilities, but the coordination, the ability to work with the Office of Education and arrange travel takes place within some spot in the Washington area.

Dr. MOYÉ. Each of these consortia would get, through the participating institutions, somewhere between $800,000 to $2 million a year, on the average.

It varies with the number of institutions in the consortium.

Senator CHILES. I notice that the GAO report says that some assisting agencies exert tremendous influence over the program. Some of them become highly dependent on the revenues and actually recruit institutions for their programs.

Dr. MOYÉ. The consortia go out to get a base of operation so that they can operate effectively with their staff and give service to the institutions.

For example, in ACCTION, you have 116, as a critical mass of institutions for that consortium; and in the TACTICS consortium, you have 59 institutions. So needs would vary.

With respect to becoming dependent on title III funds, it is true that these agencies have a small staff which they have to pay, and they pay those staff through the money they receive from the institutions.

Senator CHILES. Does the Office of Education require the developing institutions to participate in assisting agencies?

Dr. MOYÉ. The legislation requires that institutions being funded have cooperative arrangements. These cooperative arrangements could be bilateral with another institution or through a consortium of colleges or with a consortium that we now call assisting agencies.

The law does require that funding go through cooperative arrangements.

Dr. BERRY. The funding goes through cooperative agencies.

Senator, in the reauthorization, again——

Senator CHILES. I don't know if I got a yes or no answer.

Dr. MOYÉ. The law says that title III funds will be used to fund planning, implementing, and developing cooperative arrangements. That has been interpreted by the lawyers to mean that we will only fund cooperative arrangements. We do not fund individual institutions without such arrangements. There has to be a cooperative arrangement if we interpret the law correctly.

That question is a reauthorization question and will be addressed again, because it may require changes in the statutory language.

Dr. BERRY. Senator, we believe that technical assistance is necessary for these institutions. The real question is how to get it and at the best price.

As Dr. Moyé pointed out, one of the things we are looking at in the reauthorization is whether this is the best way to do it.

We firmly believe, however, that some kind of technical assistance is necessary for these institutions.

Senator CHILES. How do I go about getting a job with one of these agencies if I like a L'Enfant Plaza adddress? How would I go about getting a job?

Dr. MOYÉ. I'm not exactly sure what the recruiting mechanism would be. [Laughter.]

Senator CHILES. What I am getting at is who has control over those agencies you are talking about? They are not funded directly, because you all can't fund them, so you fund them through the institutions. But it looks like the institutions have to participate because of the way the law is written.

So, that takes us around—I don't say that Congress hasn't set this out.

Dr. MOYÉ. Institutions are not required to participate in arrangements of this kind. They could get into a bilateral arrangement. For example, a developing college could form a bilateral arrangement with a nearby university, and that would be acceptable. There simply has to be a cooperative arrangement whether it is with another school or with an assisting agency.

Institutions have pretty much of a free hand as to where they go for their assistance. Not all institutions choose such agencies as we mentioned here.

CONSORTIUMS

Senator CHILES. How do I set up one of these assisting agencies? Who has control or look see on it? How is it responsive or responsible to the public?

Dr. SPEARMAN. From its inception in 1965—as you may recall—most of the institutions that participated in this program were largely the historically black colleges—the law also made it possible for these institutions to form consortiums or bilateral relationships.

Some developed relationships that called for a smaller black college in the South to aline itself with a larger institution in the North. For example, some faculty might come down to work with that institution to strengthen its curriculum.

As these kinds of activities developed, groups required a greater amount of sophistication. We then encouraged colleges to enter in consortium relationships whereby English faculties, biology faculties, and history faculties, for instance, might develop new and innovative curriculums to attract or encourge students to stay in school.

As a result of these efforts numerous institutional consortiums were developed. However, the law also made it possible for institutions to work with assisting agencies, which possessed needed professional expertise.

The first such group was TACTICS. They began to work with the historically black colleges, Small College Consortia was a similar group, funded through Averett College in Virginia.

The ACCTION consortium, which is the one that is located in L'Enfant Plaza, which has pulled together a number of junior and community colleges, primarily because 24 percent of the money in this law must be allocated to junior and community colleges.

Now, the colleges find that it is a source of their own strength to belong to it. I can't answer—the question of whether they go out

and actively recruit. I am confident that they do, because the law says 24 percent of the money shall be in junior and community colleges.

Senator CHILES. Is there any area that is not covered?

Ms. BEEBE. Some institutions don't participate in the assisting——

Senator CHILES. The junior colleges are qualified. Is there any 10 percent of the money somewhere out there, that no one has started one of these, to go after?

Dr. MOYÉ. I think about all of the bases have been touched. [Laughter.]

Dr. SPEARMAN. I am sure that when they read the hearings that you will receive some inquiries. [Laughter.]

Dr. MOYÉ. The other part of your question, in terms of quality check beforehand, that is not easily assessed by us. There is evaluation that each consortium must conduct, yearly. And that is one way in which we are able to follow up on what they are doing. But the major evaluation has to be in the quality of service as delivered in the colleges themselves. Each consortium does an evaluation each year. But that is after the fact, of course.

Dr. SPEARMAN. The fact that they have gone has caused us some concern, and as Dr. Berry pointed out, it is a problem that we are looking at in reauthorization.

SALARIES

Senator CHILES. What kind of salaries do they pay? What kind of income do they have? Are they profitmaking or are they created as nonprofit groups that then pay out the money in salaries, or are they profitmaking, as such?

Do they file a statement with anyone? How much money do they actually receive?

I am asking, if we are dealing with public funds, what kind of check is there, even though they are an appendage, and there may be a good purpose for it?

Dr. MOYÉ. Their salaries would be competitive with the area. I would not be able to give you exact figures for the salaries.

Senator CHILES. Do we know that? Do they report their salaries to someone?

Dr. MOYÉ. I would have to defer to Dr. Spearman.

Senator CHILES. What do they pay for rent?

Dr. MOYÉ. ACCTION pays $8.90 per square foot at L'Enfant Plaza. So does University Associates. McManis pays $9.26. TACTICS pays $7.44 per square foot.

Senator CHILES. How does that correlate with Government space and the GSA, rental rates for space around here. Do you know the answer to that?

Dr. BERRY. We can find out for you, and give you a comparison and any other detailed information you would like.

[The information follows:]

Some of the GSA rental rates in the areas of the assisting agencies are:

Office of Education, Federal Office Building 6, 400 Maryland Avenue, S.W., Washington, D.C., $9.02 per square foot.

Office of Education, Regional Office Building 3, 7th and D Streets, S.W., Washington, D.C., $7.11 per square foot.

Department of Health, Education, and Welfare, Hubert H. Humphrey Building, 200 Independence Avenue, S.W., Washington, D.C., $9.57 per square foot.

Office of Education Advisory Committees, 425 13th Street, N.W., Washington, D.C., $8.44 per square foot.

Office of Education Advisory Committees, 1832 M Street, N.W., Washington, D.C. $9,02 per square foot.

National Commission on Libraries and Information Sciences, 1000 Connecticut Avenue, N.W., Washington, D.C. $9.68 per square foot.

Dr. SPEARMAN. We will check that out. One, they have to be nonprofit. Two, the money does not flow directly from the Office of Education to an assisting agency. It flows to an institution. The institution, in turn, pays the bills, and the salaries of the people who are paid is consistent with the educational training of people in the area for carrying out this function.

Senator CHILES. I would like to see that and how many individuals are involved, what we are talking about here, what their salaries are.

And I think all of this kind of leads me back into the first question: If we are now talking about this funding, and it is going to be temporary until the institutions get on their feet, and we're talking about something in excess of 20 years from now; and I think, Dr. Moyé, is what you are saying, we are looking for something in addition to 20 years from now. Does it make sense to continue to have these consulting arrangements on the basis that you have?

It seems to me that if you are envisioning something that is going to be fairly temporary, yes, you would create, or allow to be created, devices like this.

If we are talking about something that is now permanent, that we are talking about, we don't normally then fund on that kind of a basis. We set up something, a governmental concern of some kind.

Dr. MOYÉ. This is an issue which we will consider in reauthorization. It is possible, for example, that we would reconsider the way in which the money flows to institutions.

For example, there is a proposal before us to consider an endowment plan, which is designed to strengthen institutions and to make them more self-sufficient in less time. That is one issue, to strengthen institutions and to make them more self-sufficient in less time. That is one issue.

With regard to reauthorization, we are, again, questioning whether or not we should insist that all moneys flow through cooperative arrangements. A lot of these questions will be answered in the reauthorization process.

[The information follows:]

SALARIES AND NUMBER OF PEOPLE
EMPLOYED BY ASSISTING AGENCIES*

Assisting Agency	Total Federal Salaries	Average Federal Salary	Number of Staff On Federal Funds
AIDP Two-Year College Consortium			
Professional	$17,720	$17,720	1
Clerical	8,925	8,925	1
University Associates			
Professional	348,590	24,899	14
Clerical	59,760	8,537	7
TACTICS			
Professional	41,781	41,781	1
Clerical	24,201	12,100	2
Administrative Support Personnel	11,426	Unknown	Unknown
Phelps Stokes Fund			
Professional	58,000	29,500	2
Clerical	16,300	8,150	2
ISE - Management Information Systems			
Professional	100,410	25,102	4
Administrative Support Personnel	35,055	Unknown	Unknown
ISE - Cooperative Academic Planning			
Professional	55,620	27,810	2
Administrative Support Personnel	32,042	Unknown	Unknown
Robert R. Moton Memorial Institute (Federal and Foundations Relations Program)			
Professional	64,494	32,247	2
Administrative Support Personnel	47,980	Unknown	Unknown
Robert R. Moton Memorial Institute (Consort on Admission and Financial Aid)			
Professional	$63,620	$21,206	3
Administrative Support Personnel	36,500	Unknown	Unknown
United Board for College Development (Library Administration and Educational Technology Program)			
Professional	25,000	25,000	1
Clerical	17,283	4,320	4
United Board for College Development (Academic Administration)			
Professional	63,960	15,990	4
Clerical	22,277	7,425	3
ACCTion			
Professional	85,000	28,333	3
Clerical	34,594	8,648	4
Small College Consortium			
Professional	118,115	23,623	5
Clerical	25,120	12,560	2

*These figures represent only the Federal portion of the salaries and the number of staff paid with Federal funds.

Dr. BERRY. We don't want to leave the impression that we have concluded everything so that this will be permanent. That is not a conclusion that we have made at this time. That will come up on our recommendations on the reauthorization.

Dr. MOYÉ. I was using the long-term thing in terms of the present way we are using the moneys.

Senator CHILES. I've got a feeling I know how that decision is going to come out. [Laughter.]

REMOVAL OF ARCHITECTURAL BARRIERS

Senator CHILES. Going to the removal of architectural barriers, the Senate report of the committee said that it would consider the provision of funds to assist schools in the removal of architectural barriers when adequate data is available.

The committee report gave specific requests for information on making facilities accessible to handicapped people.

In January, Secretary Califano wrote the committee to say that the data required by the Senate would not be gathered until April or May, and that means the information is going to arrive too late for our markup.

What do you believe the Federal role should be in assisting schools in removing architectural barriers?

Dr. BERRY. We don't know yet, Senator.

One of the things that is being studied is: What is the appropriate Federal response? We will know that better when we have some better estimate of how much it will cost. We know it is unfortunate, and we apologize for not being able to finish our research in time for these deliberations or the markup.

We are still hopeful about it, but as it turned out it was more complex than we thought, as a research problem, when the people started working with it. And we also want to make sure that the information that has been collected is, in fact, accurate. So we are verifying some of the studies.

We will have a better answer about what the appropriate Federal response should be as soon as we have some idea about what the costs are and what is really involved, as opposed to the kinds of statements that are being made about what is involved.

Senator CHILES. What is HEW currently doing to assist the schools in their efforts to comply with section 504 of the Rehab Act and other provisions requiring accessibility for the handicapped?

Dr. BERRY. We are giving them technical assistance, advice, and information, telling them that we, in some cases, don't think that some of the changes that they think they need to make need to be made.

In fact, right now it is a technical assistance operation.

Dr. SPEARMAN. We do provide, through an arrangment between the Office of Civil Rights, the Bureau of Education for the Handicapped, and the Bureau of Higher and Continuing Education, a contract to the American Council on Education, as a coordinating body, to provide technical assistance.

And we have over the past 10 years made an award of about $100,000 to begin working with institutions, so that they can work with institutions in increasing the capability and understanding of

admission offices and counselors, and acquainting institutions to be properly attendant to the handicapped.

That is the extent of what we are doing now, so I am embellishing the notion of technical assistance that we are providing.

VETERANS' COST OF INSTRUCTION

Senator CHILES. You are recommending $14.4 million for the Veterans' cost of instruction program, in fiscal year 1980. That is a reduction of $4.6 million from 1979, 24-percent reduction. Why is there a reduced level of funding in this area? Aren't the Vietnam veterans the primary beneficiaries of assistance under this program at the present time?

And tell me how this program is coordinated with the programs run by the VA? And why do we need a separate program here in HEW, when we spend millions of dollars for veterans' education through the VA?

Dr. MOYÉ. The request for 1980 proposes to maintain the same level of support per eligible veteran. As a matter of fact, the Veterans' Administration projects a 41-percent reduction in the number of veterans enrolled between 1978 through 1980.

We therefore reduced the appropriation request as a result of the decline in veteran enrollments.

In terms of the latter part of your question, there is a differentiation that I make between what we do and what the Veterans' Administration does in this program. This program is clearly an educational program, while the VA programs are benefit programs.

The kind of activities that are carried out on campuses under the VCIP program are different than the certification types of activities that the VA carries out. The coordination on campus had begun to take place through the veterans' representatives program on the campus. That program has been phased-down so perhaps now it is a matter of how each campus does it, whether there is coordination between the VA program and our own program.

Dr. BERRY. We reviewed thoroughly the whole question of whether this program should be transferred to VA last year as a result of some legislation that said we ought to consider that, and the Secretary made a decision, after looking at it, that our program was different and he did not want to transfer it.

The question has been looked at thoroughly by everyone in the Department, but our program is different, as Dr. Moyé has said, and that is why it is needed.

Senator CHILES. I have some other questions in this area, and we will submit some of those for the record in the interest of time.

Dr. Boyer, we are delighted to have you with us.

EDUCATIONAL ACTIVITIES OVERSEAS

Now, I will go to the Educational Activities Overseas.

Now, the "Educational activities overseas" program uses U.S. owned, surplus foreign currency to assist in the study of foreign language and other international programs in countries where excess foreign funds are available.

They are available for Egypt, India, and Pakistan. These provide a major source of support for the Fulbright scholarships in these

countries. These studies in these countries are carried out under the direction of American institutions.

The budget is requesting a 1979 supplemental of $2 million, and a 1980 appropriation of $2 million. What has been the impact of having no appropriations in this program so far in fiscal year 1979?

Dr. MOYÉ. The major impact will be that there are activities which we have approved and which are scheduled to begin very, very soon, which we will not be able to undertake or which will have to be funded with American dollars.

That would be a critical blow given the limited funds we have for Fulbright-Hays activities. We think it is in the best interest of these programs and the country to use the moneys that we have overseas. There are many reasons.

Senator CHILES. Can you give any specific examples of activities funded under this program?

Dr. MOYÉ. I would refer to Mr. Meador.

Mr. MEADOR. There are 56 different education projects overseas including activities sponsored by the University of Wisconsin, Harvard, Michigan, and the American Institute of Indian Studies. The American University of Cairo is funded with some special projects; and at least a half dozen other major ranking universities have overseas activities that allow them to specialize.

We have had teachers from elementary and secondary levels who have participated in seminars in India, the primary purpose being to provide these teachers with a firsthand experience and focus upon the activities relating to education and culture in India, and ways in which this information can be brought to the schoolchildren in American schools.

We have had, in years past, supervisors, curriculum specialists, and school administrators from Georgia and from Florida looking at the Middle East through projects in Cairo; at the impact of OPEC and the oil crisis and other energy issues and what it may mean to education and administration in the future.

We have learned more about the Middle East, their values, and perceptions of common problems internationally. As Dr. Boyer has said, we have intensive language training programs abroad that make use of these funds, and since they are excess foreign currencies, they do not represent a drain on the tax dollar here. But their loss does require us to shift Fulbright-Hays dollars to high priority activities, such as language programs abroad and that thus has the double effect of losing the excess currency as well as causing us to use up the Fulbright-Hays appropriations in excess foreign currency countries.

Further, we know that the erosion of new inflation in the countries we are working in is almost 11 percent annually overall, so there is a loss, as those funds will be diverted.

Not calling upon the excess currency resource, we believe, is not in the educational interest.

Dr. BOYER. I might add one example. There is a Center for Arabic Studies in Cairo. About $190,000 of O.E. Public Law 480 money was used for the center out of a total budget of something like $230,000. As I recall, about 20 universities in America compose a consortium which participates by sending students and faculty to that Center for Arabic Studies.

There is an American Institution on Indian Studies in India, which in fact has a consortium of cooperating institutions here, colleges, universities; and I think there are 30 or more.

Several weeks ago a faculty representative from Berkeley and one from Michigan came in to see me about the failure to fund Public Law 480 projects and they made a very persuasive case that this program provides an extremely valuable center in Egypt for specialty studies overseas in which their students and faculty participate.

And since it is money that is available for us there, but not here, and the fact that we can use these funds to support overseas centers, that many American institutions can participate in, and at a site where they can do some study that they couldn't do say in Berkeley or Michigan, I think, argues for the validity of getting a major educational impact for what would be an unused resource if we didn't have that authority, Senator.

Dr. MOYÉ. There have been more than 5,000 elementary and secondary school teachers who have participated in projects since 1966; and certainly that must have had a major impact on curriculum, as they develop new curriculum materials based on their experience. Curriculum consultants have been involved in our projects.

Dr. BOYER. I think it would be unfortunate at this time for the Mideast and the Indian subcontinent, where these dollars are now still excess, if we didn't have the authority to retail this educational resource.

I think we gain a lot for what is, in fact, no fiscal investment out of the current budget. My office and I would personally, strongly urge the consideration of funding to keep the continuity of the activities supported by these funds.

Senator CHILES. I am going to have to recess for about five minutes to make a phone call, then we will come back on our Mission Budget.

[A brief recess was taken.]

REDUCTION OF PAPERWORK

Senator CHILES. Excuse me for the delay.

Doctor, last year this committee required that we receive a report by January 15 on the progress that had been made in reducing paperwork at each educational level—elementary, secondary, and postsecondary. We don't have that information yet. When can we get that?

Dr. BOYER. I did not realize this fact and regret very much that you have not received the report as yet. We will see that the committee has that report within the next 2 weeks, at the latest, if that is satisfactory. The data has been collected and the report has been drafted. I might add, Senator, that in my judgment it is a good story.

Senator CHILES. We can use some good stories right now.

Dr. BOYER. On this issue especially, I think we can demonstrate that there has been a major saving of paperwork at the State and local level.

If I might add, about a year ago I asked how many reports we require from school districts who get discretionary grants from us. I discovered that until then it has been wholly at the discretion of each program officer.

Many required one report a year, which seemed reasonable; some required two; others four. I discovered one program in OE where they were requiring one report every month. There is no way to measure progress every month. The program in question I think, was an arts program, which makes it even more difficult.

But we had 70,000 reports that were coming in every year in repsonse to discretionary grants.

Senator CHILES. This was discretionary?

Dr. BOYER. Yes, but we could require only one a year. I emphasized that with my deputies, and by that single action, we eliminated 35,000 of those 78,000 reports; and that is now operational.

But that question had never been asked.

Senator CHILES. I hope that isn't done in 12 monthly segments. [Laughter.]

Dr. BOYER. I should have said it couldn't be any longer than the one you have been collecting.

In any event, we have done some things that I will be happy to supply.

INCREASED REPORTING REQUIREMENT

Senator CHILES. I am concerned about the increase in reporting requirements by the Education Division of the Office of Civil Rights, between the end of 1977 and 1978. As of December 31, 1977, the Office of Management and Budget had received and reviewed 186 data systems for the Education Division and the Office of Civil Rights, and approved information requests totaling 5,388,879 man-hours reporting time.

By the same date in 1978, OMB had approved the paperwork that would take educators 6,441,365 man-hours to complete, under 187 data systems for those two agencies alone. What we have here is one more data system in a year's time, and over 1 million additional man-hours reporting reporting time required of our educators.

Why is there an increase rather than a decrease in paperwork and reporting time generated by the Education Division in the Office of Civil Rights in 1978?

Dr. BOYER. I find it difficult to respond fully to that, because I don't know how that Division is assigned. I can't speak for the Office of Civil Rights. I am just not informed.

Senator CHILES. If you would check that.

Dr. BOYER. I will certainly check to get the categories behind those breakdowns and indicate, for the record, at least the part that I understand; and we can ask colleagues in OCR. That is the first time I have heard that figure, and it runs so heavily against some of the other moves that we have been making that I lament it as much as you, if we are adding, because at the other end, we have demonstrated—and it can be documented—in the last 18 months we have eliminated 7½ million work-hours of report time within the Office of Education. I can give you each category.

Senator CHILES. I wish you would give that to us, and if you would——

[The information follows:]

CHANGING FROM ANNUAL TO 3-YEAR SUBMISSIONS OF PLANS FROM LOCAL EDUCATIONAL AGENCIES (LEA'S) TO STATE EDUCATIONAL AGENCIES (SEA'S)

	Number of LEA's participating	Estimated savings in annual staff hours	
		LEA	Nationwide
Title I, ESEA:			
LEA program plans	14,000	100	1,400,000
LEA evaluation plans	14,000	100	1,400,000
Title IV, ESEA, parts B & C:			
LEA, Part A	16,000	50	800,000
LEA, Part B	3,900	100	390,000
Adult education: LEA program plans	12,000	50	600,000
Vocational education: LEA program plans	14,000	150	2,100,000
Total hours saved per year			6,690,000

HEW PAPERWORK OVERSIGHT

Senator CHILES. I am concerned to see that the new provisions in last year's educational amendments for paperwork oversight by the Secretary of HEW and a Federal Data Acquisition Council have not been implemented. OMB review of information requests going to educators ended on February 15th. To date, the new council hasn't been appointed, nor have the procedures for paperwork approval been established.

Yet, in the February 15 Federal Register, we find 17 pages listing the reports and surveys educators would have to complete for the 1979–80 school year. Most of the items have received OMB clearance under the old process, since they cover 250 data systems and include information requests to educators from any Federal agency source, the total reporting time of OMB-approved reports is nearly 8 million man-hours.

There is an additional 1 million man-hours listed, which has not been cleared by OMB; and there is no operational system to clear them.

What progress has been made in implementing the new system, and when can we expect that to be operational?

Mr. DINGELDEIN. We will have to provide a report for the record. The new system will be administered out of the Assistant Secretary's Office. We do have funds in the 1980 budget, to implement the system's expanded responsibilities, so we will be moving on that.

Senator CHILES. What is being done about paperwork clearance in the interim?

Mr. DINGELDEIN. It is being performed in the form of preliminary reviews by the current Education Data Acquisition Council staff.

REDUCTION IN PAPERWORK

Senator CHILES. Dr. Boyer, are you or the Secretary looking at these figures according to agency and educational level, and figuring out where the increases are, and why there are increases, what the reasons for them are?

Dr. BOYER. Because I have not had the responsibility for this particular initiative, I can speak only in most general terms. I have, Senator, been asked to reduce the paperwork requirements within the Office of Education and I believe our record has been encouraging.

I regret that I cannot give you more information on the implementation of the council and the clearance arrangements related thereto, but I have not personally been involved in the administration activities in this area. That has been handled within the Department.

Senator CHILES. Who is in charge of this Department?

Mr. DINGELDEIN. It is in the Office of the Assistant Secretary for Education.

Senator CHILES. There is a tremendous concern on the part of Congress about this. I happen to have the responsibility and oversight responsibility on the Paperwork Commission, the Subcommittee on Federal Spending Practices of the Government Affairs that I sit on, and obviously, the Carter administration has shown a tremendous concern for this part of the campaign promises, and it has been talked about a lot of times since then.

So, when we talk about a statement for the record, this assumption, as far as I'm concerned, we may want to hold another hearing and ask the Secretary or someone to come tell us about this, because we find now that this council is not in being, that all of this is going as usual.

This doesn't show much of a concern of what everyone has said is one of the biggest problems we can possibly have.

Mr. DINGELDEIN. As I indicated, we do have funds in the budget to implement the new responsibilities, and as far as where we are——

Senator CHILES. I would like to have a timetable for implementation as to when we can expect the council to be on board, and when we can expect this to be fully implemented, what arrangement, if any, is being done in the meantime? Is it simply going to OMB, as it always has? Is anyone concerned about it all now?

Dr. BOYER. The EDAC Council staff is still in place. We have to get clearance for every form that we would request.

[The information follows:]

IMPLEMENTATION OF THE CONTROL OF PAPERWORK AMENDMENTS

The newly authorized Federal Education Data Acquisition Council has been established. All of the council members will be appointed prior to the first meeting on April 10, 1979. The Assistant Secretary for Education has developed interim operating procedures which will be introduced at the meeting. If the Council adopts these procedures or similar ones, work can begin immediately on the control of paperwork. In the meantime, paperwork clearance is being conducted in the form of preliminary reviews by the Education Data Acquisition Council/FEDAC staff. As of February 15, 1979, OMB is no longer reviewing information requests.

IMPROVING THE QUALITY OF EDUCATION

Senator CHILES. Dr. Boyer, I asked for a comment on this earlier, but it was before you were here, and going to the mission budget. Now, I note that the programs to improve the quality of education represent 1.5 percent of the total. You do propose an increase of 18.5 percent over the 1978 level, 6.9 percent over 1979.

The area that I would like you to pay particular attention to is the major problems in our schools that seem to be more one of educational outcomes than of simply financial problems.

I also think we are going to have a lot of debate in the next year or two about whether to take programs like career education, gifted and talented, which are aimed at the qualitative aspects of education, and expand them from national curriculum development and demonstration programs to formula programs funding in every State.

I personally put a high priority on both of those programs as valuable approaches to education. But I think we have to look carefully at what the appropriate Federal level is and what should be left to the States. And I wonder whether we should fund these qualitative improvements through categorical grants or whether these should be through the general support and innovation formula block grants of the States.

Do you have any comments regarding that?

Dr. BOYER. I think you touched very perceptively on the central—on two central questions: One, where is the area of greatest need now? And I share fully your observation that the question of the quality of the outcome is the transcendent agenda. We have focused very strongly on compensatory help in early education, and on equality of access. I think the schools during the next decade will have to confront the question of not only retaining students in school, but seeing that they are well educated.

We still have that unacceptable and tragic dropout rate of 25 percent in high schools. Every high school student who begins as a freshman—one out of every four will not finish. And of those who finish, I think we have in fact what the psychologists call a bimodal curve. We have some very able performers who are educated better than any students in the world, and we have a hump in the bottom that includes students who are not able to compete, even at a good elementary level. That is unacceptable.

I think the two areas you mention offer some promise as to where we should go. The concept of career education, while it is a very slippery one— much like Silly Putty—it tends to mean a lot of things to a lot of people; at heart it is trying to identify the better integration of productive work and good education.

And since that is the way life is for all of us anyway—we are workers and also thinkers, I would hope—I think the school needs early on to confront that fact and help students understand it.

In the past we have tended to draw a line: you are either a thinker or a worker. It is a false division. That is not life. So our attempts to somehow help students understand they can be intellectually alert and also productive and useful—I think, frankly, unless students earlier in this culture understand that they are useful instead of in a kind of holding pattern, they are going to

continue to be disinterested in school, and I think also socially negative.

GIFTED AND TALENTED

So there is something in that that we need to discover.

Now, the second point you mentioned, the gifted and talented: I think if there has been any one major oversight, it is the fact that we haven't found ways early to identify our most able students and allow them to stretch against their own standards and potential and create schools, perhaps, that allow them to do that, and certainly special programs so that they can run at their own pace and develop these gifts. Too often when they leave high school they are unable to excel in their areas of special gift.

That has been an oversight for a decade or two, maybe more. Those are the keys: greater flexibility that allows students to discover their own productive capacities and greater flexibility to allow them to develop their intellectual capacities.

Now, the second problem you pose is what is the Federal role. I am not sure of that. Up until now we have had almost embarrassingly token efforts under something called "demonstration." As you know, we really are torn between whether we on the Federal level throw out a little money to help schools test or whether we get into what we call the servicing; that is, we are going to be partners in the venture, and we are going to blanket the country as much as we can.

The truth is that it is not only a philosophical-political question, it is also a dollar question because if you are going the service route, you are talking about fairly big money. You can put on line, as was done in career ed, a so-called service, but if it isn't backed up by $10 million, it is a structure without impact.

CAREER EDUCATION

I do like the notion, although we haven't been encouraged to fund it, but I like the notion of the career ed model in theory; I mean, talking speculatively here, going for big funding, and then if it can never happen, phasing down and say our job is to put such a program on line; then we are not going to get caught in the trap of forever funding it.

The record of that happening is not most encouraging.

Senator CHILES. Certainly not.

Dr. BOYER. I just have to face that. I do not know that I would be in a position to argue that either of these is the Federal role. On gifted and talented, one of my disappointments is that we have not been able to sell a bigger support budget for that area. I think we could do more by way of demonstration than the $3.8 million which was appropriated for fiscal year 1979.

That is not adequate, in my view—for even a demonstration program in an area of such high social urgency.

Senator CHILES. I think I almost doubled the program last year. We went to 5——

Dr. BOYER. In any event, for whatever it is worth, I shall try to reflect personally on your view of the future of education. I think that there might be an important place for an increase in time for

demonstration programs centered around the gifted and talented. I think this area needs a lot more visibility and should be given a higher more national priority. I am not sure at this moment, however, whether such a program should become a long-term service program.

FEDERAL LEADERSHIP

Senator CHILES. I think the sooner the Federal Government would send the signal, the sooner the people who are very interested in this program would begin to work at the right level for this. It appears that career education has a chance of coming in for online funding. Certainly, they are going to continue to put their efforts in this regard. If it is $10 million, then they hope that will grow to 100, and they can move it up from there.

I wonder whether that program would ever be funded on a proper basis? And then you get it somewhere where it is in a high program. And again, I think the worst thing is that you have programs where whoever gets in first or something maybe has a program and then no one else has one. And I have seen us do that so many times.

Nothing is more wrong than the Federal Government to get involved in something like that. I agree with you. I don't know if we had the kind of resources up here that that should be a priority item or one in which we are going to fully participate. And I also think that in some of these areas we have to allow the States more discretion to make their election as to where they should go.

But as far as preparing curriculum and doing those things that would encourage the States to involve themselves in these programs, I think both of them are very, very valuable and I support both of them, and I think it is a tragedy that we have not done more for our gifted children. I think we are losing a national resource for the country that we can ill afford to lose, and we are way behind now.

The quicker we move on that, the better. But again, I don't know whether that is something other than finding the right ways to provide encouragement from the Federal Government.

RESEARCH PERSPECTIVE

Mr. TIMPANE. If I could speak from the research perspective: I think it is correct to say that the relationship between the amount of money and the outcome of these programs has been discouragingly weak in almost all programs.

Senator CHILES. I think Congress might be more willing to fund full program development research if they knew that it isn't going from here.

Mr. TIMPANE. I believe the key is, as Dr. Boyer has reflected, careful program design. It is only when the people at the local level have the opportunity to be clear about what they want to do and have the resources and the support from the local system to do it that the Federal money does any good. The Federal money cannot be imposed on the local school against its wishes.

Some of the features that are in the basic skills program, which has been authorized in the Elementary and Secondary Education Act this year, point to some better ways for the Federal Govern-

ment to run these demonstration and development programs so as to give the local school the resources it needs, rather than just assuming that the money and a label will produce the outcome we are looking for.

That being the case, it also suggests that we can only have a limited number of such priorities because each one of them will take a lot of hard work.

ADULT EDUCATION

Senator CHILES. You are going now to disadvantaged adult education. Your mission budget shows a large number of adults lack a basic high school education, approximately 1.15 million are being added to that group each year. It is proposed now 750,000 high school dropouts and 400,000 immigrants; but at the same time, the funding for adult education will be cut by 9 percent while we are increasing the funds for disadvantaged children.

I understand that States are to pick up the difference. But you also described the expanded requirements of the program under the new authorization on page 14, particularly to remove barriers to participation by providing child care and transportation. How do you calculate that the savings from the most needy would be more offset by these additional costs?

Dr. BOYER. The budget figure you see, is our proposal to reduce the appropriation from $100 million in 1979 to $90.7 million in 1980. Quitely frankly, Senator, this figure reflects the strategy that appears time and again in the budget that we have submitted. In order to live within the very tight authority guidelines which we were given to build our budget, there was a strategy—I will not call it policy, but it was fairly close to that—in which, if there was an increase over our 1979 request, that is, a congressional increase over our 1979 request, we submitted for 1980 a figure at the 1979 request level.

There is no more logic to it than that. There are a number of instances in what appears to be a cut, as the administration request in 1979, and that is exactly what we did request. So Adult Education was one area in which by strategy we pushed for savings in order to stay within our limit.

Let me interrupt myself on that and make a comment about the problem you noted. It is a strategy problem. I have to say that I don't quite know what to do about the adult illiteracy, functional illiteracy, if that word is useful. These are not people who can't read and write, by and large; they are people who can't cope with our complicated culture and fill out forms. I can sympathize with that. And part of our problem might be to reduce the forms. I may be looking at the wrong solution, but be that as it may, let me just say—and I say this as seriously as I can—we have had long debates about what to do. I don't feel that we have found the best way to deal with an adult who is only partially literate in a structural education sense.

I think these dollars have been well used. I don't want to be critical. People may misunderstand the statement I just made. The truth is that many adults cannot or will not come back to schools. And some of the structures, some of the kinds that we have, some

of these programs are very creative, and I visited a few, and I am impressed.

And adult graduates of an adult program last spring—I was impressed; the people had finished their high school diploma, and they were starting down the road of independence. I guess I am saying, here again the problem you posed of how do we mount a total service program, and what is the institutional structure under which we are going to do that.

It doesn't involve any media or self-study. There are a variety of questions that come to my mind as to how it can be cost-effective and most directly tied into adults who are working during the day or are often in remote rural areas and can't get out to school. Very many of these people are not in urban areas, and they can't drive down to the high school. There is also a problem even relating categories within this total pool.

I have felt a little uncomfortable asking for an increment of 10-percent increase, even though the need is there. I don't know what that 10 percent means against the problem or in relation to strategy. I haven't been smart enough to lay out a design. It seems to me that until that design is in place it is not sound for us to just implement it around a broadly defined need——

Senator CHILES. What are we doing to try to get that design?

Dr. BOYER. We are trying to isolate a few of the programs that are doing some good things. I am sorry to pose this answer in the form of a question, but it was raised by your thoughtful comments earlier. It does not suggest a departmental disinterest or unawareness.

I hope shortly that we will be able to put on line an approach that also can justify new dollars. This now is the formula. Some are carefully done, and others perhaps are not so.

We will certainly try to think through the direction.

BILINGUAL EDUCATION

Senator CHILES. Since the 1978 Appropriation Report, you have been trying to bring about a reorientation of the Bilingual Education Program for Achieving English Language Competence.

This year the Secretary told us that that is what he intends to do. You are asking for a large, 10-percent increase. What specific steps have you taken, administratively, in 1978 and 1979, to reorient the program? What additional steps have been taken in 1980?

Dr. BOYER. At least three.

First, in our reauthorization of the Elementary-Secondary Act, we try, with title VII, to be more explicit as to what the purposes of that program were—that is, to say in the law what the educational expectations are.

We were successful. Congress modified it somewhat by saying, as I recall, that up to 40 percent of those enrolled can be from backgrounds that are not language deficient. I just note that in the law.

The law, I think, does affect clarity. We have improved the internal administration. In my office, we have recruited successfully the ranking educator, specialist in this field, in the country, from the University of Texas.

I have some encouragement. Third, in that same context, we brought in a program audit specialist to examine the entire program. I went through a series of his recommendations.

We, in the granting of awards this year, require, for the first time, that every applicant agree that they will supply to us, as a part of the application, the language proficiency status of every person admitted to that program.

They supply to us, on a regular schedule, the progress that has been made in terms of language development. Our goal is that at least 75 percent of all students will, in fact, by test determination, not just wishful thinking, be truly the population that should be served.

Bear in mind, the law says that at least 60 percent of the children must be of limited English proficiency. One of the last evaluations we had on this program said only a third of the children in bilingual were language deficient, so we have set rigorous standards; and we then require that we get, I think, 6- or 8-month integral reports on language development.

This is the machinery, the grantsmanship, that awards grants only if you are willing to indentify language deficiency and also document progress.

Senator CHILES. I think the two problems go hand in hand. The one, of course, is having the money where there weren't language-deficient kids, and the other is that no effort was really made, or not a major effort, to make English proficient; and we continue to run into the situation. And I am sure it is a horror story that is more often repeated perhaps than once of the teacher who doesn't speak English herself in the classroom, who really was teaching a cultural language, but not teaching English proficiency, and not even attempting to do that.

I see us building up such horrendous problems in the future, of turning those kids out where they, again, they can't cope. They can't compete, and they can't get jobs.

Dr. BOYER. That is why we require testing, to establish that we are clearly serving the population as the law intends and that progress is being made.

EDUCATION FOR THE HANDICAPPED

Senator CHILES. The 1980 fiscal year is when the States receiving aid under the education for all handicapped children must meet the goal of providing the educational services for all handicapped children for ages 3 to 21.

Can you give some hard numbers of how this goal is being achieved in terms of numbers of children served, and also by way of the quality of education they receive?

Dr. BOYER. The point you ask about is an important one. We have been building our budget in view of the considerable success we have seen in terms of improving services to the handicapped. The number of children served has risen every year from 3.4 million in 1977, to 3.6 million in 1978, and finally to 3.8 million in 1979.

And the budget before you is based on an objective of 3.95 million children in 1980. I have to tell you, Senator, that based upon

the early projections I heard when I first came into this office, these enrollments are running below what was identified as the population.

Now, there are two ways to look at that, either the people overestimate the need, or it means that we still haven't found a way to find the children; and it may be a mixture of both.

The way they got at those early figures were, I think, not too dumb. They took several States that had been in the handicapped work for a number of years—I think Utah is one—and they found that over the years that they had found about 10 percent of their total student population qualified for handicapped; and they simply then extrapolated from that and, in effect, said what will happen to the 10 percent in Texas, 10 percent in Virginia.

That is what led them to figures—what is 10 percent of 50 million children?

Ms. BEEBE. Twelve percent.

Dr. BOYER. Yes, twelve percent, and some of the States had more than that. Bear in mind, this law says that it will serve people up to 21, starting at 3 and going to 21; so it is preschool and postschool in terms of the popultion encompassed in the law.

So the estimates I recall hearing were 7 or 8 million. Those were the outside estimates. I am only telling you that thus far, since the law has been implemented, it has gone more conservatively—100,000 to 200,000 a year.

Whether we push aggressively for the child, I see ads—I was on my way to the Air Force base at midnight the other night with nothing else to do at a strange hour. I saw an ad in a bus saying, "The law was being broken if this child wasn't in school."

It was an ad encouraging people to send them, if they had a handicapped child who wasn't in school. There is an effort made to remind them that the law is there.

Our growth has been considerable. Our budget is based upon what we think is a fairly realistic estimate.

QUESTIONS SUBMITTED

Senator CHILES. I have several other questions that I will submit for the record. There are some other questions, also. If we could get those back, along with the transcript, to the subcommittee in 7 days, it would help very much.

[The statement and questions and answers follow:]

STATEMENT OF ERNEST L. BOYER

I appreciate the opportunity to present the Education Mission Budget for fiscal year 1980. As you know, the budget for education provides funds for over 120 programs, ranging in size from $500,000 to over $3.4 billion, reaching every level of education, providing assistance from preschool through adulthood, and supporting activities from basic research to the provision of fundamental education services. By arraying the budget for education by missions, we can examine the relationship between fiscal resources and explicit Federal goals in education, rather than discussing the budget for the program mechanisms which are used to implement these goals.

For fiscal year 1980, despite a tight total budget for education, the Administration proposes to increase funding for several critical Federal missions. Specifically, we have proposed increases of over $182 million for those efforts designed to povide supplementary programs for historically underserved populations. Further, we have proposed an increase of $36 million for assisting in the desegregation of schools. In addition, we have maintained last year's initiatives to expand access to postsecondary education. We have proposed also to increase by almost seven percent our efforts to improve the general quality of education and have expanded by $2 million support for programs designed to develop knowledge about education.

To accomplish these missions, we are proposing a realignment of the 1979 appropriation and a proposed savings of $346.4 million for those programs providing general support. We are reducing also those controllable portions of our budget for administering programs. In total, we are requesting $12.5 billion for fiscal year 1980, a decrease of $369 million below the anticipated 1979 level, which includes supplemental proposals totaling $482 million.

I will now highlight the major missions supported by this budget.

Providing Supplementary Programs for Historically Underserved Populations

A primary mission of the Federal government is to provide assistance to educational institutions to extend, expand, and improve education programs and services directed at those population groups who are disadvantaged, handicapped, or in need of special assistance because their primary language is other than English.

The fiscal year 1980 budget request for supplementary programs for these populations is over $5.1 billion. This represents an increase of $182 million above the anticipated 1979 level, and is an increase of over $1 billion, or 27 percent, above the funds available in 1978. Specifically we are proposing almost $3.5 billion for Title I programs, which make up the bulk of funding within the disadvantaged subdivision. This amount includes "concentration" funding which will add $400 million by 1980 for needy school districts. These additional funds will help meet the high costs of providing supplementary services in urban and rural areas with

significant numbers of disadvantaged pupils. The President's Budget also includes a supplemental request of $258 million in 1979 to be distributed under the Concentration Provision to these same needy districts. In total, the 1980 request for Title I programs will enable us to improve the educational opportunities for over seven million children requiring remedial assistance.

To continue helping States to provide a free, appropriate education for all handicapped children, we are requesting $862 million for handicapped State Grants, an increase of $58 million above the 1979 level. This will enable us to meet an estimated 12 percent of the excess costs of educating over 3.9 million children in the 1980-81 school year, 150,000 more children than in the previous year. The per pupil expenditure in 1980 will increase from $211 to $218.

To provide supplementary programs for language/ethnic minorities we are proposing an increase of $15 million for Bilingual Education. This will enable us to teach English to those whose primary language is other than English. We expect to help over 600 school districts address this problem and investigate methods for improving bilingual programs. In addition we are requesting an increase of $5 million under Indian Education which will provide supplementary services to 345,000 Indian children in the public schools across the Nation. This increase will provide services for 3,000 more Indian students than in 1979 and increase the per pupil expenditure from $128 to $137.

In total, funds in 1980 under this mission will provide assistance to about 12 million disadvantaged, handicapped, bilingual, and Indian children enrolled in elementary and secondary schools throughout the United States. This means that the Federal government will provide assistance to approximately 25 percent of the total elementary and secondary enrollment throughout the Nation.

Even under tight fiscal restraints, the Administration believes that providing programs for the needy and disadvantaged remains a central Federal mission in education.

Assisting in the Desegregation of Schools

School desegregation remains an unfinished national agenda, and imaginative efforts and continued Federal leadership are required. To help school districts we are proposing $347 million for desegregation related activities, an increase of $36 million, or 11 percent, above the 1979 level. This budget request will allow us to move ahead, in encouraging new and voluntary desegregation while at the same time providing continuing assistance to school districts past the initial implementation stages but having second generation problems.

In 1980 programs under the Emergency School Aid Act and Title IV of the Civil Rights Act will emphasize new and voluntary desegregation and will stress flexibility in getting funds to districts in a timely fashion. Under the Emergency School Aid Act we have requested $2 million to provide assistance for districts which are developing a plan of desegregation, regardless of whether it is voluntary or required, in an effort to encourage new desegre-

gation throughout the Nation. This authority was added to the Education Amendments of 1978, and the first year such awards can be made is 1980. Other highlights include: $5 million for a new "discretionary" account to allow immediate response to requests from districts unable to receive sufficient funding because of timing or inadequacy of resources; a $2 million increase for State agency incentive awards to encourage SEAs to play a larger role in the planning and implementation of voluntary desegregation; and an increase of $18.5 million for emergency special projects to be awarded to districts receiving out of cycle court orders or having severe unmet needs.

In addition, the 1980 request expands innovative desegregation activities such as the Magnet Schools program and Educational Television and Radio over the 1979 levels by $10 million and $3.4 million respectively. The Magnet Schools program, which includes pairing with business and universities and developing plans for neutral site schools, has proven to be not only an effective desegregation tool but an excellent way of encouraging quality within the context of desegregation. In addition, educational television and radio are potential tools for enhancing the self-image of minority children and for promoting understanding of desegregation and integration among all children.

The Training and Advisory Services program authorized by Title IV of the Civil Rights Act of 1964 reflects our continued emphasis on direct grants to local educational agencies which are desegregating by race or national origin. Under this program, awards can be made throughout the year as needs arise and thus maintain the greatest flexibility possible in assisting local districts at those points in the desegregation process where immediate assistance is most important. The 1980 request is $16.35 million greater than the prior year's level. Of this increase, $14.35 million will be used for direct grants to school boards for race and national origin desegregation. The remaining $2 million increase will be used for State and local educational agency awards to prevent and to eliminate sex discrimination.

Developing Occupational Skills

The mission of developing occupational skills is one of the oldest activities of the Federal government, dating to the Smith-Hughes of 1917. The Federal goal has been to assist in providing the opportunity for Americans to acquire the skills and training needed to seek and secure gainful employment.

Today we must continue to commit ourselves to build bridges between the world of education and the world of work. For fiscal year 1980 the education budget includes $709 million for this purpose. This represents an increase of $2.6 million above the 1979 level and is $41.6 million greater than the amount available in 1978.

With the increased State and local dollars flowing into programs under this mission, we believe that assuring the availability of programs should no longer be the major purpose of Federal dollars. The reauthorization process will examine possible

new roles for Federal support, especially efforts to improve linkages between education and job training programs.

Providing General Support

Yet another mission is to provide general financial support to assist in the operation of educational institutions.

The fiscal year 1980 budget for programs under this mission is $1.2 billion, a reduction of $346 million or 22.6 percent, below the 1979 level. When compared to 1978, the 1980 budget represents a reduction of $273.9 million or 18.8 percent.

This decrease reflects an attempt to reduce those programs providing general Federal financial support for education, while at the same time providing increased amounts for other major missions, especially the provision of access to a quality education for disadvantaged students. This policy is based on the principle that providing general financial support for education is primarily a responsibility of State and local governments.

The largest program reduction within this mission is a decrease of $288.1 million under Impact Aid. This program is designed to compensate local school districts for the cost of educating children when enrollment and availability of revenues are adversely affected by Federal activities. The 1980 budget proposes to eliminate payments to "B" category children, those whose parents either reside or work on Federal property. Our proposal is based on the fact that the parents of these children contribute to local revenues through the payment of property and/or other local taxes. These children therefore do represent a significant Federal burden on the community.

Despite this reduction we will continue to aid those school districts which are significantly impacted by the Federal government. These districts have a number of children whose parents live and work on Federal property and therefore pay no local property taxes. These children, most of whom live on military bases with parents in the Uniformed Services or live on Indian lands, constitute the greatest burden on local school districts. For these "A" children we are requesting a $56 million increase over the 1979 level to fund payments through the second tier. This additional amount will enable us to provide for the expanded eligibility of heavily impacted "A" districts and increase entitlements for children living on Indian lands--two provisions which were added in the Education Amendments of 1978.

Under the construction program, assistance will continue to be provided to local school districts impacted by Federal activities. In 1980 emphasis will be placed on construction of school facilities for children residing on Indian lands and on Federal installations.

Eliminating Financial Barriers to Postsecondary Education

The primary mission of Federal programs in support of higher education is to promote access for students through the elimination of financial barriers to postsecondary education.

The fiscal year 1980 budget for this mission maintains last year's initiatives which dramatically expanded the student aid program. Over one million students are now eligible for grant assistance and all students, regardless of income level, are now able to secure a federally-subsidized loan. The 1980 budget seeks to provide sufficient funds so that all eligible students in these entitlement programs will be served.

In total, the fiscal year 1980 budget for eliminating financial barriers to postsecondary education is $4.6 billion, or 37 percent of the total education budget. This represents a decrease of $263 million below the 1979 level, and reflects a reestimate of costs in 1979 under the Basic Grants program and anticipated increased collections under our loan programs. Furthermore, the 1980 budget represents an increase of $851 million or 22 percent above the 1978 level.

For Basic Grants, the cornerstone of student assistance programs, we are requesting $2.4 billion to assist 2.6 million students. Because of rising incomes the number of eligible students will be reduced and therefore the proposed budget represents a slight decrease from the $2.6 billion appropriated in 1979. I want to underscore the fact that this decrease in funding does not reflect a cutback in service. Every eligible student will be provided a grant. Further, the 2.6 million awards projected for 1980 represent an increase of 800,000 or 43 percent, above the number aided in 1978.

For the first time in 1980, 60,000 independent students will qualify for a basic grant. Our request for 1980 also will support a maximum award of $1,800, the same level provided in the previous year.

The 1980 budget also proposes to continue both of the major loan programs administered by the Office of Education--Guaranteed Loans and Direct Loans. Almost 2.1 million students will receive loans under these programs--approximately the same number aided in the previous year. The improved administration of these loan programs--increased collections and the attraction of non-Federal money for loan purposes--means the budget for these programs can be reduced somewhat while service is maintained.

Improving the General Quality of Education

In addition to promoting access to educational opportunity for the Nation's citizens through missions such as eliminating financial barriers to postsecondary education, providing supplementary services to historically underserved populations, and assisting in the desegregation of schools, the Federal government has an equally important role in improving the general quality of education. We must improve quality to help children learn to read and compute--not as ends in themselves but as the tools for further learning. Furthermore, we must help establish collaborative relationships between schools and other social institutions including the workplace.

Promoting educational quality or excellence encompasses a variety of activities and programs. Teachers must be retrained,

curricula must be updated, and the structural conditions which foster innovation must be formed.

Despite reductions in funding for programs providing general support, the fiscal year 1980 request of $195.5 million for improving education reflects the Administration's continuing commitment to educational excellence. The amount requested for 1980 is a $12.7 million or 6.9 percent increase over the 1979 appropriation and a $30 million or 17.9 percent increase over the 1978 level.

The Basic Skills Improvement program represents the major new initiative under this mission in fiscal year 1980. This effort, the centerpiece of our national literacy program, will help States and school districts coordinate existing Federal, State, and local basic skills programs, as well as develop new and innovative educational programs to teach the basic skills. To complement the effort, we are seeking $2 million to help States and local school districts use achievement tests as both diagnostic and assessment instruments.

Developing Knowledge about Education

Developing knowledge about education continues to be an important aspect of the Federal government's role in education. Indeed, the Office of Education was originally created in part for the purpose of collecting statistics and facts describing the condition and progress of education.

Today, programs under this mission support basic and applied research, developmental activities, program evaluation, and statistics and data gathering.

Because our knowledge about the educational process and what facilitates learning still remains limited, the 1980 budget includes $150.2 million, or 1.2 percent of the total budget, for activities to develop knowledge about education. This compares with $148.5 million for this mission in fiscal year 1979.

Programs under this mission complement other Federal missions in education. For example, in fiscal year 1980 the National Institute of Education will place a major emphasis on research on literacy in the basic skills, complementing the Office of Education's Basic Skills Improvement program and Title I of the Elementary and Secondary Education Act. Likewise, a major focus of our planning and evaluation funds for fiscal year 1980 will be to conduct short-term studies to determine measurable goals and objectives for a number of Office of Education programs. And, data gathered by the National Center for Education Statistics will provide the information required to allocate funds totaling $7.0 billion for Federal programs and to address such policy issues as school finance, education and work, and access to postsecondary education.

Administering Federal Programs

The 1980 request for administration includes three major proposals. First, we have realigned positions to improve the administration of several programs under the mission of providing

programs for the historically underserved. Our position realignment will also strengthen administration support in the Office of Education in the areas of regulation, planning and budget, finance, and grants and procurement.

Second, we will increase efforts to reduce still further fraud, waste, and abuse, particularly under student assistance. As a result of our increased collection activities, the backlog in defaulted loans under the Guaranteed Student Loan program is going down, not up, for the first time in history. We intend to build upon such successes, and exert additional effort to reduce a high rate of default under the Direct Loan program, which is administered by institutions of higher education across the Nation.

Third, and finally, we are proposing in fiscal year 1980 to reduce operating expenses for a number of discretionary items. Under new management policies and efficiencies, less funds are required for travel, contractual services, supplies, equipment, temporary and part-time positions, and communications and utilities.

I will be happy at this time to respond to your questions.

ASSISTING IN THE DESEGREGATION OF SCHOOLS

Question: Your Mission budget narrative states that there has been a shift in Federal strategy for facilitating school desegregation (p. 20). "Federal strategy has evolved from an emergency infusion of dollars to districts receiving court orders to planning and development funds for districts entering the initial stages of desegregation."

Yet when I look at your detailed funding proposals I find it hard to see a shift. You keep the State formula grants at last year's level. In the discretionary grants, you propose to make an $18 million increase to keep aside to give out for emergencies through the year. There are small increases proposed for a few planning programs, and a $16.4 million increase for training and advisory services. So it looks like your proposed increases are virtually the same for emergency infusions and planned strategies.

If we are going to follow a planned approach, shouldn't we shift the dollars to other programs?

(NOTE: A $10 million increase is also proposed for magnet schools; but that is an entirely different third approach toward long-term integregation.)

Answer: No. Our present budget request reflects the changes necessary to carry out our planned approach to school desegregation. During fiscal year 1977 we made a careful examination of the Emergency School Aid Act (ESAA) program and reviewed the status of school desegregation among the various States. We then determined that our efforts should be concentrated in two areas: (1) to help local and State educational agencies achieve voluntary desegregation as an alternative to court ordered desegregation; and (2) to continue support for districts that need help in dealing with second generation problems.

To focus ESAA programs effectively on these two areas we found it would be necessary to amend the ESAA statute, to revise our regulations and administrative procedures, and to make a budget request that would reflect the new approach to desegregation.

ESAA had to be amended because at the present time, districts desegregate either voluntarily or through legal requirements, alter the school program to adjust with changes resulting from desegregation, and then seek Federal assistance. We requested that Congress amend the Act to provide OE with the flexibility to assume a positive role in helping school districts achieve voluntary desegregation. The Education Amendments of 1978 make it possible for the Office of Education to assume this leadership role.

The ESAA regulations and administrative procedures are being revised to conform with the amended statute. The fiscal year 1980 budget request, if approved, will provide sufficient funds to accommodate the new funding patterns.

Question: Have you set out a nationwide plan for this new strategy?

If you could set out numbers of school districts meeting various measures of integration or segregation, and tell us how many could be changed each year, we could monitor your progress and have a national baseline for appropriating funds. Right now it feels like we are still just pouring out money each time the courts make a move.

Answer: Yes. As previously stated we will assume a leadership role to help districts achieve voluntary desegregation and continue support for districts experiencing second generation problems.

Providing the right kind of assistance at the time it is needed is the key to achieving voluntary desegregation. To this end we will use $145,978,000 of our total budget of $296,400,000. The attached chart outlines how the voluntary program will work. You will note that voluntary ESAA programs are available for every stage of the desegregation process. Funds will be available throughout the fiscal year as needed.

Our plan to continue to support school districts that can justify second generation desegregation problems will be met through the State apportionment formula program. We have requested $137 million to serve these districts.

It is difficult to set out exact numbers of districts in various stages of desegregation. Some desegregation efforts result in major reassignment of students that is expensive and difficult to carry out. Other desegregation efforts are small and represent less expense and difficulty. In addition, districts frequently change and update their desegregation plans. This continued adjustment means that problems occur and reoccur. There are those who believe that a district will develop a plan, implement the plan, resolve its immediate problems, move to second generation problems, and then to total integration with no remaining difficulties. It simply does not happen that way.

Desegregation can also be defined as a process of educational change which eliminates any inequities in educational opportunities. The process of education change is traumatic and long lasting in some districts. In short, desegregating districts do not fall into neat categories. With this explanation, the districts that seek ESAA assistance fall into one or more of the following categories:

(1) School districts that are beginning to plan for desegregation. We estimate 5 to 20 districts will begin planning in fiscal year 1980.

(2) School districts implementing new court ordered desegregation plans at present. There are six districts awaiting court orders. Others are expected in fiscal 1980.

(3) School districts implementing recent court ordered desegregation plans that have severe unmet needs. This includes about 50 cities such as Boston, Detroit, Dallas, Denver, and Los Angeles.

(4) School districts implementing recent voluntary desegregation plans that have unmet needs. There are approximately 150 school districts in this category.

(5) School districts implementing mandated or voluntary desegregation plans that are several years old and are experiencing a continued need for desegregation assistance. This kind of need is sometimes referred to as a second generation problem. There are approximately 450 school districts in this category.

SOURCES OF EMERGENCY SCHOOL AID ACT ASSISTANCE

Type of Desegregation Assistance	ESAA Programs
1. Help in Developing a Plan	LEA planning grant* Neutral site planning grants
Pre-implementation	
2. Help in getting started	Pre-implementation awards* Magnet school grants
Implementation	
3. Help with desegregation problems	General grants to LEAs Emergency special projects* Business and university pairing SEA incentive awards
4. Replacement of lost Title I services to reassigned students	General grants to LEAs (Follow the child component)
5. Community support for desegregation	Grants to nonprofit organizations General grants to LEAs
6. Support from State educational agency (SEA)	SEA incentive awards
7. Full funding at the negotiating level for LEA's implementing plans that are not more than six (6) years old	Emergency special projects*
8. Help at any time	LEA planning grants* Pre-implementation awards* Emergency special projects* (LEA & NPO) Discretionary assistance* SEA incentive awards (services from SEA)
9. Help with unique and special problems whether or not a grant award is in place	Discretionary assistance*
10. Help in the specialty area of Arts and student concerns	Other special projects
11. Help in media coverage for children's programming in a desegregated setting	Educational television and radio
12. Help in identifying and disseminating successful desegregation activities	Evaluation SEA incentive awards General grants to LEAs

* Funds available throughout the year as needed.

DEVELOPING OCCUPATIONAL SKILLS COOPERATIVE EDUCATION

Question: One of the newer, and more interesting programs serving the mission of developing occupational skills is cooperative education. This gives support to develop programs jointly with schools and employers to provide alternating periods of academic study and public or private employment. How, specifically, do you assure that this program is coordinated with vocational education and the Comprehensive Employment Training Act (CETA)?

Answer: In addition to developing a commitment to cooperative education programs at institutions of higher education, a primary objective of the program is to integrate cooperative education programs with other Federal efforts such as the work-study, CETA, and Career Education. The 1980 request for the Cooperative Education program includes funding for 24 larger new administrative grants averaging $125,000 to develop more comprehensive links between institutions of higher education and a variety of employers in business, industry, and public service in order to create long-term resources and commitment to cooperative. It is expected that part of the thrust of these administrative grants will be to focus on coordinating with programs that already exist at the State and Federal level.

Also there are numerous informal exchanges between the Occupational and Vocational Education programs and the Cooperative Education program which assures coordination. For example in fiscal year 1979 a staff member from the Vocational Education program will sit on the panel of readers which will review proposals for Cooperative Education grants.

It should be noted, however, that the Vocational Education program and the Cooperative Education program operate in a different manner. The Cooperative Education program is a discretionary grant program in which awards are made directly to institutions of higher education, while the Vocational Education program is primarily a formula program in which grants are made to States who in turn fund programs based on their approved five year and annual vocational education plans which have been developed in accordance with Federal law and regulation.

Question: Is this one of the new directions we should be moving toward in the vocational education program, which spends 45 times as much as cooperative education ($682 million vs. $15 million)?

Answer: With increased State and local dollars flowing into vocational education programs to the point where Federal funds are now overmatched by an eight to one margin, assuring that vocational education programs are available is no longer the major purpose of Federal dollars. The reauthorization process will begin examining additional new roles for Federal support. Among the areas that will be examined are:

- o improved coordination of vocational education programs with manpower training programs at the Federal, State, and local level;

- o assessment of alternative education approaches to career and vocational education;
- o improvement and expansion of career and occupational education programs for the disadvantaged and the handicapped;
- o expansion of cooperative education programs at both the secondary postsecondary level; and
- o extension and improvement of occupational and career information networks.

Question: Last year's Senate Report directed that you focus your efforts in large grants to the institutions which serve large numbers of inner city youth, which is our biggest national unemployment problem?

Answer: The 1980 request will fund seven demonstration grants averaging $1,000,000 to be awarded to large urban institutions. Funds for these demonstration grants will be expended over a three year period in order to provide institutions sufficient time to plan, develop, and expand large scale, institution-wide cooperative education programs. It is expected that these large grants will be used to establish institution-wide cooperative education offices closely involving faculty and administrators in all departments and to recruit students actively. In addition, larger, new administrative grants averaging $125,000 will be awarded to plan and establish cooperative education programs across several departments. Also two research projects totaling $250,000 will be funded to study effective strategies for developing appropriate and ongoing work related educational experiences in urban areas and to evaluate the long-range benefits of cooperative education for students in a variety of careers.

STRENGTHENING DEVELOPING INSTITUTIONS

Question: In North Dakota, consortia have been very valuable in coordinating efforts of our developing institutions. Yet, I understand you have an office policy - not a formal regulation - limiting consortia to one-year grants, with a maximum of three grants allowed. Single college applicants, however, are not so restricted. If this is correct, it would wreck our consortia system in North Dakota and mean a lot more unnecessary paperwork. I would hope that you would reconsider this policy, but I would appreciate hearing your justification for it. Is this a correct statement of your intentions? Do you have any plans to reconsider this policy?

Answer: There is no policy which limits funding under Title III for consortia to one year. Individual awards for consortia are limited to a one year duration, but consortia may reapply indefinitely. In addition, there is no program policy that limits a consortia to a maximum of three grants.

Question: New regulations for Strengthening Developing Institutions were proposed last November and raised a storm of controversy. They appear to be tilted to help southern Black colleges, but in such a way that small, rural colleges in states like North Dakota and New Hampshire would no longer be classified as "developing." The major eligibility criteria they use are Basic Opportunity Grant

(BOG) grant awards. This is especially bad for rural schools since farm kids are so often ineligible for BOG's.

Last month, 12 Senators, including four members of this Committee, asked Secretary Califano to delay implementation of the regulations since the whole program will be reviewed this year and rewritten next year. He refused, but said he would allow those schools that received funding last year to submit applications this year.

Could you explain why you felt it was better to change over to these new regulations rather than simply update existing criteria and regulations and continue with them?

Answer: Changes in regulations were made prior to reauthorization because some changes are sufficiently important to the effective management of the program as to necessitate their implementation in FY 1979. Since the Administration's reauthorization proposals are still being developed and the Congress is not expected to complete a reauthorization bill until late 1980 or early 1981, waiting for the reauthorization process to be completed would not be responsible or timely.

For example, present regulations do not require an applicant institution to supply evidence of steps that it has taken to improve its administrative and academic quality as a condition for program eligibility. The new regulations do. Further, we could not continue to use the eight quantitative factors in the old regulations. The use of these factors resulted in institutions being classified as eligible if they "looked-like" the institutions in the Title III program in 1973-74. Responsible management necessitated a reformulation of program regulations.

Although the new regulations did not diminish the number of eligible institutions, they did affect the eligibility of individual institutions.

Question: Is it true that these new regulations would eliminate about half the Title III grantees from the program in the future?

Answer: No, the new regulations will not eliminate half of the previous Title III grantees. In response to the proposed regulations, the Office of Education received many comments suggesting that institutions previously funded under Title III should continue to have the opportunity to compete for grants, at least for a limited period, even if they do not satisfy the new tests for meeting the "struggling and isolated" and "reasonable effort" requirements in the proposed regulations published on November 2, 1978.

So as not to adversely affect grantees who received Title III funds in FY 1978, the regulations have been changed to provide for continued eligibility. A closing date of April 30, 1979 has been established for transmittal of applications by institutions meeting the criteria in the final regulations.

Question: What do you propose to do with these schools next year if they are funded and your regulations remain in effect? Is

1979 just a phase-out year or will these schools be grandfathered into the program?

Answer: As long as the new regulations remain in effect, these institutions will be "grandfathered" insofar as eligibility to participate in the program is concerned. However, as in the past, they must then successfully compete for an award.

Question: I have a specific question about the regulations. I understand they use the number of Basic Opportunity Grant (BOG) as one of the major criteria in determining whether or not a school is "developing." I assume this is to measure the number of low-income students at a school. Yet, Congress has just expanded the BOG program so that about 1.5 million middle-income students will receive grants this year. In light of this, how can BOG's be an accurate measure of low-income student enrollment?

Answer: The new regulations do not use numbers of BEOG recipients, but rather the average BEOG award per full time equivalent student. To our knowledge, this is the best indicator available of student financial need. While the Middle Income Assistance Act has broadened somewhat the participation in the BEOG Program, the awards to middle income students will be significantly smaller and thus will not dramatically affect an institution's average award figure.

Question: Secretary Califano has committed the Department to assist in the educational programs in the Nation's predominantly Black colleges and universities. The major mechanism to carry out this pledge is the Strengthening Developing Institutions Program, which is designed to strengthen institutions that are struggling for survival. Funding has been $120 million a year for the past several years. What, specifically, are you planning to do to assist these colleges and universities?

Answer: The Title III program will assist the participating Black colleges to strengthen programs in the areas of curriculum improvement, faculty development, administrative improvement, and student services. The new regulations place a greater emphasis on helping all participating institutions to improve fiscal management, innovative programs, institutional planning, management, and evaluation.

Question: Considering the fact that 10 of the 19 grants not renewed in 1978 were for schools with large Spanish and Indian populations, do you believe that the commitment to assist Black colleges is being done at the expense of other minority institutions?

Answer: Funding of Black colleges is not being done at the expense of other minority institutions. In fact, in FY 1978, institutions serving concentrations of Hispanic or Native American students were quite successful in obtaining Title III funds. In that year, 24 of the 41 Hispanic institutions which applied to the program received Title III funds, while 20 of the 21 Native American institutions which applied were funded. Almost all of the unfunded applications were from community colleges. The statutory restriction which limits two year college awards to 24% of program funds was in part responsible for a lower rate of success for Hispanic community colleges.

Question: What is the Department doing to assist Developing Institutions with large enrollments of Spanish or other non-Black minorities?

Answer: In addition to the funding figures previously cited for Hispanic and Native American Institutions, the Bureau of Higher and Continuing Education will (1) provide technical assistance to densely populated Hispanic areas to insure the development and submittal of an additional 15 Title III proposals in FY '80; (2) increase the number of Hispanic proposal readers in Title III by 25 percent in the FY '81 cycle and by 50 percent the names of qualified Hispanic readers to be increased in the grant review pool; (3) employ Hispanics to work in the Title III Program.

Question: What exactly is an "assisting agency."

Answer: An "assisting agency" is an organization which has a professional staff which can provide services which aid developing institutions in their efforts to strengthen themselves through the use of Title III funds. The word "agency" is in the law. The word "assisting" is a descriptive word attached by the program.

Question: Why do you require institutions participating in this program to have cooperative arrangements with assisting agencies?

Answer: The law requires cooperative arrangements which are one or more working relationships between a developing institution and other institutions of higher education, agencies, organizations, or business entities to assist the developing institution in implementing activities under a Title III grant.

Question: The GAO report goes on to say that some assisting agencies exert tremendous influence over the Strengthening Developing Institutions Program. Some have become highly dependent upon Title III revenues and actively recruit institutions for their programs. How do you justify such activities on the part of assisting agencies?

Answer: OE is aware of the problems with assisting agencies as described in the GAO report. We are preparing a detailed response to describe how we plan to deal with these problems that will be released shortly. It is true that these agencies exert influence over the program, however, that has been one of their responsibilities in assisting participating schools. We are now reviewing this relationship to see what better arrangements can be made in the near future and will also address the longer range implications of this issue in the reauthorization.

Question: How much of the $120 million appropriated for this program actually gets spent by the developing institution themselves?

Answer: All grants under Title III are made directly to institutions, and the major proportion of the funds reside with the recipient institutions. We will be better able in the future to estimate the amount and proportion of funds utilized by institutions themselves and what is spent for services provided by an assisting agency.

Question: What have you done to alleviate some of the problems the GAO report addresses in its discussion of assisting agencies?

Answer: The Office of Education will enforce stricter controls over the use of assisting agencies in several ways. First, a special section of the Title III application will require each applicant to provide an explanation of why they are using an assisting agency and a justification for its selection. In addition, the application will require a formal agreement of the services to be provided by the asssisting agencies and a payment schedule for the services. All grantees under the Title III program will be required to submit periodic reports on the assisting agencies. Coordinating institutions will monitor participating institutions to make certain assisting agencies are delivering the agreed upon services. In turn, the Office of Education will also monitor and evaluate the assisting agencies and the services they provide.

Question: The GAO report indicates that the criteria for determining eligibility and program participants needs strengthening to better assure that the most deserving institutions receive funding. What criteria has the Office of Education been using in deciding eligibility and grant awards for this Program?

Answer: The law describes a developing institution as one which is accredited by a nationally recognized accrediting agency and which is, for financial or other reasons, struggling for survival and isolated from the main currents of academic life.

Under the old regulations, the following eight factors were identified as the most important quantitative factors in assessing whether an institution was eligible to participate in the Title III program: full-time equivalent enrollment, full-time enrollment, percentage of faculty with Masters degrees, average faculty salary, percentage of students from low-income families, total educational and general expenditures, educational and general expenditures per full-time equivalent enrollment, and the number of volumes in the library. The eligibility ranges for each of these criteria were published in the 1975 regulations and were based on institutional profiles from the preceding three years. They were somewhat dated at the time of publication, have become increasingly outmoded with each year of use, and now bear no relation to current reality.

In the new regulations, we are substituting two quantitative factors for the eight quantitative factors in the 1975 regulations. The use of the two factors proposed clearly assists in defining a group of institutions that the Office of Education feels meet the Congressional intent of "struggling for survival for financial or other reasons" and "isolated from the main currents of academic life." The two factors are educational and general expenditure per full-time equivalent student and average BEOG award per full-time equivalent undergraduate student. OE considers relatively low educational and general expenditures per full-time equivalent student as the best available single indicator of an institution that is financially struggling and average BEOG award per full-time equivalent undergraduate student as the best single indicator of an institution serving a significant number of low-income students.

Funding decisions in the Title III program for FY 1978 were not based on weighted funding criteria. Applicant institutions were required to examine the status of the institution's administrative structure, curriculum, student services, administrative personnel, instructional personnel and financial position and management to identify areas of greatest need. From this needs analysis, the institution proposed individual programs that would be necessary, compatible and consistent with overall plans for institutional development. The programs which had a high promise for meeting critical institutional needs were recommended for support.

The following criteria were used for proposal evaluation.

Basic Program

The following criteria are used to evaluate proposals to determine award recipients:

1. Is the proposed Activity needed in the area served or to be served by the applicant?

2. Is the proposal relevant to priority areas of concern as reflected in provisions contained in the applicable Federal statutes and regulations?

3. Is there potential for utilizing the results of the proposed projects or programs for similar educational purposes?

4. Are the size, scope and duration of the project sufficient in order to secure productive results?

5. Are the objectives of the proposed project sharply defined and clearly stated?

6. Does the program demonstrate a major focus on providing a successful educational experience for low-income students?

7. Does the program demonstrate promise for moving the college into the mainstream of higher education as a result of careful long-range planning and substantial improvements in the area of development and management?

8. With regard to junior and community colleges does the program demonstrate that it serves the needs of students in urban areas?

9. Does the program demonstrate good cummunication between faculty, students, administration, and, where appropriate, local communities in its planning and implementation?

10. Are the qualifications and experience of applicant's personnel adequate to carry out the proposed project?

11. Are the objectives of the project capable of being attained by the proposed procedures and capable of being measured?

12. Are the provisions made for adequate evaluation of the effectiveness of the project and for determining the extent to which the objectives are accomplished?

13. Where appropriate, are provisions made for satisfactory inservice training connected with project services?

14. Does the program demonstrate coordination with other Federal, State, and local efforts to produce a maximum impact on the needs of developing institutions?

15. Is the overall proposed plan of operation sound?

16. Is the estimated cost reasonable in relation to the anticipated results?

Advanced Program

1. Is the application relevant to priority areas of concern as reflected in the regulations for Strengthening Developing Institutions program, Subpart D?

2. Will the proposed activities meet the needs of the institution and its constituency?

3. Does the application seek to serve the needs of low-income and minority students?

4. Are the size, scope, and duration of the activities sufficient to aid the institution in achieving its goals in the next 3 to 5 years?

5. Are the objectives of the proposed activities sharply defined and clearly stated? Are the objectives of the activities capable of being attained by the proposed procedures? Are the objectives of the activities capable of being measured?

6. Is there a statement of institutional development goals, describing the planned impact of the funded program upon the institution?

7. Is there a description of the steps to be taken, if any, to develop the institution's planning, management, and evaluation capability by the end of the grant period?

8. Are the proposed cooperative arrangements of sufficient quality to insure that the institution will achieve its goals?

9. Where appropriate, are provisions made for satisfactory inservice training contributing to the achievement of the objectives of the activities?

10. Are the procedures for the administration of the grant adequate to insure the proper and efficient operation of the program?

11. Is the estimated cost reasonable in relation to the anticipated results.

12. Is there potential for other institutions to utilize the results of the proposed activities for similar educational purposes?

Following are the new regulations describing the new application review process.

PROPOSED RULES

§ 169.52 Application review criteria and use of review panels.

(a) The Commissioner appoints review panels to provide the Commissioner with comments on and recommended ratings for the applications. The Commissioner appoints separate panels to review applications from bachelor's degree-granting institutions and from junior and community colleges. The panels numerically rate each application assigned to them and provide the Commissioner with comments on each.

(b) A panel judges each application on the following criteria with points assigned to each criterion:

(1) The extent to which the application's mission and goals statement reflects the needs of its constituents. (15 points)

(2) The extent to which the applicant clearly states the objectives of the proposed activities. (5 points)

(3) The extent to which the size, scope, and duration of the proposed activities will contribute to the stated goals. (25 points)

(4) The extent to which any proposed cooperative arrangements will help achieve project objectives. (10 points)

(5) The extent to which the administration of the proposed program is adequate. (15 points)

(6) The extent to which evaluation procedures are adequate. (10 points)

(7) The extent to which a plan has been developed to ensure continuation of the proposed activities after the grant ends. (5 points)

(8) The extent to which the proposed cost of the project is reasonable and realistic. (15 points)

(20 U.S.C. 1051, 1054.)

§ 169.53 Rating for program priorities.

After considering the comments of the review panels and the ratings recommended by them the Commissioner assigns to each application an appropriate number of points for each criterion listed in paragraph (b) of § 169.52. The Commissioner considers further for selection only those applications that receive a rating of 50 or more points. Applications receiving 50 or more points under § 169.52 will be further rated on the extent to which the proposed activities will:

(a) Strengthen the academic program and provide a successful educational experience for low-income or minority students; (25 points)

(b) Contribute to the long term stability of the institution and overcome the circumstances that threaten survival; (25 points)

(c) Increase upward mobility for graduate and professional study; (10 points)

(d) Improve the institution's overall administrative capacity; (10 points) and

(e) Improve the applicant's management of Federal assistance programs, including student financial aid programs. (5 points)

In addition, the Commissioner may award up to 25 points for an application from an institution which has one or more of the following characteristics:

(1) The institution serves a particularly large percentage of low-income students.

(2) The institution provides a unique or particularly productive educational program for its students.

(3) The institution has, at present, particularly strong and effective management and administration of Federal programs and funds including Title III, and student assistance programs such as the Guaranteed Student Loan; the National Direct Student Loan; Basic Educational Opportunity Grants; Supplemental Education Opportunity Grants; College Work Study and State Students Incentive Grants Programs.

(4) The institution, because of its geographic location, provides access to students who otherwise might be unable to attend college.

(20 U.S.C. 1051, 1054.)

§ 169.54 Overall ranking and selection.

(a) The Commissioner totals the points each application received for general quality (§ 169.52) and for addressing program priorities (§ 169.53).

(b) The Commissioner then ranks the application on the basis of the total number of points it received. The Commissioner ranks applications from bachelor's degree-granting institutions separately from those from junior or community colleges.

(c) The Commissioner awards grants on the basis of the descending order in which applications are ranked.

(20 U.S.C. 1051, 1054.)

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SPECIAL PROGRAMS FOR THE DISADVANTAGED

Question: The Special Programs for the Disadvantaged, or TRIO as it is usually called, is designed to encourage and assist low income youth to have the potential to continue or resume their education beyond high school. This program consists of seven components, such as the Upward Bound program, the Special Services program, and Talent Search. The budget for fiscal 1980 is requesting $130 million, a $10 million reduction below the 1979 appropriation. Why are you recommending a $10 million reduction for the TRIO program?

Answer: HEW has submitted increasing budget requests for its TRIO programs for the past three fiscal years. HEW requested $85 million for FY 1978, $115 million for FY 1979, and $130 million for FY 1980. The 1980 budget proposes to partially offset the $10 million reduction from the 1979 level by requesting funds for two new priorities within TRIO: Special Emphasis Upward Bound and New Concept Special Services. Moveover, the 1980 budget request proposes $3 million for a new program, Biomedical Sciences, which identifies disadvantaged students at the secondary level to help them prepare for careers in the biomedical sciences. In addition, the 1980 request proposes a $7 million increase for the Graduate and Professional Educational Opportunities program to double the number of fellowships for minorities and women to pursue studies in fields where they are underrepresented. Together, these requests reflect our strong commitment to support programs designed to expand access opportunities for disadvantaged students.

Question: Even though you are recommending a $10 million reduction in the funding of the TRIO program in fiscal 1980, you have several new initiatives built into your budget. Would you please explain what the new initiatives are and why you are recommending them?

Answer: The two new initiatives are the Special Emphasis Upward Bound and the New Concept Special Services.

The Special Emphasis Upward Bound projects are designed to: increase the number of disadvantaged youths prepared for careers requiring a scientific background. This will be accomplished by early identification of talented, economically disadvantaged youth who have interest in or aptitude for the scientific disciplines. Student participants would be exposed to a variety of scientific career options to help them plan appropriately their educational programs.

The projects funded would provide intensive work in science, mathematics, and communication skills during the academic year, and special summer residential programs emphasizing a particular scientific discipline. Tutorial and counseling services would be provided throughout the year. Each project would increase motivation and self-concept through the use of role models, participation in special activities, and working and societal relationships with professionals in various scientific fields. The projects would track participants through postsecondary education, graduate and professional schools.

The New Concept Special Services projects are designed to: increase the number of disadvantaged students who graduate from college and enter a wider range of graduate and professional schools. The projects will provide broader and more comprehensive support services, with emphasis on expanding existing student services available to disadvantaged students, and making them more responsive and supportive to the individual educational needs of students from a variety of backgrounds.

We are recommending these new initiatives to help mitigate the serious underrepresentation of disadvantaged students in scientific careers. Special Emphasis Upward Bound will give students the skills and motivation to gain entry into college science and mathematics programs. New Concept Special Services is designed to increase retention of these students in college and will assist them in applying to and entering graduate school.

Question: Has the TRIO Program been successful in carrying out its goals?

Answer: The goals of the TRIO program, in the language of its authorizing legislation, are the identification of qualified students from low-income families, the preparation of these students for a program of postsecondary education, and the provision of special services to these students while they are pursuing postsecondary educational programs.

The Talent Search program identifies students from disadvantaged backgrounds who have "exceptional potential" for postsecondary educational training, and encourages them to finish high school and enroll in college. From its beginning in 1966 through the end of FY 1978, the program served nearly 1.5 million students at an average cost of $48 per individual per year. These students have been given academic and personal counseling, career exploration, assistance in applying for college admission and in securing financial aid, and other services which encourage retention and facilitate readmission for high school or college dropouts. For example, in FY 1976-77 (the most recent year for which data are available), over 37,600 students participating in the Talent Search Program enrolled in an institution of postsecondary education. Of those students, 36,200 were assisted by the program in obtaining financial aid.

The Upward Bound program was intended by Congress to generate skills and motivation necessary for success in college for students from disadvantaged backgrounds. Since the program's inception in 1965, 212, 671 individuals have participated in the program. (This figure includes both regular students who normally participate in the program over a 2 1/2 year period as well as veterans who receive a 3-4 month program to complete their high school degree (GED)). Findings of two major studies by the Research Triangle Institute show that students enrolled in Upward Bound programs have generally been more successful in being admitted to college and in completing a four-year college degree than were nonparticipants from the same high schools attended by Upward Bound students. Entry rates into post-secondary education were almost 15% higher for Upward Bound students than for nonparticipants. In addition, the studies found that 62% of the former Upward Bound participants who did not enter college immediately after high school did enroll at a later time, compared with 36% of the nonparticipants.

Another result shows the positive impact of Upward Bound projects upon the high schools, staff and students affiliated with the project. Both participants in Upward Bound programs and nonparticipating students from the same high schools completed high school at an atypically high rate. When compared with national averages, this completion rate suggests a positive impact of the program on all students at high schools which have Upward Bound Programs. A third study of the impact of Upward Bound is now in progress.

The Special Services for Disadvantaged Students program provides academic counseling, remedial programs, and other special services to students from disadvantaged backgrounds who are enrolled in or accepted for enrollment at an institution of postsecondary education. Since its inception in 1970, over 742,860 students have been served, with primary emphasis on activities which encourage retention. A measure of this program's success is that the annual attrition rate from the program due to students' academic dismissal is only 2%. A comprehensive evaluation of this program is in progress.

Congress designed the Educational Opportunities Centers program to operate in areas with high concentrations of low-income populations and to provide a range of services to individuals seeking assistance to gain admission to postsecondary programs, and to those individuals enrolled in postsecondary activities who need tutorial and counseling assistance as well as other supportive services. Since its inception in 1974, the program has assisted 264,800 individuals residing in these target areas.

EDUCATIONAL INFORMATION CENTERS

Question: One of the main purposes of Educational Information Centers is to provide non-biased information on various education programs to prospective college and university students. Special emphasis is to be placed on providing this information to rural areas. Do you believe that Educational Information Centers can carry out this goal? Do you believe that there is a need for so-called non-biased information on education programs; that is, information not designed to allow institutions to directly toot their own horns?

Answer: The EIC program was authorized by Congress to provide educational information to all individuals in a State, including individuals residing in rural areas. In FY 1978, the first year of the program, 44 States submitted approved State plans. Because program funds are awarded to States, rather than to institutions or other organizations, the information provided to potential students should be comprehensive and unbiased. In addition, three other Federally-supported information programs provide complementary services to these individuals. The Department of Labor administers a Career Information Systems program, while the National Occupational Information Coordinating Committee (NOICC) and its affiliated State Occupational Information Coordinating Councils (SOICC) administer programs which deliver information about career, vocational, occupational, and educational training to State residents. We are encouraging the States which have received funds from the EIC program to coordinate the activities of all these various programs for more efficient utilization of Federal resources.

Question: Last year, the Congress provided $3 million for Educational Information Centers; your request for 1980 is for zero. In your justification of your recommendation, you state that

institutions receiving student assistance funds, such as Work Study and Direct Loans, may use a portion of their funds to disseminate information on available educational programs and student financial assistance.

How many institutions actually use their student assistance money for this purpose?

Isn't it true that most institutions use funds provided under this provision to employ people to administer the student assistance programs?

Answer: The Higher Education Act provides that a certain percentage of the funding for the campus-based student assistance programs (National Direct Student Loan, College Work-Study, and Supplemental Educational Opportunity Grant Programs) may be reserved by the institution for administrative costs. The Education Amendments of 1976 increased the administrative allowance to 4% and at the same time imposed new student consumer information requirements. The statute specifically provides that the administrative allowance must be used first to satisfy the student information requirements. Only when those requirements have been met may the funds be used for other administrative purposes.

LANGUAGE TRAINING AND AREA STUDIES

Question: In fiscal 1980, you are requesting $22 million for Language Training and Area Studies activities, a $2 million increase over the fiscal 1979 appropriation. This program assists students who are studying modern foreign languages and students who are studying international affairs. Funds provided under this program have proved to be a major source for developing international affairs specialists, especially people who end up working up in the U.S. Department of State. What major activities are you going to be funding in fiscal 1980?

Answer: The 1980 Budget request includes $18 million for Title VI of the National Defense Education Act and $4 million for Fulbright-Hays. Under NDEA Title VI, we will continue to support the approximately 80 international studies centers funded in the fiscal 1979 competition. Approximately 800 academic year foreign language and area studies fellowships, 28 exemplary projects, and 32 research projects will also be funded. In addition, we will initiate 300 summer intensive language training fellowships which will meet a long-standing need in the field of language and area studies.

Of the $2 million additional in fiscal 1980 for Language and Area Studies, $1 million will be used to increase funding by 50% for Section 603 of NDEA Title VI (Cultural Understanding Program) and to continue our efforts to expand the participation of new clientele such as State and local educational agencies and public and private organizations in international studies programs. The remaining additional $1 million will be used to increase the number of participants involved in the Fulbright-Hays overseas programs from 524 to 720. In addition, we will expand to three the number of short-term overseas institutes for foreign language teachers and curriculum developers. Two bilateral agreements of this type currently exist with Italy and Israel.

Question: Since the authorization of this program expires in 1979, will we need a reauthorization before we can appropriate funds for fiscal 1980?

Answer: No, the General Education Provisions Act provides an extension of the NDEA Title VI authority for one year after its expiration.

Question: Doesn't one component of this program provide a major source of funding for the Fulbright scholarships?

Answer: The major source of funding for the Fulbright scholarships is the International Communications Agency. (While we do not fund scholarships, two types of Fulbright-Hays Fellowships are awarded under this program.) In 1978, for example, we supported 57 Faculty Research Abroad Fellowships and 127 Doctoral Dissertation Research Abroad Fellowships.

UNIVERSITY COMMUNITY SERVICES

Question: In fiscal 1980, you are recommending the termination of the University Community Services and Continuing Education Program, a reduction of $16 million below the 1979 appropriation. How much of the money appropriated for this program actually goes to assist colleges and universities in providing continuing education?

Answer: It is impossible for a variety of reasons to indicate precisely how much of the Title I funding is going to colleges and universities to provide continuing education. In the first place no clear distinction has been drawn between community service and continuing education programs -- partly because the original authorizing language attempted to meld these two thrusts and partly because in many instances there is a natural overlap. It should also be noted that Title I is essentially a State plan program. OE approves the State plan. It does not approve or prioritize individual projects. In addition, the program has been hampered in its data collection by a restriction imposed by the Education Amendments of 1976 which prohibits program administrators from requesting any information not specifically required by the statute.

Question: Is your decision to terminate funding for the University Community Services and Continuing Education Program based upon any recent program evaluations? If not, then how did you determine that most States and institutions are now able to continue services without Federal assistance?

Answer: The request to terminate funding was not based upon specific program evaluations, although the program is reviewed annually by a National Advisory Committee. The rationale for not funding this authority has consistently been that Title I was conceived of and intended to function as an encouragement to the States to support community service and continuing education activities. It was believed that the development of a State plan and the Federal funding of some initial projects would focus State attention on these areas. Since its inception, $171.8 million in Federal support has been provided for the Title I program. It is our position that Federal funding of that amount should be sufficient to demonstrate the merit and importance of such programs to State and

local governments which should now accept responsibility for their continuation.

Question: The administration has recommended $0 funding for Title I, the Continuing Education program of the Office of Education.

In the President's letter of transmittal to Congress proposing a new Education Department, the President urged that national attention be given to "... the increasing demands for retraining and learning opportunities."

It is no secret that our student population is changing dramatically. Enrollments among the traditional 18 to 20 year old population are slackening, but enrollments among older adults are increasing.

In view of the fact that Title I is the only program in HEA that addresses continuing education for adults, I wonder what justification the administration has for its recommendation of $0 funding for the program?

Dr. Moyé, shouldn't the administration be giving serious consideration to a major reformulation of the Title in order to grapple with these important issues of adult learning and continuing education in our society?

Answer: The Office of Education is acutely aware of the changing student population in our higher education institutions. The enrollment of adult learners has grown dramatically in the past decade. While it is true that Title I is the only program in the Higher Education Act specifically targetted at continuing education, there are numerous Federal programs which address continuing education needs and serve the adult learner. One of our concerns is the very dispersion of the Federal effort. A recent survey by the National Advisory Council on Extension and Continuing Education found that twelve Cabinet-level departments and eighteen independent agencies support approximately 240 programs in extension, continuing education, and community services.

The Higher Education Act is up for reauthorization in this Congress. The possibility of restructuring and refocusing some of our authorities to respond to the needs of the adult learner will be discussed during the reauthorization process.

MINING FELLOWSHIPS

Question: The 1980 Budget recommends no funds for the Mining Fellowships Program despite the fact that the number of applicants each year significantly exceeds the number of fellowships to be awarded, graduates of the program report a minimum of four employment offers, and the depressed state of the domestic mining and minerals industries has been attributed to the U.S. industry's obsolescence. This also assists foreign competition. Given such information, why are you recommending the termination of this program?

Answer: The financial rewards of careers in domestic mining and mineral fuel conservation have made mining and related areas increasingly attractive and has stimulated great interest in this field of study. It, therefore, is no longer necessary for the Federal government to further encourage advanced study in the mining area. Furthermore, the request for funding in the Title IX-A and B Graduate and Professional Opportunities Program has been increased for FY 1980. This program can provide for fellowships in all the same fields as are supported in the Mining Fellowship Program, and has the advantage of giving Federal encouragement to recruiting and training persons from underrepresented groups, including women.

Question: Doesn't the fact that the Departments of Energy and Interior do not fund any comparable scholarship programs place an even higher priority on this program?

Answer: While the Departments of Energy and Interior do not presently fund fellowship programs as such, both Departments are funding related programs under authority of the "Surface Mining Control and Reclamation Act of 1977". The Department of Energy currently funds under its Education Training Activities a laboratory cooperative program which provides for undergraduate, graduate and faculty research at national laboratories. The Department of the Interior funded in 1978 a research fund under the Mineral Institutes Fund which provided grants to approximately 20 institutions to be used in 1978, 1979, and 1980. These funds may be used for research, scholarships, and fellowships in the mining field.

Question: Won't the need for graduates from this type of program increase over the next 10 years?

Answer: According to the Department of Labor's "Occupational Outlook for College Graduates, 1978-79 Edition", the employment of metallurgical, mining, and petroleum engineers is expected to increase faster than the average for all occupations through the mid-1980's. However, the demand can be met without a Federal fellowship program. The marketplace appears to be sufficient incentive to encourage students to enter mining related fields. The January 24, 1979 Wall Street Journal reported that in a survey of the 20 largest petroleum-engineering schools, the Society of Petroleum Engineers found the schools expect a 30% increase in the number of bachelor's and master's degrees they grant in the subject over the next two years. This influx of new graduates into this field has raised fears that supply will not only meet the demand of the industry but pass it in the near future.

PUBLIC SERVICE FELLOWSHIPS

Question: We often hear of the needs for better trained and more efficient personnel in public service careers, such as city administration and management. Your request eliminates the $4 million for the Public Service Fellowships Program on the grounds that there is an adequate supply of these professionals. Can you give us some concrete numbers on how many public managers are needed, and how many are coming out of schools of business and public administration, plus schools of public health, education and social work? It is my impression that these schools are all training various professionals for government work.

Answer: There has not been any complete nationwide survey made of the exact number of public managers needed nor has there been a more recent study of the numbers of students in masters degree programs than the study conducted by the National Association of Schools of Public Affairs and Administration in 1975 of its membership. The study showed that 138 programs enrolled 7,443 full-time and 12,288 part-time students in masters degree programs. A similar survey in 1973 showed a total of only 12,600 full and part-time students being reported. The total number of graduate degrees awarded in 1975 was 4,407 compared with 3,017 in 1973.

Schools of business as well as schools of public health and social work, to some extent, prepare people for leadership positions in public service. Therefore, it is misleading to look only at the numbers of students enrolled in public affairs and administration programs to determine the manpower available to fill public service jobs.

Question: Where are most of these graduates employed--at the local, State, or Federal level?

Answer: A reliable indicator comes from the Federal Government itself. The Intergovernmental Personnel Program Section of the Federal Office of Personnel Management has just published, in January 1979, the EEOC (Equal Employment Opportunity Commission) Report on Employment in State and Local Government, which includes a comparison of figures from 1970, 1974, and 1976, indicating that roughly 80 percent of graduates in public administration are hired at the local and State government levels.

Question: What is the record of placement for graduates of this program?

Answer: Over the period of three academic years from September 1975 to August 1978, approximately three-fourths of the public service programs that were funded were in public institutions, usually in departments of public administration, public affairs, or political sciences. Of the fellows who graduated or left these funded programs for other reasons, 85% secured employment in public service positions directly related to their training. Of the remainder, 5% obtained employment in unrelated areas (usually in profit-making organizations) or were unemployed (10%). Thus, it would seem that there are sufficient qualified graduates (possessing graduates degrees) in the pipeline. Of those who reported that they were unemployed, most were continuing their education in other areas.

GRADUATE/PROFESSIONAL EDUCATIONAL OPPORTUNITIES

Question: Last year we provided $8 million for the Graduate/Professional Educational Opportunities Program. This year you are asking for an additional $7 million increase to a total of $15 million. What will you do with the additional funds you are requesting?

Answer: This increase in funding will allow the number of fellows participating in this program to be doubled from the 1979 level of 850 to a total of 1,700 in fiscal year 1980. Of these 1,700 awards, 925 will be for new fellowships. In addition, there will be continuation awards for 275 third-year fellows supported during 1978-79 (the first year of the program) and 500 second-year fellows supported during 1979-80 (the second year of the program). These fellows will be enrolled at an estimated 125 institutions, an increase of 20 institutions from the 105 that participated in 1979. This request will permit also an increase of institutional grants from 51 to 55, with an average award of $27,500.

As in fiscal year 1979, $100,000 will be used by the National Science Foundation to conduct a survey of earned doctorates in fiscal year 1980. In addition, $140,000 will be available to conduct research and studies to determine personnel needs in the academic and professional fields of study of importance to the national interest related to the underrepresentation of minorities and women.

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, academia 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: What careers are the most popular with participants in the program?

Answer: The fields from which the greatest number of proposals have come and in which the greatest number of awards have been recommended are, in descending order: engineering, physical sciences, the social sciences, medical sciences, law, biological sciences, business administration, agricultural sciences, information/computer sciences, and humanities.

LAW SCHOOL CLINICAL EXPERIENCE

Question: This fiscal 1980 budget requests no funds for Law School Clinical Experience, a $2 million reduction below 1979. The budget justification states that Clinical Legal Education programs have been amply supported by private groups such as the Ford Foundation, which has spent about $7 million in this area during the last 10 years. Is it true that many law schools operate their own clinical experience programs without the assistance of Federal or Foundation funds?

Answer: Clinical legal education has been part of the curriculum of some law schools for more than 20 years, and most of the Nation's law schools have some form of clinical education today. The Law School Clinical Experience program was intended to be a one-time only demonstration program. There is no longer a need for the Federal government to further demonstrate clinical legal education since, as already mentioned, most of nation's law schools already have some form of clinical education. Most of these programs, though expensive, have been operated without extensive Federal or foundation assistance. Indeed, support from these sources is actually quite small and cannot be considered crucial to the clinical legal education efforts.

Question: Don't we currently have a surplus of lawyers in this country?

Answer: It is often stated that there is a surplus of lawyers in this country. However, Title XI does not aim to increase the number of lawyers. Rather, it seeks to reform legal education by providing funds on a cost-sharing basis to enable institutions to establish new or expand existing programs of clinical legal education, thereby giving students experience in the actual practice of the skills of the profession under qualified supervision before their graduation.

Question: Would you agree that funding for Law School Clinical Experience is not an activity that should be assisted by the Federal government, but should be done by the institutions themselves and by private groups?

Answer: As mentioned before, the Law School Clinical Experience program was intended to demonstrate clinical legal education programs to law schools throughout the country. These clinical legal programs have already been amply demonstrated now not only by the Office of Education's program but by private foundations as well. It is our policy that once the demonstrations have been completed, it is up to the individual institutions to incorporate clinical legal education into their curriculum. We do not feel that it is appropriate for the Federal government to support these programs. In addition, to the degree that Title XI addresses certain aspects of the curriculum of those law schools which wish to participate, it differs from the present major emphasis of the Office of Education in the area of higher education which is to provide access. To this degree, then, perhaps it would be appropriate for such an effort as Title XI to be performed by non-Federal agencies and organizations.

Question: Do you agree with Chief Justice Burger who last year stated that Law School Clinical Experience activities should be a primary project of the American Bar Association and other legal groups?

Answer: It would be inappropriate to suggest what the American Bar Association should have as its primary projects. However, a strong case can be made that an effort such as that of Title XI would be more appropriately performed by organizations and agencies other than the Federal government. Indeed, the American Bar Association endorses clinical legal education.

LEGAL TRAINING FOR THE DISADVANTAGED - CLEO

Question: Legal Training for the Disadvantaged, or the so-called CLEO program, is designed to assist disadvantaged individuals to become lawyers. Why do you believe that there is a need to continue to fund this program?

Answer: This program targets on the economically and educationally disadvantaged who would not normally possess traditional admissions credentials. Although it provides a stipend ($1,000 per year) perhaps its most significant activities are the CLEO Regional Summer Institutes. These six-week summer institutes offer courses, derivative of traditional law school curricula, as well as a sophisticated writing course. The courses are designed to introduce students to skills necessary for success in law school rather than to merely expose students to regular law school courses.

These institutes address themselves to three problems related to law school admission criteria. First, the number of individuals from economically and educationally disadvantaged groups who are admitted to law schools under traditional criteria remains insufficient to redress existing low-income, racial, and ethnic imbalances in law schools and the legal profession. Second, traditional admissions standards and evaluators of performance may not adequately test the potential of students who are members of disadvantaged groups. Third, the summer institutes and other programs conducted immediately prior to law school entrance provide a more accurate and equitable appraisal of these students' abilities.

The Legal Training for the Disadvantaged Program has a good track record. Over the past nine-and-a-half years, graduates of the CLEO summer institutes have entered ABA-approved law schools throughout the Nation. In fact, of the 164 American Bar approved law schools, 144 have admitted CLEO students since 1968 when the program began. Even more impressive is the fact that CLEO students have established a highly commendable record. Since 1971, 1,587 students have participated in the CLEO program. Of this total, 1,489 students have completed summer institutes and have entered Law School, and of that 1,077 have graduated.

Question: Do we still have a shortage of minority lawyers?

Answer: Minorities are still significantly underrepresented in the legal profession. For instance, May 1978 data indicate that although blacks comprise approximately 12% of the country's total population, fewer than 2% of the legal profession is black. Moreover, black enrollment in law school is only 8% of the total.

EDUCATIONAL ACTIVITIES OVERSEAS

Question: The Educational Activities Overseas Program is designed to assist schools improve their instruction in foreign cultures. What specific activities are funded with the $2 million in this program?

Answer: In 1978, the Educational Activities Overseas program funded the following types of activities using $2 million in U.S.-owned excess currencies in Egypt, India, and Pakistan: Group Projects Abroad, Faculty Research Abroad, Doctoral Dissertation Research Abroad, Language and Area Research, and Comparative Education Studies. There was a total of 56 individual and group projects involving 526 participants.

A total of 25 group projects abroad involving 500 teachers, prospective teachers, school administrators, and advanced students were supported. These projects involve a variety of intensive language training programs, area study research projects, and intercultural understanding studies and curriculum development. One such project entitled, The Arab Republic of Egypt: Role and Impact on the Middle East and the Modern World, funded in 1978 sent an interdisciplinary team of 18 Rhode Island College professors and selected social studies directors of different school districts to develop materials for college courses, instructional materials for continuing education purposes, and instructional materials for K-12 school instruction. During the first ten days of the project, the participants attended a series of lectures, presentations, and discussions arranged by AMIDEAST. The second portion of the project consisted of field activities and site visits to various parts of Egypt. As a result of this project, material has been developed that not only strengthens the program of instruction at Rhode Island College but also impacts secondary and elementary education in Rhode Island. The College's Office of School Services will disseminate the developed materials to teachers. Furthermore, if one considers that Rhode Island College trains about 85% of the State's teachers, the long range impact of this project takes on even a greater significance. Since the inception of the U.S. Office of Education's Special Foreign Currency program in 1966, over 6,500 elementary and secondary teachers, curriculum supervisors undergraduate faculty, and advanced language students have participated in group projects. Also through the group project program the American Institute for Indian Studies, the Center for Arabic Studies Abroad, and a nonconsortium program in Pakistan have been supported offering group project participants the opportunity for advanced knowledge of Arabic, Hindi, and Urdu.

In 1978, 12 faculty fellowships were awarded to provide opportunities for research and study in the languages, area studies, political systems, and international affairs of Egypt, India, and Pakistan. These fellowships help faculty members remain current in their specialties, and also help to develop new knowledge and capabilities in the langauges and understanding of these important world areas, which have traditionally not been widely included in the curricula of United States educational institutions. The result of these faculty research fellowships is an updated curriculum, improved teaching methods and materials, and an expanded non-Western awareness for the host institution. One such project, funded in 1978, entitled, The Islamic Tradition of Fundamentalist Reform is being carried out in

Egypt by Dr. John O. Voll of the University of New Hampshire. The basic purpose of this project is to study the Islamic tradition of fundamental reform in order to provide a foundation for a more clear understanding of the dynamics of Islamic society. This tradition, "which tends to emphasize scriptural and legal literalism, a return to the purity and piety of the early Muslim community, and a steadfast oppostion to innovations that would undermine or dilute the principles of Islam" in the words of the Fellow, has influenced Islamic thought and development in the recent past and present. Such a study could help to provide the foundations for a clearer understanding of the internal dynamics of the world of Islam. The need for such understanding is underlined daily in the press and other media. Since 1966, this program has provided similar opportunities for approximately 150 scholars from college faculties to conduct foreign currency funded research.

Doctoral dissertation fellowships provided the opportunity for 14 advanced graduate students to engage in full-time dissertation research in Egypt, India, and Pakistan for the 1978-79 academic year. These doctoral projects deal with foreign languages, world areas, and disciplines critical to the national interest for which adequate instruction has not been widely available in the United States, and for which there currently exists a shortage of trained personnel. Some research projects currently underway are: Mass Media Transmission of Public Policy: Mediation Through the Documentary Film in India by M.R. Binford of the University of Wisconsin; Hinduism in a Dynamic Urban Setting: The Example of Calcutta by L. Biswas of the University of Pittsburgh; and The Cultivation of Reasoning Capacities in Traditional Indian Debate by D.E. Perdue of the University of Virginia. Since 1966, over 200 advanced graduate students have completed their doctoral dissertation research in excess foreign currency countries.

In 1978, this program supported 2 language and area research grants for linguistic studies and preparation of foreign language textbooks for use in advanced graduate level studies in Arabic, Hindi, and Urdu. In the past, an Arabic/English dictionary in modern Egyptian Arabic was produced, as well as lexicons and language training manuals in Polish, Serbo-Croation, Hindi, and other languages of India.

In addition, three grants were awarded in 1978 for the compilation of annotated bibliographies and a variety of other research materials on education and related topics in Egypt, India, and Pakistan. With the use of these grants in past years comparative education bibliographies have been produced on Poland, Yugoslavia, Burma, India, Egypt, and Tunisia.

Question: Could you identify the elementary and secondary activities and the postsecondary activities funded by this program?

Answer: The projects funded under this program focus primarily on higher education. However, of the 25 overseas group projects funded in 1978, 12 were primarily for elementary and secondary education and two had a combined emphasis on elementary, secondary, and postsecondary education. The specifics are as follows for those

projects focusing primarily on elementary and secondary education:

	Number of Projects	Number of Participants	Amount
Egypt	5	99	$278,319
India	7	134	375,182
Pakistan	0	0	0

Question: How many educational institutions benefit from your program?

Answer: Typically, with $2 million in U.S.-owned excess foreign currencies available, 50 to 55 institutions and from 500 to 600 individuals benefit each year from this program.

Question: What have we gained as a result of the funds we have spent on this program?

Answer: This program provides opportunities for selected individuals, groups, institutions, and non-profit educational organizations to participate in programs for basic and applied research, pre-service and in-service teacher training, and curriculum development in foreign language and area studies and international and intercultural affairs.

The specific benefits include the improvement of teaching materials about India, Egypt, and Pakistan at all levels of education in this country. This is especially helpful to the growing number of school systems which mandate the teaching of non-Western cultures as part of the required curriculum.

At the higher education level, use of these excess foreign currencies maintain or extend the competence of faculty members specializing in Middle Eastern studies or South Asian studies, permits graduate students to conduct field research on their dissertation topics and provides advanced language training in Arabic, Hindi, and Urdu.

In general, this program provides an important opportunity for American educators to gain valuable first-hand knowledge and experience of the languages and cultures of these significant world areas, and at the same time serves to expand the awareness of the American population in understanding other nations in today's interdependent world. Yet the program involves no new additional tax dollars since these foreign currencies were generated by the sale of U.S. agricultural products and the repayment of loans. Indeed, failure to use these nonconverible foreign currencies owned by the Federal government may result in an actual net loss to the taxpayer as their value and extent are eroded annually by political considerations, inflation, and constantly changing international currency rates of exchange.

COOPERATIVE EDUCATION

Question: Last year's Senate report directed the Commissioner to take steps to more actively encourage growth and development of the cooperative education program. The report further stated that consideration should be given to awarding significantly larger grants in funding cooperative education models, such as comprehensive programs at urban institutions serving large, inner-city youth. What have you done to carry out this directive?

Answer: We agree with the Senate's conclusion that larger grants should be awarded to model programs; the Senate's directive is reflected in our 1980 budget strategy. We plan to award seven multi-year demonstration grants, averaging $1,000,000 each, to major urban institutions. In a parallel effort to strengthen cooperative education, we plan to increase the size of new awards for administration to an average of $125,000, and to support only the strongest, most committed continuation awards (averaging $60,000). While the total number of administration awards will be reduced, we feel that increasing support for institutions which are fully committed to strong cooperative education programs will more effectively implement the Senate's directive to strengthen cooperative education.

SUBCOMMITTEE RECESS

Senator CHILES. The subcommitee will stand in recess.

Thank you very much.

[Whereupon, at 4:02 p.m., Thursday, March 15, the subcommittee was recessed, to reconvene at the call of the Chair.]

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DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE, AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

THURSDAY, MARCH 15, 1979

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

The subcommittee met at 2:10 p.m. in room 1318, Dirksen Senate Office Building, Senator Mark O. Hatfield presiding.

Present: Senator Hatfield.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF EDUCATION

STATEMENT OF DR. ERNEST L. BOYER, COMMISSIONER OF EDUCATION

ACCOMPANIED BY:

WILLIAM L. SMITH, DIRECTOR, TEACHER CORPS
DICK HAYS, ASSOCIATE COMMISSIONER, DIRECTOR, OFFICE OF LIBRARIES AND LEARNING RESOURCES
KATHLYN J. MOSES, DIRECTOR, URBAN SCHOOL INITIATIVES
JOYCE STERN, BUDGET ANALYST, DIVISION OF PLANNING AND BUDGETING
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
PETER RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION
EDWIN W. MARTIN, DEPUTY COMMISSIONER

SPECIAL PROJECTS AND TRAINING

Senator HATFIELD. The subcommittee will come to order. We will take up special projects and training. The total budget request for these programs is $117.6 million, a $4.5 million increase over 1979.

Under special projects, State education agencies and local school districts can receive grants from 14 programs for such activities as consumers education, arts in education, education of the gifted and talented, and community schools.

There are three new programs included this year, as a result of the educational amendments of 1978. They are school health, youth employment, and biomedical sciences.

We will also hear about the two major teaching and retraining programs, the teacher corps and teacher centers.

The 1980 budget for the teacher corps is $37.5 million, the same as 1979, and $13 million for teacher centers, which is a slight increase over the 1979 level.

We will also discuss the budget for planning and evaluation. The $5.25 million requested for this program will assist the Education Division in measuring the effectiveness of federally assisted education programs.

Dr. Boyer, we are happy to welcome you here today and the other witnesses that you have as your colleagues.

We would appreciate very much if you would summarize your written statement, as the full statement will be placed in the record. And we would appreciate it also if you would introduce for the record, for my benefit, those colleagues that you have appearing with you.

[The statement follows:]

STATEMENT OF DR. ERNEST L. BOYER

Mr. Chairman and Members of the Committee:

I am pleased to appear before you to present our 1980 appropriation request of $117,628,000 for Special Projects and Training. This account primarily covers activities authorized by Title III of the Elementary and Secondary Education Act as amended by the Education Amendments of 1978, two educational personnel training programs authorized by the Higher Education Act, and the agency's planning and evaluation efforts.

Educational Excellence

The activities in this account, while including a number of seemingly disparate functions, are united by a common purpose of enhancing the quality of education. This underlying philosophy of educational excellence contains a number of essential elements which are reflected in these programs. First, we maintain that excellence is to be pursued not by the Office of Education alone, nor even by the schools and universities working alone, but by everyone working together--parents, teachers, students, administrators, the community, and the business world. Secondly, to unlock the potential of every student, we must reinforce the Federal commitment to exclude race, sex and other stereotypes of prejudice from the educational scene. Finally, we recognize that to remain vital, the educational institutions of this country must respond to rapidly changing circumstances in today's society and modify the way schools serve students; that those responsible for education must respond creatively and flexibly to this diversity.

Legislative Changes

The Office of Education has been promoting educational excellence over the last two decades through the Cooperative Research Act and its successor, the Special Projects Act. However, built-in restrictions in the Special Projects Act severely limited flexibility and thereby significantly hindered the fulfillment of the law's basic goals. The Education Amendments of 1978 have remedied that situation, and this budget proposal reflects this change.

The new Title III of the Elementary and Secondary Education Act, entitled "Special Projects," continues the basic purposes of the Special Projects Act: 1) to experiment with new educational and administrative practices and techniques, 2) to meet special needs or problems in education, and 3) to emphasize national priorities. A fourth purpose, to disseminate information to the States and localities, has been added. This new legislation also includes a more ambitious array of authorized programs. Finally, the provision of two discretionary authorities provides greater flexibility to fulfill the purposes of the legislation.

This budget is the first prepared under the new law. The Administration's priority on promoting excellence throughout the educational spectrum is reflected in an increased request of $4.5 million for this account, while reductions are evident elsewhere.

Schools and the Community

The importance of the collaborative relationship of schools and communities is demonstrated by almost every activity within this appropriation. Each Teacher Corps site, for example, is jointly

planned, conducted, and evaluated by the participating college, LEA, and an elected council representing the community. Since the beginning of the five-year project cycle in 1978, this program has trained 25,200 educational personnel in 504 schools throughout the Nation. In the Arts in Education program, priority will be given to applicants who demonstrate the capability to link together existing school and community resources such as museums and artists in support of school arts programs. The major strategy of the PUSH for Excellence and Cities in Schools programs is to mobilize and integrate community resources to improve students' attitudes, self-perceptions and accomplishments. We are also requesting a $1 million 1979 supplemental for PUSH for Excellence to cover program operations in the current school year. Finally, there is the Community Schools program itself, which takes its name from this concept. The slight reduction in the request for this program reflects not a lessening of the Federal commitment but rather the fact that the ideas that inspired this single activity are now imbuing a wider spectrum of programs.

For these activities just mentioned, the 1980 request includes $47.5 million: $37.5 million for Teacher Corps, $3 million for Arts Education, $3.1 million for Community Schools, $1 million for PUSH for Excellence, and $2.8 million for Cities in Schools.

Overcoming Prejudice

Other activities in this account, while recognizing the importance of community involvement, give primary emphasis to overcoming prejudices that impede the attainment of quality in education. The Women's Educational Equity program, for which we are seeking an additional $1 million for a total of $10 million, seeks to help overcome sex stereotyping. This activity complements programs directed at overcoming prejudice or the effects of prejudice, but found elsewhere in the agency's budget presentation, such as Bilingual Education and the Emergency School Aid Act programs.

In addition, prejudice in the form of neglect has often characterized treatment of those that the society may view as "different." Too often, neglect has been the plight of not only handicapped children but gifted students as well, especially those from minority and disadvantaged groups. To help develop projects that identify and develop the unique potential of these students, $3.8 million is being asked under the Gifted and Talented program. Further, an amount of $3 million is being proposed for the Biomedical Sciences program authorized by the Education Amendments of 1978 to stimulate and assist talented, economically disadvantaged youth to prepare for and enter careers in the biomedical field.

Changing Patterns of Education

The pursuit of excellence in education also acknowledges that the traditional patterns of education and the places where education occurs are undergoing dramatic change. The Teacher Centers movement, for example, is part of a much larger, worldwide movement for creating opportunities for continuing education that are accessible to the working adult. In federally funded Centers, the curriculum is designed by elementary and secondary teachers themselves seeking to upgrade or add to their skills, while the policy boards bring teachers together with parents and university faculty. We are requesting $13 million for this program.

Another newly authorized activity, Youth Employment, will examine the structural relationship between schools and places of employment. An amount of $2 million is sought to link education programs with

related CETA programs in the Department of Labor, and provide technical assistance in order to tap the talents of more students and help them find rewarding vocations. The Career Education program, included in the request at $10 million, demonstrates ways in which education can lead to a range of career choices. Complementing these efforts elsewhere in the agency is the Cooperative Education activity in the Higher and Continuing Education account.

One of the greatest challenges to traditional modes of education is television. This agency's efforts in Educational Television Programming have contributed immeasurably to improving the quality of programs, especially those directed toward children. An amount of $6 million is included in the budget to continue development of both innovative programs and the accompanying study materials which are designed to be used by the students at school. Currently, Sesame Street is seen by 15 million viewers daily while Footsteps is viewed by eight million weekly. In addition, three million children view reruns of Music Is annually and six million see daily reruns of the Electric Company.

Dissemination

The goal of quality in education is directly served by the agency's National Diffusion program for which $10 million is requested. Through this activity, programs in a wide array of subjects, including basic skills, bilingual education, the arts and special education that have been previously developed with Office of Education funds and have proven effective, are being replicated in and adapted to other localities. In fiscal year 1978, directly because of this program, some 2,185 full adoptions of "proven" programs have been made by local education agencies nationwide.

The remaining programs in the account emphasize the importance of an informed citizenry. The newly authorized Health Education program for which the request is $2 million supports model development of comprehensive school health programs designed to enhance the physical and mental health of students in grades K-12. This effort, together with the Alcohol and Drug Abuse program in the Elementary and Secondary account, is part of a Department-wide strategy to promote healthful lifestyles and prevent disease.

Our budget request for Special Projects also includes $1.8 million and $3.1 million, respectively, for the Metric Education and Consumers' Education programs. And finally, we are requesting $5.3 million for the Planning and Evaluation activity. These funds, plus set-asides from the programmatic budgets of several other programs such as Title I of ESEA and ESAA, will be used to fund field studies of the effectiveness of the Office of Education's programs. Evaluation efforts are being refocused to assure that evaluations are more closely related to programmatic, legislative and budgeting decisions. In addition, evaluations will be structured to assist program managers and policymakers in defining realistic measurable objectives and appropriate performance indicators in OE programs.

Thank you, Mr. Chairman. I will now be happy to answer any questions you may have.

INTRODUCTION OF ASSOCIATES

Dr. BOYER. Thank you, Senator.

I have to my right, Joyce Stern, who's an associate in our budget office and helped prepare this budget for me. To her right is Kathlyn Moses, who is currently our chief staff person for two new initiatives, the cities in schools and push for excellence programs.

Ed Martin is the Deputy Commissioner for the Bureau of Education for the Handicapped. It is within that bureau that we have the gifted and talented program.

Peter Relic, to my left, is here representing Dr. Mary Berry's office. He is the Deputy Assistant Secretary for Education.

Dick Hays is responsible for our library programs in the Office of Education including educational television programing.

And we have next the director of the teacher corps program, Bill Smith. And Bill Forbush represents the budget office in the Department of HEW.

Senator HATFIELD. Glad to have you here.

BUDGET REQUEST

Dr. BOYER. Thank you. I will follow your counsel and submit for the record my formal statement, Senator, and make just a few highlights of the budget we are here to discuss. It is as you have indicated, the special projects and training account in the Office of Education.

It represents a pulling together of a number of very small authorities, but quite frankly, from the standpoint of the Commissioner, it's one of our most interesting accounts. It is through these small initiatives that the Office of Education can demonstrate leadership.

In fact, I have been so intrigued by the potential of these items that last week I announced the creation of a new bureau which will, for the first time, bring together under a single deputy these small authorities. Within that new structure, I'm convinced, we are going to be able to have much greater educational impact.

But equally important, I think we are going to have much greater administrative efficiency.

Let me remind you that up until now, each of these small authorities had been scattered in the various Office of Education bureaus. Quite frankly, they have been lost among the large authorities such as title I, handicapped, and vocational education programs.

It seems to me that these programs are consistent in both spirit and structure. If we bring them together, organize them more efficiently, plan the dates on which the grants are announced, perhaps develop a similar application form, engage in comparable evaluation—and frankly, together ask the question of how do you make a difference with $2 million—develop, in effect, strategies that matter, I think that the new Bureau can become most significant.

I hope that by consolidating these programs we are going to see these special projects make a difference in education beyond the efforts that have been made to date.

Regarding the budget, we have a modest increase of $4.5 million over the $113 million base.

There are, as you said, three programs that are requested for the first time: school health, youth employment and biomedical sciences. Apart from these three, there is only one item of any significant increase, the women's educational equity program. All other programs are level funded with one exception—we are reducing our request under the national diffusion program. To put the whole picture in perspective, we have here 14 items, small in authority and in appropriation, large in potential impact, all of them similar in that they are trying to demonstrate, using some intervention money, possible new directions in which we can strengthen education and improve it's quality.

The budget before you demonstrates that we are not expanding our special projects request except as we are adding small new programs in areas where we think the educational need is crucial.

I will, Senator, be pleased to respond to any questions you might have or turn to my colleagues.

COORDINATION OF HEALTH ACTIVITIES

Senator HATFIELD. Dr. Boyer, as you know, this is my first year on this particular subcommittee. I relish it a great deal. I'm enjoying every bit of it. So you'll have to help me along on some of the background that perhaps I'm not too familiar with. But my understanding is that, in the past several years the Senate committee has been urging the Department to get a better coordination between the health agencies and the Education Division in the area of health education. And I understand that this has met with little success or has not been as successful as hoped for, and, in fact, there has been, one might say, a proliferation rather than a coordination in consolidating—consolidation of these programs.

An example here, this year the budget requests for Education, there is a request for alcohol and drug abuse education for $3 million and a request for the new health and education program under special projects for $2 million.

In addition, there are programs that are in the Public Health Service.

What do you see as the opportunity to really get a handle on this matter of better coordination of programs, in both the health and the education areas?

Dr. BOYER. Senator, this is a matter of special concern to Secretary Califano, and a concern we share.

The answer to your question begins by repeating my earlier reference to the creation of the new Bureau of School Improvement, which will bring together in one administrative unit the separate special projects authorities. One of the major units within that Bureau will be the Office of Comprehensive School Health.

That Office will bring together at least three authorities, two of which you just mentioned: Alcohol and Drug Abuse in the Elementary and Secondary Appropriation request at $3 million; School Health Education for $2 million in the request now before you; and biomedical science, which is to prepare high school students to go into the sciences and the health professions, another $3 million.

In effect, within HEW we are creating a consolidated office, within this new office for school improvement, that will for the first time have our health-related authorities in—under one director.

Now, as to the difference between the existing authority in alcohol and our new school health program, that simply is school health becomes an umbrella that allows us to pick up other areas not directly targeted under alcohol and drug abuse, which has a very explicit authority.

Smoking, for example. The problems related to nutrition. The problems related to teenage pregnancy.

In effect, we have created an umbrella under which several pieces can fit, including the existing alcohol and drug abuse authority.

As to how we are dealing with HEW generally, Secretary Califano, appropriately a year ago instructed me to take the lead, working with Surgeon General Julius Richmond, to create an intra-agency panel of health and education that brings together Public Health Service and the instructional initiatives that we have.

Public Health is in this primarily in providing health care, through school nurses and the like. Under our new school health program, we will instruct children about health practices, preventive health measures.

Dr. Richmond and I cochair this newly formed intra-agency school and health panel. We have had some practical results. We joined with the health agency in HEW on the nationwide immunization campaign. 18 months ago, Secretary Califano announced an HEW-wide program to see to it that young children are immunized. The Nation had fallen, shockingly behind on that. Our effort was a significant success. We used the schools as the primary agency to deal with child immunization, both preschool age as well as school age children.

I don't want to overstate the case. We have a long way to go. But I think we have made significant strides to move in the direction that this body has urged.

Senator HATFIELD. Dr. Boyer, as I understand your description of this intra-agency effort, I have often found that the key to getting coordination is in the handling of the budget, and if you have this budget still proliferated to these various and sundry agencies, do you expect to have real, ultimate coordination at the level that you are speaking of here? Which I assume is sort of a coordinating body, but still without the power over budget allocation?

Dr. BOYER. It's true the authorities are assigned either to OE or to Public Health. The new intra-agency committee has no inherent budget. Your comment as to what makes coordination—nothing like a budget gets the attention of people.

Senator HATFIELD. That's right.

Dr. BOYER. I think this is now stepping ahead of any instruction we have, but I think in the long pull it would be more effective to have staff people and probably specific allocations that will be clearly under the authority of the intra-agency structure.

Obviously the new bureau, the office I'm creating within HEW—within OE does have total budget authority over what was in the

past separate pieces that operated independent bureaus. You're calling us to a higher calling, to assign certain budget authority, to the new committee, and I think we must have both personnel and at least part of these authorities allocated to an intradepartmental plan.

We will pursue that as we develop the agenda and then see how fiscal pieces will be assigned to it.

Senator HATFIELD. I think a lot of your experience at the bureau level, and correlating the activities within OE, will no doubt make an excellent base upon which to expand the authority of the intra-agency committee that is attempting to coordinate the entire HEW effort.

Dr. BOYER. The analogy is apt.

YOUTH EMPLOYMENT PROGRAM

Senator HATFIELD. The budget justification for the youth employment program states that funds will be used for the analysis and public dissemination of laws, rules, regulations of all Federal activities related to youth employment both in the Department of Labor and HEW. Conduct of regional workshops, the dissemination of information, and this national effort, and the building of State and local technical assistant training capacities to youth employment. My question is, aren't most of these activities actually being carried out by the Department of Labor?

Dr. BOYER. Yes, they are, as you know, the Department of Labor authority and appropriation for education and work has expanded dramatically in the past 2 years. They have created prime sponsors all across the country. But as you know, in that authority they are expected to link into a school or educational unit in each of the prime sponsor areas. The assumption is that it's not only to provide jobs. It's to allow underemployed young people to become better prepared. Not just to pick up a paycheck, but to become economically independent.

In each of the prime sponsors, then, they are connecting into something we care about, namely the educational process. And for the first time—and to my knowledge, sections of the two Departments, Labor and HEW, have signed a joint agreement, in which they indicate their determination to link their separate agencies in a collaborative effort. And I have been asked by Secretary Califano to head that in the HEW component and Assistant Secretary Green has been named by Ray Marshall to act as my counterpart there.

We are moving, and I have been working closely with State education departments because they have to grant the credit that's to be earned under this structure. We don't have much money or much flexibility, quite frankly, because our vocational education money is granted the States by formula. And this, quite frankly, is a very modest discretionary fund that we hope to use to implement our side of this massive agreement. While our partners have $28 billion or thereabouts in total. It's some $2 billion of that that's geared specially to youth and education.

Our $2 million is, in effect, a small amount we bring to the table so that we can work with the education leaders in the prime

sponsor areas in the State education departments in order for those connections to be built.

A few examples where the best models of prime sponsor and school district can be identified and become centerpieces of the national conference. Without any resources at all we could call our meetings, but we are very limited to help the school districts get in touch with what the prime sponsors are doing. So it's a very small authority with direction, which we don't have now, that will allow us to pay for a few things that will grow out of our efforts to coordinate with the Labor Department. They have the program money. We simply need some administrative help to build up our part of the collaboration.

Senator HATFIELD. Are you saying to me that these activities can't actually be funded with money already appropriated? And especially the Department of Labor programs. I might add, what would happen—what would be the impact of not providing any funding for this particular program?

Dr. BOYER. All right. I suspect, quite frankly, that in and among all the authorities—if I could answer your question directly—there would be, under Department of Labor appropriation, funds that might achieve some of the goals that we have noted here. I think the answer to that is, it's probably true. Since they have a lot of money and what seems to me quite open-ended authority. I guess here again we are talking about the problem of oversighting and organizational difficulties. If, and we have tried this a bit and had some preliminary discussions, nothing that's nailed down yet—I think it would probably require interdepartmental transfer, perhaps. And it was our thought, in consultation with the Labor Department, that if, directly under the Commissioner's authority within HEW, we had discretionary money to work with State school districts and local school districts, we would be able to move promptly to deal with our constituency. But I think candor requires that it may be that there would be some money within some authority but we, within our own structure, don't quite know how to get it out.

As a footnote, I don't mean to draw a sharp line because our relations have been good, but the Labor Department sees the prime sponsors as their constituents, that's the network of delivery. We through the State education department and school districts—and I'm terribly concerned that some bridges be built at national and State level, and then finally at local level, so that the impact is most efficient.

Senator HATFIELD. Is this program administered by your deputy for vocational education?

Dr. BOYER. I'm sorry? I missed the question.

Senator HATFIELD. I say, is this program administered by your deputy for vocational education?

Dr. BOYER. I have named Dan Dunham, the deputy commissioner for occupational adult education, to be in charge of this liaison with the Labor Department. I should stress that he's doing that not just because he's deputy there but because I consider him to be a very able administrator and in effect he is serving as assistant in that liaison role in addition to administering on a line basis but he has been designated as my staff person on this.

BIOMEDICAL SCIENCES PROGRAM

Senator HATFIELD. OK. Let's turn a moment now to the $3 million that you requested for biomedical science program. As I understand this program, it's an effort to reduce the shortage of health professionals in rural and urban areas and also to encourage and assist economically disadvantaged high school students to prepare for careers in biomedical sciences. Could you explain in a little further detail how this program would be operated? And also you might include in that how the Office of Education's biomedical science program would differ from programs funded in the Public Health Service?

Dr. BOYER. This has been characterized by someone, Senator Hatfield, as a Head Start program for potential students in the biomedical and health professions. Another way to characterize it is that it's a program to identify, at an early stage, talented disadvantaged students, who seem especially gifted in the area of the sciences, and could enter the health professions.

It is, in fact, modeled after a program in New York State called PREP, the premedical research and education program, which identifies in the high schools, students who seem very gifted in the sciences, who show an inclination to work in the health care areas, and who could complete a 4-year college program.

Through this proposal, they would be given enrichment during the year and they would also be given stipends for study programs during the summer, possibly even summer work internships at medical centers so they could begin to get the feel of the discipline.

We think, quite frankly, based on some experiments that have been started in the States, it's one of the most profitable and hopeful arrangements by which the participation of minorities in the health sciences can be enriched.

As you know, last year—or was it the year before, I guess—we called for special fellowships at the graduate level in the health professions for minorities and women. This, in effect, is an attempt to provide identification early and pretraining to get those students ready for those fellowships once they go into the profession.

The proposal before you would fund 10 such projects, averaging about $300,000 each. They would go to medical schools cooperating with surrounding regional high schools. As I recall, we would expect about 100 students in each project at the beginning.

If one medical school would be insufficient, we would permit a combination, of two or three medical schools to join as a team.

I'm sorry about the last part of your question, I don't have the details of Public Health Service fellowship service program and therefore I would like to file that for the record.

Senator HATFIELD. That would be fine. Would you care to comment——

Dr. BOYER. The only program in the Public Health Service that is similar to the biomedical sciences program is the health careers opportunity program, educational assistance to individuals from disadvantaged backgrounds, section 787 of the Public Health Service Act. The programs overlap only in the senior year of high school and in the first year of college. The health careers program, initiated in 1972, provides noncredit courses and informational

services to disadvantaged students preparing for health careers from the senior year in high school through college and graduate school. The biomedical sciences program has a fundamentally different orientation. It identifies disadvantaged students in the ninth grade in order to motivate and prepare them for careers in the health professions. At that early time in their education, they must be exposed to courses and experiences that will prepare them for college studies and motivate them to undertake college and graduate work.

Senator HATFIELD. I see. How will the program be coordinated with other health programs? Will this come under the aegis of this intra-agency council or how will you make sure——

Dr. BOYER. As I mentioned, it's one of the pieces in our newly formed Comprehensive School Health Office. I also might have noted that the person currently heading our health effort is one of the active members on the OE–PHS Intra-Agency Panel that I described earlier.

Senator HATFIELD. It will be under this new bureau, and also under the aegis of the council, or the committee?

Dr. BOYER. That's correct. The head of that effort will be part of the new Bureau of School Improvement.

NATIONAL DIFFUSION PROGRAM

Senator HATFIELD. All right. Now, let's go a moment to the national diffusion network. You're recommending here funding for this program be reduced from $14 million, which was the 1979 level, to the $10 million figure in fiscal 1980. Again, it is my understanding, Dr. Boyer, that the national diffusion network takes programs which have had proven success in one or more school districts, disseminates this information nationwide, and helps interested school districts implement the program that they have chosen to use in their own schools. Why are you recommending a $4 million reduction for this program and is your decision based on any recent evaluation of the effectiveness of the program? And isn't this really one of the most cost effective programs that we have funded to date in the OE?

Dr. BOYER. Yes; first a word about the program itself, Senator. It has, based upon the most recent evaluations, received very high marks. It's one of those happy circumstances where it has a clear objective and is, apparently, achieving it effectively. The budget before you might be divided into two parts, just to explain the $10 million.

We support in each State a State office that acts as our State representative, in effect.

And the $4 million of the $10 million is to pay the cost of that State anchor point for dissemination. That office is responsible to see to it that whatever is decided, as an appropriate dissemination program, is going to be driven in each State in appropriate fashion.

The $6 million is used to support the projects that have been selected to help them, in fact, with the extra costs of being a disseminator—if I may put it that way. They are obliged when they get money from us, not only to receive visitors but to go to selected national conferences to present what they are doing.

So the $4 million to support a State structure, $6 million to underwrite and support the programs that are judged to be worthy of dissemination.

Backing all of this up is something called the joint dissemination and review panel—sorry about the clumsiness of the word. It's a combination of the smartest people in OE who joined with the smartest people in NIE.

Senator HATFIELD. What's your process by which you select the smartest people?

Dr. BOYER. We have nominations from our various programs.

Senator HATFIELD. I'd hate to have that apply to the Senate.

Dr. BOYER. Last year, as I understand it, there were 60 programs that felt they had achieved outstanding objectives and presented themselves for consideration as a successful program. I believe 30 were selected from the 60, but only 15, because of resources, were disseminated.

Now, let me get to the answer on why we are cutting it back. The first answer is that we, in building this budget in HEW, followed a practice, in most instances, of—I'm embarrassed to say it, but I must—of not accepting what was a congressional increase over what was our 1979 request. That was one way in which we received the budget and lived within a very tight constriction.

Put it another way, we asked for $10 million last year. It went up to $14 million this year, but in a number of instances if you look at this budget, you'll find where there's an announced cut; if you go back to the year before, you'll see that it's really flat-funded from the request 1 year ago.

So part of the logic here, if there is such, it reflects what was almost a departmentwide approach in order to live within our budget assignment.

The second is this, and here I have to be self-confessional. We have a number of different dissemination networks that are operating in OE quite apart from the national demonstration. That is, separate programs that want to tell their own story independently. I think we have far too many. And one of the priorities this year is to find a way to clean that up. These have been developed over the years independently out of separate offices.

While the national dissemination network has the best record, I think we can get a bigger bang for the bucks, as we look at some of the dissemination activities in programs now carried on separately.

A final point. Just several weeks ago I was in Seattle and—fortuitously—they were having a two-region conference under the national dissemination network on 17 or our best title I programs. So the State department people and school district personnel came to Seattle for 3 days, and we had the leaders of 17 school district programs in title I that had been selected.

Each was required and prepared to describe in detail how they were running their particular title I project and what was working well. I was really enormously excited by the connections being made between a model vividly described by a practitioner from a school district to those teachers who very much wanted to find out how to use their model. So, I saw firsthand a conference which was demonstrating clearly how good ideas could be identified and pre-

sented in a commonsense fashion to those who want to learn. That was the national diffusion network—title I conference in Seattle.

Senator HATFIELD. Thank you.

SUBMITTED QUESTIONS

I'm going to resist the temptation to pursue questions further at this time, due to the time constraints we have. But we will submit further questions to you on this—on these special projects, Dr. Boyer.

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

SCHOOL HEALTH AND SMOKING

Question: You are requesting $2 million for the new School Health program. You state that a major component of each project funded under this program will be activities to reduce and eliminate smoking among our nation's youth. Is this a provision that is required by law?

Answer: No specific health area is mentioned in the authorizing legislation for the new School Health program.

Question: If not, how did you arrive at this priority?

Answer: The proposed rules and regulations have identified eleven major national health concerns that projects funded under this program are intended to address as part of a comprehensive health education curriculum. The relation of smoking to health is highlighted in the School Health program because the Office of the Assistant Secretary for Health has determined that cigarette smoking is a major contributor to morbidity and mortality in this Nation and that smoking by youths is on the rise.

COORDINATION OF HEALTH ACTIVITIES

Question: How will the School Health program be coordinated with other school health activities in the Office of Education and in Public Health Service?

Answer: The School Health program will be coordinated with other Office of Education (OE) health activities through the establishment of the new Office of Comprehensive School Health. The Office of Education is presently working with the Public Health Service in implementing several departmental health initiatives through the OE School Health Council composed of representatives from 18 programs. The work of this Council will continue within the new Office of Comprehensive School Health.

Question: Why didn't you recommend that the Alcohol and Drug Abuse program be combined under this activity so that duplication could be eliminated?

Answer: One of the programs with which the School Health program will be coordinated is the Alcohol and Drug Abuse program, which will also be included in the new Bureau of School Improvement. This program has had eight years of valuable experience that it will share as it works in close association with the School Health program and with other programs whose goals are to prevent personally and socially destructive behavior.

Question: Wouldn't the combining of these programs be more efficient and allow the Office of Education to save some duplicate staff positions?

Answer: At the present time, the visibility of the Alcohol and Drug Abuse program as a separate program should be maintained because alcohol and drug abuse prevention is a high priority with schools and parents. Health education, on the other hand, is not a

a priority and in many instances is viewed as expendable. It is the strategy of the School Health program to raise interest in promoting general physical, mental and social health by building on the already identified concern over alcohol and drug abuse.

HEALTH EDUCATION REPORT

Question: What role did the Office of Education play in drafting of the report on health education that was requested in the Senate report accompanying the fiscal year 1979 bill and that was presented to the Committee in December?

Answer: The Office of Education actively worked with the Public Health Service in preparing the report requested by the Senate Appropriations Committee. Helen Nowlis, of the OE Alcohol and Drug Abuse program, prepared those portions of the report which discuss health education activities in the Office of Education.

CONSOLIDATION OF HEALTH PROGRAMS

Question: Don't you feel it would better to have one large, consolidated health education program funded in either the Office of Education or the Public Health Service rather than to have four or five individual programs with small amounts of money?

Answer: The $2.0 million requested for fiscal year 1980 is specifically for the School Health Education program. This is a small grant program authorized by the Education Amendments of 1978 and is but one component of the newly created Office of Comprehensive School Health. This Office will provide the mechanism by which all health related programs in the Office of Education are coordinated while achieving their own independent goals. It will: (a) be concerned with a broad range of health issues in addition to health education; (b) coordinate all OE school health activities with related activities in Public Health Service; and(c) identify the potential of other education programs to increase and facilitate participation of school districts in major departmental health initiatives.

YOUTH EMPLOYMENT

Question: The Education Amendments of 1978 also authorized the establishment of a new Youth Employment program. You are requesting an appropriation of $2 million for youth employment in 1980. Why should the Office of Education be funding youth employment activities when the Department of Labor already carries out a large youth employment program?

Answer: The Youth Employment Program in the Office of Education is designed to facilitate the transition from school to work. The Program will have the responsibility for providing information and technical assistance to State and local education agencies on Federal education-work programs and developing new education and work models. This will be done in the context of carrying out the specific responsibilities charged to the Department of Health, Education, and Welfare under the Memorandum of Agreement signed by Secretary Marshall and Secretary Califano on March 15, 1978. It will also permit the Office of Education to fund State and local education agencies in developing working relationships with Comprehensive

Employment and Training Act (CETA) prime sponsors. Department of Labor resources are available only to fund eligible CETA prime sponsors.

SESAME STREET

Question: The Children's Television Workshop has developed a large, commercial product sales network for Sesame Street items. In fact, a major department store chain carries a large line of Sesame Street clothes, toys and other merchandise. The profits from these materials go directly to the Children's Television Workshop.

In light of this growing market, do you feel it would be possible for the Office of Education to begin to phase-out its assistance to Sesame Street?

Answer: Children's Television Workshop has been one of the most successful efforts in the use of television to educate our Nation's children. Now seen in more than 43 other countries, this series, aimed at preschoolers, has focused on teaching basic skills and preparing children to enter school. The Office of Education began its support of Sesame Street in 1968 with $1,340,000. In 1972, we provided a maximum contribution of $5,000,000 for the series. As Children's Television Workshop diversified and its profits increased, our contribution has lessened. Our 1980 request of $2 million, a reduction of $500,000 from the 1979 level, has continued this phase-down. The Secretary is currently considering various options regarding the nature of future support for Sesame Street.

Question: Has the Children's Television Workshop's share of the costs of producing Sesame Street increased in recent years?

Answer: As the Children's Television Workshop's activities diversified and its profits increased, its share in the costs of producing Sesame Street increased also. Information provided by CTW indicates that in 1968, its funding came totally from Federal support, including the Office of Education contribution. In 1969, CTW began to receive very modest contributions from other sources, including the Carnegie and Ford Foundations. In 1970 with its first revenues, CTW's share of the costs came to 2 percent. It wasn't until 1976 that CTW's revenues were of sufficient size to provide any significant share of the costs. From 1976, CTW's share of the costs have increased from 23% to 53% in 1979. In 1980, the Children's Television Workshop anticipates still a greater share of the costs at 56%. The DHEW audit of CTW for years 1974-1978 will be completed this spring at which time we will be happy to provide to the Committee any additional information relevant to this question.

Question: What do you see as the long-range role of the Office of Education in continued funding of Sesame Street?

Answer: The Office of Education is currently evaluating its long-range role in the continued funding of Sesame Street.

Question: An article appearing in the Washington Post on December 8, 1978 pointed out that Children's Television Workshop as received nearly $43 million from the Office of Education in recent years for the production of Sesame Street television programs. The

article charged that the federal funds used for Sesame Street wound up contributing to exhorbitant expense accounts, inflated salaries and other wasteful practices. The article also states that some of these wasteful practices were uncovered as far back as five yars ago in an audit by HEW.

Do you believe that the article was correct in stating that we need an Office of Education "Oscar the Grounch" to ride herd on the expenditure of government funds that support the production of Sesame Street?

Answer: The DHEW audit exceptions mentioned in the Washington Post article have been resolved with Children's Television Workshop paying $235,561. These monies, $92,764 for FICA taxes and $142,767 for deferred rent, have been received by the government and accepted into the General Revenue funds. Moreover, the ongoing DHEW audit of CTW for 1974-1978 to be completed this Spring, has been reviewing CTW's use of government funds to insure that they have been used only for those activities and costs allowable under the contracts. To date, all issues have been resolved. Finally, since CTW has not been totally dependent on funding by the U.S. government, the Office of Education cannot dictate their salaries and expenses. As a private agency, their salaries are, in fact, reflective of that industry.

DEPUTY COMMISSIONER FOR SCHOOL HEALTH

Question: On July 27th, Secretary Califano announced the establishment of a Deputy Commissioner for School Health Education within the Office of Education. It has been over six months now since that announcement. What is the name of this Deputy Commissioner and what is the budget for the Office of School Health Education, which is overseen by this Deputy?

Answer: Secretary Califano announced on July 27th, his intention to appoint a Deputy Commissioner for School Health Education within the Office of Education. In an effort to increase the management efficiency of several OE programs including Health Education, Commissioner Boyer announced on March 2, 1979, plans to create a new Bureau of School Improvement which would bring together 23 small programs now scattered througout the Office of Education. The new Bureau will be headed by a Deputy Commissioner and will report to the Executive Deputy Commissioner for Educational Programs, John Ellis. Within the new Bureau there will be an Office of Comprehensive School Health, which will be headed by a Director.

SCHOOL HEALTH BUDGET

Question: How much money is proposed for school health education activities in the fiscal year 1980 budget for the Office of Education?

Answer: Three programs will be included under the new Bureau of School Improvement. These programs and their 1980 budget request are: Alcohol and Drug Abuse ($3 million), Health Education ($2 million) and Biomedical Sciences ($3 million). In addition, the Office of Comprehensive School Health will be responsible for OE's participation in such HEW initiatives as smoking, nutrition, immunization and teenage pregnancy.

DISSEMINATION

Question: The 1978 Office of Education publication titled "Dissemination Networks: lists 22 different dissemination programs. Most, or all, of these programs receive Federal funds from the Office of Education. Why is it necessary to have 22 different dissemination networks?

Answer: Of the 16 dissemination networks within the Office of Education, 14 are limited to very specialized areas or groups. For example, the Equal Educational Opportunities Program supports three types of technical assistance activities that are classified as dissemination networks: the National Origin Desegregation Assistance Centers, the Race Desegregation Centers and the Sex Desegregation Assistance Centers. The Bureau of Education for the Handicapped supports four equally specialized networks, while the Bureau of Occupational and Adult Education supports three. In addition, four of the 14 are specialized dissemination networks in the discretionary program offices that report directly to the Commissioner. Only two of the 16 Office of Education networks are general to the extent that they were designed to serve all program offices in the Office of Education. These two networks are: the National Diffusion Network which is well established, and the Office of Education Regional Office Network which consists of the ten Regional Offices that recently have been reorganized and given dissemination responsibilities.

Question: Isn't it probable that there is a great deal of overlap and duplication among these 22 programs?

Answer: The Office of Education has established a new office, the Office of Evaluation and Dissemination, which in addition to its evaluation responsibilities has the responsibility for developing and implementing a comprehensive dissemination strategy for the Office of Education. This will eliminate fragmentation and overlaps and will bring about coordination of dissemination within the Office of Education.

The National Diffusion Network is the most effective general dissemination system in the Office of Education. It was evaluated by the Stanford Research Institute and found to be effective. The RAND study also cited the National Diffusion Network as the network (selected from all federally supported networks) that came closest to realizing the goals of adoptive implementation assistance. For this reason, the Division of Educational Replication (which administers the National Diffusion Network) was transferred to the new Office of Evaluation and Dissemination so that it could play a major role in developing a comprehensive and coordinated dissemination strategy for the Office of Education. It is expected that the activities of the Office of Evaluation and Dissemination and the Regional Office dissemination activities will be closely coordinated.

Question: What, if anything, is being done in the Department to coordinate and consolidate these programs?

Answer: Much has been done to coordinate the dissemination activities of the National Institute of Education and the Office of Education. First, the Joint Dissemination Review Panel (JDRP)

which selects programs for dissemination by the Office of Education is made up of Office of Education and National Institute of Education representatives. Second, the National Diffusion Network disseminates both Office of Education and National Institute of Education developed programs. Third, Dissemination Analysis Group (composed of Assistant Secretary for Education, Office of Education and National Institute of Education staff members and others) examined dissemination activities in the Office of Education and the National Institute of Education and made recommendations for closer coordination. Fourth, the Office of Education and the National Institute have sponsored jointly two National Dissemination Forums which brought disseminators together from across the Nation for the purpose of sharing ideas and coordinating activities in order to prevent duplication. And last, the Office of Evaluation and Dissemination is working with the Denver and Seattle Regional Offices and all disseminators within these regions, including the National Institute of Education supported Regional Educational Laboratories, to bring about effective coordination of dissemination activities.

EDUCATIONAL PERSONNEL TRAINING COORDINATION

Question: We now have two programs which center on the training of educational personnel. First, the Teachers Corps, which has been in existence for a number of years; and second, Teacher Centers, which have been funded for two years. The Teachers Corps program provides training for teachers who work in schools which have high concentrations of low-income families; emphasis is placed upon in-service training. Under the Teachers Centers program, teachers are able to receive training and to develop curriculum materials to meet what they consider to be their highest priority needs. Each Teacher Center is supervised by a policy board; the majority of which is composed of elementary and secondary classroom teachers. What are you doing to coordinate the activities of these two programs?

Answer: Both the Teacher Corps and Teacher Centers programs center on educational personnel training. In both programs, each site is advised by a policy board. The policy board of the Teacher Corps program, which provides training for teachers and other educational personnel, has an equal partnership of community, school, and university representatives. The Teacher Centers policy boards are made up of a majority of elementary and secondary teachers with local school board and higher education institution representatives.

At the national level, the managers of the two programs meet regularly regarding issues of coordination, conferences, and resources. They also meet monthly, with members of the "Washington Network", comprised of both Federal and professional and organizational representatives to discuss coordination and other inservice education issues.

Teacher Corps and Teacher Centers staff have worked jointly on a study of issues for the reauthorization of the Higher Education Act. Further, proposed revisions in the regulations of both programs are reciprocally reviewed. There is also reciprocal involvement in the development of new program directions. Finally, there is continual analysis on the part of both staffs of the program similarities,

differences, and possible overlap by recipients at specific sites.

There are also other areas of coordination. Reciprocal presentations are made at all major program workshops and conferences, most recently the conference of the Association of Teacher Educators in Orlando, Florida, the Chicago Workshop on Teacher Centers Development, the Kansas City Workshop on SEA coordination of Federal Staff Development monies; and the Education Week Workshop on SEA Coordination of Federal Staff Development monies. The Teacher Corps National Council of States on Inservice Education (NCSIE) 1979 contract will continue providing coordination activities between both Teacher Centers and Teacher Corps State Liaisons. Representatives of both programs are on the advisory council for this contract. There is also joint membership on the advisory council of the Teacher Centers Rhode Island contract which provides technical assistance to 13 State education agencies to improve the quality of applications they submit for funding.

At the local level, Teacher Centers and Teacher Corps projects that serve the same area are coordinating their activities. There are currently five sites that sponsor both projects; 2 LEAs, Glasboro, New Jersey, and Gennesee, New York, and 3 States, Tennessee, Washington State, and Vermont. In Vermont, for example, two 1978 Teacher Centers, one in Washington West Supervisory Union, Waitesfield, the other at Goddard College, Plainsfield, and one 1978 Teacher Corps project in Monteplier in it's planning year, all share needs assessments and hold joint meetings to discuss ways to cooperate and to avoid overlap of services. The Vermont State education agency uses part of its Teacher Centers money to accomplish their successful coordination. The Teacher Corps and Teachers Center headquarters staffs also discuss ways to most effectively coordinate activities at the five sites.

Question: Do you have any plan to recommend that the operation and administration of these programs at the Federal level be merged?

Answer: The two programs will continue to operate independently. However, under the recently announced new Bureau of School Improvement, Teacher Centers and Teacher Corps will be clustered together for purposes of substantive issues and sharing strategies for professional development. Teacher Corps will continue to report directly to the Commissioner as required by law.

EDUCATIONAL PERSONNEL TRAINING EVALUATION

Question: Have you done any evaluations in the last two years of either the Teachers Corps of Teachers Center program? If so, what have the evaluations of these programs shown?

Answer: Regarding Teacher Corps, the Office of Evaluation and Dissemination awarded a contract in the Fall of 1978 to Stanford Research Institute for the first three years of a five-year study. This is a policy-oriented study based upon the problems, difficulties, and degree of success in the field implementation of Teacher Corps rules and regulations. A major objective is to gather information that can be used by decision makers to draw inferences on local, State and Federal funding levels. It will also address the key issue

of teacher training and school improvement practices in schools attended by children from low-income communities. Interim reports are due each year. The first preliminary results are due in August of 1979. The final report is expected in 1983.

Regarding Teacher Centers, to date, there has been no formal evaluation of the program now in its second year of funding. The uniqueness of this program is that each center is able to respond with flexibility and originality to the great variety of local problems. In order not to stifle local options, any common national measurement of success must be carefully considered. However, the program office is working with the projects to develop common recording forms that will indicate the number of teachers participating in Teacher Centers, the kinds and number of activities requested and offered, and the degree of participation in the various project activities. In 1978, seven projects with exceptional evaluation, dissemination, and documentation plans were provided additional funds to work with other Federal projects in their regions to help them develop and implement acceptable plans of a similar nature. Finally, the National Institute of Education is in the process of developing with the Teacher Centers program a policy study of Federal Teacher Centers. The RFP for this study is expected in the Fall, 1979. Study issues are currently under consideration. The cost and time frame of the study is yet to be determined. The program would be pleased to accept any suggestion of issues for the study.

METRIC EDUCATION

Question: The budget recommends $1.8 million for the metric education program in 1980; this is the same as received in 1979. How many years have we funded the metric education program?

Answer: The Metric Education program has been in existence for four years. The program was initially funded in 1976 under the Special Projects Act authorized by the Education Amendments of 1974, P.L. 93-380. 1980 will be the fifth year of funding.

Question: What impact has this program had on preparing our nation's schools to change to the metric system?

Answer: The Metric Education program encourages educational agencies and institutions to prepare our students to use the metric system of measurement as part of the regular educational program. To achieve this aim, the program has supported a variety of activities that impact our nation's schools both directly and indirectly by community and parental support and reinforcement. Examples for these activities are:

-- the preparation by about 20 States of master multidisciplinary metric curriculum plans as a guide to curriculum planners in the LEAs

-- conduct of national metric conferences to improve knowledge and leadership effectiveness of educational planners, administrators, project directors, representatives from LEAs, industry, and public sector

-- development of low-cost metric educational models for use by school districts with limited funds or by those unable to develop their own proposals

-- development of metric education media including films, video tapes, handbooks, slide presentations for use by schools, organizations, and groups

-- development of metric models to respond to the needs of special populations including bilingual, learners with significant learning disabilities, isolated rural, and urban learners

-- encouragement of use of metric-oriented textbooks in schools

-- preparation of teachers and other educational personnel to use and/or teach the metric system

Question: Is there really a need to continue funding for this program since it stays at such a small level year after year?

Answer: Although funded at a small level, the metric education program plays a significant role in encouraging through demonstrations and planning grants, the use of the revised system of measurement. As our industries convert to metric, we find more commercial products in metric measurement; for example, bottles, shoes, clothing, automobiles. In addition, as we deal with other countries, it is imperative that our Nation's students learn to use the metric system with ease.

CONSUMERS' EDUCATION

Question: Why are you recommending a cut for the Consumers' Education program?

Answer: The 1980 request for Consumers' Education is the same as our fiscal year 1979 request. The modest reduction of $466,000 from the 1979 appropriation primarily reflects an attempt to operate under tight fiscal constraints while responding to other priority considerations. There are also other programs that are concerned with consumers' activities.

Question: In these times of high inflation, shouldn't we make an attempt to increase the awareness of our consumers?

Answer: We continue to be concerned about increasing the awareness of our citizens to respond to the current and future economic situations. To meet these needs, the Office of Education has striven to fund projects with outreach potential. For example, in 1978 a three-year contract was issued to support the Consumer Education Resource Network which will provide educators, planners, and administrators in traditional school settings with access to consumer education materials, teaching guides, and curricula models. In its first year of funding, the Resource Network has collected, organized, and categorized currently available materials for better public access. The second year of funding will provide for an expansion of services to community groups and will include technical assistance in the development of consumers education projects. Another project funded under this activity, the Consumer

Education Development program, analyzes existing learning materials in an attempt to identify those substantive areas lacking sufficient coverage, including, for example, ways in which the consumer can have increased impact and influence. Finally, the Consumers' program has also funded a contract which produced a guide to Consumer Action which provides information as to how to establish a consumer voice at the community level. In a six-month period 400,000 copies of this guide have been distributed to consumer groups, educators, community organizations, government offices, and the general public.

Question: Since the Education Amendments of 1978 required that this program should receive not less than $5 million, why are you recommending a lower level?

Answer: In this period of budget constraints, we must allocate our resources with particular care and concern for priorities. We feel that this program could continue to have a meaningful impact at the requested level.

Question: Will we have to include bill language to override this provision?

Answer: Yes, bill language to override this provision will have to be used. We have provided that language as part of our 1980 request.

GIFTED AND TALENTED PROGRAM

Question: What major changes does the new legislation make in the Gifted and Talented Program?

Answer: P.L. 95-561 changes the Gifted and Talented Program from an all-discretionary program administered by the Office of Education to one in which 75% of each year's appropriation would fund a State Grant program, and 25% would support discretionary projects. Under the State Grant program, each State would be required to award 90% of its grant amount to support LEA projects.

Question: Why are we not requesting increased funds to cover this expansion?

Answer: Previous experience in funding State and local projects has demonstrated a high rate of return in terms of State and local support after a small amount of initial Federal funding. Eighty-eight percent of LEA's funded in FY 1977 have been continued with local funding. In view of this fact, and also in view of overall budget constraints, the request for this program is the same as the 1979 appropriation.

Question: In years to come, do we believe that the Federal government should become more actively involved in the area of Gifted and Talented Education?

Answer: There is a need for continued active support from the Federal government for this program, particularly since it is still in the very early stages of development. The large volume of inquiries received from individuals and organizations by the Office of Gifted and Talented demonstrates an enormous amount of interest and need in this area.

CAREER EDUCATION RESCISSION

Question: Late in 1977, when the President signed the new Career Education Incentive Act, he had high praise for the program. Again, several times in 1978, the President had praise for the Career Education program. Now you are recommending the termination of the Career Education Incentive Act through the rescission of $22.4 million and the reprogramming of $10.1 million to the old Career Education Demonstration program. Why has the Administration had such a sudden change of heart about the Career Education Incentive program?

Answer: The Administration has decided not to fund the Career Education Incentive Act in part because of the level of funding required by this Act. A policy of installation would commit the Federal government to providing increased funds for starting up and implementing career education programs in every State. The level of funding authorized by P.L. 95-207 and required to achieve the purposes of the Act within the five-year period prescribed are higher than the Administration wishes to support given the necessity to keep Federal spending under control. A more appropriate role is continued development and demonstration of exemplary models and dissemination of successful programs through a mechanism such as the National Diffusion Network. The Office of Education believes it can maintain the momentum achieved in this program by holding to the current demonstration policy and focusing on some undeveloped areas without jeopardizing the prospect of possible implementation in the future.

Question: Under what authorization would you fund the Career Education Demonstration program in fiscal 1979 and 1980?

Answer: The Career Education Demonstration program would be continued in 1979 under P.L. 93-380, Title III, section 406. Although this section was not reauthorized by the Education Amendments of 1978, the authority is extended through September 30, 1979, by the General Education Provisions Act, section 414. In 1980, the program would be funded under P.L. 95-561, Title III, section 303.

Question: Didn't the Congress terminate the Career Education Demonstration program?

Answer: In the Education Amendments of 1978, the Congress did not reauthorize section 406 of the Special Projects Act, which specifically authorized the Career Education Demonstration program.

Question: Wouldn't your reprogramming request kill the entire Career Education Incentive Act since the law requires that for implementation it must receive funding in fiscal 1979 or it self-destructs?

Answer: The effect of the reprogramming request would be to remove the authorization of the Career Education Incentive Act unless that legislation were amended.

PUSH FOR EXCELLENCE

Question: You are requesting a supplemental of $1 million and a 1980 appropriation of $1 million for the Push for Excellence program. PUSH, as it is called, was initiated and is operated under the leadership of the Reverend Jesse Jackson. A key component of the Push for Excellence program is the goal of increasing parent involvement in their children's education and having parents play a direct part in getting students to improve their scholastic scores and progress. Would you explain specifically how Push for Excellence works?

Answer: Push for Excellence projects fall under the umbrella of Push for Excellence, Inc., located in Chicago, Illinois. The national office provides the projects with the philosophical orientation of the program and offers administrative and support services to local projects.

While projects differ in structure depending upon local needs and fiscal resources, all projects have a director and a community liaison as staff members. The primary objective of PUSH/Excel is to mobilize all resources within the community to engage in a coordinated effort to improve the learning environment, to motivate students, and to instill personal responsibility among them.

In each of the PUSH/Excel projects, parents, teachers, and students are asked to fill out pledge cards that indicate their willingness to provide a supportive environment for excellence. Parents are requested to personally pick up their child's report card at least twice a year. There are varying types of activities carried out by projects. Among them are an academic olympics, pairing successful adult role models with students, student-organized discussion groups, etc.

Question: Why is the Department (HEW) so "high" on the Push for Excellence program?

Answer: The Department views the Push for Excellence program as a possible viable approach to urban education. Reverend Jackson's charismatic appeal is able to generate enthusiasm for learning among students, teachers, and parents. While the program is still in the demonstration stage, it holds the potential for providing innovations in urban education.

Question: What results have you seen in Push for Excellence to date?

Answer: The National Institute of Education just began a three-year study in March 1979 to evaluate the effectiveness of PUSH/Excel to see whether increasing student responsibility and changing the environment can result in increased student achievement in the basic skills and in decreased student absenteeism, vandalism, teacher assaults, etc. The investigators will interview parents, students, administrators, and people in the community in the first six cities having projects. The first of several reports on the evaluation will be completed in February 1980 and the final report is due in October 1982. To date, however, results are measured by the enthusiasm that parents, teachers, students, and the community have shown toward the program and the increasing amount of interest from cities to become involved in the program.

Question: What cities have expressed an interest in participating in Push for Excellence?

Answer: Cities without PUSH projects but interested in participating are the following: Seattle, Louisville, Buffalo, Rochester, Columbus (Ohio), Flint, Detroit, Hartford, and Las Vegas. Cities currently in the program are Chicago, Kansas City, Los Angeles, Memphis, Chattanooga, and Denver.

EDUCATION AMENDMENTS OF 1978

Question: The Education Amendments of 1978 drastically changed the Special Projects and Training Act. Besides creating several new program components, the law also drops several of these former components. Would you briefly explain the major change of this new program and explain how it will operate in fiscal 1980?

Answer: The Education Amendments of 1978 have altered the Special Projects Act in a number of ways. First, these activities now comprise a separate title, Title III, of the Elementary and Secondary Education Act. Second, while continuing the three purposes of the earlier law, the new amendments have added a fourth purpose, to disseminate information to State and local educational agencies. Third, the new law has continued both the old programs, while authorizing a number of new activities, including Youth Employment, Health Education, Biomedical Sciences, for which funds are requested. However, several of the programs of the Special Projects Act have been moved to other titles within the Elementary and Secondary Education Act. New regulations are being developed for all the authorized activities. The only activity formerly authorized that has been eliminated is the Career Education program, which has been succeeded by the Career Education Incentive Act, P.L. 95-207. Fourth, the Education Amendments of 1978 have made some changes within the existing programs. For example, in Arts in Education, eligibility has been expanded to include other public and private agencies, organizations, and institutions. The fifth and most significant change is the elimination of the funding ratio between the mandated programs and Commissioner's discretionary projects, and elimination of the funding ratio among the mandated programs. With this change, requests for appropriation for a given activity can be based on perceived need, not on its proportion to other requests. Finally, the Education Amendments have provided grant authority in addition to the contract authority under Commissioner's discretionary projects.

COMMISSIONER'S DISCRETIONARY FUNDS

Question: Please explain the increased discretion that the Commissioner of Education has in the operation of this program?

Answer: The Education Amendments of 1978 have eliminated the ratio between the mandated Special Projects activities and the Commissioner's discretionary programs. With this change the Commissioner can propose a funding level for discretionary activities independent from requests for programs authorized in the law. In addition, the new legislation provides grant authority for the Commissioner's discretionary projects.

CITIES IN SCHOOLS

Question: This is the first time we have considered a request for funding for the Cities in Schools program, although a budget amendment was submitted late for Fiscal 1979. Can you briefly explain the operation of the Cities in Schools program?

Answer: The program is characterized by community resources working in concert with educational institutions to coordinate the delivery of services around the student through a school setting. The building block of the Cities in Schools approach is the "family" divided into "caseloads"--forty students in four groups of ten supported by four full-time project staff from various agencies: (1) Youth coordinator, who has overall responsibility for the functioning of the group as a "family"; (2) Programmatic specialist, who is responsible for planning special in-school programs and out-of-school trips, leisure time, and recreational activities; (3) Social service worker, who is responsible for seeing that individual needs are met for agency services, counseling, and legal help; (4) Supportive educator, who is responsible for remedial education services.

Each person on a Cities in Schools team plays two roles: First as a link for the entire group to his agency's services, and second as a caseload leader of approximately ten students. The caseload is the ultimate level of accountability. For these ten students and their families, the staff person is the link with the resources of the social service delivery system, as well as an advisor, referee, or confidant, as needed.

Question: How has the program been funded up to this point?

Answer: In Fiscal Year 1978, the program was funded by the following Federal agencies: Action, Commerce, Community Services Administration, Department of Labor, HEW, and the Law Enforcement Assistance Agency. Funds were also allocated for evaluation by HEW and HUD.

In 1978, OMB designated OE as the administrative agency for the program.

Question: What do you believe makes the Cities in Schools program as effective as you say it is?

Answer: Urban education research states that parents can and must be full partners in improving the quality of urban education programs and services, and second, that conditions of business, labor and community organizations can and must be developed to generate sufficient financial and other community resources to support effective educational programs. These two factors are the foundation of the Cities in Schools program. Additionally, the one-to-one relationship between a youth and an adult reinforces the positive qualities in the youth.

Question: Do you have any evaluation data to back this up?

Answer: The American Institute of Research has a contract for the evaluation of the program; the first report is due March 28, 1979 and the final report is due in August 1980. We will be happy to supply the Committee with this information at that time.

REVISED AUTHORIZATION FOR COMMUNITY SCHOOLS

Question: The Education Amendments of 1978 also expand the scope of the Community Schools program. How did the Education Amendments of 1978 change the authorization for Community Schools?

Answer: The Community Schools Act of 1974, which was the first Federal community education legislation, authorized the Commissioner to make discretionary grants to the following: (1) local educational agencies for planning, establishing, expanding and maintaining community education programs; (2) State educational agencies for administering a State-wide program in community education and providing assistance to local districts in the development of local community education programs; and (3) institutions of higher education to train persons for planning and operating local community education programs.

The Community Schools and Comprehensive Community Education Act of 1978 continued to authorize the Commissioner to make discretionary grants to local educational agencies and institutions of higher education. The changes in this legislation are: (1) the creation of a State formula program to continue the role of State educational agencies in providing assistance to local districts in community education; and (2) the authorization to fund public and private nonprofit organizations to make better use of school facilities and to encourage the more efficient use of community resources.

COMMUNITY SCHOOL PROJECTS FOR CLOSED SCHOOLS

Question: Don't you believe it would be beneficial to expand community use of schools, especially schools which have been closed due to declining enrollment?

Answer: Yes, the benefits of expanding the use of school facilities by the community are enormous both to the school and the wider community.

Societal changes present a challenge for us all. Each change demands that creative ideas be generated to meet the challenges. Expanded use of school facilities is one idea being advanced as a solution to some of the problems created by changes in our society. As the school-age population declines, empty school space increases. Alternative ways for using this space must be found. At the same time the increase in the number of working mothers and elderly people creates the need for new and expanded services. These services must be housed. The needs to house new and expanded services and to find alternative uses for surplus space are complementary. Opportunities for using excess school space for delivering and housing community services abound across the country.

Community use of schools which have closed due to declining enrollments is a viable option for reuse of surplus school facilities. Some successful projects funded by the Community Education program have used this approach, as exemplified by the Shawnee Community Education Program in Charleston, West Virginia, and described below.

In 1974, Shawnee Elementary School was closed. After considering several alternatives with the local community, the Board of Education reopened the school as a community education center. In 1975, the

center received a Community Schools grant to hire a full-time administrator to plan and implement a program to fully utilize the facility. The project was to provide social services, develop a community council, establish a volunteer corps, to increase community participation, and to develop job training and employment opportunities. All of these activities were to be centered in this previously vacated building. As a result of two years funding under this program, the Shawnee community building is now filled with activities for area residents.

One final point, Community Schools programs could help to prevent further school closings by making use of vacant classrooms in schools which are currently in operation.

Question: Doesn't the law have special provisions that would allow for the assistance to school districts that have closed schools due to declining enrollment?

Answer: No. The law encourages increased utilization of the school building for the efficient and coordinated delivery of community services. It does not limit the various options a school district might have for accomplishing this objective, including the use of a school which has been closed.

Question: Will this provision receive any funds in Fiscal 1980 under your request?

Answer: No, there is no provision specifically for the purposes of assisting school districts which have closed schools due to declining enrollment. Those districts would, however, be able to receive funds to operate a broader community program which could be located in a vacant school.

WOMEN'S EDUCATIONAL EQUITY

Question: During the 95th Congress, legislation was passed which authorized new second-tier local assistance programs under the Women's Educational Equity Act (WEEA). Have funds been requested in the fiscal year 1980 budget to implement this new program. If funds were not requested, why did the Administration decide not to seek funding?

Answer: No funds were requested for second-tier local assistance programs under the Women's Educational Equity Act in 1980. These second-tier programs are authorized only when the appropriation exceeds $15 million. The current strategy for the WEEA program is to continue to support demonstration, developmental and dissemination activities which have a broad application and can apply to many different situations involving the general concepts associated with educational equity. Projects of local significance will be most beneficial after greater awareness of these concepts has been stimulated through intensified national, statewide and general efforts.

Question: The purpose of this program is to build educational equity for women and girls at all levels of education. What has been accomplished by the funds we have provided for this activity in previous years?

Answer: During the past three years, the WEEA program has awarded a total of 220 single or multi-year grants. Model products include print and audio-visual materials produced by the grantees and marketed through the WEEA program distribution and dissemination center (Education Development Center in Newton, Massachusetts).

From the 67 projects funded in fiscal year 1979, more than 150 separate products will be on the market in the near future. As more products have become available, sales have increased. Products sold include:

23 orders, 179 products - July through September 1978
302 orders, 1,744 products - October through December 1978
228 orders, 1,888 products - January 1978

Because of the paucity of quality educational materials available, the WEEA program is developing and providing these products for a diversified constituency. Seventeen contracts were awarded by the program during the past three years.

-- Technical assistance for compliance with Title IX through the development of training materials and workshops at the national, regional, State, and local levels.

Twenty-one different manuals on Title IX are available to the public through the U.S. Government Printing Office.

-- Technical assistance in planning and developing proposals to address equity issues. Materials were developed for the training workshops and will soon be available through the U.S. Government Printing Office.

-- Distribution and dissemination center (Education Development Center) responsible for the collection, review, production, and dissemination of the completed products and reports produced by WEAA program grantees.

This Center provides one central place for obtaining WEEA program educational materials and collaborates with the Center for Research on Women at Wellesley College. The Wellesley Center convenes panels of education, community representatives and researchers to review the materials prior to production.

-- Women's Educational Equity Communications Network is a two-way communication system which is facilitating contact among individuals and organizations who are working on educational equity issues. The Network:

  --- participates in national and regional conferences;

  --- publishes the Network News and Notes, a forum of the exchange of ideas;

  --- furnishes a variety of information services (i.e., answering questions concerning projects, materials and activities; collects, screens, classifies and stores subject matter resources publishes bibliographies, information guides, directories, information packets, and an abstract journal; conducts computer searches of a number of educational databases;

  --- covers all educational levels from preschool through reentry and continuing education and its services are available to teachers, administrators, counselors, curriculum specialists, preservice or inservice trainers, researchers, students, parents and concerned citizens.

-- In preparation for a national media campaign, the WEEA program is in the process of developing five television and five radio half-hour programs and spot announcements. Use of the national media is the only means of reaching the millions of women and men throughout the nation to let them know the problems, the issues, and opportunities that are available (i.e., WEEA and Title IX of the Education Amendments of 1972.)

Thousands of individuals including educators in all levels and fields of education, parents, students and community persons have received training in women's educational equity as a result of the WEEA program. Training programs include:

-- Inservice workships for elementary and secondary teachers;

-- Administrative leadership training;

-- Awareness training for administrators, State Department of Education employees, teachers and community groups;

-- Awareness training for students in grades 7-12.

-- Sex-fair leadership training and re-educate the faculties in graduate departments of guidance and counseling, educational psychology, and career education.

-- Leadership training to prepare American Indian Women for a variety of career options.

-- Training for early childhood teacher trainers.

-- Preservice and inservice training for elementary physical education teachers.

-- Training for rural women to develop cognitive skills necessary to achieve equity in business activities and money management.

Question: What impact has this programming had upon the elimination of sex discrimination in our schools as is mandated by Title IX of the Education Amendments of 1972?

Answer: The WEEA program has funded three contracts which have focused on technical assistance for compliance with Title IX.

-- Training workshops are conducted for State personnel and for local education agency personnel at the elementary and secondary level.

-- Technical assistance is provided to all State Departments of Education including the District of Columbia and the territories.

-- State Title IX coordinators have been designated for each State including the District of Columbia and the territories.

-- Twenty-one manuals on Title IX are available to the public through the U.S. Government Printing Office.

Question: What have we learned from recent evaluations of this program?

Answer: To date, no impact evaluation of this program has been conducted. An evaluation of the program will be undertaken in fiscal year 1979, however, and this evaluation will provide an analysis of the WEEA program by examining each of its components (development, dissemination, demonstration and technical assistance) and their interrelationships. The results of the study should allow the program to identify failures and success and to adjust strategies to maximize program impact.

The National Advisory Council on Women's Educational Programs is charged with evaluating the program after receipt of a report provided by the Commissioner on the programs and activities supported under the Act. Past recommendations made by the Advisory Council have most generally been implemented.

Question: Why are you recommending a $1 million increase for the Women's Educational Equity Act program in fiscal 1980?

Answer: One of the major provisions in the reauthorized Women's Educational Equity Act, Education Amendments of 1978, is the requirement that the Commissioner establish priorities to ensure the most effective use of funds. The $1 million increase will be used to support projects in these priority areas:

(1) Demonstration of newly developed WEEA models and materials to promote wide usage.
(2) Dissemination centers to link developers and users.
(3) A national WEEA program for change with national training centers to prepare leaders from participating school districts to establish programs for equal educational opportunities for both sexes.
(4) The development of model programs to eliminate sex discrimination and sex bias in elementary and secondary education.

(5) The development of programs to address equity in education for two groups: (a) the neediest girls and women as measured by poverty and by discrimination on account of race, national origin, or handicap; and (b) those organizations and individuals who have substantial influence on educational policy and action.
(6) A high-risk category for projects that address hardcore problems with untried approaches.

CAREER EDUCATION DEMONSTRATION PROGRAM

Question: Your justification states that funds are requested for the Career Education Demonstration program rather than the Career Education Incentive Program, because it is felt at this time development of career education programs has not progressed far enough to warrant full-scale implementation at State and local levels. How may years have we been funding the Career Education Demonstration Program?

Answer: The Career Education Demonstration program has been funded under P.L. 93-380 for four years, FY 1975 through FY 1978.

Question: During these years, how much money have we appropriated for the program?

Answer: During 1975 through 1978, a total of $40,404,429 has been appropriated for the program.

Question: Why don't you believe now that there is an adequate base of support at the State and local levels to implement the Career Education Incentive Act?

Answer: The Administration believes that continued demonstration is needed to develop programs designed to meet the needs of special populations at the K-12 lelvel, including the handicapped, disadvantaged and those with limited proficiency in English. In addition, there should be further development of programs designed to counteract sex bias and stereotyping and to promote community collaborative efforts before full-scale implementation should occur.

EVALUATION

Question: The Office of Planning and Evaluation's budget request is $5.2 million in 1980, the same as fiscal 1979. The Office has 45 staff positions. What specific tasks are carried out with this money and staff?

Answer: The 45 members of the Office of Evaluation and Dissemination's professional evaluation staff are responsible for numerous activities including:

--designing, directing, and reporting on evaluation studies of Office of Education programs

--coordinating evaluation plans and findings with appropriate program officials

--directing the development of evaluation standards and models for use by the States and their local educational agencies in evaluating the effectiveness of programs and projects undertaken under ESEA Title I and providing technical assistance to State agencies in applying such standards and models and conducting evaluations

--preparing the Annual Evaluation Report to Congress

--developing Renewal Evaluation Reports to be made to the education committees of Congress one year prior to the expiration of program authorizations

--preparing the annual report to Congress showing details of suballocations of Federal funds for each of the approximately 25 State-administered Federal education programs

It should be noted that the $5.2 million under the Planning and Evaluation authority represents only a small portion of the total evaluation budget administered by the 45-member professional evaluation staff. In fact, this staff expects in fiscal year 1980 to administer a total of approximately $27.6 million for various evaluation and technical assistance activities. These funds are available as follows:

	(Millions)
Planning and evaluation	$ 5.2
Evaluation set asides from the following programs:	
Follow through	2.5
Emergency school aid	3.0
Bilingual education	1.5
ESEA Title I	12.7
Career education	.2
Dissemination	2.0
Women's educational equity	.4
Alcohol and drug abuse	.1
	$27.6

It should be noted that Planning and Evaluation funds support evaluation activities for all OE programs except the eight programs listed above for which set-asides from program funds will be used.

During fiscal year 1978, the most recent year for which we have complete data, the staff monitored a total of 104 contracts funded from all sources. Of these, 33 were newly designed and awarded during that year and the remainder were originally awarded in prior years. Of the 33 new contracts, only 13 contained primarily "Planning and Evaluation" funds. It is estimated that total contract volume in fiscal year 1980 will be roughly the same as it was in fiscal year 1978.

Question: What major improvements in Education Programs have been implemented as the result of evaluations carried out by this staff?

Answer: ESEA Title VII - Bilingual Education

The Title VII evaluation found that 66% of the program participants weren't of limited English-speaking ability. As a result, the Secretary of HEW incorporated into his Management Initiatives Tracking System an initiative based on these findings to ensure that, by the end of 1979, at least 75% of project students are selected because of limited proficiency in English. In addition, interim program regulations, to be published very shortly, will require that grant applications specify how students with the greatest need for program services will be selected, how students who have achieved effective proficiency in English will be transferred to regular classrooms, and how follow-up assistance will be provided to transferred students.

Federal Programs Supporting Educational Change

Evaluation findings are part of the planning for dissemination and school-improvement efforts by the Office of Education, particularly through the National Diffusion Network (NDN). National Diffusion Network activities are being modified to provide continuing assistance to project implementors in a way that better adapts the implementation process to local conditions and continues through all phases of implementation.

Guaranteed Student Loan Program

An evaluation of the Guaranteed Student Loan Program found that the Office of Education has not effectively monitored the performance of State guarantee agencies. As a result, the Bureau of Student Financial Aid is now developing plans for monitoring responsibilities and activities to be performed by the Office of Education Regional Offices.

Campus-based Aid Programs

A new distribution system for campus-based aid, designed and developed by evaluation staff, was put into operation by the Bureau of Student Financial

Aid. The system resulted from findings that the previous system was overly expensive and did not yield consistent, equitable results.

ESEA Title I

Evaluation findings on Title I were used in the 1978 legislation renewal. Findings were reflected in the provision directing the Secretary of Commerce to collect and aggregate Census data so that Title I allocations can be made directly to school districts rather than passing through counties, and in the provision for a mid-decennial Census to keep Title I allocations more current. In addition, legislation and new regulations include new needs-assessment and child-eligibility requirements intended to further improve the focusing of services on needy students. Study findings also support the concentration and incentive grants that will enable more needy students to be served.

Emergency School Aid

Program staff are providing technical assistance to local projects on increasing student achievement, based on evaluation findings on program characteristics found to be effective in doing this. In addition, evaluation findings have influenced new program regulations to be published this spring that focus on scoring criteria to be used in ranking applications and allowable activities, and other criteria to help better target program funding.

Question: With an evaluation staff of 45 people, why does the Office of Education have to use consultants for most of the program evaluations?

Answer: The Office of Evaluation and Dissemination does not use consultants as such. It does contract with companies to do the field data collection and data analysis, and reporting, for its studies.

There are 60-70 major evaluation studies and technical-assistance activities underway at any given time in this office. Typically, a professional staffer is responsible for all phases of a study: initial design; development of the design for contract procurement; selection (with the contracts office and program staff) of a contractor; monitoring contractor performance while coordinating study activities with program staff, the Council of Chief State School Officers, and all levels of the bureaucracy; reviewing draft reports; and reporting out the study's findings. A given study requires at least 1/4 full-time from the staffer with main responsibility, each of whom normally "carries" main responsibility for one or two activities and participation responsibility in other areas. Considerable additional staff time goes into working with program, policy and management staffs on the emerging findings and their implications for program operations and policy.

The other major factor is that the conduct of studies requires that large numbers of data collectors be working at a large numbers of sites in the field at certain times during the study. For example, one study required an on-site data coordinator for several weeks at a time for each of 37 sites, as well as approximately 40 data collectors administering questionnaires, conducting interviews, and supervising testing, during fall and spring "peak" periods. To maintain this kind of in-house capability would require a permanent staff several times the present size. Contractors, on the other hand, hire, train, and supervise large numbers of temporary staff for peak periods of data collection and processing, and can shift smaller, but still significant, numbers of permanent staff from contract to contract as needed.

EVALUATION OF EDUCATION PROGRAMS

Question: Each year we provide funds to the Office of Education for the purpose of evaluating education programs. We believe that it is a very important function for the Office of Education to regularly evaluate programs to make sure that they are being effectively run and that they are carrying out the intent of the law. What programs in the Education Division have received particularly outstanding evaluations during the past year? Which programs have received negative evaluations?

Answer: Evaluations rarely, if ever, result in an overall "outstanding" or "negative" assessment of a program. They do bring to focus the existence or absence of favorable program effects on participants and the existence or absence of effective program practices and projects. They also delineate issues in program policy and operations, such as what feasible goals and objectives should be and whether the program is meeting those goals and objectives. Thus, in nearly all cases, evaluations reveal positive and negative aspects of programs in terms of program accomplishments and problems that need resolution. Some examples of recent evaluations and their findings are as follows:

ESEA - Title I

The evaluation found that ESEA Title I in local districts is fairly well-targeted on students with the greatest educational need -- 2/3 of those in Title I fall in the bottom 1/3 of the national distribution of test scores -- and does help children improve their reading skills during a school year. However, the students' boost in performance might be only temporary and disappear when Title I services are discontinued. Those students attending summer school do not tend to show this loss in skills but the students most in need of services do not attend the summer school sessions, and instructional costs are about two and one-half times greater during the summer than during the regular school year. In addition, it was found that ESEA Title I in State institutions for the neglected or delinquent is targeted on the most educationally disadvantaged students in those settings but students receive only

about 70% of the services for which they are scheduled due to, among other things, conflicting priorities within the institutions.

ESEA Title VII - Bilingual Education

The evaluation of this program focused on 37 Spanish/English bilingual education projects in either their fourth or fifth year of funding as of 1975. Results in 1978 indicated that too many English-dominant students participated in the program, the gains in achievement for participating students were similar to those expected from comparable students not participating in the program, and local project directors for the most part appeared to be trying to implement bilingual education projects via the "maintenance" approach, as opposed to the "transition" approach indicated by the legislation.

Emergency School Aid Act

Evaluation findings indicate that the ESAA Basic Grants program has succeeded in aiding districts and schools with desegregation needs. However much of this aid, and aid under other ESAA components as well, goes to districts that desegregated many years ago and have few current desegregation needs. In addition, it was found that a state apportionment formula for the Basic Grants does not efficiently direct money to districts with the greatest desegregation need, however, aid under ESAA Special Programs and Projects supplements funds when a State's apportionment is not adequate to meet its desegregation needs. The findings also show that Magnet schools have eased desegregation strains in some communities, and while they do not achieve much desegregation alone, they are most impressive when combined with other desegregation techniques. The nonprofit organizations which ESAA funds to aid in the desegregation efforts in their communities were found to be less effective than other comparable local community organizations. The weaknesses of the nonprofit organizations were found to be attributable in large part to Office of Education policy changes made in 1971 which tied them too closely to school districts.

Dissemination and the National Diffusion Network

A series of studies examining the effects of dissemination and school improvement have shown that previous improvement strategies, such as, providing seed money to districts for the demonstration and spread of practices, had little or no effect on the extent of change, implementation success, or program spread. In contrast, study results examining more recent focused dissemination strategies aimed at influencing local project implementation have been more positive. Project implementation via elaborately

packaged implementation materials was an effective way of communicating information about a project sufficient for its installation, however, this strategy lacked necessary assistance that could not be packaged, such as, advice, support, guidance, and assistance requested by implementors to resolve unanticipated implementation problems. A study of the National Diffusion Network has shown that: (1) the program's activities are effective in bringing about widespread project implementation in new sites -- 1,000 adoptions per year, most with a high degree of fidelity to major features of original projects, (2) well developed materials and assistance are critical to successful implementation in adopting sites, and (3) little or no dissemination of exemplary projects occurs unless project developers and state dissemination agents are funded to provide information and assistance to schools interested in adopting an innovation.

Upward Bound Program

The evaluation indicates that the program is effective in increasing the rate of entry into postsecondary education, and that the rate of entry increases with the length of participation in the program for two or three years of participation. Participation in the program was related to entry into postsecondary education of more ethnic minorities, more poverty-level students, and more students classified as academic risks in high school. However, one year of participation did not produce any meaningful increase in rates of post-secondary entry, and Upward Bound participants who entered postsecondary education remained in school at about the same rate as nonparticipants.

Cooperative Education

The evaluation has shown that this program has been effective in encouraging the establishment of new campus-based cooperative education programs. However, there was still a need to make Federal awards in a more objective manner, and project students indicated they were not very satisfied with career counseling.

Community Education

The findings from the evaluation shows that current program strategy is effective and has producted desired effects on educational and broader community systems. However, increased technical assistance for projects and specific problems is still needed at the local level, and a system of reporting program data for Federal program management must still be designed and implemented.

Question: Are any of the programs which received negative evaluations being recommended for funding in the fiscal year 1980 budget?

Answer: As we explained above, rarely, if ever, does an evaluation result in a completely negative assessment of a program. Some of the evaluation findings discussed above obviously indicate problems with some aspects of the operation and administration of the various programs. However, the goals and objectives of these programs remain valid and are commitments of this agency. Rather than not fund the programs, we are taking a variety of steps to correct the problems we found through new approaches to administration, new regulations development, increased monitoring, and other operational improvements.

Office of Libraries and Learning Resources

STATEMENT OF DICK HAYS, ASSOCIATE COMMISSIONER/DIRECTOR
ACCOMPANIED BY:

ROBERT KLASSEN, CHIEF, PROGRAM COORDINATION STAFF, OFFICE OF LIBRARIES AND LEARNING RESOURCES
JOYCE STERN, BUDGET ANALYST, DIVISION OF PLANNING AND BUDGETING
PETER D. RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
HERMAN GOLDBERG, ACTING ASSOCIATE COMMISSIONER, STATE AND LOCAL EDUCATIONAL PROGRAMS

BUDGET REQUEST

Senator Hatfield. At this time I would like to turn to the matter of libraries, and ask that you and Assistant Secretary Berry proceed. We have your statement that will again be placed in the record in full, and I will place in the record an introductory statement as the chairman here of the committee. But I will not read it at this time.

Dr. Boyer. Senator Hatfield, because of the overlapping schedule, I have been asked to appear at another hearing at this hour. I'm asking my associate, Dick Hays, to be the lead witness for the library resources programs, if that's all right. Thank you very much.

Senator Hatfield. Thank you.

LIBRARY RESOURCES OVERVIEW

We will now examine the budget requests for library resources. Library programs have always been a high priority of this committee and the Congress.

However, the 1980 budget recommends a $32.6 million reduction below the 1979 appropriation. The request is also about $20 million below what was provided in fiscal 1978.

The budget proposes a cut of $7.2 million for assistance to public libraries and $12.4 million for assistance to school libraries. In addition, it proposes to terminate the college library resources program and library training and demonstrations programs. The guidance and counseling program and the strengthening research libraries program are recommended for the same level of funding received in fiscal 1979.

In all, there are six basic activities funded under library resources. The public library program assists libraries in carrying out library services with special emphasis given to providing materials for the blind and physically handicapped persons.

Funds are also used to assist in the establishment of interlibrary cooperative services, so that libraries can share books and other

library materials. School library and instructional resources assist the local school districts with the purchase of library materials, instructional materials and equipment.

Guidance counseling and testing, which is recommended at a funding level of $18 million, provides assistance to local school districts and to State education agencies in carrying out comprehensive programs of guidance and counseling.

The college library resources program provides grants of about $3,900 to nearly every institution of higher education in the country. These funds are then used to purchase materials for the college library.

Finally, strengthening research libraries provides assistance to the Nation's major research libraries. The $6 million requested will assist the major research libraries in purchasing about 300,000 volumes and will support close to 18,000 loans among these research libraries. This enables the research libraries to share high-cost materials among themselves, rather than have each individual library have to purchase the document by itself.

All right, Mr. Hays, if you would like to proceed and again for the record and for my benefit, introduce the colleagues who'll be assisting you today.

Mr. HAYS. Thank you, Senator Hatfield.

I would like to introduce those who haven't been introduced previously. To my right past Joyce Stern is the Associate Commissioner for State and Local Educational Programs, Herman Goldberg. On my immediate left is Robert Klassen, Chief of Program Coordination, Office of Libraries and Learning Resources.

I believe that is all the new members at the table.

As requested, I will briefly summarize the opening statement to indicate this request today is for $233,837,000, which represents a decrease of $32 million from the fiscal year 1979 amount. Even though there have been budgetary cuts, we believe that the programs that we are supporting this year will meet the Federal priorities of providing equal access and equal literary service for our citizens.

In addition to the library request, we are—we have a request here for guidance counseling and testing, which is a new program authorized by the Educational Amendments of 1978, and there are two requests contained in our budget. One is for a reappropriation for fiscal year 1979 money to fund the new part D and also our request contains a fiscal year 1980 request for its future year funding.

My colleagues and I would be pleased to address any questions that you may have.

[The statement follows:]

STATEMENT OF DICK HAYS

Mr. Chairman and Members of the Committee:

I appreciate the opportunity to present the request for the Library Resources appropriation. This appropriation supports our efforts to encourage efficiency through the formation of interconnections between library systems and other educational institutions, and promotes excellence in resource development in schools and major research libraries.

The Library Resources request of $233,837,000 represents a decrease of $32,638,000 below the 1979 amount. It is our belief that the Federal role in support of libraries rests not with operational support, but with being in the forefront of providing equal access and equality of service to prospective users. This suggests a significant Federal responsibility to foster changes at the State and local levels where funds are tied to basic library operations.

Public Library Services

The $56,900,000 requested for Title I of the Library Services and Construction Act will serve to strengthen State agencies in establishing, extending and improving public library services, particularly for 500,000 blind and physically handicapped persons, 750,000 institutionalized and 29,000,000 disadvantaged persons. The special needs of urban libraries have been recognized by the State library agencies which have directed between 20 and 30 percent of the Federal program funds into urban library services.

Over the past 23 years, almost $700 million has been made available for these purposes, and about 96 percent of the population now has access to public library services.

Interlibrary Cooperative Services

For Interlibrary Cooperative Services, the requested amount of $3,337,000 will support capacity-building activities for approximately 130 projects, emphasizing the sharing of library resources so that users will have access to the materials of cooperating libraries. Approximately seven percent of the Nation's libraries of all types will be participants in these cooperative projects.

Although the 1980 funding level is $1,663,000 below the 1979 level, States may choose to fund additional interlibrary cooperative projects from the much larger Public Library Services program, which also encourages such efforts as part of the general goal of increasing the access to public library resources.

School Libraries and Instructional Resources

The $149,600,000 requested for Title IV-B of the Elementary and Secondary Education Act for school year 1980-1981 provides school library and instructional resources to local educational agencies through the States.

The request for funding for this program does not include an additional $18 million requested for Guidance, Counseling, and Testing which was separately authorized by the Education Amendments of 1978.

The 1980 request of $149,600,000 for school library resources and instructional equipment will serve about 45.5 million elementary and secondary school students, of whom close to ten percent or 4.3 million

students are in private schools. The law permits the States to focus support on local educational agencies which are poor or have large numbers of students whose education is more costly. We continue to see these emphases, as well as continued aid to private school children and the introduction of new instructional approaches to the use of equipment, as the key priorities of the program.

Guidance, Counseling, and Testing

The Guidance, Counseling, and Testing program, formerly an authorized activity under ESEA IV-B, was established in the Education Amendments of 1978 as a separate program under ESEA IV-D.

Since fiscal year 1979 funds for this program were appropriated under the ESEA IV-B authority, supplemental appropriation language is proposed to transfer $18 million to the new ESEA IV-D authority, the amount necessary to meet the "triggering" requirements of the legislation.

In 1980, $18 million is requested, of which about $15 million will be expended at the local level for comprehensive guidance, counseling, and testing programs in elementary and secondary schools. These funds will support an estimated 7,500 local educational agency projects with an estimated 3.7 million children participating. The remainder, $3 million, will be expended at the State level for administration, leadership, and supervisory services and at the Federal level primarily to provide information and training to the guidance profession. Particular emphasis will be on meeting guidance needs of special populations, such as educationally disadvantaged children, handicapped children, and migrant children.

College Library Resources, Training, and Demonstrations

Three library programs authorized under Title II of the Higher Education Act would not be funded in 1980--College Library Resources, Library Career Training, and Library Demonstrations.

No funds are requested for College Library Resources in 1980 since the program as authorized mandates grants to all accredited institutions of higher education, without regard to need. Last year, the Senate Appropriations Report recommended that future reauthorization efforts be directed toward permitting the award of grants to institutions on the basis of need. In response to this directive, the Administration is currently considering options for awarding grants on the basis of need in connection with reauthorization of the Higher Education Act.

The 1980 budget requests no funds for the Library Career Training program. We recognize the major contribution this program has made in recruiting minorities and upgrading women in management positions. Since 1966 it has contributed to the retraining of over 15,000 librarians by updating their skills in key areas such as technology, media services, and public administration. Training or retraining of librarians may, at the discretion of the States, be conducted under Title I of the Library Services and Construction Act.

Again, no funds are requested in 1980 for the Library Demonstration program. However, over 300 projects have been funded since its inception in 1967. We feel that in order to improve the quality of library services in all arenas, the profession should look at many of these innovative projects to determine ways in which they might be used for replication in upgrading or updating library services across America.

Strengthening Research Libraries

For the Strengthening Research Libraries program, authorized under Title II-C of the Higher Education Act, we are requesting $6 million, the same level as in 1979. These funds are used to help preserve and maintain the excellence of the collections as the Nation's cultural and intellectual resources. The program is designed to make these collections available by creating an effective national network of libraries serving students, faculty, scholars, and researchers with the combined resources of over 200 million volumes.

The 1980 request will support about 20 grants averaging $300,000 each to strengthen these major research collections. Although grants are awarded only to major research libraries, all libraries indirectly benefit by being able to tap into expanded collections through interlibrary lending which is one of the major purposes of the program. Although research libraries have evolved separately and independently, there is an encouraging trend toward interdependence among them and a growing system of sharing those resources which the Federal government seeks to foster with these funds.

Summary

In conclusion, the Library Resources request of $233,837,000 represents focused funding which concentrates on specialized services and extension of services to unserved and underserved population groups under the Public Library Services program. It also emphasizes the promotion of resource sharing under Interlibrary Cooperative Services, as well as strengthening and improving the resource sharing capability and development of this Nation's major research libraries. Finally, we seek broad support for libraries and instructional resources and the provision of guidance, counseling, and testing in public and private elementary and secondary schools.

My associates and I will be pleased to answer any questions you may have.

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REDUCTION IN REQUEST FOR LIBRARY RESOURCES

Senator HATFIELD. Yes. Mr. Hays, as you heard me say awhile ago to Dr. Boyer, this is my first session on this subcommittee. Therefore, we, perhaps, will only be getting acquainted in this particular hearing. But I happen to be a very strong advocate and supporter of libraries and have been for many years both through my own legislative career in the State legislature and as Governor.

I am somewhat puzzled, and I asked the question more for information, although it must carry with it the obvious tone of criticism, of what I see as the second year in which there has been a reduction in the budget request for library resources.

And, as an observer—I don't classify myself other than as observer at this point—it seems to me that the administration has a low priority on the matter of libraries and library programs. And that concerns me.

And, if it does have a low priority, I would like to know why, or I should put it this way, why doesn't it have a high priority?

And second, I would like to know what basis you have used for making the recommended cuts in the past 2 years in the various library resource programs.

May I add one thing further.

I would like to ask you also the question—this is your direct responsibility; is it not?

Mr. HAYS. Yes, sir.

Senator HATFIELD. I would like to know what budget request you made for within your agency.

Mr. HAYS. First, in terms of priorities of the library programs as seen by the Department and the Office of Education. We are very proud of the library programs and have supported the Nation's libraries in various ways since 1938, first with technical support and since 1957 with grant programs.

We feel that we have made major accomplishments through these programs in public libraries as well as in school and higher education libraries.

It is unfortunate that there isn't enough money to fund all of the good programs in the Office of Education.

We have given the highest priority we can for our library programs. And they have been judged in light of the priorities of the Office of Education.

PUBLIC LIBRARY FUNDING

In terms of the reasons for the cuts and why we have the amount of $56.9 million for public library services rather than what we requested last year, we feel that we can maintain the highest priority within this program and not reduce the services to the handicapped, the blind, the elderly, and the institutionalized.

Further, States have assumed additional responsibility through the years and have increased their financial support for local library services.

Senator HATFIELD. Is that across the board? All States?

Mr. HAYS. Presently, approximately 41 States out of the 50 have grant-in-aid programs for local libraries.

Senator HATFIELD. The trend, the upward trend?

Mr. HAYS. Yes, going back to 1956, Senator, the record was 23. In the last few years I think there has been, not a dramatic jump, but a significant one.

We have gone up in State support from about 10 to 13 percent in recent years.

Senator HATFIELD. Are you saying in effect that the cuts that you had in last year's and this year's proposed budget have been compensated for by commensurate increases at all State levels? Or at least most States——

Mr. HAYS. We are suggesting that the increased support by States will assist the local libraries and they will not be as dependent upon Federal support as before.

To put that in perspective, 82 percent of the support for public libraries comes from the local level, 13 percent from the State level, and 5 percent from the Federal Government. The 5 percent from the Federal Government is to support certain priority areas—to extend library services where they are inadequate or where they are without services.

We feel that, over 20 years, we have addressed that mandate in good fashion. The States have helped us in that regard.

And even though we can't fund to the level that we might like, with $56 million we can target to the highest priority areas.

OE REQUEST TO HEW FOR PUBLIC LIBRARIES

Senator HATFIELD. Now, the figure that you asked for in your initial, first step budget preparation. You have been an excellent soldier today, Mr. Hays, in representing the HEW Department. Now I want to bring it down to the very specific program, library services and resources.

What did you make as your initial request in that long budgetary process, and all the jungles and obstacles you had to get to this point today to represent the administration's positions?

Take off your administration position hat and put on your professional librarian hat and let's talk about what your first figure was that you felt was important enough, that you could justify.

Mr. HAYS. Senator, I wish I could take off all my hats. However, I must keep in mind who pays me. I will try to maintain that status, on behalf of my family.

In doing that, I can only say that with the zero-base budgeting process, there are many, many figures. Of course, from my program office, we considered what the Federal role should be, and certainly, without question, the initial budget was higher than the one before you today.

We also understand that this is a process where we have to compete with many other programs and I'm sure the Commissioner of Education and the Secretary have done their best, as well as the President, to provide as much money for these programs as they could.

Senator HATFIELD. The figure was what, again? Was it higher or lower?

Mr. HAYS. It was higher, sir.

Senator HATFIELD. And how much higher, about? Another $100 million? $50 million? $25 million?

Mr. HAYS. Well, I can't recall all those figures——
Senator HATFIELD. Could you do it for the record, please?
Mr. HAYS. I will.
[The information follows:]

FISCAL YEAR 1980 REQUEST HISTORY FOR LIBRARY RESOURCES

[In thousands of dollars]

	1979 enacted appropriation	1980 request		
		OE to HEW	HEW to OMB	President's budget
Public libraries:				
(a) Services	62,500	60,000	56,900	56,900
(b) Interlibrary cooperation	5,000	15,000	3,337	3,337
Subtotal	67,500	75,000	60,237	60,237
School libraries and instructional resources	[1] 162,000	157,000	149,600	149,600
Guidance, counseling and testing	[1] 18,000	18,000	18,000	18,000
College library resources	9,975	.....	.....	.....
Training and demonstrations:				
(a) Librarian training	2,000	2,000	2,000	.....
(b) Library demonstrations	1,000	6,000	3,000	.....
Subtotal	3,000	8,000	5,000	.....
Strengthening research libraries	6,000	10,000	8,000	6,000
Total	266,475	268,000	240,837	233,837

[1] Reflects proposal included in 1980 budget to separate funding for ESEA IV-D from ESA IV-B, as required by Public Law 95-561.

OE PRIORITY ON RESTORATION OF LIBRARY CUTS

Senator HATFIELD. If you would do it for the record, I would like to have that figure. Because I assume that in your budgetary process, as most agencies fall, that you had this group of outstanding staff and colleagues and others, and you went over the various programs and you gave the figures, considering the inflation problem, considering the kind of deficiencies that exist, and you made a request that you felt you could professionally justify and defend. I assume that was your first step in the budget process.

Mr. HAYS. That is correct, sir.

Senator HATFIELD. Before you had any review by higher authorities on part of the great hierarchy—HEW, OMB, and all of the others that lie in wait.

Mr. HAYS. Yes. We feel it is our responsibility to see what the national needs are in the areas of libraries, information services, and provide the best counsel and advice we can to those in the decisionmaking roles.

Senator HATFIELD. After you provide that figure for the record, I would like to have you break it down in terms or priority. What you consider are the priorities.

For instance, if you have a friend in court who might, through amendment process, want to increase some of the funding here, I would like to know where you put the priority on any increases that you might have imposed upon you.

Mr. HAYS. I will do my best, sir.
[The information follows:]

OE PRIORITY ON RESTORATION OF LIBRARY CUTS

It is difficult to prioritize the library resources programs but I would like to single out the two programs which provide widespread benefits through the costsharing aspects of networking: Interlibrary cooperation (LSCA III) and strengthening research libraries (HEA II-C), especially the latter. Getting back to the actual question, I would rank restoration of cuts below the 1979 level as follows:

1. $12,400,000 for school libraries and instructional resources.
2. $3,000,000 for training and demonstrations.
3. $7,263,000 for public libraries (LSCA I and III).
4. $9,975,000 for college library resources.

DISCUSSION OF PUBLIC LIBRARIES DECREASE

Senator HATFIELD. Now, in your budget justification for public libraries, let's go to that for a moment, you indicated there a decrease of $5.6 million from last year and, along with the justification, language to the effect that the recipients are expected to use Federal funds more wisely, eliminating practices and procedures which have proven ineffective and inefficient in the past.

I would like to have you specifically enumerate for me what practices and procedures you were speaking of.

Mr. HAYS. Well, we believe that the record of State management has improved significantly over the past few years in targeting their money to the particular projects that will extend and improve the services.

Specifically, we can list reductions in terms of overhead costs at the State library agency level, as being reduced significantly and as more oriented toward local projects.

There has been better targeting to special projects and the priorities mentioned in the law. I believe that record is from about 20 percent, 6 or 7 years ago, to 66 or 70 percent today. The priorities mentioned in the law include the institutionalized, disadvantaged, persons with limited English speaking ability, and support for major urban libraries.

Senator HATFIELD. Are you saying then that these are certain practices that are not effective or efficient? What then are you doing to help eliminate that? Is this the résumé that you have just given me?

What plans or strategy do you have to provide assistance to eliminate these so-called ineffective and inefficient practices and procedures?

Mr. HAYS. Hopefully, by being proper stewards of Federal programs for several years, we have assisted the States. In addition, through the years, we have tried to aid Congress in sharpening the legislation so that Federal support would be used more efficiently. I think we have all joined in that course together.

More specifically, the improvements we have made over the past years relate to better monitoring, visits to the States, and providing technical assistance. I also think it speaks well for the type of people that run the State library agencies and run the libraries at the local level.

URBAN RESOURCE LIBRARIES

Senator HATFIELD. Mr. Hays, as you know, the Congress has demonstrated a great and keen interest in urban resource libraries. As I understand it, the Congress increased the appropriation to public libraries in this area by above the $60 million level to provide for this increased assistance.

Now, I also understand that in order to receive additional funds under this provision, the total appropriation must exceed $60 million in any one fiscal year; is that correct?

Mr. HAYS. That is correct, sir.

Senator HATFIELD. My question is obvious, as it follows: Why have you chosen not to continue to recommend funding so that major urban libraries may receive this special assistance?

Mr. HAYS. The basic reason I listed for reducing our request for public libraries also applies here. I would note that title I of the Library Services and Construction Act lists metropolitan libraries as a priority area.

The triggering provision provides for an allocation of money directly to urban libraries. This is not a new activity. In fact, our latest reports indicate that 20 to 30 percent of the LSCA money, without the triggering provision, goes for urban library support.

The public library services program provides great flexibility for the State library agencies. Based on the assessment of need within their State, State agencies may use their allocation as they believe would best meet the needs of their State. If they thought the urban libraries needed more money, they would have the latitude to do that.

Senator HATFIELD. In your initial first-step budget procedure request, did you provide for funding in excess of the $60 million level?

Mr. HAYS. We listed that as one of the options to be considered, Senator.

SUBMITTED QUESTIONS

Senator HATFIELD. Mr. Hays, I have other questions. In like situations that I described earlier, we will ask you to respond to them in writing for the record, along with that other specific budgetary figure material that I asked you for earlier.

Mr. HAYS. We will do that, sir.

Senator HATFIELD. Thank you very much.

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

PUBLIC LIBRARY SERVICES

Question: Isn't it difficult for public libraries to increase services in a program which is being recommended for a cut of this magnitude?

Answer: Over the years the Library Services Act and the Library Services and Construction Act have provided $720 million from its beginning in 1957 to 1979, helping to give 96 percent of the population of the United States access to public library services. In addition, 41 States have initiated public library State aid programs. We also know that public libraries received approximately $80 million from General Revenue Sharing funds in fiscal year 1977 with the overall Federal Government providing incentive support at approximately the 5 percent level. We anticipate that the combined Federal, State, and local funds will be used more wisely under this cut with the elimination of practices and procedures which have been proven ineffective or inefficient in the past.

INTERLIBRARY COOPERATIVE SERVICES

Question: The justification for Interlibrary Cooperative Services says that projects funded emphasize a cost-sharing benefit of establishing networks which allow for better utilization of resources among participating libraries. However, you are recommending that funding for this program be reduced from $5 million in 1979 to $3.3 million in 1980. Why are you recommending a reduction in funding for this program which is designed to improve the efficiency and effectiveness of library service delivery?

Answer: Although no matching funds are required, Federal funds for Interlibrary Cooperative Services (LSCA III) have been matched on a 50/50 basis by State and local governments since fiscal year 1975. The amount requested for 1980 will support 130 projects reaching 7,210 libraries, or 7 percent of the Nation's libraries. It should also be noted that States may choose to fund additional interlibrary cooperative projects from the much larger Public Library Services program.

Question: The justification for this program continued by saying, "States may choose to fund additional interlibrary cooperation projects through other Federal programs, such as the much larger Public Library Services program." How do you expect libraries to fund interlibrary cooperative services under a program which is being recommended for a $5.6 million reduction?

Answer: A recent evaluation of the Interlibrary Cooperative Services program indicates that States are already using approximately 20 percent of their Public Library Services (LSCA I) funds for support of interlibrary cooperation. We would expect the key cost-sharing benefits of interlibrary cooperation would be high on the priority list of State and local library agencies where efficiencies through such systems would be recognized and projects supporting those practices be retained.

SCHOOL LIBRARIES AND INSTRUCTIONAL RESOURCES

Question: The Education Amendments of 1978 dramatically changed the structure of the School Libraries and Instructional Resources program. The major change in this program was the removal of services for guidance and counseling which are now established under a separate authorization. Would you please explain this change as it affects these two programs in fiscal 1980.

Answer: The separation of these programs will result in more effective use of Federal funds. Local education agencies will have complete discretion in the use of 87.5 percent of the State's allocation to strengthen local guidance, counseling, and testing programs. The Office of Education will reserve $725,000 for discretionary projects. The School Libraries and Instructional Resources program will continue to emphasize support to local educational agencies with a large number of poor or high-cost students.

Question: Would you please explain how you arrived at the funding recommendations for each of these two programs.

Answer: The combined total for ESEA IV-B and IV-D in 1980 is $167,600,000, the same as the 1978 appropriation and the 1979 budget request for the consolidated School Libraries and Instructional Resources (ESEA IV-B) program. Supplemental appropriation language is proposed for 1979 removing $18,000,000 from ESEA IV-B to fund Guidance, Counseling, and Testing (ESEA IV-D), the minimum amount required for the initial year of funding Title IV-D. Title IV-D would then be level funded in 1980, under our budget request.

Question: You are recommending a $12.4 million reduction in the School Libraries and Instructional Resources program for 1980. This is a reduction from the 1979 appropriation of $162 million to the 1980 request of $149.6 million. Why are you recommending a cut of this magnitude?

Answer: The reduction will cause local educational agencies to target funds more carefully to those students with the greatest need. The 1980 program will emphasize serving private school children, poor school districts, disadvantaged students, and the adoption of new instructional approaches to the use of equipment in the classroom.

Question: Won't this cut have its most dramatic impact upon districts which serve middle-income students?

Answer: States are encouraged by legislation and by OE staff to concentrate their funds on equalizing educational opportunities for those in poor school districts, on expanding aid for disadvantaged students living in sparsely populated areas, on serving students from families in which English is not the dominant language and on other disadvantaged groups. The program is therefore not directed toward serving middle-income students.

COLLEGE LIBRARY RESOURCES

Question: In 1980, the budget does not request any funds for the College Library Resources program. The reason for not recom-

mending funding under this program is that nearly every institution of higher education in the country receives a grant of about $3,900. What impact would your budget request have upon colleges and universities in the country?

Answer: Smaller colleges, community colleges and technical institutions might be impacted by this position. However, the critical needs of these and other higher education institutions cannot be addressed with such small grants. Until there is a change in the law, the more effective use of Federal funds would be through the student aid funds, which could ultimately be used by the institution for library support, if desired.

Question: Do you believe this program would be of benefit if the funds were targeted and were granted on a competitive basis?

Answer: Almost half of the colleges and universities in the United States have fewer than 50,000 volumes in their libraries and approximately 20 percent have less than 20,000 volumes. Many of these colleges do not meet the Association of College and Research Libraries' standards. By awarding grants on a competitive basis, funds would go to colleges on the basis of need, providing special assistance to many small colleges which do not meet these standards.

Question: Will you recommend such a change in this program when the Administration presents its proposal for the reauthorization of library programs?

Answer: In response to the Senate 1979 Appropriations Report, which recommended that need criteria be addressed in the reauthorization process, several alternatives for providing funds to colleges on the basis of need are being considered in the Higher Education Act reauthorization package to be presented later this year.

LIBRARY CAREER TRAINING AND DEMONSTRATIONS

Question: The 1980 budget requests no funds for the Library Career Training and Demonstrations programs. These programs are funded at $3 million in fiscal 1979. Why are you not requesting any funds for these programs?

Answer: Due to budgetary constraints no funds are being requested for the Library Career Training and Library Demonstrations programs.

Some training or retraining of librarians may, at the discretion of the States, be conducted under Title I of the Library Services and Construction Act. We recognize, however, that this program has made a major contribution toward the training of minority librarians and the retraining of those who needed to update their skills.

Some library demonstration projects might be funded by the National Endowment for the Humanities, for example, if their criteria are met. We feel strongly that the over 300 projects funded since this program began in 1967 should be looked at for possibile replica-

tion in the library community, thereby upgrading and updating present library service patterns.

Question: You speak of there being an adequate supply of librarians. Does this mean that we also have now an adequate supply of minority librarians?

Answer: The profession will always need a strong group of librarians whose skills can be used to reach disadvantaged clientele. We assume the need for minority librarians will continue. The 1980 Library Resources budget focuses our library support for innovative service programs on the public libraries which may employ minority librarians in various outreach projects.

GUIDANCE, COUNSELING, AND TESTING

Question: For the newly reauthorized Guidance and Counseling program, you are recommending a total of $18 million. This program, as we said earlier, has been broken out of the School Libraries and Instructional Resources Program.

How will the $18 million that you are requesting for this program be used?

Answer: The appropriation for Guidance, Counseling, and Testing would be allocated to the States on the basis of the number of children 5-17 years in each State. For FY'80 (school year 1980-81) the $18 million will assist States in providing guidance and counseling for 3.1 million public and 80,000 private school children and testing programs for 3.5 million public and 200,000 private school children who would not receive such services otherwise. In addition to this extension of guidance, counseling, and testing programs for children not served, funds will assist in the full implementation of State-level leadership and supervision of guidance, counseling, and testing programs and in providing information and advice to the Commissioner about the status of guidance and counseling and the coordination of such services.

Question: Why is it a Federal responsibility to provide assistance for guidance and counseling?

Answer: The Congress has acted in response to widespread concerns expressed in their hearings and set forth as findings in related legislation, Public Law 94-482, Section 341. "The Congress finds that (1) guidance and counseling activities are an essential component to assure success in achieving the goals of many education programs; (2) lack of coordination among guidance and counseling activities supported jointly or separately by Federal programs and by State and local programs has resulted in an underutilization of resources available for such activities; and (3) increased and improved preparation of education professionals is needed in guidance and counseling programs at State and local levels..."

The Federal government is the only agency that can coordinate efforts to address the problems that Congress has identified in these findings.

Question: What would be the impact of not providing any money for guidance and counseling?

Answer: No Federal funds for guidance, counseling, and testing programs in FY 1980 would mean in school year 1980-81 that approximately 3.1 million public and 80,000 private school children would receive reduced or no guidance and counseling and 3.5 million public and 200,000 private school children would participate in reduced or no testing program. Furthermore, the withdrawal of funds for State leadership and supervision in guidance and counseling would cripple the generally high level State leadership structure which has been developed over the years under previous legislation, especially in the coordination of guidance and counseling resources from Federal, State, local, and private sources.

GUIDANCE AND COUNSELING REAPPROPRIATION

Question: You have requested reappropriation of $18 million from the fiscal 1979 appropriation under Title IV-B for guidance and counseling. And you propose to allocate this money by the formula in the new authorization for guidance and counseling. But some States might spend a much larger share of their IV-B allocation on guidance and counseling than they would get under the new formula. Wouldn't this penalize them for their emphasis on guidance and counseling if we were to go back and change the "rules" for the 1979 money?

Answer: Only ten States spent more money on guidance and counseling under Title IV-B in FY 1977 than they would receive in FY 1979-1980 under the proposed allocation. These States are California, Colorado, Connecticut, Florida, New Jersey, New York, Oregon, Rhode Island, Washington, and Wyoming.

Question: Please provide, for the record, a table showing how much States actually spent out of their 1978 allocations for guidance and counseling compared to what you would allocate for this purpose under the new formula in 1979.

Answer: The FY 1978 reports from the States are not yet completed. The latest complete figures we have are from FY 1977. The requested table follows:

A COMPARISON OF FY 1977 EXPENDITURES AND FY 1980 ALLOTMENTS FOR GUIDANCE, COUNSELING AND TESTING UNDER TITLE IV, PART B, AND TITLE IV, PART D, RESPECTIVELY

	EXPENDITURES FOR ESEA TITLE IV, PART B, TESTING, COUNSELING AND GUIDANCE	ESTIMATED DISTRIBUTION OF FUNDS UNDER TITLE IV, PART D, GUIDANCE, COUNSELING AND TESTING
	FY 1977	FY 1979-1980
TOTALS	$14,218,428	$17,275,000 1/
Alabama	268,601	296,947
Alaska	-0-	37,718
Arizona	95,474	183,449
Arkansas	31,312	166,990
California	1,942,273	1,626,694
Colorado	301,651	202,994
Connecticut	448,923	238,312
Delaware	24,050	46,291
Florida	795,721	579,836
Georgia	80,100	410,446
Hawaii	49,231	70,294
Idaho	24,646	69,608
Illinois	201,449	880,212
Indiana	187,607	429,991
Iowa	88,195	227,340
Kansas	58,107	171,448
Kentucky	234,690	273,288
Louisiana	136,588	338,781
Maine	67,084	86,753
Maryland	212,358	330,208
Massachusetts	238,180	440,278
Michigan	436,194	754,027
Minnesota	241,315	322,322
Mississippi	110,071	206,766
Missouri	64,815	364,498
Montana	5,573	62,064
Nebraska	56,264	120,356
Nevada	17,482	50,749
New Hampshire	43,827	67,893
New Jersey	704,087	566,806
New Mexico	15,626	104,240
New York	2,845,620	1,349,978
North Carolina	196,700	429,648
North Dakota	8,635	52,463
Ohio	393,586	845,923
Oklahoma	128,433	208,823
Oregon	269,711	176,591
Pennsylvania	654,362	877,126
Rhode Island	83,751	70,979
South Carolina	151,519	236,598
South Dakota	10,872	54,863
Tennessee	241,996	329,522

1/ Does not include $725,000 for OE discretionary projects.

	EXPENDITURES FOR ESEA TITLE IV, PART B, TESTING, COUNSELING AND GUIDANCE	ESTIMATED DISTRIBUTION OF FUNDS UNDER TITLE IV, PART D, GUIDANCE, COUNSELING AND TESTING
	FY 1977	FY 1979-1980
Texas	854,353	1,026,285
Utah	68,871	109,384
Vermont	6,744	39,090
Virginia	359,924	393,987
Washington	335,574	282,546
West Virginia	102,409	139,558
Wisconsin	191,251	375,127
Wyoming	33,586	32,232
District of Columbia	5,726	48,005
Puerto Rico	78,572	297,633
American Samoa	-0-	12,139
Northern Marianas	-0-	5,139
Guam	-0-	36,198
Virgin Islands	14,739	34,263
Trust Territory	-0-	37,141
B.I.A.	-0-	46,160

National Institute of Education

STATEMENT OF PATRICIA ALBJERG GRAHAM, DIRECTOR

ACCOMPANIED BY:

GLADYS KEITH HARDY, DEPUTY DIRECTOR FOR MANAGEMENT
MARY BERRY, ASSISTANT SECRETARY FOR EDUCATION
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET
THOMAS SKELLY, NIE BUDGET OFFICE
ROBERT HEYER, MEMBER, NATIONAL COUNCIL OF EDUCATIONAL RESEARCH
PETER RELIC, DEPUTY ASSISTANT SECRETARY FOR EDUCATION

BUDGET REQUEST

Senator Hatfield. Now we'll turn to the last of our categories today, National Institute of Education. Dr. Patricia Graham, the Director of the National Institute of Education (NIE), is here to describe the NIE budget for 1980.

In 1980 you are requesting $98.3 million for NIE, an increase of $1.5 million over the 1979 appropriation. It should also be noted that authorizing legislation enacted last year has resulted in the transfer of the National Assessment of Educational Progress from the National Center on Education Statistics to NIE. This has resulted in a transfer of approximately $4.3 million to NIE.

The National Institute of Education, the major research arm of the Education Division, is primarily responsible for conducting research in the field of education. I understand that your research activities in 1980 will focus upon two major questions: How do we best raise the level of literacy in the country; and what it takes to make a good school.

Dr. Graham, these are certainly broad and lofty goals and I would hope that during the process of your testimony today that you can explain a little more specifically what you plan to do in these two major research areas.

I am happy to welcome Dr. Patricia Graham here today. Dr. Graham, we will place your full statement on the record as you have presented it to us and I would invite you at this time to highlight it, summarize it for us.

[The statement follows:]

STATEMENT OF PATRICIA ALBJERG GRAHAM

Mr. Chairman and members of the subcommittee, I appreciate this opportunity to present the Fiscal Year 1980 budget request of $98.3 million for the National Institute of Education (NIE). The request represents an increase of $1.5 million over a comparable Fiscal Year 1979 appropriation.

NEW RESULTS

Mr. Chairman, last year I outlined for you the successful results of projects initiated several years ago. I am pleased to be able to note that the conferees on the 1978 Education Amendments spoke of the high quality and utility of the NIE Title I study and of their conviction that the Institute had "matured" into a "unique and solid resource" for educators and policymakers alike. And I believe that last year's productive record continues. For example:

o building upon the success of the National Conference on Achievement Testing and the Basic Skills which we organized for the Department last year, our Teaching and Learning Program is organizing eight regional conferences on testing to inform teachers, administrators, legislators, and parents of the 50 states and the territories of the uses and limitations of tests--the first conference in Detroit will be held on March 27 and 28;

o the program on Educational Policy and Organization is funding a Teachers Centers Exchange at the Far West Lab to provide information and technical assistance to the expanding nationwide network of teachers' centers;

o developing policies for effective bilingual education programs has been severely hampered by the absence of adequate information; NIE, therefore, is engaged in a major effort to identify children needing bilingual education and to provide information about effective programs for them;

o the Northwest Lab, with NIE support, is providing training assistance to the teachers in Indian schools throughout the region to improve reading instruction;

o we are in the first year of funding the Southeast Consortium--a joint effort by 10 Chief State School Officers to identify regional educational problems and apply research results to their resolution;

o the program on Dissemination and Improvement of Practice has developed a guide on what we know about the most effective approaches to teaching reading--we anticipate that this guide will be as popular with teachers as a 1977 NIE publication, A Teachers Guide to the Cognitive Development of Young Children, which is now in its second printing;

o we have also published several documents designed specifically to help teachers and administrators; for example, we published an index of tests available for bilingual children and Plain Talk About School Finance, which have been received enthusiastically by teachers and the general public;

o our desegregation studies unit has recently completed development of a team learning process which has been found to be very useful in promoting basic skills acquisition in recently desegregated schools; the unit has also published a Citizens' Guide to School Desegregation Law.

In short, I believe we have made every effort to follow the directive from the Appropriations Committees to continue our efforts to improve the "basic educational system."

MANAGEMENT IMPROVEMENTS

Mr. Chairman, significant management improvements have also taken place at NIE during the past year. I believe these changes will enable the Institute more efficiently and effectively to pursue its fundamental goals of increasing educational equity and improving educational practice.

In the last year, NIE was successfully reorganized, reducing the number of administrative units from 8 to 4, the number of program areas from 6 to 3, and the number of divisions from 29 to 16. Of the 16 top leadership positions within NIE, half were recruited from outside and half were promoted within the agency. This combination provides vital new ideas and directions while retaining the experience of those employees who have contributed to the development of the Institute.

All of us are interested in identifying talent from every sector of society and, at present, 7 of the top positions are filled by women, while minority representation has grown from 0 percent in 1977 to 31 percent now.

We have also increased the number of teachers and practitioners involved in the peer review of research proposals. For example, four classroom teachers were on this year's twelve-member site review team for the Center for the Study of Reading. Their comments help us ensure that research will be more likely to help improve practice.

LABS AND CENTERS

In the coming year, NIE will work with the labs and centers to implement long-term institutional arrangements. The Congressionally-established Panel for the Review of Laboratory and Center Operations submitted its report to the Congress in January, and the report commended NIE for the progress it had made in improving relationships and offered several useful suggestions to us. We are now in the process of meeting with the directors of the labs and centers to develop and implement future plans. Since we are just under way with this process, I cannot define precisely the nature of the relationship with each of the labs and centers, but I do want to touch upon several significant changes we have made.

First, we have appointed individual institutional monitors at NIE to coordinate Institute activities at each specific lab and center. This replaces the fragmented approach, under which each lab or center worked with many different NIE staff members who might not be aware of projects outside of their expertise.

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Second, we have created, in my office, a staff to help solve problems encountered by labs and centers and other organizations.

Third, in February NIE program staff met with over 70 lab and center staff members to discuss NIE's research plans.

Finally, last month I invited five of the nine centers and five of the eight laboratories to enter into long-term relationships with the National Institute of Education. Moreover, we are prepared to negotiate long-term relationships with three additional institutions. Shorter-term funds for planning and strengthening were awarded to two labs and centers; and the decisions on the remaining two were postponed until their newly-developed five-year plans have been reviewed.

GOOD SCHOOLS AND LITERACY

These management improvements will help us to focus research during 1980 on two questions which we think are fundamental. Those questions, which are themes throughout our budget, are: What makes a good school? and How can levels of literacy in the basic skills be improved?

In addressing the question on good schools, NIE's 1980 programs will examine topics such as teaching techniques, school management, uses of tests, bilingual programs, desegregation, and the educational influences of families and communities. In short, we will be examining local school practice and the community context within which education occurs in order to identify those characteristics common to good schools.

The second theme of the 1980 budget is literacy. I use that word with the broad connotation of mastery of the fundamental skills of reading, writing, and mathematics which are essential for functioning in our complex society. Too many adults in America are functionally illiterate, and this problem is particularly severe among poor and minority populations. Thus, the Institute's primary goal of increasing educational equity makes it essential to address the question of how to raise literacy levels. Major new work by NIE in this area will result from grants competitions on the topics of teaching and learning; and we will continue to concentrate our efforts on the middle years, grades 4 through 8, where the decline in basic skills first begins to appear.

NATIONAL ASSESSMENT

A major addition to the NIE budget from previous years is the National Assessment of Educational Progress (NAEP) which the 1978 Education Amendments transferred from the National Center for Education Statistics. In FY 1980, the budget contains approximately $4.0 million for NAEP. The comparable amount for FY 1979 was $4.3 million.

GRANTS COMPETITIONS

The FY 1980 budget also includes funds for grants programs to study issues of desegregation, school organizational processes, the teaching and learning of basic skills (literacy), the educational role of families and communities, legal and governmental studies, regional dissemination, research and educational practice, state dissemination capacity building, and postsecondary organization and

management. The budget contains $48.2 million for grants of all kinds. (Of the rest of the $98.3 million request, $36 million will be awarded through contracts and $14.1 million is for salaries and related administrative expenses.)

UNSOLICITED PROPOSALS

Another activity which has strengthened research benefiting educational practice is the expansion of awards for unsolicited proposals.

Like grant competitions, the unsolicited proposals tend to encourage research on problems identified at the local level--problems which are often better addressed through relatively small-scale inquiries rather than through massive, national studies. For example, unsolicited proposals funded this year will study such topics as: segregation trends in major school districts with large Hispanic enrollments; integration of historically Black universities; the interaction between social scientists, lawyers, and judges in school desegregation; and the effects of part-time employment on the maturity and development of literacy skills among adolescents. The proposals relate to NIE's mission, but are not directly related to specific grant announcements or requests for proposals. A total of $2.8 million is included in FY 1980 for such activities.

EVALUATIONS

Finally, I want to say just a word about several evaluations we are funding.

The first is an evaluation of the vocational education program mandated by the 1976 Education Amendments. We have already awarded contracts to examine vocational education funds allocation, administration, and consumer and homemaking education. We will be examining closely the relationship between vocational education and training programs, funded under the Comprehensive Employment Training Act (CETA).

The second is an evaluation of the effectiveness of Operation PUSH, the Reverend Jesse Jackson's effort to encourage parents to make greater efforts to improve their children's success in school. We are also in the second year of a 3-year examination of the "Cities in Schools" experiment, an effort to provide more social services in schools.

Finally, we will award a contract to evaluate the quality of state minimum competency testing programs.

Mr. Chairman, I believe the record of accomplishments NIE has built in the last several years and the managerial improvements I have outlined indicate that the modest $1.5 million increase we are requesting for 1980 will prove a worthwhile investment.

I appreciate the opportunity to discuss our plans with you and will be pleased to answer any questions you might have.

And before you do that, I would like to meet your colleagues.

Dr. GRAHAM. Thank you, Senator. On my far right is Thomas Skelly from our budget staff. Immediately to my right is Gladys Hardy, Deputy Director of NIE.

Immediately to my left is Robert Heyer, who is a member of the Statutory Policy Board for NIE called the National Council for Educational Research.

And Mr. Heyer is a teacher in Minnesota, formerly the National Teacher of the Year and he has a brief statement he would like to make on behalf of the Council.

A longer statement will be inserted in the record with your permission.

Senator HATFIELD. Yes, I have Mr. Heyer's statement, also, here, which we will use in full but Mr. Heyer, if you would like to summarize it, I would like to hear from you.

[The statement follows:]

STATEMENT OF ROBERT G. HEYER

As a junior high/middle school teacher of 24 years it is a pleasure to testify on behalf of the National Council on Educational Research in support of the request of NIE for $98.3 million in fiscal year 1980. After testifying today I will return tomorrow to a classroom and school in which a wide variety of teaching strategies and settings are used to provide meaningful learning experiences for students with diverse needs and abilities.

Only 20 years ago when I began teaching, schools typically forced all students through the same track or style of teaching and curriculum regardless of their needs, abilities, or background. Students who did not fit this program either dropped out of school or were "in-school dropouts," students in our classroom who were not able to involve sufficiently in the learning process. Education has changed in other ways since I began teaching, particularly in the increasing demands that the public has placed on schools and teachers. Schools and teachers have been placed in the dilemma of having to do more things for a far greater proportion of the schoolage population than we were before. Without increased program resources or improved teaching techniques we will be forced to a lower degree of excellence or to having to decide what to drop. The pressures on teachers and schools have continued to increase and a great deal of frustration exists in classrooms today. It is no longer possible for schools to do effectively all that has been demanded of them.

I feel that educational research is a valuable tool and catalyst in the development of a quality education that will provide equal opportunity for students across our country. My fellow classroom teachers and I need all the help we can get in the examination and modification of strategies and techniques which are needed to effectively educate the children we face day after day. I want to cite a few examples where educational research has provided, and hopefully will continue to provide, meaningful aid to the classroom teacher and student.

I think that my colleagues would agree that the most important single key to success in learning is the ability to read. When I began teaching, students with reading problems were invariably labeled as stupid and most often expectations for these students were extremely low. Today, quite unlike two decades ago, I know much more about the reading abilities of students in my class and I know in many cases which techniques will allow my subject matter to be meaningful to them. Additionally I can select materials at specific reading levels that put some of the most sophisticated science concepts within their grasp. The number of "in-school dropouts" in my science class has fallen off sharply. Research in all aspects of reading has greatly affected the manner in which I deal with students. Yet we still have much to do, for we know far too little about teaching comprehension skills at the middle grade levels.

Although our knowledge base in education and teaching has grown appreciably in the past decade we have a lot to learn about effective teaching. The elements of good teaching are still elusive and hard to pin down. It has proven difficult to devise an easy method of identifying good teachers. Learning and teaching are inseparably linked in the classroom teacher for as my skill as a teacher increases my awareness

of the finer aspects of learning becomes more evident. Research being carried on by individual researchers, by universities and research centers is delving into the complexities of teaching and this work should help me grow in effectiveness.

Given the complexity, problems, and importance of our educational systems, it is easy to say that "every little bit helps" and to support too great a range of activities. NIE is striving to select priorities on which our resources are focused, and to establish means of assessing the quality and significance of new and continuing work. Such assessments should be the principal basis for allocation of our limited funds. We need your support in this effort.

Using as a unifying theme: "What makes a good school?" The NIE has recently begun to pull together information on many aspects of education. The results of this work should provide information that will enable school boards, superintendents, and administrators to make more meaningful policy at local levels. Additionally we may gain insight about reasonable expectations for our schools and the most effective roles of teachers, counselors and principals. I am convinced this endeavor will prove to be of value to schools and school districts across the country.

In closing I wish to add that in the three years that I have been on the NCER, the NIE has been increasingly concerned about the real needs of classroom teachers and students who daily interact in the thousands of classrooms in our country. If our country is really committed to the goal of providing an equal opportunity for a quality education for all of its young people, we in the classroom need the support and patience of parents, the community and national leaders such as yourself to reach that goal. We also need you to support analyses of new techniques and of learning styles so that we will be able to have more reliable knowledge with which to approach our tasks. As a classroom teacher, I am not sure I would have supported such research five years ago—but having reflected on my years as a member of NCER, and upon the changes in education since I began teaching, I am convinced of the importance of what NIE is doing.

STATEMENT HIGHLIGHTED

Mr. HEYER. First of all, Senator Hatfield, I would like to say it's a pleasure to be here. It's a long ways from being in a classroom where I was yesterday and where I'll be back tomorrow.

Senator HATFIELD. You had quite a rough winter up there, hadn't you?

Mr. HEYER. A little atypical, but I like those. But I like spring, too.

Well, rather than restate what I had in the statement, I would like to say several things.

First of all, I have a special warm spot in my heart for those Congressmen and Senators that have a special interest in education that you must have or you wouldn't be here today.

Maybe it's because I am in the classroom that I have that warm spot for you, but let me say sincerely I have that warm spot for these people.

TEACHER AND NCER MEMBER

Second, I would like to say, I am wearing two hats. I am a classroom teacher. That's where I belong. That's where I'm happy. That is where I plan to stay. But I also am wearing the hat of the NCER, which is the policymaking body for the NIE.

I guess I would like to say just several things very briefly. I have been in the classroom about 24 years and I noticed a lot of changes over the 24 years.

A couple of them I want to call to your attention.

If you had asked me 4 years ago what the NIE was, I would not have been able to tell you.

In fact, when I was asked to serve on the NCER, I said, "What is it?" It probably shook them up because they said, "We'll find out and call back."

That kind of shook me up, too. Also, if you would have asked me 3 or 4 years ago or asked a lot of classroom teachers today, what has research done for you lately, off the top of the head, they probably would not be able to come up with an answer. And I'm sure I would not have been able unless I seriously reflected for a few minutes.

You get caught in a classroom day after day, you are so busy in what you really believe in, what you are doing, you don't really get a chance to reflect on how it all fits together.

INSCHOOL DROPOUTS

About 20 or 24 years ago, when I started teaching, we had a lot of students who entered our classrooms with reading difficulties. I'm centering in on reading because that's an area that is so key in education.

If you want to be successful in school and you can't read, you really have problems.

Unfortunately, these kids were regarded as dumb or stupid, you tolerated them, but you had no expectations.

As long as they didn't give you any trouble, you let them stay in the classroom but you really had very little concern about how far they would go.

In the last few years, now, there's been some real changes for in-school dropouts—that's a term a lot of people use—that's someone who really isn't involved in the learning process, probably in many cases due to reading or other learning difficulties.

In recent years, we have come a long ways and I have the ability, now, to work with some of these kids because I have specialists in the building who help me identify the kids and tell me what the problems are.

I have the choice of selecting materials that they can operate with at the level of my classroom and I can go into some very difficult science concepts that before I couldn't begin to reach them on because they are reduced to a level where they can handle them.

So I key in on the reading as being very key to all of learning. We have made big progress but we still have a long ways to go.

There's still a lot of kids that, let's face it, go through school and can't read. And we don't have the answers. Hopefully, research will handle it, or at least help us on that.

There are some other areas but I think I could bore you. When I get started on kids, you'll have a hard time getting rid of me.

So I'm going to just pass with that and say I'm willing to field anything you throw at me, either as an NCER member or classroom teacher, hopefully representing all classroom teachers, not just one from Minnesota.

Thank you for the opportunity to be here.

Senator HATFIELD. You do us a great honor to come here today and to add that dimension. I think many times we wrestle with programs, policies, and ideas, and sometimes they get detached

from the real constituency that we are seeking to serve, namely, the student in the classroom.

Mr. HEYER. I would like to quote you on that to classroom teachers. They would pat you on the back for that statement.

Senator HATFIELD. Well, as a former classroom teacher and I'm married to a former dean of women—in fact, both of us are out of the field of education and in many ways a major part of my heart is still in that classroom, rather than here.

HIGHLIGHTS OF OPENING STATEMENT

All right, Dr. Graham, do you wish to highlight your statement?

Dr. GRAHAM. I also speak as a classroom teacher who began teaching 24 years ago and began to do other things as well, but still think very fondly of the classroom.

Senator HATFIELD. Let the record, if I could interrupt, let the record show that Dr. Berry, Assistant Secretary for Education, has arrived.

We are happy to welcome you here today, Doctor.

Ms. BERRY. Thank you, Senator. I have been shuttling. We have the same subcommittee with Dr. Chiles.

Senator HATFIELD. I can appreciate the fact that you are on a shuttle today. I'm glad you stopped off here.

Dr. GRAHAM. Thank you.

I am here to present the National Institute of Education budget request for 1980. We are asking for $98.3 million, which is $1½ million over the comparable 1979 figure.

As you know, we are the educational research agency within HEW, comparable to the U.S. Office of Education which has the operational responsibility.

We take seriously the idea that the Federal role in educational research is a broad and comprehensive one which has no analog in the States and locals, as does the operational responsibility. We think that in the nearly 8 years of our existence, we have matured into an agency which has provided unique and solid resources to the Congress, to the States, to local districts, to universities, to parents and other citizens.

We cite specifically the congressional support for the work we did on the Compensatory Education Study in the title I and the recent decision by the Congress to transfer the national assessment of educational progress to NIE.

USEFUL WORK

Let me cite briefly four examples of the kind of work we think we are now doing which we believe is concrete and useful.

The support of the Teachers' Centers Exchange at the Far West Laboratory in California. We are providing information about good teaching practices to teachers throughout the country.

I brought along a few readers that the Northwest Regional Laboratory in Portland has been preparing. These are based on Indian folktales to help Indian children and other children who are not native American learn to read by learning the culture of another group, other than of their own, or of their own in the Indians' case.

We have a booklet which we now have in multiple printings, intended to help teachers understand how cognitive development occurs in young children.

We have a citizens' guide to school desegregation law so that an individual whose community is planning to desegregate can understand in plain ordinary English that is involved.

I state these examples as some of the kinds of things we are doing.

MANAGEMENT IMPROVEMENTS

I also think that one of the very important things that has occurred in NIE since I appeared before this committee last year is that we have made some genuine improvements in the management of the agency.

We have completed a reorganization which has taken the agency which previously had eight administrative units down to four administrative units and has allowed us to focus our efforts a good deal more rationally.

Also, we have reduced the number of divisions from 29 to 16, as part of a general refocusing.

Of 16 top leadership positions in the agency, 8 have been filled from inside the agency, 8 from outside. We are particularly proud of the quality of all 16 of those individuals.

We think they are absolutely first rate. Seven of them are women, five are minorities. We think that's a record that is probably unequaled currently in other agencies.

And, finally, we have improved our relationship with the regional educational laboratories and centers which were inherited from OE.

We now believe that partly as a result of the panel mandated by the Congress to review the NIE's relationship with these laboratories and centers and a number of steps we have taken internally that we are on a much more solid footing with the laboratories and centers. We are both working together for a common good.

LITERACY AND GOOD SCHOOLS

Finally, the two principal initiatives on which we intend to focus our activities in the 1980's, if we receive the funds we hope we'll get, are looking at two questions. Those are:

How do we increase literacy in this society? and, second, What makes a good school? We don't think there's going to be a single answer to either of those two questions but they will be the focus of our research, development and dissemination.

Let me simply stop there and respond to any questions that you may have.

Thank you.

MAJOR CONTRIBUTIONS

Senator HATFIELD. Thank you very much.

The Institute has been in existence since 1973?

Dr. GRAHAM. 1972.

Senator HATFIELD. 1972. Over that period of time, how would you assess or what would you list as the five major contributions to the

improvement of education that have resulted from the work done by NIE?

TITLE I STUDY

Dr. GRAHAM. Well, I think the first thing I would list is the title I study which NIE prepared for the Congress to consider at the time it was considering the Education Amendments of 1978.

Title I, as you know, is the compensatory education program funded by the U.S. Office of Education to school districts with high proportions of low-income families.

Previous evaluations of title I had often said that it had little effect. When NIE was asked by the Congress to do this very substantial evaluation, by far the most comprehensive evaluation that had been done, NIE found that in well-managed programs of title I, that children in grades one and grades three, who were in these programs, made very substantial gains in reading and very substantial gains in arithmetic.

In grade one, for example, first graders gained 12 months in reading and 11 months in math during a 7-month period.

Third graders did almost as well.

That was very useful policy guidance, we believe, for the Congress. It also said that as a result of research that's been done in these areas, and good programs, you can in fact increase how children learn.

It's hard to think of anything that's more important than that.

SCHOOL FINANCE AND ORGANIZATION

I'd say, second, we have done a good deal of work in the area of school finance, school organization. We did one report particularly that comes to mind on school consolidation on which we challenged the conventional wisdom of the 1940's and 1950's, that the wisest thing to do was always to consolidate.

We see that there are a number of factors other than just simply moving into a larger plant that ought to be taken into consideration and that has been useful.

READING SKILLS

I think that some of the work that we have done on decoding in reading skills is important. By decoding, I mean teaching children to learn to recognize individual words. This has contributed significantly to the increased reading scores for children in the primary grades where they do that kind of simple decoding reading. The scores are no longer falling.

In fact, they are increasing. In part because teachers know better as a result of this work how to teach those particular kinds of skills.

DESEGREGATION

Let's see, I think the fourth area in which we have done work is in the area of desegregation in which our work has been useful to communities which are considering how to desegregate most effectively.

We supported a national panel on desegregation. We have stressed that it is the human factors in a community that make the difference in desegregation rather than certain other kinds of procedural factors.

The four basic factors are: The role of the principal; the degree of community involvement in providing leadership; discipline in the schools; and the opportunity that desegregation in the community presents to bring about educational reform to improve the schools. Those four are usually aided in successful efforts by a strong inservice training program to prepare teachers.

A fifth area is testing. We have done work in competency testing to help States that have become very interested in developing their own minimum competency testing programs.

We are doing an analysis of what those testing programs are. We developed an—in fact, I have here a pamphlet—"A Guide to Bilingual Tests," that gives school districts who have a high proportion of children who cannot read English as a first language information to help them choose the types of test most appropriate for them.

We have done some of the early work in identifying the decline in test scores and scholastic aptitude tests from which the college board then developed a major study.

Finally, we are doing a great deal of work on how tests can be used to improve instruction, not just to label students. We also recognize that the end of education is not testing but rather the end of education is helping students learn and that tests should be seen as a vehicle to help students learn and not as an end in themselves.

Senator HATFIELD. I appreciate that helpful information.

IMPACT OF RESEARCH ON EDUCATION

Now, let me ask you, Dr. Graham, you have given these five specifics. What would you say, looking at it from the perspective of overview of education, has been the real impact that NIE research has had upon education in the United States?

Dr. GRAHAM. I think I would like to respond to that in two ways.

I think the first way is to say that it has been less than any of us would like. But I suspect that is the case with any kind of social science research, particularly in the area of education.

Second, and much more positively, I would say that the fundamental impact of our research has been to stress human factors in education, to recognize that education is an inately human process and that if it's going to be fixed, if it's going to be improved, it's got to be done by changing the people who are part of it and not by trying to apply some sort of cosmetic "fix" to the situation.

Let me give you a specific sample. In the safe school study that we did, one of the principal questions we were asking is what are the things that you could do in a school to make a violent school safer. And there are many who think that by hiring security personnel or by installing electronic devices—all sorts of things that you spend money on—that you could get some sort of device that's going to fix it.

Those turn out not to make much difference. What makes a difference is the leadership role of the principal.

So I would simply conclude by saying we have got to find ways to convince people to do their job better rather than to rely on external devices.

ADDITIONAL IMPACT ON PROGRAMS AND SCHOOLS

Ms. BERRY. If I may add, Senator, in terms of the impact that NIE research has had on the country.

I would speak from a more tactical perspective, if I may. I agree with Pat Graham completely. For example, the title I study has had a tremendous impact in terms of building public confidence in the efficacy of that program and the Elementary and Secondary Act, which the Congress passed last fall.

The findings in that study were instrumental in the recommendations we made to make the program work better and be more efficient, and insure that a compensatory education program has a direct effect on the quality of education in those schools where these programs are in place.

For a number of us, NIE research has had a practical effect on the way we develop Federal policy, an effect that may not be readily perceived by those who are deeply involved in NIE.

INSCHOOL DROPOUTS

Mr. HEYER. I have mentioned earlier about the inschool dropouts. Without any doubt, I have fewer inschool dropouts in my room today than I had 15 or 20 years ago and a lot of that has come as a result of research on how to reach these kids; how to prepare materials that are in their reach and still challenge them enough to make it useful. I have kids in my classroom that leave with more of a base of knowledge, more who are involved, more happy when they leave, and who feel that they have had a successful venture in my classroom.

And that's come about because of some of the things we have learned. We haven't reached them all so there's still a way to go yet.

SOURCE OF PRODUCT

Senator HATFIELD. Thank you, Dr. Graham. I asked these questions both from the specific and from the overview.

Would you consider, when Mr. Heyer indicated earlier he didn't know what NIE was, that we have a situation where the product may be known but the author may not be known? How do you compensate for the gap that appears between, say, a classroom teacher, as to the origins of whatever the product may be, and the knowledge of where they are coming from?

Dr. GRAHAM. If I have to make a hard choice, I would vastly prefer that people know what it is that we have found from research, than that people know about NIE.

It's much more important to me that they know what it is that we have been learning in the research line than they know what the National Institute of Education is.

Senator HATFIELD. Is that an assumption that we can make? That they do know it?

Dr. GRAHAM. Well, let me give you a specific example. The current issue of the National Education Association journal, which I believe is called Today's Education, has in it a long article about the Institute for Research on Teaching at Michigan State, and it refers to what good things the Institute for Teaching is doing and how useful it is for NEA members.

What it fails to mention is that the Institute for Research on Teaching is funded by us.

So an NEA teacher who reads that says, "Gee, what I'm getting from the Institute on Research on Teaching is really great." There's no way of knowing on the basis of that article that NIE is providing the funds for that, but it was a conscious choice on our part to fund such an institute as that to be helpful to teachers.

LABORATORY AND CENTER REVIEW

Senator HATFIELD. Let me turn to a couple of our in-house questions, relating to the instructions given by this committee.

Dr. Graham, the NIE has recently completed a congressionally mandated review of regional laboratory and center operations, as you know.

The interim report, I understand, of the Laboratory Review Panel recommended that NIE engage in negotiations with 17 laboratories and centers to establish long-term working relationships.

What is the status of the recommendations of this panel?

Dr. GRAHAM. We have received the recommendations of that panel.

We sent letters to each of the directors of those regional laboratories and centers, and in two cases, we recommended strengthening of their program based on the panel's recommendations.

In 10 cases, we offered them an immediate long-term relationship. In two cases, we suggested another planning area because of major changes that had occurred within the laboratory or center.

And in the balance of the cases, we asked them to engage in further discussions with us as to, for example, whether they wished to declare themselves as a laboratory or as a center because of the ground rules which were a little different for each of those and there were certain lab-like centers and center-like labs and we were asking them to make a decision.

STATUS REPORT ON PANEL RECOMMENDATIONS

Senator HATFIELD. Can you give us a status report about what you are doing about the recommendations included in the report of the review panel?

Dr. GRAHAM. Yes. We found ourselves, happily in very substantial agreement with the review panel.

There are minor differences of emphasis but we found that the panel report was extremely helpful to us.

We were very pleased. The panel said we were doing a much better job with the laboratoris and centers than previously.

We think that the establishment in my office of a very senior person with the responsibility of coordinating our responsibilities

with the laboratories and centers has been a great step, improving our relationships.

Additionally, the naming of an institutional monitor within NIE to oversee these activities is helpful. Also, the greater clarity of focus of laboratories to be regional service centers and centers to be national places of eminence in a particular area of expertise is very helpful.

The acceptance of the principle of peer review, in reviewing the work of the laboratories, and centers is very helpful.

Senator HATFIELD. Very good.

FUNDS FOR LABORATORIES AND CENTERS

I also understand that the 1979 Senate report directed that NIE spend no less than $29.5 million in contracts and grants for regional laboratories and centers.

What have you done in response to that particular committee instruction?

Dr. GRAHAM. This, if I'm not mistaken, is the Ides of March. So far, we have spent $29.2 millions. I think it's quite likely that by the time we reach the end of fiscal year, we will have spent more.

Senator HATFIELD. Very good.

ASSISTING LOCAL PRACTITIONERS

Also, the 1979 Labor/HEW report stated and I'll quote, "There is still some question about the contribution NIE research is making toward the improvement of our basic educational system. The committee directs the Institute to increase its emphasis on research, design, to assist local practitioners," like Mr. Heyer.

What has the Institute done to implement and carry out this directive?

Dr. GRAHAM. The two initiatives which we have cited for 1980 are both illustrative about our concern that is: What makes a good school? and How do we increase literacy?

I think the work we are doing on the role of the junior high school principal and how the junior high school principal can be more effective is another example of that.

We have also taken for researchers a rather novel tact in asking practitioners to sit down with researchers at a ratio of 2 to 1, two practitioners to one researcher, to have the practitioners tell the researchers what their problems are in the classroom and then have the researchers gear their research questions to those kinds of practitioner questions.

We have talked about this in a pamphlet called, Research Within Reach.

I think the pamphlet is useful in describing that what is much more important is the added legitimacy we have given to practitioner concerns by our peer-review process and by a variety of other kinds of activities that we have taken.

For example, in our dissemination program, last week we invited the superintendents of schools in Boston, Chicago, Portland, Oakland, Los Angeles, Atlanta, Hartford, Kansas City, and a couple of other places, to come and spend a day and a half to discuss with

our dissemination staff how we can be more effective in working with them.

I was extremely heartened by the unanimous agreement of the superintendents to come for such an occasion.

I think if they felt it wasn't going to be useful to them, they would not have made the trip from Portland to here.

And the conclusion at the end of the meeting was that this was a new direction for NIE and one that they very much favor.

This is partly because our new associate director for dissemination improvement and practice, I suspect, is himself a former school superintendent in an area where he was accustomed to working with researchers and, therefore, he can speak both languages.

Senator HATFIELD. Thank you very much.

I wish to thank you again, Dr. Graham, for a very fine presentation.

Mr. Heyer, for your presence here, Dr. Berry, your colleagues.

SUBMITTED QUESTIONS

I do have additional questions that the staff has prepared. We would like to submit them to you for your written response and we would like, if at all possible, for you to return the answers along with the transcript, within 7 working days.

Is that a reasonable time?

Dr. GRAHAM. Absolutely.

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

MANDATED STUDIES

Question: The Education Amendments of 1978 mandated a number of studies and evaluations to be carried out by the National Institute of Education. How many studies and evaluations are mandated by the Education Amendments and what are they? What is the estimated cost of each study and how will each of the studies be funded?

Answer: There are ten studies and evaluations authorized in the Education Amendments of 1978. Two of these ten are mandated: the National Assessment of Educational Progress (NAEP), which the Education Amendments transferred to NIE from the National Center for Educational Statistics (NCES), and the study of school finance equalization, which is the responsibility of the Secretary.

NAEP will cost approximately $4.3 million in FY 79 and $4.0 million in FY 80. The NAEP award will be a competitive award in the form of either a cooperative agreement or a grant. At this point, a grant appears more likely.

The school finance equalization study will be funded up to $3 million through the Title I, ESEA, evaluation set-aside. The final plans for conduct of the study are now being developed by NIE, NCES, and the Office of the Secretary.

SCHOOL FINANCE PROGRAMS

Question: During consideration of the 1979 NIE budget, the effectiveness of NIE's role in providing assistance to local school districts to help them improve school finance programs was under question. Committee criticism of NIE's effort in this area resulted in support for your effort from many organizations and school districts throughout the country. Would you please briefly tell the Committee what NIE's activities in the area of school finance and school finance reform are? What are some of the more successful efforts that you have had in this area?

Answer: In the past, we have focused on school finance work in two areas: first, on state school finance reform by analyzing school finance needs and providing technical assistance; and second, analysis of special problems such as enrollment decline and the special issues facing rural schools.

This year we will continue to provide assistance to states through the National Conference on State Legislators and the Education Commission of the States. Our special analyses will focus upon postsecondary finance, including community colleges; special education, with particular attention to the impact of P.L. 94-142 (The Education of All Handicapped Children Act) upon school districts; the effect of Proposition 13 and similar tax limitation proposals on schools; and private school financing.

In addition, although the details are not yet final, we expect to have major responsibilities for the school finance study which the Secretary of HEW was directed to carry out by last year's Education Amendments.

As to successful efforts, I can give you an example in each area. With the help of technical assistance supported by NIE, four state legislatures recently enacted legislation to reform systems for the generation and distribution of revenue. In the analysis of finance, NIE conducted and published a study called "Economy, Efficiency, and Equality: Myths of Rural School Consolidation," which found evidence to challenge the conventional wisdom that fewer, larger schools are better and more efficient than many, smaller schools.

PERMANENT POSITIONS

Question: The fiscal 1980 budget justification for the National Institute of Education lists 342 permanent positions for fiscal 1979. How many vacancies currently exist in the National Institute of Education? For the record, please provide the Committee with a program-by-program breakdown of current vacancies within the National Institute of Education.

Answer: The figure of 342 permanent positions for FY 79 included 2 positions to be transferred from the Assistant Secretary for Education for the National Assessment of Educational Progress (NAEP). The NAEP figure has since been revised from 2 to 3. Excluding the positions associated with NAEP, NIE has 299 permanent employees on board and 41 vacancies as of March 15. However, 11 of these vacancies have been committed, and selected candidates will be reporting for duty during the next two months.

The following is a listing of the positions and vacancies by program:

	Permanent Positions	Permanent Employees	Vacancies	Commitments
Teaching and Learning	74	58	16	6
Dissemination and Improvement of Practice	65	58	7	1
Educational Policy and Organization	62	55	7	--
Program Direction and Administration	139	128	11	4
	340*	299	41	11

*Excludes 3 positions associated with the transfer of the National Assessment of Educational Progress (NAEP) from the Assistant Secretary for Education.

The relatively high number of vacancies is the result of the self-imposed freeze on hiring to protect employees from adverse consequences as a result of the recent reorganization. The freeze was lifted during late FY 78, and recruitment efforts are now beginning to increase employment.

REGIONAL RESEARCH AND DEVELOPMENT EXCHANGE

Question: Last year's Senate report expressed support for the regional research and development exchanges operated by the National Institute of Education. The Committee also expressed concern that the northeast United States is underserved by such a research and development exchange. Therefore, the Committee directed NIE to allocate a portion of its 1979 budget for the purpose of establishing such an exchange to serve the northeast states. Would you please briefly give us an update on the operation of the R&D exchange program? What has NIE done in response to the Committee directive?

Answer: The Research and Development Exchange program is receiving continued funding at seven of the NIE-supported regional research and development laboratories. Since two new exchanges were added in July 1978, the number of states served under the Research and Development Exchange Program has increased from 30 to 43. Each regional exchange serves state and local educators by acting as a central depository for information and as a referral service for products, as well as performing technical assistance. It also facilitates the spread of information about locally produced exemplary practices and products throughout the state and region. The data shows that the number of clients served through the regional exchange is steadily increasing each year.

NIE has issued an award to the State University of New York for a program similar to the Research and Development Exchange--as directed by the Committee--to serve the Northeast United States. Seven Chief State School Officers in the Northeast (from New York, New Hampshire, Connecticut, Vermont, Massachusetts, Maine, and Rhode Island)are currently planning a regional exchange to develop methods of coordinating dissemination and increasing the use of research and development within each state and the region. With the implementation of the Northeast Regional Exchange, all fifty states will be served through the regional program. In addition, the FY 80 budget allows for continued support of both the Southeast and Northeast Consortia.

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NATIONAL ASSESSMENT OF EDUCATIONAL PROGRESS (NAEP)

The Education Amendments of 1978 transferred the National Assessment of Educational Progress from the National Center for Education Statistics to the National Institute of Education. We understand that this transfer is currently taking place.

Question: What is the current status of this transfer?

Answer: The Institute, NCES, and the Office of the Assistant Secretary for Education have actively coordinated the transfer of the National Assessment of Educational Progress from NCES to NIE. The transfer agreement should be signed within the next few days, thereby transferring responsibility for the program to the Institute.

Question: How do you propose to carry out the formal operation of the National Assessment of Educational Progress? Do you plan to place the contracts for operation of the National Assessment through a competitive bid?

Answer: The Institute has developed a competitive process for eliciting proposals and selection of a grantee to conduct the National Assessment of Educational Progress. Under the terms and conditions of the Education Amendments of 1978, we anticipate the announcement for the competition to be available by March 31, 1978. We intend to distribute several hundred copies of the request for proposal which will allow applicants a period of three months in which to develop proposals. We anticipate an award date of September 1, 1979.

Question: How many positions were transferred from the National Center for Education Statistics to NIE as part of the transfer of NAEP?

Answer: Two positions were transferred from the National Center for Education Statistics, and one additional position was transferred from within the Education Division to NIE to conduct the NAEP.

TESTS

Question: Last year's Senate report stated "the Committee views with approval the NIE assurance that none of the appropriation will be used to develop tests or test questions. However, the Committee wishes to make clear that NIE shall continue to provide technical assistance to those states or local education agencies which seek such assistance in developing tests or test questions." How many states and local school districts have sought help from the Institute in this area?

Answer: To date, NIE has not received any requests from State or local education agencies for assistance in developing tests or test questions. We have, however, received several requests about proper test use, test score interpretation, and issues associated with minimum competency testing programs.

Question: What has NIE been doing to carry out this Committee directive?

Answer: NIE has conducted eight regional conferences, primarily for classroom teachers, for the purpose of providing them with information about tests, testing practices, and ways in which they can employ their own assessment strategies in their classrooms. In addition, NIE has designed an evaluation of the effectiveness of various statewide minimum competency testing programs. As a first step in designing this evaluation, the Institute will prepare resource guides for State and local education agencies. These guides will describe experiences of other selected State and local education agencies in solving similar problems and will be made available to all State and local education agencies. Also, NIE has started work on projects that will focus on improving State and local testing programs and materials about tests for teachers, as well as projects designed to disseminate information about tests and testing to the educational community at large.

DISSEMINATION

A recent publication of the Office of the Assistant Secretary for Education lists 22 separate education dissemination programs.

Question: How do these various programs of dissemination tie in with NIE dissemination efforts?

Answer: Six of the 22 programs are in fact NIE activities. NIE activities employ three different strategies: moving particular research outcomes into use by local schools; assisting local schools in identifying needs and acquiring solutions suggested by research and development; and building the necessary institutional arrangements for disseminating information. The other 16 programs are primarily related to specific legislation in the Office of Education and are designed around the objectives of each piece of legislation. However, their products and outcomes usually flow as well into the NIE general purpose dissemination networks such as the Educational Research Information Clearinghouses (ERIC) and the Teachers' Centers Exchange.

Question: Do you have any specific formal mechanism established to coordinate all of these various dissemination programs?

Answer: As stated earlier, six of the 22 programs are in NIE, primarily under the authority of the Associate Director for Dissemination and Improvement of Practice. In the Office of Education, a new Office of Evaluation and Dissemination (OED) has recently been organized which brings together several of OE's dissemination programs.

In addition, there are several formal coordinating mechanisms. The Federal Council on Educational Research and Development (FCERD) is a recently established body designed to coordinate the programs, not only of NIE and OE, but of five other Federal agencies conducting educational research, development, and dissemination. As requested by Congress, it will conduct a study of Federal dissemination programs in education and make recommendations for their improvement. The Joint Dissemination Review Panel (JDRP) is operated jointly by NIE and OE to review the evidence on quality and impact of

educational innovations developed with support from these two agencies in order to certify them for dissemination. At NIE, a special network of laboratory and center projects conducting research on various aspects of dissemination and the improvement of practice has been created to provide for communication and coordination among these activities.

Question: What is NIE currently doing to improve dissemination of research results so that local schools can have the benefit of positive NIE research?

Answer: Our previous dissemination efforts have been directed at creating and improving dissemination structures at the Federal and state levels so that the simple procedures for managing the flow of information would be in place.

For example, the ERIC system collects and stores the results of educational research and makes it available at over 600 locations around the country. In this coming year, 39 states will be participating in a program we began 5 years ago to recruit, hire, train, and utilize dissemination specialists.

Building upon these structures, we are now beginning more targetted work such as:

o special efforts in urban schools;

o regional consortia of state and local personnel, or school of education officials, which will analyze regional dissemination and research needs--the first two of these consortia are now getting under way in the Southeast and the Northeast;

o the regional educational laboratories, which are undertaking regional service and dissemination activities as a major focus of their work;

o the Research and Development Exchanges which promote greater interaction between teachers, administrators, and researchers, so that the practitioners can know what is available through research and, equally important, the researchers can increase their understanding of what is on the minds of teachers and administrators.

SUBCOMMITTEE RECESS

Senator HATFIELD. With that, the subcommittee will stand in recess until Monday at 2 p.m.

[Whereupon, at 3:30 p.m., Thursday, March 15, the subcommittee was recessed, to reconvene at 2 p.m., Monday, March 19.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

MONDAY, MARCH 19, 1979

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

The subcommittee met at 3:15 p.m. in room S-128, the Capitol, Senator James Sasser presiding.

Present: Senators Sasser and Bumpers.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

GALLAUDET COLLEGE

STATEMENT OF EDWARD C. MERRILL, JR., PRESIDENT

ACCOMPANIED BY:

PAUL K. NANCE, VICE PRESIDENT FOR BUSINESS AFFAIRS
JOHN S. SCHUCHMAN, VICE PRESIDENT FOR ACADEMIC AFFAIRS
MERVIN D. GARRETSON, SPECIAL ASSISTANT TO THE PRESIDENT
BRUCE S. WOLFE, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE), OFFICE OF THE SECRETARY
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET, OFFICE OF THE SECRETARY

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

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF
ROCHESTER INSTITUTE OF TECHNOLOGY

STATEMENT OF WILLIAM E. CASTLE, DEAN AND DIRECTOR

ACCOMPANIED BY:

WILLIAM H. WILLIAMS, ASSISTANT TO THE SENIOR VICE PRESIDENT

MALCOLM J. NORWOOD, HEW LIAISON OFFICER FOR THE NATIONAL TECHNICAL INSTITUTE FOR THE DEAF, BUREAU OF EDUCATION FOR THE HANDICAPPED
RICHARD L. CATTANACH, ASSISTANT TO THE DEAN AND DIRECTOR

AMERICAN PRINTING HOUSE FOR THE BLIND

STATEMENT OF CARSON Y. NOLAN, VICE PRESIDENT AND GENERAL MANAGER

ACCOMPANIED BY:
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE), OFFICE OF THE SECRETARY
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET, OFFICE OF THE SECRETARY

HUMAN DEVELOPMENT SERVICES

STATEMENT OF ARABELLA MARTINEZ, ASSISTANT SECRETARY

ACCOMPANIED BY:
T. M. JIM PARHAM, DEPUTY ASSISTANT SECRETARY
BLANDINA CARDENAS RAMIREZ, COMMISSIONER, ADMINISTRATION FOR CHILDREN, YOUTH, AND FAMILIES
ROBERT C. BENEDICT, COMMISSIONER, ADMINISTRATION ON AGING
ROBERT HUMPHREYS, COMMISSIONER, REHABILITATION SERVICES ADMINISTRATION
MERVIN HANS, EXECUTIVE DIRECTOR, NATIONAL COORDINATION COMMITTEE, DEPARTMENT OF LABOR
ERNEST L. OSBORNE, COMMISSIONER, ADMINISTRATION FOR PUBLIC SERVICES
A. DAVID LESTER, COMMISSIONER, ADMINISTRATION FOR NATIVE AMERICANS
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION (DESIGNATE), OFFICE OF THE SECRETARY
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET, OFFICE OF THE SECRETARY

TESTIMONY ON THE SPECIAL INSTITUTIONS

Senator SASSER. The subcommittee will come to order.

Today we will hear testimony on the appropriation requests for the special institutions and the Office of Human Development Services.

The special institutions are the American Printing House for the Blind, the National Technical Institute for the Deaf, Howard University, and Gallaudet College. The total 1980 budget request for these institutions is $191.9 million.

The Office of Human Development Services has a 1980 budget request of $5.4 billion, as well as a 1979 supplemental request totaling $321 million. This agency administers a wide variety of programs for children and youth, Native Americans, vocational rehabilitation, Older Americans, and social and child welfare services.

Here to testify for special institutions are the chief administrators of these four institutions: Dr. Edward Merrill, president of Gallaudet College; Dr. William Castle, dean and director of the National Technical Institute for the Deaf; Dr. James Cheek, president of Howard University; and Dr. Carson Nolan, vice president

and general manager of the American Printing House for the Blind.

After special institutions, we will then hear from the Assistant Secretary for Human Development Arabella Martinez.

Dr. Merrill, to begin the special institutions part of the hearing, would you please introduce those seated at the table with you, and then proceed with your opening remarks.

[The statement follows:]

STATEMENT OF EDWARD C. MERRILL, JR.

Mr. Chairman and Members of the Committee:

I am pleased to present to this Committee on behalf of the Department of Health, Education, and Welfare the FY 1978 budget request for Gallaudet College, including the Model Secondary School for the Deaf and the Kendall Demonstration Elementary School. The College is requesting $37,611,000 for operations, an increase of $3,883,000 over FY 1979 and $10,730,000 for construction, a decrease of $375,000 below FY 1979.

In FY 1980 the College is requesting $3,333,000 in built-in increases for pay raises, operating new facilities, and annualizing the cost of positions and operating new facilities initially included in the FY 1979 budget. The program increases in FY 1980 budget request for the College include $449,000 for the Liberal Arts College, $66,000 for the MSSD and $35,000 for KDES.

Gallaudet College is continually seeking new and improved ways to fulfill its mission as a national land grant type institution to meet the needs of deaf people. Recently the College established long-range goals for the next 10 years in the areas of instruction, public service and research.

As always our highest priority is to provide a quality educational program for the students we serve. As we work to improve the quality of services to students we are also mindful of our responsibility to share techniques, materials, and innovative uses of technology with schools and programs across the country.

In the past year, Pre-College Programs, MSSD and KDES, have developed and distributed 2,500 instructional and professional use materials and have conducted 37 workshops for parents and teachers of deaf children. In addition, the Pre-College Programs are implementing an Affiliated Schools Program to develop close working relationships with other schools serving deaf students.

In the area of Public Services, Gallaudet is seeking improved ways to deliver a variety of services to deaf people in their local areas and to professionals serving deaf people throughout the nation. In order to deliver these services in an effective and cost-efficient way, the College has worked out cooperative agreements with educational agencies in over 20 states to make local education programs accessible to deaf people and to enable local communities and organizations to benefit from the resources of Gallaudet College. In Fiscal Year 1979 Gallaudet College working with other institutions will serve over 7000 people both on and off Kendall Green.

The research programs at Gallaudet College have provided a foundation for much of the research conducted nationally in the area of deafness as well as leading to the development of innovative techniques for teaching deaf children such as Cued Speech. In FY 1980, the College will continue work to expand research in language development, improving the reading ability of deaf children, and uses of technology in meeting the needs of deaf people.

The Fiscal Year 1980 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 1980 is $48,341,000 which includes $37,611,000 for operations and $10,730,000 for construction.

Three major built-in increases for Fiscal Year 1980 are $586,000 for faculty pay raises, $840,000 for staff pay raises, and $1,132,000 for operating and maintaining new facilities. 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 $368,000 for staff merit increase, $285,000 for the annualization of positions authorized part-year in Fiscal Year 1979 and $122,000 to annualize the cost of operating facilities.

The College: The program increases for the College include $74,000 for the improvement and expansion of instruction; $130,000 for upgrading Continuing Education and Public Service Programs, including the establishment of the National Academy and an Information Center on Deafness; $145,000 to enhance research on deafness and provide a national focus on meeting the needs of deaf people through basic and applied research; and $100,000 for general institution and administrative activities which will enhance the capability of the institution and its administrative leadership to develop an increase public awareness of the needs of deaf people and to increase efforts to identify new sources of funding.

MSSD: The program increases for MSSD include $50,000 to provide for an expanded student work-study program and to accommodate increased food service and dormitory support for a growing student

population and $16,000 for general institution and administrative support.

KDES: The program increases for KDES include $14,000 for a Learning Disability Specialist in the Psycho-Educational Diagnostic and Assessment Program, $13,000 to accommodate increased requirements for Computer Assisted Instruction and $8,000 for general institution and administrative services.

Construction: The budget request includes the following projects: $1,200,000 for additional equipment and furnishings for the new Kendall Demonstration Elementary School facility; $9,000,000 for construction of a field house and renovating the existing gymnasium to provide a coordinated complex to accommodate the recreational, athletic, and physical education programs of the College; $200,000 to continue the ongoing program for removal of architectural barriers on campus and to upgrade the total environment on Kendall Green; and, $330,000 to upgrade electrical systems in existing structures on campus.

In response to a recommendation of the House Subcommittee and the need for prudent salary administration, the College has implemented a new compensation system which is not tied to the Federal government. The system was developed by Hay Associates and then adapted to the unique needs of the College. This new method for evaluating positions and determining salary increases will enable the College to offer a very competitive salary scale, but one which is also in line with local organizations as well as colleges and universities nationally.

In summary, the budget request for Gallaudet College for Fiscal Year 1980 includes a modest increase for operations of 11.5 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.

This concludes the opening statement for Gallaudet College. I would be happy to answer any questions you may have.

Dr. MERRILL. Thank you, Mr. Chairman.

I have with me Mr. Paul K. Nance, vice president for business affairs; Dr. John S. Schuchman, vice president for academic affairs; and Dr. Mervin D. Garretson, special assistant to the president.

Mr. Chairman, and members of the committee, I am pleased to present to this committee on behalf of the Department of Health, Education, and Welfare, the fiscal year 1980 budget request for Gallaudet College, including the Model Secondary School for the Deaf and the Kendall Demonstration Elementary School.

The college is requesting $37,611,000 for operations, an increase of $3,883,000 over fiscal year 1979; and $10,730,000 for construction, a decrease of $375,000 below the fiscal year 1979 request.

Mr. Chairman, I would like to submit the request for the record, to save time, and read only the final paragraph.

The budget request for Gallaudet College for fiscal year 1980 includes a modest increase for operations of 11.5 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.

We will be pleased to answer any questions.

Senator SASSER. Why don't we go to Dr. Cheek next, and then we will go to questions after we hear his oral statement.

[The statement follows:]

STATEMENT OF JAMES E. CHEEK

Mr. Chairman and Members of the Committee, on behalf of the Howard University board of Trustees, its faculty and student body, I am pleased to have this opportunity to present the 1980 budget request.

The university is requesting $121,893,000 in appropriated funds as partial support for the three components of this budget as follows: $89,787,000 for partial support of the academic program; $22,106,000 as partial support of the Howard University Hospital; and $10,000,000 in construction funds.

The academic program component of our budget includes $6,200,000 as built-in increases. This portion of the academic program component includes faculty salary increases in the amount of $2,500,000; nonfaculty salary increases in the amount of $2,300,000; both represent an average increase of 5 percent; $700,000 for periodic step increases and promotions in line with the recently implemented Hay nonfaculty salary program and $700,000 as partial support for the university retirement program. Our Academic program component also includes an amount of $2,300,000 for program increases. We are requesting an increase for the College of Medicine in the amount of $760,000 and an increase of $700,000 for the College of Dentistry. These funds will be used to replace current faculty and staff members who were supported by capitation grant funds which are no longer available. The remaining $840,00 represents additional funds requested as continued partial support for the university library system.

This year, no additional Federal funds are requested for the operation of the Howard University Hospital.

The construction portion of our request is composed of seven projects and does not include new construction. We are requesting $1 million for partial payment of the Dunbarton College Campus Note; $300,000 for a feasibility study of campus building renovation projects; $1,300,000 for the renovation of the Fine Arts Building; $1 million to remove architectural barriers in order that the university comply with Federal regulations; $1,400,000 for power plant improvements and energy conservation measures; $2 million for construction of our dormitory renovation project and

$3 million for partial renovation of the old Freedmens Hospital buildings that are being converted for academic use.

Mr. Chairman, I am prepared to answer specific questions concerning our 1980 request. I would also like to thank the committee for its past assistance in the continued development of Howard University.

Howard University

Dr. Cheek. Mr. Chairman, I have with me at the table Dr. Carlton P. Alexis, the vice president for health affairs. With me I also have Dr. Caspa Harris, the vice president for fiscal affairs; Dr. Lorraine Williams, the vice president for academic affairs; and Dr. Roger Estep, vice president for development and university relations.

Mr. Chairman, with your permission, I will simply summarize our requests and answer any questions.

For fiscal year 1980, the university is requesting a total of $121,893,000 for partial support for the three components of our budget as follows: $89,787,000 for partial support of the academic program; $22,106,000 as partial support of the Howard University Hospital; and $10,000,000 in construction funds.

Our construction funds refer here to renovations and site planning. Of this amount, $8,500,000 represents an increase for the academic program over the preceding year; $6,200,000 of that amount represents built-in increases; and the remainder of $10 million for construction, as I have stated.

We are not seeking any increases over fiscal year 1979 for the university hospital.

Thank you, Mr. Chairman.

Senator Sasser. Next we will hear from Dr. William Castle of the National Technical Institute for the Deaf.

[The statement follows:]

STATEMENT OF WILLIAM E. CASTLE

Mr. Chairman; and members of the Committee, on behalf of the Department and the Rochester Institute of Technology 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 post-secondary 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 80 is $17,349,000, which represents an increase of $724,000 over FY 79. More than ninety-three percent of this increase is for Career Development and Professional Training Programs while the remainder is for Research, Information Dissemination, and Management. From a different perspective, the entire increase is built-in and represents such things as salary increments, contract services and utilities. While no new money is requested for program expansion, NTID is planning to redivert some of its resources so that we can share our products and processes with other schools and thereby improve the accommodation of deaf students nationally. 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.

Due to the severe educational, personal/social, and communications setbacks that deafness imposes on people; the education provided at NTID 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. This coordinated mix of educational delivery systems has proven highly successful for NTID as more than nintey-eight percent of our graduates have historically been placed in jobs within six months of their graduation.

Such statistics frequently tend to give the illusion of simplicity to an extremely difficult task. The average student enters NTID with less than the equivalent of a ninth grade education. To successfully prepare such a student for employment, NTID must provide the requisite technical skills, and must also prepare the student to live a life as a contributing member of society. Such a task requires the skills and education of an extremely dedicated staff.

The program NTID proposes to initiate in FY 80 is an effort to help other schools deal with the extremely complex problem of deaf education. The educational and research skills and lessons learned during NTID's recent history should prove beneficial to other professionals in deaf education. Basically, the program as defined consists of four major components. The first is to share NTID's comprehensive system of support services for deaf students. This system consists of providing professionally trained inter-

preters, notetakers, and tutors in the classroom; special academic career counseling; communications training; and job placement counseling. The purpose of this system of support services is to compensate for the educational handicap deafness places on students.

Communications training and development is the second major component of this program. NTID is exploring approaches to using residual hearing in ways never previously considered. Some of these approaches to communication training include an evaluation plan for deaf students; an orientation to the use of hearing aids; new approaches in the development of language skills, the production of intelligible speech, and the use of the telephone; and on-going research into the methodology and usage of sign language by deaf students.

Training professional staff is the third major component of this program. NTID has gained expertise in professional training through its own efforts to equip faculty and staff to teach the deaf. Many of NTID's staff came from business and industry and have never previously worked with the deaf. NTID proposes to make this training program available to others through internships, in-service training, and fellowships. Further, NTID, in conjunction with the University of Rochester, is developing a graduate program for the preparation of secondary and postsecondary teachers of the deaf. Through these two efforts, NTID is hoping to improve the educational accommodation of all deaf students.

Lastly, the program will feature an expansion of our information dissemination efforts. Specifically, we intend to conduct workshops in support service management and implementation; provide specialized seminars and workshops for teachers, rehabilitation counselors, speech and hearing specialists, and business

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leaders; and, conduct national training programs for interpreters, notetakers and tutors.

NTID is dedicated to the achievement of equal opportunities for the handicapped. Our long-term interest is in helping other educational programs at all levels to capitalize on research data we gather; evaluation, diagnostic, and other assessment tools we design; the techniques we have found useful for individualizing instructional programs; and the special programs we have designed for career development, job placement and for fostering interaction between the handicapped and the non-handicapped.

My colleagues and I will be glad to answer any questions at this time.

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF
ROCHESTER INSTITUTE OF TECHNOLOGY

Dr. CASTLE. Yes. I am accompanied by Mr. William Williams on my right who is the assistant to the senior vice president of the Rochester Institute of Technology, which is the host institution for the National Technical Institute for the Deaf; Dr. Malcolm Norwood, who's in the corner back here, who is the HEW liaison officer to NTID; and Dr. Richard L. Cattanach, who is the assistant to the director of NTID.

If it would please you, I would simply submit the opening statement for the record, with only the indication that the fiscal year 1980 request from NTID is for $17,349,000, which represents an increase of $724,000 over fiscal year 1979. That is essentially a 4.4 percent increment that is being requested.

Senator SASSER. Next we will hear from Dr. Carson Nolan from the American Printing House for the Blind.

[The statement follows:]

STATEMENT OF DR. CARSON Y. NOLAN

Mr. Chairman and Members of the Committee:

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 $4,014,000 is an increase of $440,000 over 1979 and when taken together with the $10,000 permanent appropriation will supply an estimated 34,000 students, 1,600 additional blind students and all 1979 base pupils (32,400), with educational materials. The estimated 1980 per capita rate of $118.26 is an increase of approximately 7.0% over that requested for 1979 and the increase in eligible students is 4.9%.

Advisory Committees

The request of $85,000 for expenses for Advisory Committees and field representatives is an increase of $3,000 over the amount

requested for 1979. 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 1979. These funds will serve as a base to 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 1978, 22,436 blind children were registered through state departments of education, 7,052 were enrolled in residential schools, and 2,977 were in rehabilitation programs. Of this group, 6,221 read braille, 13,158 read large type, and 11,797 used other media for reading. Sixteen-hundred and thirty-one 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 almost $2,000,000. We

published 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 reorganized our production operation to insure greater efficiency.
2. We increased our capacity to produce short runs of textbooks printed in large type.
3. We initiated production of a recorded edition of World Book Encyclopedia.
4. We increased our efforts to develop materials for multihandicapped students.
5. We increased our efforts to provide field visits and consulting services to our consumers.

Review of our work reveals steady progress in meeting the educational needs of blind children. With respect to the current year, we are on schedule in production to meet our commitments to the schools for the school year beginning in September 1979.

I am leaving the Committee catalogues and copies of the Annual Report of the American Printing House for the Blind for our Fiscal Year 1978 which gives a complete account of Printing House activities as well as the work of the Advisory Committees.

Mr. Chairman, I would be pleased to answer any questions regarding our 1980 budget request.

AMERICAN PRINTING HOUSE FOR THE BLIND

Dr. NOLAN. Mr. Chairman, I have an opening statement I would also like to submit for the record.

Our 1980 request is $4,349,000, which is an increase of $443,000 over last year. This amount is requested for the provision of educational materials to the blind students in the amount of $4,014,000; for use by our advisory committees in the amount of $85,000; and for educational and technical research in the amount of $250,000.

GALLAUDET'S COMPENSATION SYSTEM

Senator SASSER. Why don't we go first to Gallaudet College.

Several years ago we tried to devise a system of calculating pay raises for Gallaudet employees. This action was taken so that Gallaudet pay raises would be more comparable with other schools in this area.

What has Gallaudet done to comply with this directive?

Dr. MERRILL. We have endeavored to respond to the directive.

The first thing we did was to employ the Hay Associates, a company that has served over 400 colleges and universities in helping them establish their compensation systems. We employed them, and they advised us in setting up the Gallaudet compensation system.

This required, first of all, a clear job description of every job on the campus.

Second, these jobs were categorized into 14 different job groupings so that they could be compared more adequately to similar jobs in industry, in business, and also in colleges and the Federal Government.

After this, we then set a policy line so that our positions are reasonably competitive with these other groups. This does separate us from the kind of schedule that the Federal Government employs. It also gives us a very responsible competitive system, and this is where we are at the present time on that.

Senator SASSER. So the system is resulting in wages that you think are probably comparable with other schools in the Washington area?

Dr. MERRILL. This is a part of the system that is very valuable. We do compare. We establish ranges for each of the 14 categories, and these ranges are established on the basis of data coming directly from business and industry, other colleges and universities, and the Federal Government.

So we feel that we are competitive and yet responsible in the way our salary compensation system is administered.

KENDALL DEMONSTRATION ELEMENTARY SCHOOL

Senator SASSER. You are requesting $5.1 million for the operation of the Kendall Demonstration Elementary School for fiscal 1980. The new facility for the school will be occupied about January of 1980.

What types of new activities and educational programs will you be able to carry out in the new facility?

Dr. MERRILL. We had a new Federal law establishing the old Kendall School as the Kendall Demonstration Elementary School. In essence, this law made this a national demonstration school.

The new programs will be a parent education program. One of the most difficult kinds of problems to deal with—for parents to deal with—is the deaf child. They need help early, because the sooner a deaf child is helped, the quicker he develops language and speech.

So we have a component of this school which is parent education.

Another important role of the school will be to offer diagnostic services not only for the Washington area, but for any place, so parents can bring children there and get reliable diagnosis of their child's educational achievement levels, as well as speech and hearing.

There will also be curriculum materials developed. The Model Secondary School for the Deaf, and the Kendall School I think distributed close to 2,500 curriculum packages to other schools and classes serving deaf children. So we develop these materials, test them, and then distribute them. In addition these schools directly serve a population of over 400 deaf children.

So these will be the functions that will be housed in the new building which we hope will be open in December of this year; certainly no later than January of 1980.

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

SIGNED SPEECH

Question: There appears to be quite a controversy among educators of the deaf these days. The controversy centers on whether or not deaf children should be taught signing as the basis of their communications. Those who oppose signing say that this method of communication creates an isolated population which is only able to communicate with itself. Those who favor signing say that it is the most efficient and realistic way in which to get people who are deaf to communicate. Gallaudet College has traditionally depended upon sign language and has taught signing as its major form of communications.

What are your reactions to the current controversy of signing versus other forms of communication for the deaf?

Can you tell us why Gallaudet depends upon signing and why you think it is the best means of communication for the deaf?

Answer: In referring to the issue of signing, the Senate Committee has raised a most perceptive question. It goes right to the heart of the problem of deafness -- the communication handicap. It is difficult, in a brief response, to cover all of the parameters of this very complex disability, but simply states, Gallaudet College believes in clear and comfortable communication for all deaf persons.

It should be noted that the so-called controversy about communication methodology is not today as intense or polarized as it was, say 20 years ago. Nor is it as emotional. A great deal of communication research has surfaced in the last 15 years, as well as studies in the linguistics of sign language. A survey last fall of classes, schools, and programs for deaf students in the United States shows a definite trend toward a flexible, total communication approach. The study indicates that nearly three-fourths of our schools have discontinued a rigid, unitary approach and have adopted a combination of several modalities, including signs, auditory support, and speech. This is essentially the Gallaudet approach.

One problem that has created misunderstanding may be in terminology. The general public continues to use the word "deaf" loosely to cover the entire gamut of hearing loss. For example, some hearing-impaired people are described as "deaf" or "slightly deaf" who may as a matter of fact have quite a bit of usable hearing. In our nomenclature we would term such persons hard-of-hearing, and indeed, with such mild losses these individuals are able to function reasonably well with lipreading supported by auditory reinforcement.

When we use the term "deaf" we are referring to a severe and profound hearing loss. Our students do not hear. This is why Gallaudet College supports signs, again, within the context of other modalities. First, for the deaf person the difficulties and ambiguities of lipreading are very real. To analyze all of the problems inherent in speechreading beyond simple social amenities would require extended testimony. For example, the average person speaks at the rate of 120 words per minute. Speech registers 3 sound movements per second. It just is not physically possible for the human eye to follow all of these movements. And then, more than half of all English words do not appear on the lips, or are homophenous (look

alike on the lips but sound differently). A host of other factors are involved, both physical and mental, which show why a deaf person is able to follow only 35 percent of a spoken conversation. Another important reason for Gallaudet's support of realistic communication is that the college believes the real experts on communication techniques for the deaf are the deaf people themselves as they must live with deafness on a day to day basis.

It is a fallacy to assume that because a deaf person uses signs, he cannot speak. By the same token, it is equally fallacious to assume that a knowledge of signs creates an isolated population which can communicate only with itself. After English and Spanish, sign language is the most widely used language in the United States. It is estimated that over 100,000 people with normal hearing are attending sign language classes each day somewhere in the United States.

Gallaudet maintains a hearing and speech center, audiologists, speech pathologists, and linguistic studies, and offers courses in these areas as well as in sign language. We believe that it is mandatory and humane to provide additional visual communication pathways for the deaf student. Our faculty and staff follow a policy of signing and speaking simultaneously so as to give the student an opportunity to fill in with his peripheral vision what may be missed on the lips. In this manner the learning process becomes both effective and effortless.

Finally, we believe that it is in being sensitive and responsive to the population it serves that Gallaudet has through the years maintained its credibility both nationally and internationally as a recognized educational center for people with hearing impairment.

CONTINUING EDUCATION

Question: In recent years, Gallaudet College has developed an extensive continuing education program. That is, a program designed to provide educational opportunities for deaf people in the Washington area who are not regularly enrolled students at the Liberal Arts College.

How many people are currently enrolled in your continuing education programs?

Answer: Each fall and spring semester we have a total enrollment of around 700 people per semester. This means that nearly a third of all deaf adults in the Washington area enroll in some learning activity. More than that about 40% of these people enroll in more than one course.

Further, over 7,000 people throughout the U.S. enroll in courses offered by continuing education programs which Gallaudet College in various ways has helped to implement.

Question: What type of courses do you offer within your continuing education program?

Answer: Many are life coping skills such as home economics, family management, understanding legal and consumer rights.

Of high interest are basic education courses in the area of the three R's and vocational training such as typing and office procedures. Cultural programs are very popular.

Question: Do you feel that you are meeting most of the community education needs for deaf people in the Washington area?

Answer: Yes, indeed! We have good community feedback from people who drop in our offices daily. Also each course offered is evaluated by students who have an opportunity to make suggestions for program expansion. An advisory committee is also effective.

Question: Does your continuing education program only offer services to the deaf and the hearing impaired? If not, please explain what other types of programs you offer and who you serve.

Answer: We have over 400 hearing people in sign language courses each semester. Parents of deaf children participate in special programs each summer in large numbers. Last summer, 73 families with deaf members attended special programs on campus.

Most of our courses for deaf adults are integrated; that is, they are sponsored by schools and colleges in the area on a cooperative basis with us. The classes are made up of both deaf and hearing persons. This serves two important purposes: not only do deaf people get to know their community better; hearing people become more aware of deafness and deaf people.

RESEARCH ACTIVITIES

Question: Gallaudet College carries on an expanding program of research in the area of deafness and education of deaf people.

How much will be spent on research at Gallaudet in fiscal 1980?

Answer: The base budget for organized research units at Gallaudet in fiscal 1980 is $1,115,287.00. An additional amount of $120,000.00 is provided by other units of the institution through fund transfers to support research. This is approximately 3% of the institution-wide operating budget.

Grants and contracts for research which come from Federal agencies, state agencies and private institutions/foundations provide additional support in the amount of approximately $500,000.00.

One other privately funded program worthy of note here is a 5-year project funded by the Kellogg Foundation in the amount of $1,400,000.00. This project, including a small research component, will assist schools for the deaf in selected sites around the country in defining and establishing their changing role as service and resource agencies. This project is particularly important in light of recent Federal legislation (Public Law 94-142) and the need for special schools to reassess their roles and to become a greater resource to communities and to the general education field.

Question: What specific areas do you plan to research?

Answer: Gallaudet has developed its research programs with three major thrusts in mind. First, to provide several laboratories which perform mission-oriented long term research in particular problem areas related to deafness. These include: linguistics, sensory communications, Cued speech and demographic studies. Secondly, educational research on deafness is conducted by the research units within the Pre-College Programs, as well as within several departments of the College's undergraduate and graduate programs. Thirdly, a service program to encourage, support and administer research is provided. These, together with collaborative and service projects with outside agencies and institutions, constitute Gallaudet's major research interests.

Research at Gallaudet is focused primarily on the following broad categories as related to deafness: (1) language and communication; (2) sociological considerations; (3) psychological considerations and, (4) economic considerations. Independent medical and technological research is not presently within the capabilities of Gallaudet's resources but cooperative efforts are undertaken with those agencies that are involved in such research.

The kinds of research conducted at Gallaudet generally are not characterized by dramatic breakthroughs but rather is cumulative. Over a period of time, the research is expected to improve the educational programs and status, the welfare, and the general quality of life of deaf persons.

Question: Once you have completed your particular research program, how do you work to implement the findings of your research and how do you dissiminate these findings and help other schools that work with deaf children to implement your findings?

Answer: Research findings at Gallaudet are disseminated in a variety of ways. The Division of Research of the College provides a service office for "Research Dissemination and Utilization." The goal of this office is to assist research units in interpreting, translating, and diffusing research findings to all interested individuals and groups. The various methods for implementing this goal include: workshops, seminars, correspondence and other direct communication, internal publications such as the Gallaudet journal, Directions, other professional publications, and collaborative projects with internal units and external individuals and agencies. One Gallaudet research laboratory, the Office of Demographic Studies, provides a service to some 1400 schools and programs for hearing impaired students around the country. A demographic data bank is maintained on more than 50,000 deaf students with data analysis and retrieval services provided to participating agencies (within the limits of appropriate confidentiality).

The Pre-College Programs have an extensive Affiliated Schools Program in which service and collaborative projects are conducted with other schools for the deaf. Research projects and findings constitute one important aspect of these affiliations with other schools.

The College utilizes all the strategies mentioned here, as well as capitalizes on its significant national and international network of acquaintances, for purposes of promoting research and for dissem-

inating research findings.

CONSTRUCTION

Question: You are requesting $10,730,000 for construction activities at Gallaudet in fiscal 1980. You say that top priority will be given to fully furnishing and equipping the new Kendall Demonstration Elementary School. The balance of the construction budget is allocated toward meeting select priorities of the College.

What are the select priority needs of the College and how much of the construction budget will be allocated to the College?

Answer: The selected priority construction needs of the Liberal Arts College for fiscal year 1980 total $9,530,000 and consist of the following projects: Construction of a Field House and renovation of Hughes Gymnasium - $9,000,000; Phase II of a long term program to upgrade the environment on campus and make Kendall Green a barrier-free campus in compliance with Section 504 of the 1973 Rehabilitation Act - $200,000; and Phase I of a long term program to upgrade power systems in selected existing buildings on campus - $330,000.

Question: Approximately $9 million of your request for construction will go for construction of the field house and renovating the existing gymnasium.

Can you briefly explain why you need to construct the field house and expand your gymnasium facilities?

Answer: The existing gymnasium, Hughes Gym, was built to accommodate a student enrollment of 750. The student enrollment was 1,200 in fiscal year 1977, 1,400 in fiscal year 1978 and is expected to exceed 2,200 by fiscal year 1985. Due to increased enrollment as well as growing popularity of physical education activities, about 100 more students were enrolled in these courses this year. More classes were offered; consequently, there was less opportunity to use the main gym floor for recreational purposes. Optimum scheduling and sharing of facilities has not alleviated the need for additional space. An additional 100 students are expected to enroll in physical education courses next year (primarily preparatory and freshman students), further aggravating an already bad situation. In addition, Gallaudet's expanding role as a national base for important conferences and other functions for the hearing impaired community, increases our need for a major assembly space. The current auditorium can only seat 750 people. The multi-purpose Central Activity Space of the new Field House is planned to meet both the need for athletic space and to seat up to 2,000 people for major events. This flexibility will further allow Gallaudet to meet the needs of the deaf community.

Question: How will these facilities be specially suited and designed so that you will be able to meet the needs of the specialized population which you serve?

Answer: Modifications to Hughes Gym will serve to accommodate new uses and program functions. Among these programs is adaptive physical education, which is necessary to serve multiply-handicapped students. Existing spaces will be generally upgraded and the build-

ing will be modified to comply with out plan for a barrier free campus. The integrated athletic and recreation complex will be equipped with strobelight alarm systems, will be acoustically treated so as not to interfere with those students who have residual hearing, and will be designed to assist our specialized population in visual orientation.

Question: How will Gallaudet compare with other colleges and universities in terms of recreational facilities and spaces?

Answer: Assuming that a field house of the size being requested is built, the total indoor square footage for athletic facilities on campus is modest for the size of Gallaudet's student body. We conducted a survey of 10 small liberal arts colleges, all of which were primarily residential and primarily undergrad ate. Based on current enrollments at each school, the indoor net assignable square feet per student for athletic facilities had a range of 105 to 34, with an average of 62. Gallaudet's current athletic facilities provide 19 indoor net assignable square feet of athletic space per student. The proposal facility will increase this to 54 square feet per student, well below the average of the schools surveyed.

MODEL SECONDARY SCHOOL FOR THE DEAF (MSSD)

Question: You are requesting $9.7 million for the Model Secondary School for the Deaf which will allow you to provide instruction and other educational services to approximately 270 students.

Have you now reached the full enrollment capacity of the new Model Secondary School for the Deaf facility?

If not, what is the full enrollment figure and when do you estimate that you will achieve full enrollment at MSSD?

Answer: Current enrollment projections are that we will have 410 students by September, 1980, and approximately 450 by the following year. This is composed of the residential and day student program. Any students beyond the 450 we hope to take on a continuing or part-time basis from area day schools where there is mainstreaming in the public schools.

Our per capita costs this fall are expected to be $9,500 for the instructional program. An additional $5,300 will be needed for those students residing in the dormitory. This is based on a 340 student population. With 410 students expected in the fall of 1980, we would have a per capita figure of $8,700 for day students and $13,500 for residential students. These sums compare favorably with other schools for the deaf. For example, the New Jersey School for the Deaf, for all day students and residential students, is presently expending approximately $10,500 for a student body of 500 students. The Scranton State School for the Deaf has a total of 146 students and a figure of $11,500. As can be seen, the total for MSSD compares favorably being $14,800 for the full projection of 1979 and $13,500 for September, 1980.

Question: The Model Secondary School for the Deaf has a unique education program in that it does serve only hearing-impaired and deaf students.

How does a student qualify for admissions to the Model Secondary School for the Deaf?

What type of specialized educational program is required in order to run a good, comprehensive educational program for the deaf?

Answer: The admission criteria for entrance into MSSD was set forth in the 1969 Agreement between the Secretary of HEW and Gallaudet College. In that Agreement, as can be seen in the attached brochure, a third grade achievement level and the absence of severe secondary handicaps is requisite for attendance. Obvious priority is given to those students who are residing in the school's Primary Service Area and on a space availability basis. Consideration is given to students beyond the Primary Service Area where there is a lack of appropriate secondary placement.

There is an 18 hour, round the clock program for students 7 days a week, whereby outside activities in career education, recreation, and community participation, which supports and extends the instructional component that takes place during the class day.

LIBERAL ARTS COLLEGE

Question: At the Liberal Arts College, as well as the rest of the facilities at Gallaudet, you deal with a unique population.

What are some of the most difficult problems Gallaudet faces in carrying out a comprehensive program for deaf students?

Answer: Finding and training well-qualified faculty and staff to serve students. Because Gallaudet College is committed to the concept of a comprehensive program for deaf students, we believe that all of our professional staff must be doubly qualified. We do not believe that the problems of deafness can be met adequately by supplying an interpreter only. For us it is necessary that students be able to communicate directly with the teacher, counselor, audiologist and residence hall advisor, to name a few of our services. Hence the teacher must be able to teach the subject to communicate in a mode by which the student feels is comfortable and direct without a third person present, and the teacher must be sensitive to the special problems of deafness such as language difficulty and perception. This would be equally true for all of our professional staff. And finally, I would add that the problems of deafness are being compounded by increasing numbers of students with other handicaps - ranging from wheelchair bound to deaf-blind students.

Question: What are the greatest needs of the College at the present time?

Answer: Our greatest need is for qualified staff as indicated in my earlier response and for adequate space. Many of our facilities on the campus were designed for a student body of 750. Hence the equipping and staffing of our Learning Center which is under construction and the construction of a new field house are of the highest priority.

Question: What is the present enrollment of the Liberal Arts College, both undergraduate and graduate?

Answer: Enrollment for last fall was slightly over 1500. We had to turn down applicants last fall because we did not have sufficient dormitory space. I have a precise breakdown of our enrollment which I would like to submit for the record. We anticipate that we will continue to meet or exceed our enrollment projections for next fall.

Question: What is the placement record for graduates of the Liberal Arts College?

Answer: We work very hard to place our liberal arts graduates, which I might add includes professional majors such as business administration and social work. Our Placement Center consistently achieves a record of between 80 and 90% placement for our graduates by the following fall semester.

Question: You are requesting $22.8 million for the Liberal Arts College in fiscal 1980, a $2.5 million increase over fiscal 1979.

What specifically will the additional funds be used for?

Answer: The College is requesting an appropriation of $22,791,000 for fiscal year 1980, an increase of $2,583,000 over fiscal year 1979. These additional funds will be used for: Faculty Payraises - $332,000; Staff Payraises - $690,000; Staff Merit Increases - $261,000; Operation and maintenance of new facilities opened in fiscal year 1980 - $627,000; Annualization of Positions funded for part year in fiscal year 1979 - $102,000: Annualization of Facilities operated part year in fiscal year 1979 - $122,000; The establishment of three new schools (Arts and Science, Communications, and Education) which are basic to the central mission of the College - $74,000; Growth in selected public service and continuing education programs in the fulfillment of the needs of the publics we serve - $130,000; Providing a national focus on meeting the needs of deaf people through both basic and applied research - $145,000; and, Increasing the public's awareness of Gallaudet and increasing our awareness of the needs of deaf people throughout the nation - $100,000.

HOWARD UNIVERSITY BELTSVILLE CAMPUS

Senator SASSER. Well, thank you.

We will shift now to Howard University.

Howard University was provided with funds in fiscal 1977 to acquire some Government surplus property in Beltsville, Md. The property was to be used to build an animal research facility.

Last year you told the committee that initial bids submitted for construction of this facility were in excess of the amount of money available. You also stated that you planned to go through a second round of bid submissions on a scaled-down program with a construction contract awarded by the end of March 1978.

What is the current status of the $500,000 we appropriated to begin construction of the animal facility in Beltsville?

Dr. CHEEK. Mr. Chairman, the entire amount has been obligated, and the only thing that delayed the initiation of construction was the bad weather. That construction is now imminent.

Senator SASSER. Do you have any timetable established for further expansion and use of the Beltsville property?

Dr. CHEEK. We had hoped within a 5-year period to acquire the necessary funds to complete the program that has been outlined, and of course all of that depends, in terms of whether or not we are able to accomplish that on the way in which our appropriations ceiling exists.

MEDICAL SCHOOL GRADUATES

Senator SASSER. Dr. Cheek, last year in testimony before this subcommittee you stated that you graduate approximately 100 students a year from your medical school. You also stated that you felt that Howard was still able to attract very highly qualified students to your medical school.

I am curious as to where most of the graduates from the medical school end up practicing medicine upon their graduation?

Dr. CHEEK. Mr. Chairman, I would like to ask Dr. Alexis to respond to that.

Dr. ALEXIS. Mr. Chairman, I think that if one would examine a 10-year period of time in terms of where the Howard graduate goes, one would witness a very definite shift over the past 5 years of that 10-year period, away from the predominant tendency of prior times to go to the large cities—Detroit, New York, Chicago, Los Angeles—to several of the smaller cities, not only in the North, but in the South and other rural areas.

This has come about undoubtedly as part of an awakening social conscience that we have seen in medical schools, and I see nothing that would indicate that would change any time soon.

Senator SASSER. What demand is there now for graduates from your medical school? Is there a substantial demand for your graduates?

Dr. ALEXIS. It continues to be quite high. We still have inner city and rural areas in this country that are still terribly underserved.

Senator SASSER. Yes, we have some of them in my State. You've got three or four, and maybe five medical schools in the State of Tennessee, but still have a severe shortage of physicians in certain areas of my State.

What percentage of your graduating class are minority students?

Dr. ALEXIS. 90 percent.

Senator SASSER. And what percentage of these would be going down South, do you guess?

Dr. ALEXIS. 20 percent to a third, probably. There is still a tendency to go North.

STUDENT LOAN DEFAULT

Senator SASSER. Let me just say a word about your student loan default. In a report of institutions participating in the national direct student loan program and their default rates as of June 30, 1978, Howard University is listed as having a loan default rate of 62 percent, out of a matured principal of $2,671,015 the university is listed as being in default on $1,650,979.

Now why is the default rate of your student loan program so high at Howard University? And what efforts are you making to bring about a reduction in the default rates?

Dr. CHEEK. Mr. Chairman, I am advised by our Student Loan Financial Aid Office that there are a variety of reasons as to why it is high, and they are not necessarily unique to Howard.

Part of it rests in the way in which the program was initiated and the kinds of misunderstandings that were created or at least misconceptions that were created about the program in its earlier days.

Second, the fact that we have a rather large percentage in that default category represents students who have withdrawn from school for a variety of reasons.

Now in terms of what we are doing to reduce this, we have increased the staff in the Student Loan Office and employed a person with the title of director of loan collections. We also have instituted alternative legal measures to deny transcripts, readmissions, of the provision of certifications, recommendations, et cetera, to students who have graduated and are in default.

We also are employing an aggressive program of what they call "skip tracing," using the files of the alumni office, the U.S. Postal Service, telephone directories, and other kinds of directories to locate these students.

We have also employed an attorney to bring such legal action as is available to us to collect this money.

Senator SASSER. Well, it is a very difficult job collecting on student loans when they choose not to pay.

GRADUATE AND COMMUNICATION SCHOOLS

Now in your budget justification, you say that much remains to be done before you can take pride in your graduate school and in your school of communications.

What are some of the problems? And what are you doing, and how are you overcoming them?

Dr. CHEEK. In the school of communications, the major problem at the present time is a problem of lack of adequate physical facilities. The school of communications has been housed in a facility that was the original gymnasium of the university, an old wooden structure.

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The request that we have for $3 million for the renovation of the old Freedman's Hospital is targeted toward completing the renovation of that facility to house a large part, but not all, of the school of communications.

In the graduate school, the problem that is most acute from our standpoint is attracting outstanding students to our program and the lack of adequate resources for financial aid.

Also in terms of what we are attempting to do, we are engaged in a nationwide fundraising program with a good part of that overall goal targeted toward fellowships and scholarships.

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

REMOVAL OF ARCHITECTURAL BARRIERS

Question. Last year, we appropriated $4.9 million to assist the University in renovation of campus buildings and resident halls to make them more energy efficient and accessible to the handicapped. This year, you are requesting an additional $1 million for the removal of architectural barriers. You have also estimated that the total cost of making Howard University barrier free and accessible to the handicapped is $11,061,000. Earlier this month in testimony before the Committee, Secretary Califano stated that the cost of making colleges and universities accessible to the handicapped was minimal.

Who is right here, the Secretary of HEW who says that the costs will be minimal, or Howard University, which estimates that it will take over $11 million to make your campus barrier free?

Do you feel that other colleges and universities face costs similar to Howard's in making their facilities accessible to the handicapped?

Answer. Howard University has completed a thorough survey of its physical facilities and applied the provisions of Section 504 of the Rehabilitation Act of 1973 to the resulting report. The interpretation of the requirements of Section 504 led to the compilation of a list of needs totaling $11,061,000 if the University is to be in substantial compliance with the regulations. Whereas interpretations may differ, it is our best judgment that the estimate for Howard University is realistic.

Other colleges and universities subject to Section 504 may or may not face similar costs to those of Howard. Individual inspections and analyses would be required before such a judgment could be made.

CONSULTANT CONTRACT

Question. During fiscal 1978 Howard University received a $125,000 consultant contract from HEW's Office of Education. The title of this contract is "Management and Support Services for Celebrate Excellence Conference."

Why did Howard, when it receives a large Federal appropriation of its own, have to seek a consulting contract from the Office of Education in order to carry out the Celebrate Excellence Conference?

What specifically was the Celebrate Excellence Conference?

Answer. During fiscal 1978, Howard University was requested to serve as the contractor for a cost reimbursement contract from the U.S. Office of Education for the purpose of providing planning and logistic support for a National Conference on Excellence in Education held between May 16–19, 1978. The University did not seek this consulting contact, but responded favorably at the request of the Department of Health, Education, and Welfare. The Conference, therefore, was jointly sponsored by the Department of Health, Education, and Welfare, PUSH for Excellence, Incorporated and Howard University. The contract was really obtained in the form of a training grant, whereby several hundred persons were brought together to deal with the serious question of gaining and maintaining excellence in education. Most of the funds were used as stipends for participants, covering transportation, food and lodging. Funds were also used for the publication of a proceedings of the Conference as a supplement to the Phi Delta Kappan magazine.

The University provided its facilities and several hundred manhours of service without cost.

RESEARCH AT NTID

Senator SASSER. Well, thank you, Dr. Cheek and Dr. Alexis.

Next we want to turn our attention to the National Technical Institute for the Deaf.

You pointed out that you will be carrying out various research activities related to deafness during fiscal year 1980. This is a continuing activity that the NTID has engaged in for a number of years.

Now what types of research are you going to be concentrating on in 1980? And what do you do to help disseminate and implement the research findings once they are finalized?

Dr. CASTLE. Mr. Chairman, the National Technical Institute for the Deaf has been charged from the beginning to pursue a research program that would endeavor to enhance the educational, the social, and the economic accommodation of deaf people in general.

As we look into the year of fiscal year 1980 and consider particular matters of research with respect to those three interests—which, by the way, also have a very strong communications problem overlay—we would be pursuing such questions as: What is the relationship between reading level of the deaf student and their ability to learn from captioned media? "captioning" being a very important mode of information giving to deaf people these days.

What is the relationship between the knowledge of phonetic spelling and learning technical vocabulary or other forms of vocabulary?

What would the essential relationship between distance from an instructor that a deaf student may sit and perceiving lip movements, finger spelling, or sign language?

What would be the essential relationships between a given variable of instruction and the ability of the usual student to learn an increased language?

In the social realm, some specific questions of interest would be, for example:

What is the relationship between the self-concept level of the deaf student and his degree of social interaction?

What is the relationship between cognitive development of the deaf youngster and his ability to do moral reasoning?

In the economic realm, questions of interest, for example, would be:

What is the relationship of the level of education and training achieved at NTID and the earning power of the graduate? This is a continuing point of interest on our part.

A history of 10 years of research has been summarized recently in this volume referred to as "INFO Series No. 3." It is a review of all of the research done at NTID between 1967 and 1976. It is a summary statement. And it also points out that a full project report or publication is available for persons who would like to have copies thereof.

There are 125 research projects or publications reviewed in this volume.

In the 2 years since 1976, we have essentially doubled the number of reports and publications with respect to the research efforts of NTID. And by way of illustrating that, we have, addition-

ally, for submission to the record, the complete research bibliography for the year 1978, which covers some 82 specific reports and publications, 30 of the reports being published in professional journals over the past year.

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

CAREER DEVELOPMENT

Question. Your budget justification states that 58 percent of your $17,349,000 budget in fiscal 1980 will go for career development programs for students. Will you please briefly explain your career development program?

Answer. Career development at NTID is the process of preparing students with the skills necessary to secure and maintain meaningful and appropriate employment while at the same time preparing them for personal, social and civic involvement. Specifically, career development programs prepare students to function successfully in four environments: at home, at school, at work and in the community. In preparing NTID students for these environments, we have learned that we must address: 1) technical preparation; 2) personal, social living preparation; and 3) communication preparation. The technical preparation takes place in the technical and professional level degree programs. Approximately 75% of NTID students are enrolled in technical level programs managed by NTID. These programs provide 18 different majors in the carreer areas of business technology, engineering technology, technical science and allied health, photographic and printing technology and applied art. The remaining 25% of the students are majoring in one of the 43 professional level (baccalaureate) majors available through the other colleges of Rochester Institute of Technology.

NTID's personal/social and communication programs focus on the significant gap between students' personal/social and communications skills and the demands of the world of work and the community. Instructional programs in these areas are designed to increase student proficiency in reading and writing, oral-aural and manual-simultaneous communication skills, managing self, interacting with others and managing ones environment.

Question. What are the most popular career development programs at NTID?

Answer. The most popular career development programs for technical and professional level students are in the business area, particularly in data processing and computer science. Engineering technology is the second most popular career area for both technical and professional level students.

PRINTING HOUSE RESEARCH ACTIVITIES

Senator SASSER. Well, thank you.

We will direct our questions now to the American Printing House for the Blind.

The American Printing House is requesting $250,000 in fiscal 1980 to carry out educational and technical research. Would you please give us specific examples of what types of educational and technical research you carry out at the American Printing House, and what you do to disseminate and implement the findings of your educational and technical research activities?

Dr. NOLAN. Mr. Chairman, we do a wide variety of activities in the research domain. Much of what we do is development of educational materials. But we support this development with basic behavioral research where we have identified problems with materials use that are important to visually impaired children.

I will give you an example. First, with behavioral research. We spent many years studying legibility factors in Braille reading and what processes might individuals use to recognize Braille words when they read. We are now applying this in the development of a primary Braille reading curriculum for students in kindergarten through grade 3.

I suspect that we get as much mileage out of R. & D. dollars or more than most educational situations. Our research operation is sitting right on top of a factory. When materials are developed as a consequence of research, they go right down into production and out into the schools.

Senator SASSER. Well, gentlemen, there will be some additional questions that we will propound to you for the record, and ask that you submit your answers along with the transcript to the committee within 7 days.

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

FISCAL YEAR 1980 BUDGET INCREASES

Question. You are requesting a $443,000 budget over the 1979 appropriation. Why do you need an increase of $443,000? How will these funds be used in fiscal 1980?

Answer. This increase will be divided between two areas. The amount of $440,000 will be used to provide educational materials and $3,000 will be used for advisory committees.

The increase for educational materials is requested for two reasons. In 1980, materials must be supplied to 1,600 additional blind students, an increase of 4.9 percent over the number of children supplied in 1979. The second reason is the increase of costs to produce educational materials. We estimated these increased costs to be 5 percent for labor and 2 percent for raw materials.

The amount of $440,000 will be used to supply special textbooks, special tools, special educational aids, and special educational supplies. In spite of the increase requested, the level of materials supplied to each of 34,000 blind students in 1980 will be no greater than that supplied to each of 32,400 in 1979.

The $3,000 increased requested under Advisory Committees will be used to increase our field services to assist administrators and teachers through the country in the use of aids and materials available under the Act. The advent of Public Law 94-142 has greatly increased the need for such services.

Senator SASSER. Thank you for appearing.

OFFICE OF HUMAN DEVELOPMENT SERVICES

Well, we want to welcome Mrs. Martinez, the Assistant Secretary, who will be testifying on behalf of a $5.4 billion appropriation request for the Office of Human Development Services. So, Madam Secretary, we look forward to hearing your statement today.

[The statement follows:]

STATEMENT OF ARABELLA MARTINEZ

Mr. Chairman and Members of the Committee:

I am pleased to appear before you today to discuss the fiscal year 1980 budget request for the Office of Human Development Services. We are requesting $5,430,623,000 to support programs which provide a full range of supportive services to low income individuals and special populations, including children, youth, and their families; older Americans; physically and mentally handicapped people; and Native Americans. This amount is requested under current legislation.

Over the past fifteen years, the HEW share of the Federal budget has steadily increased from nineteen percent to thirty seven and a half percent. The 1980 Federal budget includes an overall increase of $38 billion, over half of which supports HEW programs. These increases reflect the Administration's commitment to investing in programs designed to meet the educational, health, and social needs of poor and otherwise disadvantaged people. In addition to the increases proposed for Human Development Services programs, there are substantial increases in the HEW budget which will benefit the constituency served by our programs. These increases include: $239 million for elementary and secondary education; $5 billion for health programs, including adolescent health services and pregnancy prevention, Indian health services, maternal and child health programs, and children's immunization programs. An additional $16 billion is requested for the Social Security Administration, providing increased support for old age and survivors and disability insurance.

In 1980, 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 through management improvements.

The 1980 budget request expands several programs which provide direct services and reduces funding for some non-direct service activities, such as research and training. The budget request also responds to several recently enacted legislative priorities, especially for the elderly and the disabled. In order to respond to these priorities in 1979, a supplemental appropriation of $321,066,000 has been requested.

Increases requested under current legislation include:

-- continued expansion of Head Start to serve 414,000 children, an increase of 3,000 over 1979.

-- expansion of rehabilitation and aging programs designed to promote independent living services for blind, disabled, and elderly persons.

-- expansion of the aging nutrition program to increase the number of home - bound elderly served.

-- increased support for programs serving Native Americans to increase the social and economic self-sufficency of Native Americans groups, particularly those previously unserved or underserved.

-- increased support for a comprehensive management information system which will provide compatible systems among programs, between State and Federal systems, and will, overtime, provide the data necessary to make informed programmatic decisions which would be more responsive to our constituencies.

-- support for cross-cutting research which will provide a mechanism for exploring issues that are common to more than one of our program administrations.

Increases requested under proposed legislation include:

-- a major expansion of Child Welfare Services to improve State Foster Care and adoptions programs, and to encourage the adoption of hard-to-place children.

-- make permanent an increase in the Title XX social services ceiling to $2.9 billion, including $200 million formerly under a separate authorization for Day Care.

Cost saving legislation is also proposed for State and local training funds under Title XX. The proposal would limit training funds for each State to 3 percent of its allotment under Title XX social services. We estimate that adoption of this proposal, together with revised regulations, would save over $25 million in 1980.

The budget also includes a request of $385 million for the Work Incentive Program. This program is administered primarily by the Department of Labor, although funds for the operation of the programs are appropriated to HEW.

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.

HUMAN DEVELOPMENT SERVICES

Mrs. MARTINEZ. I am pleased to be here today to discuss our budget for 1980. We are requesting a $5.430 billion appropriation to support programs which provide a full range of supportive services to low-income individuals and special populations, including children, youth and their families, older Americans, physically and mentally handicapped people, and native Americans.

This amount is requested under current legislation. In addition, we are requesting an increase for a revised child welfare program in 1980.

I am not going to read the entire presentation, because I will submit it for the record.

The 1980 budget request expands several programs which provide direct services and reduces funding for some nondirect service activities, such as research and training. The budget request also responds to several recently enacted legislative priorities, especially for the elderly and the disabled.

In order to respond to these priorities in 1979, a supplemental appropriation of $321 million has been requested. Increases requested under current legislation include:

Continued expansion of the Head Start program to serve 414,000 children, an increase of 3,000 over 1979;

Expansion of the rehabilitation and aging programs designed to promote independent living services for blind, disabled, and elderly persons;

Expansion of the aging nutrition program to increase the number of home-bound elderly served;

Increased support for programs serving native Americans to increase the social and economic self-sufficiency of native American groups, particularly those previously unserved or underserved;

Increased support for a comprehensive management information system which will provide compatible systems among programs, between State and Federal systems, and will, over time, provide the data necessary to make informed programmatic decisions which would be more responsive to our constituencies; and

Support for cross-cutting research which will provide a mechanism for exploring issues that are common to more than one of our program administrations.

We are, as I mentioned, requesting a major expansion of the Child Welfare Services to improve State foster care and adoption programs, and to encourage the adoption of hard-to-place children; and to make permanent an increase in the title XX social services ceiling to $2.9 billion, including $200 million formerly under a separate authorization for day care.

Cost-saving legislation is also proposed for State and local training funds under title XX. The proposal would limit training funds for each State to 3 percent of its allotment under title XX, to be implemented over a 3-year period. We estimate the adoption of this proposal, together with revised regulations, would save over $25 million in 1980.

The budget also includes a request of $385 million for the work incentive program.

Thank you, Mr. Chairman. I will be pleased to answer any questions.

Senator SASSER. Well, thank you, Madam Secretary. We have some questions here.

RURAL AGING PROGRAMS

Let's focus for a moment on the aging services in rural areas. There's no increase requested in the 1980 appropriation for social services.

How do you expect to carry out the mandate of the Older Americans Act legislation to increase emphasis on service in rural areas?

Mrs. MARTINEZ. Let me have our Commissioner Bob Benedict respond to that question.

Mr. BENEDICT. There are two answers to that question, Senator. Since the funds for the multipurpose senior centers have been consolidated with the request for area agency services, States have increased flexibility in the use of available funds. States could use some of the senior center funds to meet the commitment to increase services in rural areas.

In addition, several States have requested a waiver from implementing the provision regarding services to the rural elderly for fiscal year 1979 until after the regulations are issued, and there is a definition of "rural" on which States can base their program decisions. I am comfortable with waiving the requirements allowed by the legislature.

Senator SASSER. What portion of the $508 million Administration on Aging budget is being spent on services in rural areas?

Mr. BENEDICT. That analysis will be known after the regulations have been approved and there has been an opportunity to settle on a definition of what is rural. Various definitions cause States different kinds of difficulties.

We are proposing three alternative definitions and will be assisting the States to do some computations on the impact of those definitions on their programs. But it would be difficult to answer your question until that exercise is completed.

Senator SASSER. What would be your definition of rural areas?

Mr. BENEDICT. There are two primary alternatives that we are considering in the regulations: One which allows the States to treat its subdivided planning and service areas as rural if they meet two of these criteria proposed in the draft regulations; the second would in fact require that they do a county-by-county analysis to determine whether or not there is some combination of those counties within a PSA which are to be classified as a rural area.

We will base the final determination on the definition that is most constructive and provides for the best administration of the program. Then it will be possible to do the analysis of the extent to which resources are or are not being spent in rural areas.

Senator SASSER. Well, I know Senator Bumpers is interested in rural areas. He has a lot of rural areas in his State. But the Older Americans Act Amemdments of 1978 also mandates that special attention be given when selecting demonstration projects for funding, and that special attention be given to, quote, "meet the special needs of older individuals residing in rural areas."

Now, what rural demonstration projects for the elderly do you expect to fund in fiscal 1980 appropriations?

Mr. BENEDICT. The model project program that we administer, for which there is $15 million appropriated, is very tight in 1980. The projects are usually multiyear funded and there will not be a great opportunity for expanded demonstrations in 1980. However, we will fund several demonstration projects located in rural areas. AoA and the Farmer's Home Administration will jointly select six projects. AoA funds will provide for a housing director to coordinate services such as meals, housekeeping, personal care, transportation, and social recreational activities.

In 1981, about one-third of these funds will be available to new projects. At that point we will try to emphasize demonstrations in rural areas.

If the Congress should appropriate resources as requested for the long-term care demonstration and for demonstrations that relate to information and referral for the homebound elderly, blind, and disabled, we would place an emphasis on demonstrations in rural areas.

EFFECT OF INFLATION ON AGING PROGRAMS

Senator SASSER. In light of the 9-percent inflation rate over the past year, what funding level would you anticipate in 1980 under the area planning social services program, just to maintain current operating levels on aging services?

Mr. BENEDICT. The current appropriation is $193 million.

Senator SASSER. $196 million.

Mr. BENEDICT. Yes, $196 million. It manages to combine the old title VII—or the old title V with the new services title into a single title, and it does provide the States substantial increased flexibility in how those resources may be used in the States.

Senator SASSER. Do you foresee any problem with the States being able to match 15 percent of Federal aging funds beginning in 1981, instead of the 10 percent currently required?

Mr. BENEDICT. It seems reasonable to us that, as the aging program becomes a main-line program for which States share great responsibilities with the Federal Government, for the States should assume an increased share of the responsibility. Many other Federal programs are matched by the States with rates that are much less favorable. We think that it is not unreasonable at this point in time, and the Congress evidently agreed, where it changed the match rate from 90–10 to 85–15.

Some States will in fact have to appropriate additional resources. Many States, however, have over the years contributed to the program in a way which exceeds the new requirement for match.

Mr. SASSER. Well, I regret that I'm going to have to leave. I have another appointment. But Senator Bumpers has agreed to take over. And I do want to thank Senator Bumpers for appearing here, and I'm sure he will have some very penetrating questions to ask you.

Senator BUMPERS [presiding]. Mr. Benedict, let me ask you one additional question in that area, particularly nutrition. That's the one program that I personally regard very zealously.

The President's recommendation increases that funding from $254 to $267 million. I made a rough calculation. That is an increase of about 9 percent.

Now, does that mean that that program will be increased 9 percent plus the States' 5-percent share additional this year, or in 1980?

Mr. BENEDICT. The requirement for the additional 5 percent takes effect in 1981.

Senator BUMPERS. Does it apply to this nutrition program? Does it apply to all these aging programs, incidentally?

Mr. BENEDICT. It would apply to the entire program.

Senator BUMPERS. So that's a net increase of 5 percent in that program, is it not?

Mr. BENEDICT. It is a requirement that each State match the Federal contribution.

Senator BUMPERS. Well, maybe I did not make the question clear. We're going to increase the Federal funds for that program by 9 percent. This takes care of last year's inflation. And we are asking the States in 1981 to pick up an additional 5 percent of the share.

Mr. BENEDICT. They would be required to match the contribution and that would have the effect in some States of increasing the total program.

Senator BUMPERS. Why just in some States? Why not every State?

Mr. BENEDICT. Because some States over the years have actually been contributing to the cost of these programs at a rate which exceeds their obligation.

Senator BUMPERS. I see. They have exceeded their matching requirement in order to provide more services than the Federal amount would permit?

Mr. BENEDICT. That's correct.

Senator BUMPERS. Well, I am satisfied as long as that program has not been eliminated and services are now being rendered. I'm convinced that's one of the best programs in the United States.

Why are you requesting separate appropriations for congregate and home-delivered meals rather than a single source of funds in which the local aging agencies could decide the best mix?

Mr. BENEDICT. The new amendment to the Older Americans Act provided separate authorities for congregate meals and home-delivered meals.

Senator BUMPERS. What is this "congregate"?

Mr. BENEDICT. Congregate meals are meals that are provided in sites such as senior centers.

Senator BUMPERS. Where the people go for a noon meal? That's what we have in my home town.

Mr. BENEDICT. Yes. The reasons that the appropriation request is separate is: To meet the intent of Congress with regard to the separate authority for home-delivered meals. States over the years

have used some of these congregate funds for home-delivered meals, but have not done so in an even way around the country.

To integrate home-delivered under the two appropriations because HEW would be required to distribute funds on a formula basis, not based on how States have provided home-delivered meals in the past.

Senator BUMPERS. Wait a minute. Let me see if I understand. Are you saying that, for example, in the congregate meals, where 50 people gather for lunch, that they take food from that facility on maybe a voluntary basis to people to their homes?

Mr. BENEDICT. Yes; about 15 percent of the meals in the current program are actually home-delivered.

Senator BUMPERS. Well, aren't most of the home-delivered meals not prepared in the same facility where the congregate meals are served?

Mr. BENEDICT. Most of them, I presume, are prepared at those same locations.

Senator BUMPERS. Well, what difference would it make?

Mr. BENEDICT. The difference is that States, under their own initiative under the current program, have chosen at different rates to provide home-delivered meals. The national average is about 15 percent. Some States operate at a higher level, others at a lower level.

If we were to simply take out of the current meal program an amount of money equal to the level at which States are currently providing home-delivered meals and combine it with a new request, we would have to then distribute those funds to States on a formula basis. We could not insure that States would receive funds in proportion to the amount they provided in past years for home-delivered meals.

We realize that it makes for a complicated budget presentation.

Senator BUMPERS. Well, could we remedy that? Well, I don't want to pursue it. It is immaterial to me how you handle it, just so it gets taken care of. I don't want to penalize anybody.

Since the 1980 budget earmarks $23 million solely for home-delivered meals, what is to prevent local aging agencies from shifting other nutrition funds previously spent on home-delivered meals to congregate meals? I assume the answer to that is nothing?

Mr. BENEDICT. That would be correct.

PURPOSE OF NUTRITION PROGRAM

Senator BUMPERS. An important purpose of the nutrition program is to help participants improve or maintain an adequate diet. What do your evaluations reveal with regard to participants maintaining adequate diets?

Mr. BENEDICT. Perhaps one of the most important benefits of the nutrition program goes beyond the daily meal itself; the program seems to reinforce better habits with regard to nutrition.

Many of the congregate programs do run educational programs at the site which encourage and promote better nutrition. And it is a delight, if you've ever had the opportunity to visit those centers.

Senator BUMPERS. I have, and that's why I'm sold on them.

Mr. BENEDICT. I think it is that bringing together and providing a place where there is a community presence through which these kind of events can occur, which indeed prove of benefit to the people and the Government which goes far beyond the cost of the meal itself.

Senator BUMPERS. What is the average number of meals consumed per week by the participants?

Mr. BENEDICT. The average number of meals per week? I can give you the average number of meals per day.

Senator BUMPERS. I can extrapolate if you can give me that much.

Mr. BENEDICT. In 1978, the current meal count is about 509,000 meals per day.

Senator BUMPERS. That is when?

Mr. BENEDICT. That's 1978.

Senator BUMPERS. Does that translate down to about five meals per week per person, or can you answer that?

Mr. BENEDICT. The most recent study which was done for us indicates that participants attend 2 days a week.

Senator BUMPERS. Why is that? That's a strange statistic. Why would people just participate 2 days a week?

Mr. REILLY. Typically on a home-delivered program it is 5 days a week, because the person is home-bound. The rate of periodic participation during the month is primarily on what Mr. Benedict said, namely, a high social benefit content. Many of these people are not relying on the project to be their mainstay for nutrition purposes.

Senator BUMPERS. You're saying they go there for social purposes as well as dietary purposes?

Mr. BENEDICT. That's correct.

Senator BUMPERS. Well, either one would be an adequate reason for the program. But I know that in the program I'm familiar with, as I say, the one in my home town, I think that that statistic would be much higher than 2 days a week.

Mr. BENEDICT. It varies widely. The data is based both on the reports we get in from the project sites and also an evaluation conducted 2 years ago.

Senator BUMPERS. Is an average of two meals a week, enough to maintain anything like an adequate diet?

Mr. REILLY. Not if that is the sole diet.

Senator BUMPERS. Well, I'm assuming they are eating more than two meals a week.

Mr. BENEDICT. It is still a relatively new program. The sources of data are the project reports, and a study was conducted 2 years ago, at a point at which the program was just starting up. One of the findings is that in the early days of these projects, you have a very high turnover rate. Over time you do tend to get a higher participation rate among those who need the program most. They do tend to come more days a week. Many projects also prepare meals that can be taken home, as well as consumed at the site.

May I also mention that, beyond nutrition service itself that is the meals provided, there have been some substantial effort to encourage participants, who are entitled, to also maximize their benefits through the food stamp program. So the nutrition services

include: education, home-delivered meals and efforts to encourage participants to take advantage of other programs like the food stamp program. Benefits go beyond the actual mealtime itself.

ADDITIONAL BENEFIT OF HOME-DELIVERED MEALS

Senator BUMPERS. Mr. Benedict, have you ever considered the possibility of using people who deliver these meals to see whether these home-bound people have taken their medication?

Mr. BENEDICT. Yes. As a matter of fact, in implementing the new amendments in the draft regulations, we are proposing a relationship between the congregate sites and other home-delivered meal providers which would allow the providers to serve as an outreach system.

In our draft regulations, we are in fact requesting that these providers serve as an outreach arm and be willing, when the individual or his family asks, to bring to the attention of the center or the responsible agency any impending problem such as medication, or threat of eviction.

We think that the service has enormous potential benefit in providing outreach services to those individuals who are likely to have this kind of problem. We are trying to design that in our regulations and our instructions to the States.

Senator BUMPERS. Why does your budget propose 575,000 meals a day in 1980, when you averaged 590,000 meals a day in 1978?

Mr. BENEDICT. Our earlier budget presentation, was based on adding $37 million under the food commodity program in USDA to the AoA nutrition program in direct benefits. That did not occur.

The commodity food provision was retained in USDA. So, with the additional $23 million, we actually project a slight increase in the number of meals from 1978 to 1979 and 1980.

Mrs. MARTINEZ. Senator, those figures are 509,000 meals per day in 1978; and for 1980, 575,775.

USE OF FUNDS COLLECTED BY PROJECTS

Senator BUMPERS. Well, that's much better.

Let me ask you something else. The congregate meal centers, as best I can tell, collect fees on sort of an ad hoc voluntary arrangement. What happens to the money they collect? Is that the State's share or is that in addition to the State's share?

Mrs. MARTINEZ. It is usually used for additional meals.

Senator BUMPERS. Well, what was the total amount expended last year, counting money collected from the recipients?

Mr. BENEDICT. Senator, there are a couple of important changes in the law. One important change in the law, in the nutrition program, will restrict the States to the use of nutrition funds merely to preparing, providing, and delivering meals. Under the old act, they were also allowed to use some of those resources for social services.

The impact of that will be or should be to increase the meals provided by the program. Being mindful that the social services are also important, we are hoping these can be provided by the projects.

But under the old law, contributions could also be used for any purpose related to the purpose of the act. The general way we were administering that was to have those funds retained at the project level, at the site level, so that the older people, in working with the managers of that site, could make the social decisions about how they wanted to use those funds to improve services. Sometimes they increased the number of meals, sometimes they added activities in the center, and sometimes they were actually used to provide other services or to improve the facility itself.

Senator BUMPERS. Well, there are some limitations, aren't there, on how they can use that money? They can't just use it however they want to, and say, "this is a social service." Can they?

Mrs. MARTINEZ. Especially now, with the change in the law, they cannot.

Mr. BENEDICT. Under the old law they had broader latitude because it was nutrition and related services. Under the new law, they are limited in using those funds. The effect is to increase the number of meals.

COST OF MEALS

Senator BUMPERS. That's fine with me. I think that's the way it ought to be.

What's the difference in the cost of a meal served in the congregate center and the cost of a home-delivered meal?

Mr. BENEDICT. The cost of a home-delivered meal?

Senator BUMPERS. Yes.

Mr. BENEDICT. I'm not sure I can give you that answer off the cuff.

Senator BUMPERS. We were just talking about a difference in transportation cost aren't we?

Mr. BENEDICT. It depends upon how the program is implemented. In some instances, the congregate site may in fact enter into an agreement with an existing provider of home-delivered meals, so that they can expand that service into new neighborhoods, or to expand services to the low-income.

The costs might vary in those circumstances from those in which the project nutrition site itself actually puts itself into the business of being a home-delivered meal provider.

Our general inclination is going to be to encourage the local nutrition sites to enter into agreements, where they can, with the existing home-delivered meal providers where they have already proven to be an effective deliverer of services, but also because we think those potential outreach services can be enormously important.

Senator BUMPERS. What percentage of the people in the country need this service? What percentage of the people have dietary insufficiency at that age level?

Mr. BENEDICT. Well, it is very difficult to give a hard answer on that.

Senator BUMPERS. Give me a ball park guess.

Mr. BENEDICT. Perhaps 10 percent.

Senator BUMPERS. Staff thinks it may be 20, so you are both in the ballpark.

REHABILITATION CONSTRUCTION

You have zero for rehabilitation construction projects, despite specific authority in the law and committee report language urging HEW to consider such funding. There are a number of unfunded rehabilitation construction projects scattered throughout the country, including one in Arkansas. Wouldn't it be better to designate a small amount of HEW's budget to meet priority needs for rehabilitation construction projects, rather than force Congress to provide funding on a project-by-project basis to meet emergency needs?

Mr. HUMPHREYS. First of all, the Rehabilitation Act itself provides that up to 10 percent of basic service funds in the rehabilitation program may be used for construction purposes. In fact, something on the order of $22 million has, during the past year, been used for that purpose in the States.

As you say, we have had line item insertions for specific projects. It has been the policy of the Department, however, over the past several years, to eliminate requests for specific appropriations, on the thesis that hard services were of a higher priority than construction. Naturally, that has resulted in some depression with respect to rehabilitation facilities. But some of that burden, at least, has been undertaken by the States in cooperation with the rehabilitation facilities.

Senator BUMPERS. That is not the kind of question that I would design myself. Despite the fact that we have a facility in Arkansas that needs to be funded, I'm not going to encourage you to come up with specific funding projects when you submit your budget justification.

Mrs. MARTINEZ. There is indeed a provision for facilities within the basic grant program, and it is a better way of funding.

Senator BUMPERS. Well, let's put that Arkansas facility at the top of the list, then, shall we?

REHABILITATION RESEARCH

You have asked for $27.5 million for rehabilitation research, and that's $4 million less than your 1979 budget—or your 1979 request. Will this difference result in the closing of any existing research and training facilities?

Mrs. MARTINEZ. As you know, when the budget was originally proposed, we did not know that we would have a National Institute for Handicapped Research. And we have just recently employed Dr. William Spencer as a consultant to help us establish that institute.

We are not quite sure what we will need once that institute has been established. Also, it was our judgment at the time that if we had to make tradeoffs, we would make tradeoffs in the area of research rather than in direct services.

It would not be the closing of any specific institutions.

Mr. HUMPHREYS. There is no expectation, at this point, at least, that there would be any closing of existing centers. It is possible that with that level of funding, grants to the centers would be reduced across-the-board by as much as 7 percent.

Senator BUMPERS. What percentage of people in rehabilitation centers across the country are burn victims; do you have any idea?

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Mr. HUMPHREYS. I would not. There are specific burn projects that are being developed, and there are close relationships between emergency medical services and State rehabilitation programs which developed primarily, at least at the outset, with respect to the spinal cord injury victims.

But that has subsequently been expanded, particularly in some of our research projects, to burn victims, burn and other trauma.

TRAINING OF PROFESSIONALS

Senator BUMPERS. One of the problems with professionals in rural areas is that institutions of higher learning very seldom offer courses in these specialties. An amendment was adopted to authorize the conduct of programs to meet that shortage. Under that authorization, what activities do you intend to initiate to attract professionals and paraprofessionals to serve in rural areas?

Mr. HUMPHREYS. Mr. Chairman, we are in the process now of developing our regulations as a result of the 1978 amendments, and have had considerable input from hundreds of different individuals and groups with respect to that. We have first drafts of most of the regulations developed at this point.

But I would be hard put, as a matter of policy, to give you any specifics at this point. Certainly, our expectation would be to follow the intent and the expectations of the law. But what form that will take I can't tell you.

Mrs. MARTINEZ. Mr. Chairman, one of the things we are trying to do is to develop common definitions among programs. Mr. Benedict mentioned the difficulty in determining how you define rural, what is a rural area, and that is the same problem that the programs for rehabilitation have.

Senator BUMPERS. Well, Madam Secretary, it is much more important to determine which areas do and do not provide professional training for rehabilitation services than it is to define a rural area.

You might have an urban area, where professional courses are not offered in higher educational institutions. The University of Arkansas has a pretty good rehabilitation program, for example, but Arkansas is a rural State.

Mrs. MARTINEZ. Well, I think that is true. We do have, of course, limited resources in terms of all of our training, and one assumes that we would want to create our standards of excellence in terms of training. It is a possibility that you could spread your resources across the board very thinly and not develop accident training programs.

I think one of the projects that we have going on right now is to examine all of our training programs. That was a request of Senator Magnuson for fiscal year 1978 with respect to training.

But I'm concerned that we not spread our resources too thinly, and that we in fact develop centers of excellence, so that we have finely trained individuals.

NEED FOR OUTREACH

Senator BUMPERS. I agree with you and that's one of the reasons I think we need improvement in this area. This situation is par-

ticularly true of the rural areas. In our State we've got a great rehabilitation center, as you know, and it is well staffed and we're very proud of it. But there are a great number of people in our State that don't know that facility is available, or their parents or others don't know that they need that kind of service.

The problem is getting the word to those people and getting them into the rehabilitation center, so that they do return to the mainstream and become productive. That is a much more legitimate question, as far as I am concerned.

Do you agree with that or not?

Mrs. MARTINEZ. I do.

Mr. HUMPHREYS. I do as well,

Senator BUMPERS. It's always hard for the chairman to say: Do you agree with that? [Laughter.]

Mr. HUMPHREYS. There is a clear need for additional emphasis for outreach in rural areas and urban ghettos as well. And in the 1978 Rehabilitation Act Amendments, there was a provision to establish comprehensive rehabilitation centers.

We have identified $2 million for the establishment of what will be the core to subsequently develop such centers. The nature of those will be the creation of technical information resource centers in each regional area, so we can assist States and cities on a community level, primarily, to know the best way to marshal their resources and get information about existing and available facilities and services.

NUMBER OF REHABILITATIONS

Senator BUMPERS. How do you square your 1980 request proposing to cut funds for research and training and shift it toward direct services, with your quantifiable estimated results of 90,000 less people being served and 15,000 people less being rehabilitated?

Mr. HUMPHREYS. Well, the rehabilitation result is not directly related to the appropriation made in a specific year. Normally under the pipeline effect, as it is called, it takes up to 2 years to complete the process of rehabilitation.

Senator BUMPERS. When would you hope to reverse that trend?

Mr. HUMPHREYS. As a matter of fact, there has been, interestingly enough, in this past year an increase for the first time in 4 years in the number of people rehabilitated, from 291,000 to 294,000.

We would hope and expect that there would not be a substantial diminution in the current year. But over the course of the last 3 years, there has been roughly a $20 million incremental increase in the basic State grant funds. Obviously, this has not allowed us to keep up with inflation.

At the same time, the emphasis on serving severely disabled people has resulted in increasingly costly services per client. So, as a result, it is almost inevitable that you would have a reduction in the number of people served and the number of people rehabilitated.

We feel that the numbers of people rehabilitated are not as significant as the quality of services that are provided. I personally feel that it is highly important for us to accentuate our services to the more severely disabled populations.

In fact, for the first time our active caseload this past year, fiscal 1978, was over 50 percent severely disabled, which I think is significant.

Senator BUMPERS. How does that compare with prior years?

Mr. HUMPHREYS. Prior to the 1973 amendments, the average State caseload involved something like 31 percent severely disabled. Since then, it has been a continuous trend upward.

The act requires priority for services to severely disabled individuals.

Senator BUMPERS. You're not saying that more people are becoming disabled?

Mr. HUMPHREYS. No, it is just that the emphasis on serving that population has increased.

Senator BUMPERS. Let me ask you: You are familiar with S. 2600 last year, are you not?

Mr. HUMPHREYS. Yes, sir.

FORMULAS IN S. 2600

Senator BUMPERS. Are you satisfied with the funding formula that we finally agreed upon?

Mr. HUMPHREYS. The Department has preferred to stay out of decisions with respect to formula. There are any number of ways to cut the pie.

Senator BUMPERS. Where are you from?

Mr. HUMPHREYS. Originally from Oregon.

Senator BUMPERS. Well, you perhaps know that I got into a donnybrook with Senator Javits last year on this, and that fight is just like the fights I win with my wife: They just aren't over.

I am satisfied with the resolution of that thing last year, but I personally and frankly don't want any further tinkering with it, and we may have to fight that battle again in the Senate this year, and I would be very happy if your agency stays completely out of it and I will take my chances on the Senate floor.

SOCIAL WORK TRAINING

This committee, in its report on the 1979 Appropriations Bill, requested a study of the myriad of social work training programs funded in this bill. Your agency does a special training program for vocational rehabilitation, another for aging, more for title XX social services, Head Start, developmental disabilities, et cetera. Many of the curricula funded for these programs contain the same basic courses. Why couldn't there be a single federally subsidized social work training program that would offer its specialized training according to the calculated demand or surplus of social workers in an individual discipline?

Mrs. MARTINEZ. There certainly could be, Senator, if the Congress of the United States wished that to happen. However, in two of our bills, the Older Americans Act and the Rehabilitation Act, we have prohibitions against joint funding for participations in the joint funding simplification program. We cannot use any of the resources, including training resources, in those two programs in a jointly funded effort. That has been the will of Congress.

We do believe that we need to examine these training programs, and we do have a major study underway in response to Senator Magnuson's request last year, taking a look at, in fact, what is going on in training throughout the country. How do you define performance with respect to training? What should we expect from institutions? These questions are being examined.

We don't have that information yet because that study was just initiated in the beginning of fiscal year 1979, but we anticipate when that study is completed that we would make recommendations to Congress as to how we ought to proceed with training. We are not prepared at this time to say one way or the other is the best way.

Senator BUMPERS. Well, insofar as courses are the same for all of those various training programs, you could at least administer those and eliminate some duplication; could you not?

Mrs. MARTINEZ. Well, we're not sure that that is really the case.

Senator BUMPERS. Well, the question may assume something that isn't true. The question says that most of the curricula funded by these programs contain the same basic courses; is that not true?

Mrs. MARTINEZ. We don't believe that is necessarily true.

Senator BUMPERS. Well, then, the question, is not appropriate?

Mrs. MARTINEZ. That is what we are trying to determine, whether or not the basic curricula is the same.

Senator BUMPERS. You are trying to determine that?

Mrs. MARTINEZ. Yes, we are trying to determine that. Most of our resources for training, though, support the institution rather than a specific program. We do also provide individual stipends, and there are very different training curriculums within the rehabilitation field than there are within the social work field, for example. There may be some overlap and some similarities, but that really isn't known at this point. Whether there could be a core curriculum and where the specialization should occur, should it occur, is not known either.

Senator BUMPERS. On the tail end or somewhere else?

Mr. PARHAM. There are a substantial number of agencies in HEW that use those programs as well.

Senator BUMPERS. You know, I admire social workers, and I think it is a very ennobling profession. But I think "Scared Straight" is worth 10 billion dollars' worth of social programs. I would like to get a professional's opinion on that. It scared the hell out of me.

Mr. PARHAM. I have been looking into those things for 30 years.

Senator BUMPERS. Would you get back to my office, in case I forget it, and we'll have lunch and talk about it someday because I find that whole thing fascinating.

Mr. PARHAM. I have seen panaceas for juvenile delinquency come along periodically every 2 or 3 years, and I am somewhat fearful about this. But I would be happy to discuss it with you.

DECLASSIFICATION OF SOCIAL WORKERS

Senator BUMPERS. Let me ask you one other question on these training programs: Have you ever reduced training funds because you had a surplus of workers in any of these fields?

Mrs. MARTINEZ. We don't believe that that is the issue.

Senator BUMPERS. You don't think you get too many?

Mrs. MARTINEZ. The issue is: What level of training is essential to do the best rehabilitation job or the best placement job for children.

What we do see is that there are many untrained workers who are called "social workers." They are not social workers. They neither have the professional training nor the experience to make what I call "life-and-death decisions."

For example, if a child is abused or neglected, the decision to take that child out of the home or leave it there is a life-and-death decision, but we have people in the States who are making those decisions who sometimes don't even have a high school education.

Now, I am not saying that only trained people can make those kinds of critical decisions, but it does help. We find that there is, in the States, a declassification of social workers going on as a cost-saving measure. We believe that perhaps in the long run it may be a very costly thing for the States to be declassifying social workers.

I hear all the time that there are too many social workers. Well, the question is: How do you define "social workers"? And my belief is that our service system has suffered in the last 10 or 15 years from the declassification of the social work position. And I do not believe that there are too many workers. There are professionals going begging for jobs because, in fact, they have been closed out of the market by nonprofessionals. But that doesn't mean that there are too many workers.

Senator BUMPERS. How has that happened? How have the professionals been closed out of the market by the nonprofessionals? First of all, doesn't rehab set up criteria for social workers under its own regulations?

Mr. HUMPHREYS. There are general criteria for rehabilitation counselors, yes. There are, in many States, licensure requirements, but it is not universal.

Mrs. MARTINEZ. And the same thing is true with regard to child welfare workers.

Senator BUMPERS. I would have to say I have run across a few child-welfare workers that I did not think ought to be slinging hash.

Mrs. MARTINEZ. They might not have been real child-welfare workers. They might have just had the title.

Senator BUMPERS. Well, I don't understand, with the amount of money that the Federal Government is putting into the State programs, why you have not taken a stronger role in making certain that this very trend and this very problem you're talking about doesn't exist or at least continue. Do you not have that much input into the State programs and the quality of the people who are working in them?

Mr. HUMPHREYS. We have, under the law, considerable persuasive authority. Nothing mandatory, Senator.

Senator BUMPERS. What if the State of Arkansas, in its child-welfare division, hired all 10th-grade graduates. Would you continue to fund that program?

Mrs. MARTINEZ. Yes.

Senator BUMPERS. You would?

Mrs. MARTINEZ. Yes.

Mr. PARHAM. They can hire 10th-grade graduates and call them "child-welfare workers." There are only recommended standards with regard to child welfare. No mandatory requirements.

At one time the Children's Bureau did a very excellent job of promulgating recommended standards consistent with certain kinds of——

REQUIREMENTS FOR SOCIAL WORKERS

Senator BUMPERS. Who designs the merit system test that these people take?

Mrs. MARTINEZ. Basically, the States. There are some Federal requirements by the Civil Service System.

Senator BUMPERS. But if a State had nothing but a merit system test that they designed and no legal qualifications for these people, then you can't quarrel about whomever they hire; is that right?

Mrs. MARTINEZ. That is basically correct.

Senator BUMPERS. Is that a significant problem?

Mrs. MARTINEZ. I think it is.

Senator BUMPERS. I assume it is a bigger problem in some States than it is in others.

Mrs. MARTINEZ. That's correct.

Senator BUMPERS. Are some of these people hired? I mean, do you find a lot of political hiring in rehab as a result of this?

Mr. HUMPHREYS. I wouldn't say so at the counselor level, certainly. I think that the quality of the professionals in the rehabilitation system is, although not uniformly high, at least there has been a long tradition of service with adherence to a high quality of service that has impelled States. I think, to hire and continually employ people who are qualified.

Senator BUMPERS. Well, how about child welfare and aging and some of those programs?

Mrs. MARTINEZ. In child welfare, I think, there has been a decline in the last 10 or 15 years, with respect to the level of competence of workers, because of the declassification. And I think we are seeing it in terms of what's happening in terms of foster care and child welfare system, and that's why we're recommending changes to the child welfare law. We certainly are seeing more children entering the system and fewer children being kept with their families.

In aging, you have at the local level a great number of volunteers.

Mr. BENEDICT. The aging programs are somewhat less developed than their sister programs in child welfare, but it does suffer, I think, from the same conditions that you have been hearing about.

Senator BUMPERS. Well, who does the performance audits on these people who evaluate the outcome? And isn't this sort of thing, this declassification, doesn't it manifest itself in the product?

Mrs. MARTINEZ. We have not had very clear performance objectives defined for most of our programs. That is, again, one of the areas that we in the last 2 years have been trying to develop. We have a major study under way about performance objectives and performance standards. With rare exception, those standards do not exist, and that is one of the areas that I am deeply concerned

about, and the Secretary is also. In fact, the Secretary has set up his major initiatives tracking system, in which he has set up, not necessarily qualitative, but at least quantitative performance objectives.

Getting to the qualitative performance objective is going to take some time, but we are working at that. And since we have been in office we have made that a major commitment on our part.

Senator BUMPERS. That's very interesting.

Ms. CARDENAS RAMIREZ. You asked a question earlier about generic training, and as we're looking at training, we see that in some areas there is a need for generic training and generalists, if you will, and in other areas, particularly where a particular field of human services has not had attention as in the case of child welfare for some 10 or 15 years.

We must move forward with very focused training to rebuild the child welfare field, since it is very relevant to the question you asked earlier about training systems, and we are looking at that, and it is of great concern to us.

REASONS FOR HIRING INDIVIDUALS

Senator BUMPERS. I can see some Governors—having been one—declassifying a lot of jobs just in order to take care of a lot of political commitments. Is that ever done? You don't have to call names. I am just curious.

Mrs. MARTINEZ. I think it is more to save money. That is my opinion. It may be in some States that it is political. But, I think, in the long run my feeling is that it is very, very costly in terms of not only the States having perhaps more dependency rather than less, but also in terms of the life chances of those human beings that we deal with—and in the case of child abuse and neglect, their very lives.

Mr. BENEDICT. The basic requirement that has been relied on over the years has been the requirement that federally administered programs comply with provisions of the Intergovernmental Personnel Act. I think one response on the part of the states has been to declassify jobs. Another response has been to look more to the purchase of service and the contract of services through private agencies. This makes the dilemma of reaching out and imposing training and education standards even that much more difficult.

I think it is clearly central to any effort to improve the standards.

Senator BUMPERS. Staff just handed me this. Apparently, Peat, Marwick, Mitchell has made some of the same points we're making here, in their child welfare survey of 25 States.

Mr. PARHAM. That's the child-welfare reform amendments which were introduced last year. And they will be reintroduced this year.

STRATEGY FOR TRAINING SOCIAL SERVICE PERSONNEL

Senator BUMPERS. In a letter to the committee dated May 23, 1978, responding to the committee's request for a report on child welfare and social service professional training, it was stated that the details of a new strategy to train and produce professionals for human development programs would be in place.

What is this new program? And how many new initiatives have you funded in child-welfare training, if you've cut it from $8 million to $5 million?

Mrs. MARTINEZ. Our basic concern has been that these haven't been the definitions of "training," that we haven't really set standards, that we really don't know what should be done. And that is why we embarked upon this research study. The study has just started, so we don't have all of the information now.

Senator BUMPERS. Mrs. Martinez, if I were to send you a letter asking how you would prefer to deal with this program, would you respond very promptly?

Mrs. MARTINEZ. I certainly would.

HEAD START

Senator BUMPERS. All right. On Head Start you are proposing a 3 percent increase in 1980 over 1979, from $680 to $700 million. And you say you can serve 3 percent more children. How can you do this with only a 3 percent increase?

Ms. CARDENAS RAMIREZ. Let me say it's just a pleasure to talk to you, Senator. We usually don't get the chance to give such thoughtful answers. The most honest answer I can give you to that question is that the way the Head Start formula works, the largest increases in funding will go to the larger, more populous States. What we will have to do——

Senator BUMPERS. You know, you just threw up a red flag.

Ms. CARDENAS RAMIREZ. Well, you asked us about that formula and that formula controversy. I think the formula that Congress finally arrived at is one that at least does not penalize those states which were over-funded in the past. But that is another issue.

The only way that we can proceed to try to increase the number of children served is to go on a project-by-project basis and analyze those projects that may be able to serve additional children. We won't go to those projects, for example, where people are working at minimum wage already.

MINIMUM WAGE

Senator BUMPERS. What percent of the people at Head Start are working at minimum wage?

Ms. CARDENAS RAMIREZ. I would say 50 percent of the people who work in Head Start are at minimum wage. But we will have to go on a project-by-project basis and analyze the costs. There are differences between cost to the government and costs for operating the program because a lot of local community groups have been able to acquire other resources—from a church or a city government. Sometimes they get resources from Title XX.

But we have to do it on a project-by-project basis to further review the Head Start program and to find—we do have the pressure from the appropriational increase and with the cost of the program going up, and we will need to try to determine which of those projects, in fact, ought to be serving more children with the money we are now giving them. It will be a difficult thing and a case-by-case task.

HEAD START ENROLLMENT

Senator BUMPERS. Well, of course, you have my blessings if you can do it. And I hope you can.

The new Head Start allocation formula appears to distribute a larger percentage increase for States with urban populations than it does rural States. How many States will actually face a reduction in Head Start enrollments? Do you know that?

Ms. CARDENAS RAMIREZ. In terms of at the 1980 level of $700 million, there will be three States that will receive no increase at all, and those States may have to sustain a decrease in children. Those States are: Wyoming, Alaska, and Mississippi.

Some 20 additional States will receive only a minimal 1.47% increase in funds over the 1979 appropriation at the President's proposed budget level.

Senator BUMPERS. OK, let me ask you this, if you know the answer to this.

In your supplemental, you are asking for $55 million. Now why would States like California, Connecticut, and New Jersey get 14, 16, and 18 percent increases respectively out of that?

Ms. CARDENAS RAMIREZ. When you apply the formula and determine the allocation to the States on the basis of number of children in poverty, and number of children in AFDC, and you contrast the amount of money they would receive under the formula with the amount of money they are now getting, those States receive more money than States like Mississippi, Louisiana, Alabama, and many of the Southwestern States.

Senator BUMPERS. Do you mean that Connecticut, for example, has a higher number of AFDC children than Mississippi?

Ms. CARDENAS RAMIREZ. The difference between the number of children in AFDC and the number of children in poverty and the children currently served——

Senator BUMPERS. You're saying the difference between the children between AFDC and the difference between the children in poverty?

Ms. CARDENAS RAMIREZ. The difference in those two categories of children and the children currently served is greater in those states than in those states that have been historically "overfunded."

Ms. MARTINEZ. Part of it is an adjustment to previous years. And as you know, that was a very tough formula fight for all of us, but the formula was put in the law, and we are carrying out what the law has told us to do.

HEAD START FORMULA

Senator BUMPERS. Well, tell me. What is the formula for Head Start funds?

Ms. CARDENAS RAMIREZ. The money is allocated to the States on the basis of the relative number of children in poverty, and the number of AFDC recipients. Seventy-eight percent of the total appropriation for Head Start is allocated on the basis of that formula.

In addition, out of funds available from the "20 percent reserve", we are required to bring States up to their 1978 hold harmless level.

As a result of the application of the formula to 78 percent of the appropriation; there are some 22 States that would not receive enough money to come up to their 1978 hold harmless level.

The Secretary's discretionary pool of 20 percent is then used to bring those States up to their 1978 hold harmless level.

We then have the direction from the Authorizing Committee.

Senator BUMPERS. Is that in money, or children?

Ms. CARDENAS RAMIREZ. In money.

We are then required to provide to those States which qualify, a 6.07 percent increase above their 1978 level, but that is for 1979 alone.

In succeeding years, we would be required to provide increases up to one-half of the percentage increase for the total appropriation.

The result and the intent of the authorizing committees is that, over time, the monies allocated under the formula will have an equalizing effect; so that all of the States are getting that share of the appropriation which they would get strictly on the basis of the formula.

We are being required to use discretionary reserve monies to equalize or to bring States up to the hold harmless level in the interim.

It is a rather barroque formula, Senator.

Senator BUMPERS. I've concluded that. [Laughter.]

Ms. CARDENAS RAMIREZ. And there are three States that would not see any increase until the total appropriation for Head Start reached some $2 billion level.

Senator BUMPERS. I find myself in the same shape as Senator Sasser is in. I am going to have to go.

I do want to just ask you quickly this last question.

PERCENT OF ELIGIBLE CHILDREN IN HEAD START

Recent statistics indicate that approximately 17 percent of the children aged 3 to 5 who are eligible to participate in Head Start are actually enrolled nationwide.

We understand, however, that this percentage varies considerably from State to State, with some States having less than 12 percent of their eligible population enrolled, while others have more than 30 percent of the eligible population enrolled. One has more than 75 percent.

To what extent is the variation in State percentages of eligibles enrolled the result of difference in operating costs between the States?

Ms. CARDENAS RAMIREZ. I would say that when you get to the 75 percent figure—which is Mississippi—the factor involved there was the historical overfunding of Mississippi.

Senator BUMPERS. Incidentally, does Mississippi not have a kindergarten program?

Ms. CARDENAS RAMIREZ. No; it does not.

Senator BUMPERS. Does that account for their high percentage?

Ms. CARDENAS RAMIREZ. No, it is strictly a function of the historical funding pattern which was protected by the 1975 legislation which held them harmless and further protected them in 1978 by the hold harmless provisions of the formula.

I would say that——

Senator BUMPERS. Well, it's obvious, isn't it, that taking Connecticut again, that Connecticut can't operate on a child-cost-basis that we can in Arkansas.

Ms. CARDENAS RAMIREZ. That is right.

Senator BUMPERS. So it is obviously a pretty considerable variation, is it not?

Ms. CARDENAS RAMIREZ. Yes, it is.

Senator BUMPERS. What is the percentage—do you know, just offhand? Do you have the statistics in front of you that show you the percentage of the eligible children enrolled in Connecticut and Arkansas?

Ms. CARDENAS RAMIREZ. No, I do not have it with me, but I can provide it.

Senator BUMPERS. Would you do that? Just send it to the committee, and send me a copy? That is just a matter of curiosity.

Ms. CARDENAS RAMIREZ. We are serving children for less money in States like Texas and New Mexico, for example. It is something like $1,000 per child in some areas. In States like California, it is over $2,000 per child.

Senator BUMPERS. That is a big variation.

Ms. CARDENAS RAMIREZ. In New York City, it is about $2,400 per child. And in States like—in the Southern States, it is about $1,300 to $1,500 per child.

Mr. PARHAM. Is that for the same number of months, and the same number of days?

Ms. CARDENAS RAMIREZ. It varies.

Senator BUMPERS. You obviously have a chart somewhere that shows each State, the number of children and the cost per child, do you not? That would suffice to answer my question and my curiosity.

OK?

Ms. CARDENAS RAMIREZ. Certainly.

SUBMITTED QUESTIONS

Senator BUMPERS. There will be additional questions submitted to you for the record, and also questions for Senator Schweiker will be sent to you.

We would like for you to return them with the corrected transcript within 7 days.

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

ACCOUNTABILITY

Question: Is there any way for the Department to develop a reporting system which will inform us as to how many people are actually being served by title XX, what kinds of services they are receiving, and whether it has assisted them in either becoming economically independent or less dependent?

Answer: The Department has developed a reporting system on social services. The Social Services Reporting Requirements (SSRR) is a pioneering effort in the collection of data on social services. The SSRR, developed by HEW in consultation with the States and national organizations, is a major initiative to provide comparable data to Federal, State and local officials responsible for the development of public policy. They are designed to provide detailed information on service recipients, services provided, and the cost of specific services funded under titles XX, IVA/C and IVB of the Social Security Act.

The implementation of the SSRR was initiated as of October 1975, the first quarter in which title XX was implemented. The institution of these requirements was phased over a three year period. This phasing allowed the States time to design the support systems to generate the data required for the reports.

The reports are submitted quarterly and published in Social Services, USA. Annual summaries are also developed. Data not published is available to State agencies, Congressional offices, Federal policy and program officials, academicians and the general public on request.

These reporting requirements and the availability of the information emerging therefrom make possible the count of the number of persons who presented problems which generated the service, the number of persons receiving specific services, and the objectives for which the services are directed.

The final phase of the Social Services Reporting Requirements was initiated in the first quarter of 1978. This last phase will provide reporting on the number of persons for which each of the goals is directed within each of the services as defined for the Social Services Reporting Requirements.

It should be understood that the initiation of this reporting requirements process involved extensive interaction with State agencies and the development and or improvement of information systems within these agencies as data of this type had not been previously regularly reported.

As the reporting requirements series develops, additional refinements and improvements in both the quality of the data and its usefulness and application should be expected.

Continued improvement in the reporting program should provide additional insights into patterns of service delivery and their

relationships to social services delivery objectives. Further emphasis upon developing a common language for social services (e.g. defining the same services with the same terms) throughout the States, a current joint Federal-State project, will also assist in improving the usefulness of these data.

Social services are delivered for multi-faceted reasons and objectives. The objective of assisting persons to become economically independent or less dependent is but one of the many goals for which social services are provided.

Analyses of the extent to which social services assist individuals to reach any of the objectives specified relates to the state-of-the-art in outcome measurement. Methodologies for measuring the costs, efficiency and effectiveness of social services delivery are incipient. Measuring behavorial change, and its attribution to one or more social services delivered, is complicated by problems in defining the service, unit of cost, and quality of delivery.

Attributing the change in economic status of a social services recipient to the services delivered requires the development of a set of parameters which would be able to define more precisely the role of social services, as distinguished from the effects of other factors such as the general state of economic health in the area of employment, the occupational and/or educational attainment level of the recipient, and assistance which may have been received from other programs such as CETA.

Studies on outcome measurement undertaken to date have not developed an economic and reliable means through which such parameters could be applied to data on social services recipients.

QUALITY OF STATE PLANS

Question: A recent Urban Institute report characterizes the title XX program as falling short of expectations further finds that many of the State social services plans are deficient in many areas.

Answer: The report referred to was requested by HEW and funded by an HEW grant. The purpose of the grant was to evaluate the title XX program by an independent outside source and to make recommendations which could lead to improvements in the title XX program.

The report contains the following recommendations:

1. The Federal government should provide incentives for creative planning.

2. Funds should be made available outside of the Federal ceiling for planning purposes. Unfortunately, the report does not recognize two very important inhibiting factors relative to this recommendation - as follows:

    a. Providing funding for planning without increasing the ceiling for services will not have very much, if any, impact on the actual provision of services, and

b. Many State laws mandate the provision of specific services to specific groups. Providing funds for planning would not overcome this problem.

3. The federal government should take a more active role in providing technical assistance.

Question: Is the Department providing technical assistance to the States in order to assist them in overcoming these deficiencies?

Answer: Yes, our Regional staffs work closely with States in the total aspect of the plan development. In addition, HEW plans to intensify it's technical assistance efforts during this and the forthcoming year.

Question: If these deficiencies continue, is HEW prepared to exercise its authority to not approve a State's Comprehensive Annual Services' Plan?

Answer: HEW does not have the authority to approve a State's Comprehensive Annual Services Plan. However, HEW does have the authority to withhold Federal funds if the State does not meet the requirements as specified in Section 2004, Services Program Planning, of the Social Security Act. Briefly these requirements include assuring public participation in the development of the program through publishing the proposed program plan and accepting for consideration public comment on the proposal.

HOMEMAKER CHORE SERVICES

Question: Why are not homemaker-chore funds made available under title XX to help the elderly or multi-handicapped deaf?

Answer: Under title XX no specific services are mandated, but a wide range of services, including homemaker chore services for the elderly and multi-handicapped deaf, is available at State option. At least one type of home-based service, including homemaker and/or chore service, is included in all 50 State and D.C. Comprehensive Annual Services Plans for FY 1979. Such services are usually available to the elderly as a discrete service or as a component of another service such as protective services to adults. Data is not compiled by States on services to the deaf as a class. Therefore no information is available on homemaker-chore service available to the multi-handicapped deaf.

PROTECTIVE SERVICES

Question: To our knowledge there are no protective services for the deaf in California. If there is, where and who is funded?

Answer: California, in its Comprehensive Annual Service Plan for FY 1979 (July 1, 1978 through June 30, 1979) does not identify specific services for the deaf as a special group for service. The State mandated services available statewide are available to eligible recipients who are deaf. There is no information available at this time about any specific protective service programs available exclusively for the deaf in California although deaf children

and adults could receive protective services if they were eligible recipients. California does provide special services for the disabled and employment related services which would also be available to deaf recipients of the program.

Question: What provisions are being made for deaf foster children?

Answer: The States in their reports on child foster care, under title XX, have not indicated that they make any special provisions for deaf children among those that are provided foster care. We will ask our Regional Offices to get more information on this question from the States.

Question: Why is not more effort made to recruit deaf people (families) to become licensed foster parents?

Answer: We have no information from the States on this matter. The States are the only ones who can answer this question. We will ask our Regional Offices to get more information on this question.

Question: Does the licensing agency for foster parents have teletypewriter phones available?

Answer: We are unable to answer this question since Federal regulations do not require licensing agencies to have teletypwriter phones. States licensing such programs are the only ones who can answer this question. We will ask our Regional Offices to get more information on this question.

Question: Do they have interpreters to facilitate communication?

Answer: We are unable to answer this question since Federal regulations do not require interpreters. States administering foster care programs are the only ones who can answer this question. We will ask our Regional Offices to get more information on this question from the States.

Question: Do you comply with Affirmative Action in all of your programs under title XX?

Answer: Title XX agencies are required to develop and implement an affirmative action plan for equal employment opportunity in all aspects of personnel administration. The plan provides specific action steps and timetables to assure such equal employment opportunity.

Question: At your public hearings for title XX planning, do you provide these hearings with qualified interpreters for the deaf?

Answer: Hearings on title XX planning are held by the States rather than at the Federal level. The States are subject to the general provisions of Federal regulations governing nondiscrimination on the basis of handicap in programs and activities benefiting from Federal financial assistance (45CFR Part 84). This regulation

implements section 504 of the Rehabilitation Act of 1973. States should therefore provide public hearings with qualified interpreters for the deaf to be in compliance with the Federal Regulations.

TRAINING

Question: Funds for training personnel also are available under the Social Security Act's title XX Social Services program from which $64 million was available in fiscal 1978. How much of this amount helped train persons serving older persons?

Answer: At the present time this data is not available on title XX training. This is due in part to the fact that the development of training and establishment of training priorities is the responsibility of the State agency designated to administer title XX. Further, we are currently involved in developing the management information reporting system that will yield the discrete data regarding the types of training provided specific categories of agency and provider staff. This will include training for staff and providers serving older persons and their families. We would be pleased to provide this data at such time as it is available.

HEADSTART ENROLLMENT AND FUNDING

Question: What percent of the eligible population could be served if $700 million were appropriated for Head Start for Fiscal Year 1980?

Answer: A minimum of 19.7% of the eligible population would be served at the FY 1980 Head Start budget request of $700M.

This percentage is based on the projection that up to 403,000 children will be served in FY 1980 in full-year and summer Head Start projects and Parent and Child Centers. 90%* or 362,700 of these children are from poverty income families. This represents 19.7% of the 1,838,000 3 to 5-year old population from families with incomes below the poverty level, as reported in the most current census data.

The projection presented above is based on the assumption that projects will be provided a 1.5% funding increase to offset higher operating costs and that the balance of new funds in each state will be used to serve additional children. The 1.5% increase is the minimum increase made available to all but three states under the Head Start allocation formula. If a funding increase greater than 1.5% is provided to offset higher operating costs (where state allocations under the formula permit higher increases) the maximum projection of 403,000 children would need to be proportionately reduced.

Question: How many children could be enrolled in Head Start programs with a $750 million appropriation?

Answer: 407,700 children could be served in FY 1980 at a $750M appropriation level by full year and summer Head Start and Parent and Child Center projects. This is an increase of 7,700 children over the projected enrollment in FY 1979 at a $680M appropriation level.

* At least 90% of the children enrolled in each Head Start project must be from families with incomes below the poverty level. Many grantees exceed this minimum level.

This projection is based on the assumptions that: (1) where the statutory formula permits, all projects will receive a 5.15% funding increase in FY 1980 to offset higher operating costs which will enable them to maintain current enrollment levels; (2) that if such an increase were not available through the statutory formula they would have to reduce enrollment in an amount proportional to the shortfall in new funding below 5.15%; and (3) that new funds available to the states through theformula which were in excess of a 5.15% increase in funding would be used to serve additional children.

A 5.15% increase is the minimum increase which would be received by all except three States at a $750M appropriation level in FY 1980.

Question: What percent of the eligible population would be served by your fiscal year 1980 Head Start budget request of $750 million?

Answer: Up to 20.0% of the eligible population would be served at a FY 1980 Head Start appropriation level of $750 million.

This percentage is based on the projection that 407,700 children will be served in FY 1980 in full-year and summer Head Start and Parent and Child Center projects. 90%*, or 366,900, of these children are from families with incomes below the poverty level. This represents 20.0% of the 1,838,000 3 to 5-year old population from poor families, as reported in the most current census data.

The projection presented above is based on the assumption that a 5.15% funding increase would be provided to offset higher operating costs and that the balance of new funds in each state would be used to serve additional children. The 5.15% increase is the minimum increase available to all but three States under the Head Start allocation formula. If a funding increase greater than 5.15% is provided to offset higher operating costs in States where higher allocations are available under the formula; the maximum projection of 407,700 children would be proportionally reduced.

Question: For Project Head Start -- the early childhood program designed to assist poor children, families, and communities -- the President's budget requests an FY '79 supplemental appropriation of $55 million (bringing total funding to $680 million), and an FY '80 increase of $20 million (bringing total funding to $700 million). The budget states, that these proposed levels would allow the program to serve 414,000 children by 1980 -- an increase of about 12,000 children. But according to the Congressional Budget Office, Head Start grantees will need an increase of <u>at least</u> 8 percent during both fiscal years <u>just to maintain current levels of service</u>. Do the "expansion" figures cited in the budget, take this into account? Specifically, would you please give an indication of what factors reflecting increases in the cost of providing present as well as additional Head Start services the Administration includes in its calculations.

Answer: <u>FY 1979</u>

Projections of the numbers of children to be served in FY 1979 at a $680M appropriation level were based on an assumption that, where possible under the formula, a 6.07% funding increase would be provided to programs to offset higher operating costs and that

this increase would be necessary to guarantee current levels of service.

In 20 states, the new funds available in FY 1979 would equal exactly 6.07%. In these States projects would be expanded, at a minimum, to serve the same number of children as were served in FY 1978.

In 27 states, total funding increases would equal between 6.10% and 17.78%. In these states projects would be expected to use the portion of new funds above 6.07% to serve additional children. It was assumed that this would result in 11,000 additional children being served.

In 3 states no funding increase is possible. In these states it was assumed that it may not be possible to maintain the current number of children served and that as many as 6% fewer children may be served. This could result in a reduction in these states of up to 2,000 children.

Based on these assumptions, there would be a net increase of approximately 9,000 children in FY 1979.

The 6.07% increase to offset higher operating costs is similar to the amount provided in FY 1978 for this purpose. It is also the minimum funding increase which all but three states would receive under the formula at a $680 million appropriation level.

FY 1980

Projections for the number of children to be served in FY 1980 at a $700 million appropriation level assumed that a 1.47% funding increase would be provided, where available under the formula to offset higher operating costs and maintain current enrollment levels. It was assumed that funds in excess of a 1.47% increase would be used to expand services and that this would result in the enrollment of approximately 3,000 additional children.

The 1.47% increase is the minimum increase which all but three states would receive under the formula at a $700 million appropriation.

HEAD START ENROLLMENT AND FUNDING

Question: To follow-up, would you please submit in writing for the record a detailed breakdown, for both full-year and summer programs, of the number of present and additional children the Administration expects to be served from funds that would be allocated to States under its FY '79 and FY '80 budget requests? Also, please submit the same information for programs operated with funds from outside the State allocation.

Answer: Below is a summary of the projections of numbers of children to be served by Head Start which are presented in the FY 1979 supplemental and FY 1980 appropriation requests.

Number of Children to be Served

	FY '78 $625M	FY '79 $680M		FY '80 $700M	
	Total Child.	Add. Child.	Total Child.	Add. Child.	Total Child.
From State Allocations					
- Full Year Head Start & Parent & Child Centers	339,100	9,000	348,100	3,000	351,100
- Summer Head Start	26,000	-0-	26,000	-0-	26,000
From Secretary's Discretionary Allocation*					
- Indian Head Start	12,300	-0-	12,300	-0-	12,300
- Migrant Head Start	10,500	-0-	10,500	-0-	10,500
- Head Start Projects in Territories	3,100	-0-	3,100	-0-	3,100
Total	391,000	9,000	400,000	3,000	403,000

Services are currently provided to 11,000 children through demonstration projects. These services would continue to be provided at the FY 1979 and FY 1980 budget levels presented above.

HEAD START ENROLLMENT AND FUNDING

Question: Even if the Administration's proposed "expansion" occurs, won't some existing Head Start programs have to cut either the number of children they serve or the quality of services they deliver? Please supply specific information for the record regarding this, including how many slots will be lost and in what States.

Answer: An FY 1980 appropriation of $700 million would provide a funding increase, above a FY 1979 $680M appropriation of 2.66% to 22 States. 27 States would receive a 1.47% increase and 3 States would receive no increase. In the FY 1980 budget request it was assumed that; in the 49 States where increased funds were available, a 1.47% funding increase would be used to offset higher operating costs; and with this increase, projects would be able to maintain enrollment levels.

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*All projects in this category are full-year Head Start or PCC.

There are a number of actions which projects might take to accommodate higher costs while still maintaining current levels of enrollment. The extent to which projects could accommodate higher operating costs would differ from project to project depending on a variety of local factors and depending on the rate at which costs continue to escalate nationally.

At a $700 million appropriation level in FY 1980, our goal is to maintain FY 1979 enrollment levels with minimal increases in funding levels, while using the balance of new funds to serve additional children.

We recognize that in some projects, even after taking cost-saving measures, it may not be possible to achieve an expansion or to maintain current enrollment levels.

In no instance would projects be allowed to reduce the quality of the services they provide below the high levels required by Head Start Performance Standards. Maintaining program quality would take precedence over achieving expansion targets or maintaining enrollment levels.

If, instead of the expansion approach presented in the FY 1980 budget request, it were assumed (1) that projects needed a 6% funding increase in FY 1980 to offset higher operating costs and, (2) that if they did not receive such an increase they would have to reduce enrollment in an amount proportional to the shortfall in new funding below 6%, the following would result:

- 13,000 fewer children would be served nationally in FY 1980 than in FY 1979;
- There would be a reduction of enrollment of 3.34% in 27 States. (6.00% needed - 2.66% available = 3.34% shortfall).

Connecticut
Maine
Massachusetts
Rhode Island
New Jersey
New York
Puerto Rico
Maryland
Pennsylvania
Virginia
Florida
Georgia
Illinois
Indiana
Michigan
Ohio
Wisconsin
Louisiana
Texas
North Dakota
South Dakota
Utah
Arizona
California
Nevada
Oregon
Washington

- There would be a reduction of enrollment of 4.53% in 20 States (6.00% needed - 1.47% available = 4.53% shortfall)

New Hampshire	Minnesota
Vermont	Arkansas
Delaware	New Mexico
District of Columbia	Oklahoma
West Virginia	Iowa
Alabama	Kansas
Kentucky	Missouri
North Carolina	Nebraska
South Carolina	Colorado
Tennessee	Montana
Hawaii	Idaho

- There would be a reduction in enrollment of 6% in three States which receive no funding increase.

Alaska
Mississippi
Wyoming

Question: Finally, if Congress were to appropriate sufficient resources to in fact moderately expand Head Start, could HEW use the money well?

Answer: There are large numbers of low-income children who are not being served by Project Head Start and who would benefit from its services.

In FY 1978, there was a major expansion in Head Start which was successfully implemented. New funds were carefully directed to communities with the greatest unmet need for Head Start services, expansion enrollment targets were met in each State, and the funding of new or expanded projects was completed on schedule. We anticipate no problems in accomplishing additional expansion using new funds well.

HEAD START EMPLOYEES AT THE MINIMUM WAGE

Question: Can you please tell us what percentage of personnel in Head Start programs operated with funds allocated to States earn the minimum wage, and are therefore subject to federally mandated minimum wage increases?

Answer: We estimate that in FY 1979 there are about 34,500 employees (roughly 49%) in Head Start grantees operated with funds allocated to States, who are paid at the minimum wage. Not all of these, technically, are subject to the minimum wage. Some -- we do not know how many -- are teachers who as professionals are not covered by the minimum wage law. There are even some Head Start directors who are paid at the minimum wage but who are not covered. We do not know of any grantees which fail to pay their professional and administrative employees at least the minimum wage.

Question: Along the same lines: as you know, the President's voluntary wage and benefit restrictions apply only to workers earning more than $4.00 an hour. What percentage of personnel in Head Start programs run within the State allocation earn less than that, and are therefore exempt from the President's anti-inflation guideline of a 7 percent ceiling on wage increases.

Answer: Of the employees of grantees operated within the State allocations we estimate that a very small number -- perhaps 3,600 or 5% -- are paid more than $4.00 per hour on an annualized basis. Thus, the vast majority of Head Start employees may not be immediately subject to the anti-inflation wage guidelines.

COORDINATION OF SERVICES TO HANDICAPPED CHILDREN

Question: In what ways do you coordinate Head Start services to handicapped children with the pre-school programs for handicapped children administered by the Bureau of Education for the Handicapped?

Answer: In June 1978, the Administration for Children, Youth and Families and the Bureau of Education for the Handicapped, signed an interagency agreement on Head Start participation in the Implementation of P.L. 94-142. The new joint announcement urged Head Start personnel to work closely with their Resource Access Projects (RAP's) to insure that state or local education agencies' representatives are aware of the number of children professionally diagnosed as handicapped within their jurisdictions. The joint agreement went on to state that cooperation between state and local education agencies and Head Start is a priority effort of both the Bureau of Education for the Handicapped (BEH) and the Administration for Children, Youth and Families (ACYF), in order to assure handicapped individuals of full opportunities under the respective programs. In support of this priority ACYF and BEH have supported Resource Access Projects, which are mandated to assist Head Start projects and state or local education agencies in developing coorerative activities. There are 15 Resource Access Projects (RAP's) that also provide a national network of training and technical assistance to Head Start programs.

Eleven of the RAP's are funded by BEH as part of the HCEEP, the first chance network for pre-school handicapped children. Two of the RAP's are University Affiliated Programs funded in part by BEH.

Mainstreaming handicapped children into classrooms with non-handicapped children has become a major activity for Head Start. However, teachers and other staff are continually asking for assistance in mainstreaming a child with a specific handicapping condition. In order to assist teachers who are faced with this challenge, ACYF has developed a series of eight manuals entitled Mainstreaming Pre-Schoolers. The RAP's have been providing training using the eight manuals as a focus for 1/3 of the Head Start teachers this year.

HEAD START TRAINING AND TECHNICAL ASSISTANCE

Question: You have requested $25 million for Training and Technical Assistance to Head Start programs, to improve the competence of local staff. Who provides this training and technical assistance?

Answer: Training and technical assistance to Head Start grantees is provided in a number of different ways. It is provided through inservice training, preservice training, and the provision of special resources training to address specific problems.

During 1978-79 Head Start Supplementary Training for classroom personnel is being provided by over 400 colleges and universities in cooperation with local Head Start grantees and consulting firms as part of ACYF's Child Development Associate Program. The Child Development Associate Program is designed to train, assess, and credential Head Start classroom staff. Classroom personnel also receive supplemental training in addressing the needs of specific groups of children, such as the handicapped and children from families in which a language other than English is the dominant language.

In addition, Regional and National ACYF, through contracts and the use of consultants, makes training available to Head Start grantees in all of the component areas of Head Start. Also, publications on the various aspects of the Head Start program are prepared for use by local Head Start grantees in conducting their own training program.

Question: What kind of competence do you strive for and how do you assess the level of competence attained?

Answer: All Head Start grantees are, at a minimum, expected to comply with Head Start administrative regulations and also meet the Performance Standards which have been established for component service areas.

In assessing the attainment of performance expected, grantees on an annual basis are audited and conduct self assessments dealing with compliance with administration and service requirements. From results of the self assessment effort, grantees prepare and implement a program improvement plan which addresses the correction of deficiencies and development of appropriate competencies.

Additionally, ACYF staff make periodic visits to grantee sites to validate the self assessments and determine the degree to which the level of competence has been attained, as well as those measures necessary to assure that a satisfactory level of competence is maintained. The training and tecnical assistance services required are identified through these activities.

The Head Start Performance Standards serve as the basis for determining the competencies which Head Start personnel develop during training. Each region assesses training needs by reviewing the Head Start program's level of compliance with the standards

and submits a yearly training plan based on this information.

Under the leadership of ACYF the specific competencies needed by persons who are responsible for the implementation of the Head Start educational program have been developed and approved by the Child Development Associate Consortium, a non-profit organization funded by ACYF to assess and credential child care-givers. These competencies serve as the basis for training classroom personnel employed in Head Start programs.

Question: What exactly do you mean by Training and Technical Assistance to "enhance bilingual/bicultural aspects of programs" -- Does this mean teaching children in their native language?

Answer: Since a significant proportion of the children enrolled in Head Start enter the program speaking Spanish or some language other than English or come from homes in which a language other than English is spoken, ACYF provides training to classroom staff to assist them in implementing an educational program which will meet the needs of this segment of the Head Start population. Four curriculum models and staff training programs have been developed to enable staff to assist hispanic children to function successfully in a preschool program while learning English and feeling comfortable about the value of their language and home environment.

It means pursuing the acquisition of basic developmental skills (physical, intellectual, language, and self-concept) through the use of the child's native language(s) as the acquisition of English language skills is appropriately phased into the child's language repertoire.

TRAINING FOR HEAD START TEACHERS

Question: What efforts are being made to improve the quality of Head Start teachers?

Answer: Head Start teachers, since the inception of the program, have been required to participate in inservice training designed to improve the quality of their performance. In 1970 ACYF launched a major training and technical assistance effort to train, assess and credential Head Start teachers as competent child care-givers. Through the Child Development Associate Program, Head Start teachers receive training provided by colleges, universities, other training institutions, and are encouraged to participate in the assessment and credentialing process developed by the Child Development Associate Consortium, a non-profit organization funded by ACYF to assess and credential persons providing care to three- to five-year old children in a group setting.

o Manuals for self-assessment on an agency basis have been developed for use by local agencies. The manuals allow the agencies to assess their performance and needs on a functional basis. A similar manual for States is under development.

CHILD WELFARE SERVICE TRAINING GRANTS

Question: How are cuts in child welfare training justified since the evidence mentioned in your report seems to suggest that there is a continuing and growing need for training personnel in the child and family services field? Since Bureau of Labor Statistics shows that openings for social works exceed production by a ratio of 2.3 to 1, can we afford to cut programs?

Answer: We are seeking to make the program more effective and more targeted to child welfare services and have placed a higher priority on services money.

Question: In a letter to the Committee dated May 23, 1978, responding to our request for a report on child welfare and social service professional training, it was stated that the details of a new strategy to train and produce professionals for human development programs would be in place. Can you tell us what that new program is and how any new initiatives can be funded when child welfare training is to be cut from $8 million to $5 million?

Answer: When we started to plan our training strategy, we found that we had a very limited amount of data or other information. We, therefore, have begun a survey and study to provide us with:

a. Data and information to use in developing policy options on human services personnel and training; and
b. A blueprint for designing a personnel and training information system;

The study includes the various services programs of the Office of Human Development Services: Child Welfare Services, Title XX, Aging, and Vocational Rehabilitation. Similarly, the strategy to be developed will look at problems common to those program areas.

Question: Haven't recent studies shown that many currently employed by social service agencies, particularly state child welfare agencies, have little or no training and that this reduces the effectiveness of these service programs? (Peat, Marwick & Mitchell and Child Welfare League Study of Child Welfare Services in 25 States clearly establishes this).

Answer: The recent National Survey of Social Services to Children and Their Families showed that only one-quarter of the children were served by a caseworker with a social work degree. In fact, only nine (9) percent of the children were served by a caseworker with a graduate degree in social work. Five percent of the children were served by a caseworker who did not have any college degree.

TRAINING FOR HEAD START TEACHERS

Question: What training do Head Start classroom personnel receive?

Answer: Head Start classroom personnel who have not earned a Bachelor of Science degree in early childhood education or the equivalent or who have not earned the Child Development Associate Credential receive training to help them develop the competencies required to provide quality care for young children. The training is organized around the six competencies that were developed by ACYF in consultation with the early childhood field and which serve as the basis for an individual receiving the Child Development Associate credential. ACYF has established criteria for this training; it must be designed to help individuals acquire the CDA competencies, individualized, flexibly scheduled, offered for credit, include 50 percent field-based experiences, and provide for integration of academic and field work.

This training is provided by colleges, universities, community and junior colleges, technical institutes and consultants and local Head Start grantees cooperating with such institutions. The training includes on-the-job supervision as well as college classes, seminars, workshops, and other educational experiences.

Question: Why are there no minimum standards required for Head Start classroom personnel?

Answer: ACYF has begun the development of a draft policy which would require Head Start classroom personnel to meet specific minimum standards. The proposed draft policy allows for the gradual phasing in of minimum standards for Head Start classroom personnel. It recognizes the traditional degrees in the field of early childhood education as well as provides opportunities for individuals to demonstrate competence through the Child Development Associate program which allows the Head Start classroom staff to receive training while employed.

The draft policy is currently under review and, if approved, is scheduled for implementation in June, 1979. Approval of the draft policy is necessary if minimum standards are to be established for Head Start classroom personnel.

FOLLOW THROUGH AND HEAD START COORDINATION

Question: The follow-through program is designed to help students who have participated in the Head Start program to retain knowledge they gained while participating in Head Start and to provide them with the necessary skills that they need to compete with their classmates. Within HEW, please explain specifically how a follow-through program and the Head Start program coordinate their activities.

Answer: Head Start and Follow-Through personnel in Washington meet frequently to coordinate activities and discuss major issues. In initiating new programs such as Basic Educational Skills and

Developmental Continuity, Head Start personnel invite the participation of the Follow-Through program personnel in the planning and development phase of the project. In local communities, Head Start programs and Follow-Through schools plan and coordinate together.

The Follow-Through program is required to have at least 50 percent Head Start children in each classroom. Head Start is concerned with the child's total development within a child development program and his family environment. Head Start programs are community-based and operated by a variety of community agencies serving children and families. Follow-Through is based in the public school setting and is designed to help Head Start children retain the knowledge they gained while participating in Head Start.

Question: Wouldn't it be more efficient if Head Start and Follow-Through were both run out of the same agency in HEW?

Answer: No. Head Start programs run by a variety of community agencies work well with Follow-Through programs operated by elementary schools at the local level. This system is effective with the present relationship at the Federal level under ACYF and the Office of Education, respectively.

Question: Have you ever recommended that the Head Start program be moved to the Office of Education?

Answer: No, we have not.

FEDERAL ROLE IN IMPROVING QUALITY OF CHILD WELFARE WORKERS

Question: What can the Federal Government do to improve the quality of those state and private agency personnel providing social services, such as services related to child abuse, child placements and adoption services?

Answer: HEW has no authority to set minimum training or experience requirements for staff serving complex child welfare problems. However, there are several steps that we have already taken or will soon be taking to improve the quality of services staff:

- 10 Regional Child Abuse and Neglect Resource Centers provide staff training, as well as developmental assistance on program strategy, operations, research findings and information.
- 10 Regional Adoption Centers will be established in the next six months to provide similar technical assistance and to strengthen staff capabilities for personnel in the area of adoption.
- The recently developed Detailed Systems Design describes core staff requirements, roles and minimum qualifications for various types of personnel and recommendations for the specific role of the caseworker on a function-by-function basis. The study has been widely disseminated and four States have been provided grants to implement aspects of it.

CHILD WELFARE SERVICES

Question: There has been an ongoing controversy over the efficacy of foster care for children versus home-based counseling and/or adoption. Obviously, all methods of dealing with children whose home situation is intolerable should be encouraged, but we're talking about funding priorities. What do you see as the future direction that HEW will take to deal with children in detrimental living situations?

Answer: The Administration has proposed the "Child Welfare Amendments of 1979," to provide services to prevent the separation of children from dysfunctioning families, to return foster children home, and to have children adopted when appropriate. Federally-assisted adoption subsidies for children with special needs would also be provided and changes would be made in the AFDC-Foster Care Program to reduce the inappropriate use of foster care. A number of protections would be provided to children and their biological parents, as an added means of making the foster care temporary.

ADOPTION OPPORTUNITIES

Question: How many staff are being assigned to implement the new Adoption Opportunities program for which Congress appropriated $5 million last fall?

Answer: In FY 1979, six staff will implement the Program. In FY 1980, four additional staff will implement the Program.

Question: What is the current status of implementing the Adoption Opportunities program and what are your plans for fiscal 1980?

Answer: The following activities have been begun or will be during the current fiscal year:

- Creation of an organizational focus and coordination mechanism for foster care and adoption activities of HEW. The inter-agency committee has already provided the means for achieving a unified policy on several key policy issues. Regional counterpart committees will also be established this year.

- Establishment of a national adoption information exchange system. During FY 1979, we are beginning to develop a detailed design for a system to increase the adoption of children with special needs through strengthened State and local capacity to place children and through regional and national support systems. Through a contractor, the technical assistance and information sharing will be begun this year, continued in FY 1980, and made a permanent part of the ACYF staff activities thereafter.

- Develop an education and training program on Adoption, through initiation in FY 1979 and support in FY 1980 of:

- oo 10 regional resource centers on adoption to provide technical assistance, training, and to disseminate useful information;
- oo Development and dissemination of an in-service training curriculum for placing special needs children;
- oo Development and dissemination of television spots and radio announcements designed to aid the recruitment of adoptive and foster parents for children with special needs.
- oo Demonstration grants to national and local adoptive parent groups to enable them to show better ways to develop support systems for adoptive families and to address the special problems of those families adopting children with special needs;
- oo A grant to strengthen and improve the operation of the Interstate Compact for the Placement of Children, to improve the protections for children placed across State lines.

- o Establishment and operation of a National Adoption and Foster Care Data Gathering and Analysis System;
  - oo In FY 1979, technical development of the system;
  - oo In FY 1980, testing and pilot implementation of the system;
  - oo In FY 1981, full implementation in all States.

The data and the analysis will provide national and State bases for planning, research, budgeting, and possible future legislative action.

- o Drafting of the Model Adoption Law and Procedures;
  - oo In FY 1979, drafting by the Advisory Panel;
  - oo In FY 1980, review and revision by the Secretary and comments by the public.

- o Submission to the Congress (in FY 1979) of a study of independent adoptions.

RUNAWAY YOUTH

Question: How many runaway youth were there during the last year? How many are served by HEW's Runaway Youth program?

Answer: There are no uniform national statistics periodically gathered on runaway youth. Based on a previously completed survey, we estimate that 733,000 youth were absent from home overnight or longer without parental permission. However, we believe this figure under-represents the problems, as it does not capture the homeless or "push-out" population.

In FY 1978, ACYF's Youth Development Bureau funded 166 Runaway Youth Programs and a National Toll-Free Communication System ("hot-line") which served a total of 163,589 youth; the Runaway Youth Program served 28,589 youth; the Toll-Free Communication System served 135,000 youth.

Question: Do you think the runaway youth problems should be primarily a State or Federal responsibility?

Answer: We believe that the responsibility for assisting runaway youth should be a shared responsibility of Federal, State and local governments. The Runaway Youth Act calls specifically for

Federal involvement in efforts 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.

ROLE OF THE ADMINISTRATION ON AGING

Question: Historically, the Administration on Aging has been directed to serve as a Federal Focal Point for Government's concern for the elderly. What should be the Role of the Administration on Aging in problem solving in major social and health care areas which cut across other Fedreal Agencies and Departments?

Answer: In carrying out the charge of the 1978 Amendments to serve as an "effective and visible advocate for the elderly" within the Federal Government, we believe that the Administration on Aging should assume a more active role with regard to the resolution of problems and the formulation of policy in the social and health care areas that have significant impact on the elderly. In areas where the programs authorized under the Older Americans Act relate closely to the programs of other Federal departments and agencies, coordination of such programs may best be realized through a process of bilateral or multilateral interagency agreements. In the process of developing regulations to implement the 1978 Amendments to the Older Americans Act, AoA will involve those Federal agencies whose programs affect older Americans so that planning and delivering social services will be accomplished in an effective way. Examples of such are the recently concluded agreement with the Farmer's Home Administration to interelate aging services with rural congregate housing for the elderly; an agreement currently under negotiation with the Health Services Administration to increase services to the elderly at public health facilities; and an agreement currently under negotiation with the Department of Labor designed to generate employment opportunities for older persons as well as to provide employment opportunities in the provision of services to the elderly by younger welfare recipients. Similarly, a number of joint initiatives are currently under discussion with the Department of Housing and Urban Development, Veteran's Administration, Community Services Administration, and the Legal Services Corporation.

Question: How do you see a change in the authority of the Administration on Aging among Federal Agencies and Departments as a result of the 1978 Amendments which mandate the Commissioner on Aging to coordinate Administration on Aging programs with programs of other Departments and agencies impacting on the lives of the elderly?

Answer: In addition to such direct programmatic concerns, we believe that the Administration on Aging can begin to bring a greater awareness of the needs and concerns of the elderly to the social and health policy area through a process of inter-

departmental communication, including conferences, seminars, and symposia, as well as by commenting on the current and proposed policies of such departments and agencies. As the implications of the demographic trends towards an older society are brought to the attention of policy makers across the government, the necessity and willingness to confront the difficult issues of aging will become more pronounceable. The specific coordinative responsibilities mandated by the 1978 Amendments will facilitate in a significant manner the access of the Administration on Aging to the policy forums of the Executive Branch and thereby enhance its capacity to influence policies and programs that impact on the lives of the elderly.

STATUS OF AGING REGULATIONS

Question: When do you expect to issue proposed regulations to implement the Older Americans Act Amendments of 1978?

Answer: We plan to publish the Notice of Proposed Rule Making for implementing Title III in the Federal Register in May 1979. Interim final regulations for implementing Title VI will also be published in May.

Question: Why should the Committee consider supplemental appropriations in the absence of regulations for the new aging programs?

Answer: The supplemental appropriation requested is required in order to implement provisions in the Act requiring that: the most recent satisfactory population data be used, that States be allotted certain minimums, and that States receive amounts no less than they received in FY 1978. Under the current appropriation based on FY 1978 levels, the two provisions mandated by Congress - maintenance of FY 1978 levels and increased minimum allotments - cannot both be implemented. States are also required to assume increased responsibilities and to implement the new provisions under the Act. The supplemental appropriation request is not dependent upon issuance of regulations and should be considered at the earliest possibe date to ensure that the minimum funding levels mandated by Congress are available to the States.

The supplemental request also includes funds for the 1981 White House Conference on Aging. Because of the lead time required to prepare for such a conference, it is essential to initiate a substantial developmental effort at this time. Regulations are not required for implementing the provision for a White House Conference on Aging.

ADVANCE FUNDING

Question: Last year, you proposed that several Administration on Aging programs be "advance funded", like education programs. Why have you dropped the advance funded idea in your fiscal 1980 budget submission?

Answer: Although some States believe advance funded appropriations would be helpful in their planning processes, the majority of

States have not expressed any particular interest. Therfore, we did not pursue a request for advance funding in 1980.

Question: Last year, you requested advance funding for several aging and rehabilitation programs. Why did you drop the forward funding proposal this year- before the Appropriations Committees had the chance to act on last year's proposal?

Answer: In view of the lack of interest of most States in the advance funding proposal, we decided not to include it in our 1980 budget request.

CONTRACTS WITH AGING ORGANIZATIONS

Question: How much model project money is awarded to various aging organizations, such as the National Association of Staté Units on Aging, the National Association of Area Agencies on Aging, and the Urban Elderly Coalition?

Answer: The three organizations listed received a total of $532,653 in the Fiscal 1979 and $465,688 in Fiscal 1979. In addition, four minority aging organizations received awards totaling $1,014,806 in 1978 and $950,850 in 1979. The amount received by each is detailed in the following table:

Funds Received by National Aging Organizations

	1978	1979
National Aging Organization		
National Association of Area Agencies on Aging	$138,997	$ 85,000
National Association of State Units on Aging	308,992	243,535
Urban Elderly Coalition	84,664	137,153
	$532,653	$465,688
Minority Aging Organizations		
National Center on Black Aged	$ 452,000	$291,548
National Indian Council on Aging	209,940	279,387
Association Nacional Pro Personas Mayores	352,866	291,550
Pacific Asian Coalition		88,374
	$1,014,806	$950,859

Question: When do you expect these organizations to become self-substaining and no longer receive Federal grants to help with their staffing.

Answer: Each of these organizations has fulfilled an important role in furthering the goals of the Older Americans Act. Even so, AoA expects and encourages these organizations to become self sustaining overtime. Each organization is making progress towards this goal.Therefore, AoA has not set a specific deadline.

COORDINATION WITH HUD PROGRAMS

Question: In 1978, Congress authorized the Congregate Services Act which could make available $20 million to be used by HUD for providing Social Services to the Eldelry residing in public housing. How will you work with HUD to maximize Federal expenditures in the field of aging and avoid duplication of effort?

Answer: The Administration on Aging has been working very closely with HUD in the development of its Congregate Housing Services pilot program. In December, letters were exchanged between Assistant Secretary Simons and the Commissioner on Aging in which they agreed to cooperate in developing regulations, application guidelines and materials, and training for HUD field staff toward the implementation of the program.

Since then, Administration on Aging's staff members have actively participated on the task force which is developing the Congregate Housing Services program.

MULTIPURPOSE SENIOR CENTERS FACILITIES

Question: Funds are available under Title III for the construction of Senior Center Facilities. Funds are also available for the construction of such centers under HUD's Community Block Grant Development Program. To what extent are you coordinating with HUD in preparing guidelines for the use of construction funds for senior centers?

Answer: Since the inception of the Multipurpose Senior Center Program authorized under the Older Americans Act of 1965 as amended, AoA has sought ways to coordinate with the HUD to eliminate duplication of effort in developing Senior Centers at the local level. Under provisions of the 1975 amendments to the Act, Title V -- Multipurpose Senior Center -- the Administration on Aging consulted with HUD in reviewing applications. Under the new amendments the statute transfers resonsibility for consultation to State Agencies on Aging. We will provide assistance as needed in order to further this corrdination activity.

While no guidelines, as such, have been jointly prepared by HUD and AoA regarding the use of construction funds for senior centers, a hand book on multi-purpose senior centers was prepared under an AoA grant to Community Research Applications, Inc. to assist State and Area Agencies on Aging staff in fulfilling their service development, technical assistance, and monitoring responsibilities as related to Senior Centers.

The Handbook identifies the key legislative programs which may be applied to the development and expansion of multipurpose senior centers. With regard to the Community Development Block Grant program, State and Area Agencies were advised to look to that program specificially for funding to support facility construction since, under the existing law at that time, construction could not be supported under Title V.

DUPLICATION OF EFFORT

Question: What precautions are you taking as not to duplicate HUD's Senior Center efforts in a community?

Answer: The Handbook on Multi-purpose Senior Centers previously mentioned also recommended that Area Agencies identify key agencies and organizations whose assistance and input should be sought when developing plans around senior centers. The local Housing Authority was identified as one key agency that should be contacted.

In carrying out its responsibilities under the Older Americans Act, AoA will continue to explore opportunities with HUD for collaboration, cooperation and coordination to discourage duplication of senior center efforts in communities.

FEDERAL ADMINISTRATIVE COSTS OF DISTRIBUTING COMMODITIES

Question: In the fiscal 1979 budget request, you recommended that funds for commodities or cash in-lieu of commodities in the Older Americans Act Nutrition Programs be appropriated through the Labor-HEW appropriation. Federal administrative costs were to be appropriated directly to the Agriculture Department. What was the rationale for this?

Answer: Federal administrative costs were requested under the department of Agriculture appropriations because these costs are directly related to the distribution of commodities. The intent was that even though funds for the program would be appropriated through the Labor-HEW appropriation, the Department of Agriculture would retain the function of distributing the commodities.

Question: Do you still believe that this should be done?

Answer: As you know, the fiscal year 1979 Continuing Resolution, the Supplemental Request for fiscal year 1979, and the fiscal year 1980 President's Budget maintain the funding of this program under the Department of Agriculture request. The administration has no proposal for modifying this arrangement.

PAYMENT OF ADMINISTRATIVE COSTS

Question: How are the USDA administrative costs for commodities and cash-in-lieu being paid?

Answer: USDA administrative costs are paid out of USDA/ Food Distribution Service's Food Program Administration S&E Budget which is $866,000 for fiscal year 1979.

Question: Are you experiencing any difficulties in integrating commodity assistance to elderly nutrition projects with ongoing AoA cash aid?

Answer: An analysis of the rate of use of USDA resources shows that elderly Nutrition Programs are not taking advantage of this resource to the extent they could. Nationwide, State Agencies were entitled to $39.3 million in USDA cash/donated food resources in FY 1978 based on the total number of meals served. As of October 1,1978, States received and distributed only $20.5 million of these resources to local projects which, in turn, used only $15.0 million. In summary, States received only 52% of the total amount of USDA resources to which they were entitled and only 74% of this amount was actually used.

These figures reflect a transition period during which States had the option of remaining in the all commodities program or selecting a combination of cash and commodities or all cash program. We have initiated during this year an effort to encourage and assist States to make full use of the USDA resources available to them.

Question: Have you conducted any audits to check on the validity of local project reports on meals served, since this is the basis for reimbursement levels?

Answer: The Administration on Aging does not require reports directly from local projects. Quarterly Program Performance Reports are completed at the State level and submitted to AoA within 45 days following the end of the quarter based on information that they collect from projects. Some spot check audits are made of local projects' reporting systems during audits of State Agencies on Aging. USDA is responsible for conducting audits of meal count and participant data. State Agencies are required to regularly assess the operations of individual projects. This assessment includes assurances that an effective data collection system, in keeping with State standards and procedures, is being implemented by local projects.

DATA COLLECTED

Question: What kind of information do you collect on the Nutrition Program relating to: meal expenditures for site-prepared meals versus catered meals; participant meal contributions received and expended; and, per meal expenditures including the value of USDA commodities?

Answer: Data on Nutrition services is collected through: program performance reports, financial reports, periodic assessments by State Agencies, and longitudinal evaluations of the programs.

Data collected by the Evaluation of the National Nutrition Program for the Elderly on three methods of food delivery -- project prepared, prepared by for - profit project contractors, and prepared by non-profit contractors -- revealed variances in cost per meal related to project size, location and meal delivery system. Because there is insufficient information on the components that contribute to these costs and on other features that affect the efficiency or desirability of one food service delivery system over another, we are undertaking a study which will examine in detail the costs and advantages or limitations of the types of food service delivery systems used in providing nutrition services to the elderly.

The evaluation also collected data on the amount of contributions requested at the sample sites and the proportion of participants who donate the suggested amount. However, no data were collected on how contributions were expended.

The Evaluation of the National Nutrition Program included data on per meal expenditures, but did not include the value of USDA commodities. Program performance reports have included in the past data on per meal expenditure and value of USDA commodities.

In revising the quarterly financial reporting systems for Title III programs, we will include routine reporting on the amount of income earned and expended on Title III and non-federal meal cost and on the value of USDA commodities.

IMPORTANCE OF DATA COLLECTION

Question: How important do you feel this information is for monitoring public costs and gauging the effectiveness of the program?

Answer: All of the information noted above is important for measuring the progress and results of the Nutrition Services program. The manner in which the data is collected, and the frequency with which it is collected, varies depending on how the information will and can be used. We feel that it is important to monitor the collection and expenditure of program income, and the use of USDA resources on a routine basis in order to gauge how well States are utilizing these resources. Data on the methods used for meal preparation is not necessary on a routine basis, but is more appropriately collected and analyzed through evaluation studies and similar one-time efforts related to policy development and overall program assessment.

HOME DELIVERED MEALS

Question: The 1978 Older Americans Act Amendments provided separate funding authority for home-delivered meals; but, the provision of such meals is to be a matter of local determination. Localities may use these funds for congregate meals. Congress, in fact, specified in its Conference report that Area Agencies are to fund home-delivered meals only when absolutely necessary given specified circumstances. What steps

are you taking to assure that localities emphasize congregate meals over home-delivered meals?

Answer: Historically, 85% of the meals served have been served in a congregate setting, this level has remained relatively constant for the past several years. The Administration's request assumes that the level of funds expended for congregate meals will remain constant in FY 1980. In addition the request includes $23 million for home delivered services, this increase would allow for an expansion of meals provided to the home bound elderly.

Further, AoA will consider an approach which limits the transfer of funds between congregate meals (Title III, Part C, Subpart 1) and home delivered meals (Title III, Part C, Subpart 2) to 15% without approval of the Commissioner. (See Section 308(b) (5)) Any further transfer will be accomplished through the State Plan amendment process. This will assure that the intent of the law with regard to congregate meals is maintained.

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 contribution?

Answer: We agree with the GAO's recommendations and have taken steps to implement the recommendations of the Report. With respect to the recommendations related to the development of an improved management information system, AoA has undertaken several activities designed to develop or implement a new system. A task force on the program performance report has been established and has presented a report. In addition, the Administration on Aging has recently funded a model project to collect, codify, report on, and disseminate information systems and baseline data to the aging network for purposes of replicating, in a cost effective manner, "high utility" systems. As soon as the final revised Regulations are issued AoA will begin steps toward a new reporting system.

The amount of participant meal contributions expended is now included in the Financial Status Report - SF-269 - which the State submits to AoA. In addition, the recently revised Part 74 of the Code of Federal Regulations which implements Grants Management policies, emphasizes the need for accountability for program income. AoA has issued Program Instruction 70-6 to further clarify these regulations. Lastly, in a Program Instruction, which AoA transmitted to the network after the release of the GAO Report, we strongly urged the States to review the Report, paying close attention to those recommendations which require improved administration and management of contributions by the State Agencies.

Title III - PROGRAM OF GRANTS FOR NUTRITION

Question: The General Accounting Office (GAO) recommended in a February 1978 report that States could do a better job of managing the Nutrition Program if they had better data on Program Performance. The report also stated that if AoA had better Program Performance data, the HEW regional offices would have information that would enable them to identify problems in State operations of the Nutrition Program that were in need of improvement. Would not improved reporting procedures enable you to better account for public dollars?

Answer: Yes, we agree with the recommendation. As indicated in the answer to the previous question, AoA has taken several steps to develop and implement an improved reporting system. As soon as final Regulations are issued, AoA will begin to finalize and implement a new reporting system.

INDIAN SERVICES UNDER THE OLDER AMERICANS ACT

Question: Why is there no request for funding the new Title VI of the Older Americans Act, which authorizes grants to Indian Tribes?

Answer: The decision not to seek funding to implement Title VI for FY 1980 was one of the many difficult fiscal choices made in our effort to cope with diminishing resources. Pending the full implmentation to Title VI, however, AoA will continue to do everything possible to see that existing services provided through the network on aging are maintained to meet the needs of the particularly vulnerable Indian elderly.

The Department is currently drafting regulations for Titles III and VI of the amended Older Americans Act. HEW staff have met with representatives of the Indian community to discuss the necessary steps to implement the sections of the law. The staff will continue to seek advice and recommendations from their community as the process of developing the regulations continues. In this way the Department will insure that issues and problems affecting services to older Native Americans receive the necessary attention and priority.

Question: How much did you request of OMB for Title VI of the Older Americans funding?

Answer: The Administration has decided not to seek specific funding for Title VI until regulations for Title III and Title VI have been finalize and we are better able to judge what resources, if any, are needed to support services to elderly Indians outside the Title III channels.

NURSING HOME OMBUDSMAN PROGRAMS

Question: How much do you estimate will be spent in fiscal 1980 to establish Nursing Home Ombudsmen Programs as required under the new Older Americans Act Legislation?

Answer: The provisions in the Act state that each State is to spend the greater of $20,000 or 1% of the funds allotted for Part B of Title III. However, States had the option of requesting a waiver from this provision in FY 1979 and FY 1980; 36 States have opted to request such a waiver. Had each State expended the minimum required, the total expenditures would have been $2.1 million in FY 1979. In addition to the provisions in Title III, we will be funding contracts to provide technical assistance to the aging network to build advocacy assistance capacity.

Question: Why is there no increase provided in the budget to cover the mandated Nursing Home Ombudsman Program?

Answer: Because most of the States have opted to request a waiver from this requirement, and since States have additional funds available for their use under Part B of Title III through the consolidation of funds for Area Agency Services and Multi-purpose Senior Centers, the decision was made not to request for funds in FY 1980.

In November 1978, AoA and NIMH, joinlty sponsored a pilot conference for representatives of the aging services network and the community mental health system for HEW regions I-IV. The purpose of this conference was to identify cooperative approaches in providing mental health assistance to older persons. In view of the success of this pilot effort, AoA and NIMH are now planning to hold a similar conference during the next calendar year in the other HEW regions in the country.

PERSONS RECEIVING TRAINING

Question: What percent of persons receiving long-term care training under Title IV of the Older Americans Act pursue careers in the field of Aging?

Preliminary data received from a formal evaluation of the IV-A Career Gerontology Program indicates that 37% of all graduates of this program were working in jobs related to aging (33% full-time, 4% part-time). An additional 9% were still in school and 6% were looking for a job in aging. Nearly 41% were engaged in occupations that were not directly involved in aging, the remaining 7% were not looking for work.

In formulating the National Manpower Policy personnel needs relating to the following five groups will be considered: State and Area Agency personnel; service providers who are funded by Area Agencies; Personnel associated with other funding organizations, i.e., vocational rehabilitation, Welfare; Individual service providers such as doctors, lawyers; persons who work with or make decisions regarding the elderly

as part of their jobs -- policemen, state legislators and maintenance personnel in public housing.

The Administration on Aging has requested the assistance of the National Academy of Science in developing a set of options for inclusion in a National Manpower Policy. The Academy will be presenting these options to AoA in the Spring, 1980. AoA will then make use of those options in drafting the National Manpower Policy.

Question: To what extent have Administration on Aging Training funds helped decrease the need for trained personnel thus far in the field of Aging?

Answer: AoA Training Program support has played an important role in meeting the need for trained personnel in several occupational and career lines of the field of aging. Those particular program efforts are highlighted below. It should be noted, however, that the field of aging invovles a wide array and large number of personnel working on behalf of the elderly, most of whom are beyond the range of AoA Training efforts.

Under the Title IV-A Training Program, AoA has relied upon two principal activities to train personnel for work in the field of aging, career training projects and State education and training awards.

Career training projects at institutions of higher education support activities designed to stimulate interest in gerontology among faculty and students, develop instructional expertise in gerontology and provide partial financial assistance to students with a career commitment to aging. Since FY 74, financial assistance has been provided for approximately 4,000 students attending over 100 institutions of higher education. It is estimated that over 60,000 students have had the opportunity to take courses with significant aging content at these AoA supported institutions.

Awards to each of the State Agencies on Aging have been made since FY 1978 to support priority in-service training and retraining activities of currently employed practitioners, primarily network agency personnel.

OVER-EASY

Question: The public service television program "Over Easy" funded in part with $2.3 million of AoA funds started November 14, 1977 for a period of 26 weeks, 5 days a week. This program was refunded through March 1979 with an additional $1.0 million of Administration on Aging funds. What impact do you expect this program to have?

Answer: The current season's program has not been evaluated; however, an evaluation was conducted in 1978 by the Corporation for Public Broadcasting. A part of that evaluation included an impact study to determine the effectiveness of the program in communicating information to target group viewers. The study reported, "the program is capable of effectively conveying specific information to viewers about topics and ser-

vices of special interest to older persons. Viewers found this kind of information useful, and they liked the program a great deal -- especially Hugh Downs, his celebrity guests and the fact that the program is for and about older people. The program also effectively communicates many philosophical messages about the positive aspects and challenges of aging."

Another positive indicator of the program's impact is that the major cost for producing Over Easy next year will be borne by public broadcasting stations around the country.

Question: How do you know whether "Over Easy" will be continued by local stations throughout the country?

Answer: Local stations have bought into the program for next year (3rd season) in the amount of $1.2 million. Over-Easy was one of two shows receiving such support from local stations. Other sources of financial support for next season include: Corporation for Public Broadcasting and the Sun Oil Company. Total support to date is $2.4 million, and will pay for the production of 65 hour-long shows. It is our understanding that Station KQED is currently pursuing additional support from major corporations to complete the 90-show season.

RESEARCH AND TRAINING AND SPECIAL PROJECTS INCREASE

Question: What is the rationale for requesting a $15 million increase in "Research, Training, and Special Projects" at a time when tight budgets would seem to indicate the need to put a greater emphasis on direct services?

Answer: As part of its effort in implementing Section 422 of the Older Americans Act, AoA is requesting an increase in discretionary grant funds in order to carry out special demonstration projects in long-term care. Such projects would test innovative means to make more effective use of existing direct service funds and would allow us to judge the relative strenghts and weaknessess of various models of health and social service delivery. We plan to establish demonstration models in which designated local agencies will be responsible for administering and coordinating a wide range of services for the vulnerable population and for developing a continuum of care. Relatively little demonstration effort has been denoted to this in the past.

Services along the long-term care continuum, both in community and in institutional settings, are administered under many different legislative authorities, including Titles XVIII and XIX of the Social Security Act and Title III of the Older Americans Act. These various legislative authorities can cause overlapping administrative effort and duplication of services. Our strategy in conducting these demonstrations include close coordination with the other administrations within DHEW which have the responsibility of administering these Acts.

Question: Why is this increase earmarked for long-term care projects for the elderly, when $15 million is already

earmarked for similiar projects under the Health Care Financing Administration?

Answer: Funds administered under the Older Americans Act programs are oriented at developing a range of community and neighborhood based social services for the vulnerable older population. The 1978 amendments to the Act reemphasized this mandate by requiring that State and Area Agencies provide for a continuum of care for the vulnerable population. It is generally recognized that the continuum of care for the vulnerable population necessarily requires the coordinaton of both health and social services. While the programs administered by HCFA are primary funding sources for health services, the program aministered under the Older Americans Act primarily support social services for older persons. In order to effectively coordinate the two administrative mechanisms and service packages operated under the auspices of both authorities and to fulfill AoA's mandate to develop a continnum of care, a joint demonstration effort is being proposed. Both agencies are already working on a basic plan as to how these funds can best be utilized to coordinate and manage community and institutional long-term care services.

TRAINING

Question: How have you directed training available under the National Institute on Aging and the National Institute of Mental Health to augment training resources for the elderly?

Answer: It should be noted that the National Insitute on Aging (NIA) and the Administration on Aging (AoA) have distinct and, for the most part, differing responsibilities related to training. NIA, with its strong bio-medical emphasis, is charged to train researchers. AoA, on the other hand, places emphasis on the training of practitioners for social service systems. There is, however, some overlap, most noticeable in training personnel for research and service roles in Long Term Care and in the Geriatric Fellowship Program.

Under the authority of Title IV-E the Older Americans Act, AoA will support Long Term Care Gerontology Centers, whose activities include research, training, technical assistance and demonstrations of innovative continuum of care services to the chronically impaired elderly. While the Administration on Aging will provide core support for these activities, it is anticipated that centers will seek additional resources from a range of other sources including the National Institute on Aging to support the training of researchers in relevant fields.

In a like manner, the Administration on Aging will be offering support to five Geriatric Fellowship programs, the purpose of which is to encourage the development of medical school teaching faculty with special training and experience in geriatric medicine. The National Institute on Aging provides limited support for the training of medical researchers.

Information regarding both of these programs has been shared between AoA and NIA and it is intended that success in each program will lead to improved delivery of Long Term Care and medical services to older persons.

NIMH funds basic education and continuing education programs to train mental health professionals for work with the elderly. These programs are complementary to and coordinated

with AoA's career and continuing education programs in gerontology.

In November 1978, AoA and NIMH, joinlty sponsored a pilot conference for representatives of the aging services network and the community mental health system for HEW regions I-IV. The purpose of this conference was to identify cooperative approaches in providing mental health assistance to older persons. In view of the success of this pilot effort, AoA and NIMH are now planning to hold a similar conference during the next calendar year in the other HEW regions in the country.

Those who were not working in aging were asked why they were not. About one-third responded that they had looked, but didn't find an appropriate opening or received a more attractive offer in another field. Responses from the other two-thirds who did not seek employment in aging varied, but many reported that they were continuing their education.

The final report for assessment of the IV-A Career Training Program has not been completed. It will, however, show that the number of graduates seeking and finding jobs in aging is significantly related to the length and depth of training, availabilty of student stipends, and work experience. To a certain extent, success of the program as measured by employment in the field of aging favors the older student who is upgrading his or her skills or seeking re-entry. The recruitment of new and young students to work in the field of aging faces certain obstacles, such as the desire of many graduates to continue advanced study. It is hoped that those who choose this alternative will ultimately use the knowledge and skills gained through training in aging in deciding upon a final career choice.

MAINTENANCE OF EFFORT

Question: What, specifically, accounted for Alabama, Arkansas, South Carolina, and West Virginia having such large matching contributions that special "maintenance of effort" appropriations are required?

Answer: In answering the question, it is important that the maintenance of effort provision in the new and previous legislation be clearly understood.

Section 111(a) of the Rehabilitation Act of 1973 contains the requirement that for each fiscal year each State must spend the same amount of State dollars that it had expended for the fiscal year ending June 30, 1972 for the Section 110 Vocational Rehabilitation Basic Support program. This same requirement has been retained in Section 111(a) of the new Act.

The reason for the provision was to assure that no State would decrease its level of effort providing services to handicapped individuals below that which existed prior to the 1973 Act. However, results of the FY 1972 maintenance of effort requirement caused an inequity in that some States were required to expend State funds in excess of the required 20% State match, and did so without receiving the 80% Federal match. This was the case for Alabama, Arkansas, South Carolina, and West Virginia. The States expended excess funds in order to carry on the purpose of the Vocational Rehabilitation Program of rehabilitating and providing services to the handicapped people in their States.

Congress recognized this inequity when writing the 1978 Amendments to the Rehabilitation Act of 1973 and provided in Section 110(b)(2) that such States, starting in fiscal year 1979, would receive 80% Federal matching funds so all States would be treated equally.

Question: How long will it be necessary to have special "maintenance of effort" appropriations, for what total cost?

Answer: It will be necessary to continue the maintenance of effort appropriation until all States receive an 80 to 20 match in their regular allotment.

Under the current method of computing the formula, a Federal appropriation in excess of $1,005 billion will be needed before each State would receive an 80 to 20 match.

Question: Why should a few States receive such a large increase in their Basic State Grants, far in excess of the proportion most other States would receive?

Answer: The larger increase to a few States is due to hold harmless funds that these States will now receive as an 80% match for the excess State funds that they have expended to maintain their level of effort in the past.

Question: It appears that a 1978 Amendment provides a "hold harmless" benefit for six States that may lose money because they

fall short in maintenance of effort against a 1972 base. Would you please explain how this works?

Answer: The 1978 Amendments do provide a hold harmless clause. Section 110 provides that each fiscal year beginning on or after October 1, 1978, each State shall be entitled to an allotment in an amount equal to the amount each State received for the fiscal year ending September 30, 1978. This in effect becomes a Federal maintenance of effort. It was included in the Act to assure that no State would be penalized because of the major change in the allotment formula contained in Section 110 of the 1978 Amendments.

Question: Is this an entitlement, or does Congress have some discretion in providing the $9.4 million involved?

Answer: Yes, we believe that it does. The additional payments are authorized only when a specific appropriation is enacted to implement them. If Congress does not enact a specific appropriation for the $9.4 million, then the new maintenance-of-effort feature would not be implemented, and the entitlement would not be effective.

DECLINE IN REHABILITATIONS

Question: Under the Title I Basic State Grant Program of the Rehabilitation Act, the number of severely disabled persons rehabilitated has increased from 114,000 in 1974 to 138,000 in 1978. During this period, the total number of rehabilitations dropped from 361,000 in 1974 to 294,000 in 1978. What are the major factors contributing to the decline in total rehabilitations?

Answer: The Rehabilitation Act of 1973 established that emphasis be placed on serving and rehabilitating the severely handicapped who are harder to serve, take more time, and cost about 1.5 times the cost of providing services to a non-severely handicapped person. The mandate to serve the severely disabled, and the fact that the increased funding in recent years has not covered the increased cost for services and administration due to inflation result in the decline in total rehabilitation. The level funding and work disincentives in the Supplemental Security Income and Social Security Beneficiary programs has also been a factor.

Question: What administrative or programmatic measures might be designed to increase the total number of rehabilitations without jeopardizing the advances made in the rehabilitation of the severely disabled?

Answer: The Rehabilitation Services Administration has undertaken a number of major initiatives to improve the efficiency and effectiveness of the rehabilitation program at the State level in such areas as: elimination to the maximum extent possible fraud, abuse, waste and mismanagement; conducting Program Administrative Reviews and State agency management reviews; and correction of audit deficiencies. In addition, there are the conduct, through contracts, of national studies designed to develop model RSA/State management information systems; improved financial management, planning, budgeting, accounting, monitoring, and evaluation and related activities; and improvement of the system for delivery of services to handicapped individuals receiving vocational rehabilitation services.

Such measures are designed to reduce the duplication and management problems encountered in serving handicapped individuals. The items mentioned will also result in giving RSA increased opportunities to serve more individuals through improved management and the reduction of fraud, abuse, and waste.

IMPACT OF LATE SUPPLEMENTAL

Question: If Congress does not enact a supplemental until August or September, could the $808 million requested for rehabilitation basic State grants still be effectively used?

Answer: The $808 million requested for rehabilitation basic State grants can be effectively utilized if enacted and provided to the States in August or September. State agencies have contingency plans to use the supplemental funds received in August or September to provide vocational rehabilitation services to those individuals whose services were either curtailed or withheld as a result of the delayed supplemental funding level. It is expected that this will cause the total numbers of clients served and rehabilitated to be accordingly altered but this would be corrected over time.

Question: If late enactment of a supplemental were to mean that most of the money would not actually be spent until fiscal year 1980, would you recommend an offsetting reduction in the 1980 appropriation?

Answer: I would not recommend an offsetting reduction in the 1980 appropriation because 1979 funds will be committed by September 30th. To do otherwise would seriously disrupt the referral, service and termination cycle that in some States would take may years to correct. Disabled people would inevitably suffer loss of services in future years because of such offset.

INNOVATION AND EXPANSION GRANTS

Question: What exactly are rehabilitation "innovation and expansion" grants?

Answer: The purpose of this program is to be achieved by providing an additional resource to State vocational rehabilitation agencies so that they can develop new and different services or service delivery methods and procedures which, when found beneficial, can be incorporated into the program of services of the State vocational rehabilitation agency. Also, these grants allow the agencies to increase vocational rehabilitation services to underserved target groups and link research and demonstration results with practice.

Question: What innovation and expansion activities can't be funded under the rehabilitation basic State grants program?

Answer: By law, all rehabilitation services provided under an innovation and expansion grant must be permitted under the State plan approved pursuant to Section 101. This means that activities cannot be provided under the innovation and expansion grant program that are not permitted in the basic State grants program. The purpose of the program is, of course, to provide special programs to expand delivery of services to severely handicapped persons who have difficult problems with their rehabilitation that would not otherwise be provided.

Question: What specifically would be cut out in your proposed 1980 budget reduction from $19.6 million down to $11.7 million for innovation and expansion grants?

Answer: Final approval of an innovation and expansion grant is made by the State rehabilitation agency. For this reason, we cannot say specifically what would be cut since the State agency receives an allotment of funds under a formula. We can estimate, however, that the total number of projects would be reduced from 350 to 195 based on $18 million for 1979 compared to $11.8 million for 1980. Many current projects are involved in the evaluation of rehabilitation potential and job placement activities. The State agency would have several options to consider. They could reduce the dollar amount in each active project or fund no new projects, or discontinue some projects that were originally scheduled to continue until fiscal year 1981.

PERFORMANCE MEASURES

Question: The Berkeley study suggests that the most promising approach to program improvement may be to add new performance measures that directly appraise the quality of client outcome and whether or not client benefits are retained over time. Such a weighted case closure system would give more credit to higher quality client outcomes relative to the case's difficulty. How is the Rehabilitation Services Administration proceeding with regard to performance measures and do you anticipate using weighted case closures to reflect the extra effort required for the rehabilitation of severely disabled persons and other difficult cases?

Answer: The Rehabilitation Services Administration approach to a weighted case closure system is twofold. New evaluation performance standards are being pretested in six State Vocational Rehabilitation General and Blind agencies in fiscal year 1979. They will be used both to assess the progress of each State agency, over time, separately and to compare the performance of each State agency to all other State agencies. In order for comparisons to be valid, similar things must be compared. The technique to be used for ensuring comparability across time and across agencies is called in general terms, a comparability adjustment. It is planned, in testing the new evaluation standards, to calculate a client difficulty index and present that data with performance levels for each of the standards. The relationship between client difficulty and performance standards can then be clearly seen. In addition, further demonstration and testing in comparability adjustments will be pretested in self-adjusting performance standards by using relevant outside data for adjustment; grouping related agencies;

disaggregated performance standards, for example, separate reports for high, medium and low employment rate States; single index adjustment, an adjustment by comparison of agency characteristic to a national norm; and composite index adjustments, where several characteristics are normed then combined into one index.

The fiscal year 1979 evaluation standards pretest will provide a practical weighted case closure approach for the near future. Extensive studies of all functional factors of weighted case closure have for the past two years been conducted by the Arkansas Research and Training Center. Comprehensive instruments are being prepared and are to be tested by the Arkansas Vocational Rehabilitation General Agency. These results will later be evaluated for inclusion in the national VR system.

BENEFICIARY REHABILITATION PROGRAM

Question: What is the Rehabilitation Services Administration doing to improve the client selection criteria and the management information system of the Beneficiary Rehabilitation Program?

Answer: Many steps have been taken, and continue, to improve the application of the client selection criteria, called "special selection criteria." Performance levels have been established for determining the acceptability or relative accomplishments of Social Security Disability Insurance, Supplemental Security Income, Vocational Rehabilitation agency program casework practices. Goals for meeting the special selection criteria were set at 85% in fiscal year 1978 and 90% in fiscal year 1979. The State agencies have been continuing to improve their ability in applying the criteria and have already surpassed the 90% national goal established for fiscal year 1979. This progress is related to program instructions and manual chapter providing in-depth explanations for applying the special selection criteria including a model certification form; and desk aid issued to VR counselors for applying the criteria. The training material especially on the criteria was provided under contract with the West Virginia Research and Training Center.

The Rehabilitation Services Administration and the Social Security Administration have a management information system designed to capture data on all Social Security Disability Insurance and Supplemental Security Income disabled recipients referred for rehabilitation services by State Disability Determination Services. The system is being improved and expanded. Full implementation of the system will eliminate the limitations the General Accounting Office observed in the availability and use of data, and its transfer between SSA and RSA. RSA will evaluate and use the data in assisting State rehabilitation agencies to improve program effectiveness. We have now begun to receive reduction and termination data. A revision of the reporting system which collects these data will be installed this fall as a part of required State reporting systems. A special study has been contracted for to determine those elements or organization, administration, and operational procedures that characterize high performing States. Information from this study will be useful in improving the management information system.

45-224 O - 79 - 41

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 is a most successful partnership between private industry and business as well as labor unions for training and placing mostly severely disabled people in private competitive employment in the marketplace. This past year has resulted in the placement of about 5,000 handicapped individuals in private employment, in such fields as computer technology, electronics, insurance, banking, restaurants, and others.

The productivity level of the projects, as measured by the number of placements, reveals that, on an average, for every $1,000 in Federal funds expended above the State agency expenditures, a disabled person obtains a position in competitive employment in private industry and business. Currently there are over 2,500 private corporations and businesses associated through "voluntary cooperative arrangements" with the 40 projects. Included among these firms are IBM, General Electric, Sears and Roebuck, Control Data, 3M Corporation, Boeing, and many others. Participating also is the Human Resources Development Institute of AFL/CIO. The project has opened up union oriented jobs for handicapped people in concert with State vocational rehabilitation agencies for training and placement. It is a most productive effort, placing nearly 450 handicapped people in jobs in Birmingham, Alabama; Harrisburg, Pennsylvania; East Chicago, Illinois; and Oakland, California.

Question: Do you think the Projects with Industry program should eventually be expanded beyond the scope of a few pilot projects?

Answer: In effect, this is already happening as projects are developing creative networks involving numerous corporations as well as facilities. For instance, one project, the New England Association of Business, Industry, and Rehabilitation has expanded to include 200 corporations and has spread to six Connecticut cities. This effort has been executed in collaboration with the Connecticut State VR agency.

Other projects are also undergoing extensive expansion of their efforts by involving industry, business and unions. A second example is the Vocational Guidance and Rehabilitation Service project which has established a network extending to 6 Ohio cities. This past year this project placed over 350 clients.

Through new organizational designs, improved techniques, and possible financial assistance from private industry, we expect to continue to expand the Projects with Industry concept.

Question: How many applications did you receive during the last year for Projects with Industry grants, totaling what amount?

Answer: We have received about 50 applications, and numerous other requests for funds to upgrade and expand existing projects. Many additional letters numbering around 100 were also received asking for information and funds to establish Projects with Industry projects. An overall total of $4,000,000 would be needed to support these additional requests.

Question: Does the Labor Department fund activities similar to Projects with Industry?

Answer: The Labor Department, on a very limited scale, has funded less than a dozen projects which could be construed as being of a similar nature to Projects with Industry. Most of these Labor Department supported projects were to expand HEW supported projects. These projects include Goodwill Industries of America, Electronic Industry Foundation, at the national level, and others at the local level such as the Menninger Foundation and Seattle University. The thrust of the Rehabilitation Services Administration projects is to move severely disabled people through the entire rehabilitation process culminating in employment. The RSA supportive services enhances employment opportunities as well as the continuation of employment once gained.

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 Projects with Industry program addresses itself primarily to a severely disabled population requiring a complete range of supportive services, including medical, rehabilitational, and vocational. The continuum of these services is best performed by officials in the State/Federal program of vocational rehabilitation because of their specialized training and expertise in medical and other rehabilitation. The linkage with the State vocational rehabilitation system also assures a continuation of services once employment is reached. These may include counseling on-the-job, assistance in job seeking skills, transportation capability, prosthesis instruction, job engineering, and others.

INDEPENDENT LIVING

Question: Isn't it true that the new Independent Living authorization requires an appropriation of at least $10 million for the Part A State grants portion before any money can be appropriated for centers under Part B?

Answer: There is a single authorization for appropriations for Parts A, B, and C. The law is silent on how to allocate among these three parts and the legislative history is not helpful. It is our intent to allocate funds appropriated to Part B

If all States and all territories participated, appropriations in the amount of $10,465,000 would be required to make minimum allotments under Part A. Not all States can immediately participate in the program as Part A requires a State plan and has a match of 90% Federal funds and 10% State funds.

Question: Doesn't the authorization also require State plans to be completed before funding centers under Part B of the Independent Living authorization?

Answer: The Act states that Part B grants are to be made to any designated State unit which administers the State's plan under Section 705. This has been interpreted to mean that a State plan must be submitted and approved before a State can be eligible for a Part B grant.

Question: In view of these legislative requirements, how do you expect Congress to appropriate $2 million under Part B and no money for Part A?

Answer: As I mentioned before, there is a single authorization for Parts A, B, and C without any specific indication for distribution of any appropriation and the legislative history is not instructive on this point.

Question: Title VII of the Rehabilitation Act authorizes the establishment of a new program of comprehensive services for independent living for persons who do not currently have the potential for employment. What are the major outcomes to be expected from the Title VII independent living program and how are these to be measured?

Answer: Outcomes expected will be related to Section 702--that is an enhancement of ability of a handicapped individual to live independently and function within family and community and, if appropriate, secure and maintain appropriate employment. It is recognized that these are very broad statements, and the Rehabilitation Services Administration in its drafting of regulations, is describing these terms to mean a status that is not merely custodial in nature, but rather one in which the severely handicapped individual is able to interact with the family and community in a personally satisfying and productive manner, or will be able to maintain himself in an appropriate vocation. In large measure, the outcome must be described in terms of what would happen to the individual in the absence of specific services. Examples might be institutionalization or reinstitutionalization, or loss of appropriate employment.

Question: What would constitute a satisfactory case closure for an individual in the Independent Living program?

Answer: Under current thinking, a satisfactory case closure would not be achieved unless the individual were no longer in a

continuing need of services, or the need for services would be only intermittent, such as recruitment and training of a new personal care attendant. In this regard, Title VII is markedly different from the traditional Title I vocational rehabilitation service in which a case is closed upon placement in employment, or clear evidence that such placement, or a potential for such placement, was not possible. Furthermore, it is intended that any severely handicapped person who is closed as no longer needing services could be immediately reopened if a change in circumstances required it. It is anticipated that many individuals receiving services under Title VII will concurrently or subsequently, be accepted for rehabilitation under Title I.

Question: Since State agency personnel have traditionally been oriented toward employment goals, do you feel that there will be any attitudinal obstacles on their part in the new independent living program for persons who do not presently have employment potential?

Answer: We do not anticipate major problems in regard to attitudinal barriers on the part of present rehabilitation personnel. The program has always served severely handicapped persons with particular emphasis since the 1973 Act so that there is no lack of familiarity with problems and needs of severely handicapped persons. We understand from the Council of State Agencies for Vocational Rehabilitation that there is broad acceptance of the concept among its members. In any event, materials and training approaches are being developed that will apply to persons presently employed and those persons who are just now entering into the rehabilitation profession.

Question: How will the new Independent Living program be coordinated with the Community Support program for the Mentally Disabled administered by the National Institute for Mental Health?

Answer: Details of this coordination will need to be worked out. The Rehabilitation Services Administration concluded a comprehensive agreement with the National Institute for Mental Health in June 1978, related to the ongoing program of vocational rehabilitation under Title I. We feel that this agreement can serve both as a stimulus and a model for a supplementary agreement related to independent living rehabilitation. It is anticipated that the independent living programs to be established under Title VII authorities will make full and appropriate use of all resources on the local level.

Question: Do you anticipate that the new independent living services will primarily serve the physically disabled or the mentally disabled?

Answer: It is the intention of the Rehabilitation Services Administration in implementing Title VII to encourage creative programming for all disabilities. Independence and degree of independence can have different meanings depending upon the actual physical or mental disability in an individual, so that the services and programs authorized by Title VII are not, and cannot be, applied in a uniform manner for all disabled persons and all settings.

Question: P. L. 95-602 added a new Title VII to the Rehabilitation Act, which established a program of comprehensive services for independent living for severely handicapped persons. When will the regulations for this program be ready?

Answer: It is our goal to have regulations implementing all parts of P.L. 95-602 published as Notice of Proposed Rule Making sometime in May 1979.

Question: When do you anticipate applications to be available so that States can develop their State plans?

Answer: Along with the regulations, work is progressing concurrently on State plan guidelines and applications.

Questions: The President budgeted 2 million dollars for Title VII in fiscal year 1979 and 10 million dollars in fiscal year 1980. Since Title VII has four parts: A-State grant programs for comprehensive services, B-centers for independent living, C-independent living services for older blind, and D-protection and advocacy services, what plans have been made for the targeting of funds within those authorities?

Answer: It is our intention to target appropriations for projects under Part B until such time as appropriations are sufficient to fund States at the specified minimum amount of $200,000 under Part A. Assuming all States and territories are participating, a minimum appropriation of $10,465,000 would be required. Not all States can immediately participate in Part A; State authorizing legislation may be required. It is therefore, possible that Part A could be funded with lesser appropriations. Also, according to the Act, Part C projects cannot be funded in excess of 10% of the amounts available under Part A making Part C effectively foreclosed until Part A is funded. However, there is nothing in Parts A or B that would prohibit funding of the type of services enumerated in Part C. The Administration has not requested funding for Part D, advocacy, for fiscal years 1979 and 1980.

Question: With reference to the 2 million dollars budgeted for 1979 and 10 million dollars for 1980, what activities do you anticipate States will initiate and develop with those funds?

Answer: It is our present plan to use the $2,000,000 that the Administration has requested to award grants under Part B. These grants would be in the range of $200,000 to $400,000; thus, we anticipate funding up to 8 such projects in fiscal year 1979.

INDEPENDENT LIVING SUPPLEMENTAL

Question: What can you realistically expect to accomplish with a $2 million supplemental request to launch a new "Independent Living" program?

Answer: Grants will be awarded under Part B. Approximately 8 projects will be supported with a range of $200,000 to $400,000.

Question: With regulations not expected to be completed for some time, how could you utilize the funds before the fiscal year ends this September?

Answer: We are working on mechanisms that would facilitate State participation this fiscal year. Work is progressing on the development of State plan guidelines and application proceedings concurrent with the development of regulations, and we hope to be able to move forward with a minimum of delay following issuance of regulations to obtain and approve State plans from those States able to participate this fiscal year.

REHABILITATION COMMUNITY ASSISTANCE

Question: Describe how the $2 million requested for a new "community assistance" rehabilitation program would be spent.

Answer: I assume this question relates to the establishment of comprehensive rehabilitation centers. Ten regional centers are proposed to serve as information and resource entities for communities to help such communities effectively marshall local resources to insure that a full range of necessary services would be available to community residents who are disabled.

Key services to be offered would be information and referral services, technical assistance to local governmental units and to public and private nonprofit organizations. The expertise and knowledge for the coordination at the community level for the maximum utilization of such resources as Title XX, CETA, the Education of All Handicapped Children Act, Section 504 of the Rehabilitation Act, Medicare and Medicaid, and other resources, would be provided through these centers.

IMPROVING QUALITY OF REHABILITATION SERVICES

Question: How can incentives be created to motivate rehabilitation counselors to pursue services which can better assist clients to achieve stable employment, earning at least the minimum wage?

Answer: A system of counselor rewards/benefit system at the State level must be established to encourage counselors to improve their overall performance in serving handicapped individuals. This would include cash awards, promotions, and quality increases. Further, many counselors are frustrated because they are not per-

forming strictly professional duties such as counseling, placing and purchasing services for clients. Many counselors perform clerical/secretarial and bookkeeping functions which reduce their time to carry out their professional duties in an effective manner. By removing the nonprofessional duties, we feel counselors will be motivated to provide more quality services to handicapped individuals.

One example, the Georgia State Vocational Rehabilitation Agency with assistance from a rehabilitation research grant is currently developing an incentive program for counselors. The focus is to reward counselors who provide quality services and achieve quality outcomes. It is in its initial stages and when the grant is completed, the results will be shared with all State vocational rehabilitation agencies.

Question: How does the Rehabilitation Services Administration plan to address the issue of inappropriate homemaker closures which are counted as successful rehabilitations but, according to a recent study, do not help an individual obtain gainful employment?

Answer: An instrument expected to be in use by Regional Rehabilitation Services Administration Offices by January 1980, will address the issue of appropriate or inappropriate homemaker closures. The instrument is the Case Review Schedule. The intent of the CRS is to determine if case service requirements and practice as specified in the Code of Federal Regulations and the Rehabilitation Services Manual are documented in the case record. In essence, the purpose of the CRS is to evaluate the documentation of case services.

Training in the use of the instrument has begun. All Regional Offices will have participated in training by January 1980, at which time we anticipate that the instrument will be mandated for Federal Office staff. The instrument will not only show up weaknesses and/or strengths in case documentation, but will also determine whether the vocational goal of homemaker is appropriate for an individual client. This will be the first step in identifying the scope of the problem and of pointing out what correctional actions are necessary.

The term Substantial Gainful Activity is a social security term equated with a specified dollar amount of earnings. It is only in a Social Security Disability Insurance or Supplemental Security Income case that the vocational goal must be one in which the client will engage in Substantial Gainful Activity. In the basic support program, the client's vocational goal need not be one in which he would earn a specified dollar amount, but rather suitable employment. RSA believes that the vocational objective of homemaker is an appropriate goal for some segments of the client population. While the impact of vocational rehabilitation services may not be measured in X amount of dollars, the ensuing benefits may be significant for the client and his/her family.

TRAINING

Question: At one point, you recommended forward funding of this program but you are not recommending that now. Why?

Answer: The fiscal year 1979 President's Budget request had included funds for converting the rehabilitation training grant program to a forward funding administration. Because of delays in Congressional appropriation action in fiscal year 1979 due to lack of authorizing legislation, however, it has been necessary to operate under a continuing resolution and under the terms of the continuing resolution, expenditures in excess of the fiscal year 1978 level have not been possible.

The fiscal year 1980 Budget Request reflects an effort to maximize the delivery of services to severely physically and mentally disabled persons and to implement some of the newly authorized programs under the Rehabilitation, Comprehensive Services, and Developmental Disabilities Amendments of 1978. Although the split funding approach required under the rehabilitation training grant program because of the absence of forward funding has been somewhat inconvenient to grantee institutions, it has not seriously interfered with the development of training opportunities and training programs for rehabilitation professionals. The continuation of the split funding approach during the 1979-1980 academic year will enable funds to be available for direct vocational rehabilitation and independent living service delivery while the training institutions maintain a high level of program activity.

Question: What progress has been made in focusing the training resources on documented shortage progessions, such as rehabilitation medicine and prosthetics and orthotics, as the Committee urged in its FY 1978 Appropriations Committee Report and what plans do you have for such targetting in FY 1979 and FY 1980?

Answer: The distribution of rehabilitation training grant funds is made on the basis of such factors as manpower supply and demand in the different rehabilitation professions; the expected impact of training in each professional field on the delivery of rehabilitation services to severely disabled individuals; the contribution of each rehabilitation profession to the State/Federal service program the geographical distribution of training resources throughout the country; the number of applications anticipated in each professional training area, and previous levels of budgetary support and continuation grant commitment for training in each program category.

The funding emphases are adjusted annually in response to currently available data. Because of the high level of commitment to continuation grants each year, changes in the overall distribution of training grant funds tend to reflect a gradual shifting of emphases. During the past two years, 8 new projects in the fields of rehabilitation medicine and prosthetics-orthotics were funded. The 1979 and 1980 distribution of funds will continue to focus on areas of documented personnel shortage.

Question: How can shortages of professionals be dealt with if there is a cut in training funds?

Answer: The program level in the 1979-1980 academic year is expected to be maintained at a $30.5 million level. In this way, it will be possible to prepare for the planned budget reduction in fiscal year 1980 and provide a one-year warning to grantees

whose programs will either be terminated or reduced. When reductions are necessary in fiscal year 1980, they will be distributed in a manner which will reflect the relative priority of each field in terms of manpower supply and demand and service delivery potential for severely physically and mentally disabled persons.

The rehabilitation training grant program has never been able to provide assistance for the training of all students preparing for professional careers in those fields which contribute to the rehabilitation of disabled persons. Although fields in which there are shortages of professionals will be less significantly affected by a budgetary reduction than training in other fields, it is expected that there will be a greater reliance on other student assistance resources, such as general student aid programs, and direct university student assistance.

REHABILITATION SERVICES FOR INDIANS

Question: Part D of Title I of the Rehabilitation Act now authorizes the establishment of American Indian Vocational Rehabilitation Services. Such sums as may be necessary are authorized within a ceiling of 1 percent of the amount appropriated for the basic State grant program. What experience has the Rehabilitation Services Administration had with programs administered by Indian Tribal Groups?

Answer: The Rehabilitation Services Administration has worked closely with the Navajo Indian Tribe and its tribal organization in the development and implementation of several programs administered by the tribal organization. Cooperative efforts have been devoted to the development of successful linkages between the Navajos and the spinal cord injury center in Arizona; a university affiliated facility for developmental disabilities dealing with the unique needs of American Indians; and the innovation and expansion project "Navajo Rehabilitation Project," a three-State--Arizona, New Mexico, and Utah--project which provides vocational rehabilitation services to handicapped Indians on their reservations.

From these experiences, the Rehabilitation Services Administration, the States, and the Navajo tribal organization have learned how to develop and implement programs cooperatively and how to develop and build capacity in tribal organizations so that handicapped American Indians may be served more effectively and efficiently.

Question: How much do you anticipate will be set aside in fiscal 1980 to implement this new authorization of rehabilitation services for American Indians?

Answer: The President's budget request for fiscal year 1980 does not include any funds for this program, however, it is expected that those Indian tribes not served by this discrete grant program will continue to receive rehabilitation services for their eligible handicapped residents through the regular basic State grant program.

Question: How will you ensure that State agencies do not abandon their responsibilities to American Indian groups before

the programs on the reservations are firmly established?

Answer: The State Plan submitted by each individual State must indicate satisfactory assurances to the Commissioner of Rehabilitation Services that "the State shall provide vocational rehabilitation services to handicapped American Indians residing in the State to the same extent as the State provides such services to other significant segments of the population of handicapped individuals residing in the State." That refers to American Indians both on and off reservations in that State. Special efforts by both Central and Regional Offices would be devoted to monitoring compliance with this legislative mandate. States would be required to report specifically on numbers of handicapped Indians served and types of services rendered and how this compares with other significant segments of the population served.

Question: During consideration of the extension and revision of the Rehabilitation Act, the lack of rehabilitation services to American Indians was brought to the attention of the Congress. For this reason, P.L. 95-602 contains a new authority, American Indian Vocational Rehabilitation Services. What activities is the Department undertaking to address the vocational rehabilitation needs of American Indians?

Answer: In the development of Federal Regulations governing the implementation of this program, special efforts have been directed toward involvement of American Indian tribal organizations representing tribal groups early enough in the development stage so that their needs and interests would be taken into account in the earliest drafts of the Regulations. At each step in the process of development, promulgation and implementation of the program, American Indian groups will be consulted so that their needs and interests will continue to be at the forefront of RSA consideration.

SSI REHABILITATION PROGRAM

Question: Preliminary findings of a recent study by the Comptroller General indicate improvement is needed in the administration of the Supplemental Security Income-Vocational Rehabilitation program. What activities might the Rehabilitation Services Administration undertake to help determine whether the Supplemental Security Income-Vocation Rehabilitation program is effective in helping recipients increase their employment capacity to the extent that their benefit payments are reduced or terminated?

Answer: Considerable action has and is being taken to determine the effectiveness of the SSI-VR program and to improve its performance. These actions include the development and conduct of program administrative reviews each year from fiscal year 1976 through 1978 in every State agency to evaluate program effectiveness. Recommendations were made to State agencies for program improvements and follow-up action has been taken. For closed SSI cases reviewed in fiscal year 1978, 75.9% achieved meeting all client selection criteria; receiving significant services; and earning at a substantial gainful activity level at rehabilitation closure. Additional individuals are expected to reach substantial gainful activity as they continue working.

Performance levels have been established for determining the acceptability or relative accomplishments of program casework practices. Goals for meeting the client selection criteria for fiscal year 1979 of 90% accuracy have already been exceeded. A concerted effort is being made by Federal Regional staff in fiscal year 1979 to provide State agencies with technical assistance in overcoming program problems. The Rehabilitation Services Administration is now allocating funds for services to selected Supplemental Security Income beneficiaries based on program performance. In fiscal year 1980, funds allocated to each State will be based on the number of Supplemental Security Income rehabilitations to substantial gainful activity.

A one year study is being conducted by Berkeley Planning Associates to evaluate alternative means to improve program operations. A one year study enacted with the 1978 Amendments to the Rehabilitation Act will be made to assess the SSI-VR program and recommend improvements.

Projects have begun to provide a massive outreach for vocational rehabilitation services effort by letter sent to beneficiaries by the Social Security Administration. In addition, each Regional Office is developing projects to demonstrate the effectiveness of outstationing vocational rehabilitation counselors in Social Security District Offices to achieve referral to vocational rehabilitation earlier in the disability determination process. Moreover, revised procedures for improving the referral of SSI applicants to vocational rehabilitation from the State Disability Determination Services are being readied for issuance. A study has been completed on post-employment services practices in the States. A report being prepared will contain recommendations for improving such services in SSI cases.

At the request of the HEW Secretary, visits to the regions were conducted by the Commissioner of Rehabilitation Services and the former Director of the Bureau of Disability Insurance in the Social Security Administration to ascertain program problems and make suggestions for improving the program. In a report prepared for the Secretary, recommendations included legislative proposals for overcoming benefit disincentives to rehabilitation; actions for improving vocational rehabilitation-social security coordination at the local level; strengthening Federal and State staffing and effective deployment; improving program reporting requirements, monitoring and evaluation of the program; improving dissemination of program instructions and exchange of client records between social security and vocational rehabilitation components; making placement services more effective; and improving ongoing quality assurance systems in the State agencies.

DEVELOPMENTAL DISABILITIES

Question: What do you anticipate will be the major effects of the new definition change for "developmental disability", and how will this change impact upon State planning, demonstration service delivery, and the protection and advocacy systems?

Answer: The focus of the Developmental Disabilities program

must shift to consideration of the multiplicity of treatment problems, architectural and environmental requirements, and other effects of the broadened range of developmental disabilities. The new definition will also require Councils to take a more global approach to any activities relating to implementation of Section 504; it requires re-working of strategies on public awareness and agency/ legislative fiscal influencing; it also implies a need for new design criteria for developmental disabilities service projects.

Actual implementation of the functional definition may unearth problems specific to State and local systems which cannot be identified at this time. However, five major issues are likely to appear to some extent. They are a working definition of the population, including a recognition of the new criteria; planning for the population; accountability; responsiveness to clients' service needs, and Council representation and identification. The first four of these issues are of concern to both the basic programs and the protection and advocacy systems.

Question: For the developmentally disabled, how will the priority for alternative community living arrangements be coordinated with the new independent living program under the Rehabilitation Act?

Answer: A basis for coordination of these two programs is stated in the Act, that is, coordination between individualized plans--individualized habilitation plans and individualized written rehabilitation plans. Under a contract, the Developmental Disabilities program is presently reviewing and assessing the relationship among individualized plans. At the State level, relationships among the individualized plans are being looked at in the provision of services to developmental disabilities and vocational rehabilitation clients. The Individualized Data Base project being conducted at the University of California, is interrelating various individualized plans in services to the developmental disabilities population.

Additional coordination efforts are the Rehabilitation Services Administration initiatives for the development of objectives incorporating interrelating RSA programs, including independent living and developmental disabilities; for example, Individualized Written Rehabilitation Plan/ Individualized Habilitation Plan, Protection and Advocacy for both developmental disabilities and independent living, and Severely Handicapped Services. Developmental Disabilities State Plans contain reviewing and incorporation of vocational rehabilitation, including independent living program components in accessing and influencing of resources for the developmental disabilities population. One of the positive aspects of reorganization is a single agency plan review at the regional level. Special projects in training and technical assistance can now interrelate developmental disabilities and independent living programs utilizing resources in both legislative mandates. Special projects are being developed using resources of both legislative authorities for demonstration of services between independent living and developmental disabilities programs, with special focus on priority areas, including alternative community living arrangements.

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 $15 million from "Special Projects" to "State Grants." Won't a $15 million cut in Developmental Disabilities Special Projects stifle some of the most innovative projects for dealing with problems of the developmentally disabled?

Answer: The availability of the additional $15 million in basic State grants will assist the States to provide for the additional identified populations under the new definition in accordance with the priorities of the State Planning Councils. The strong mandate the 1978 Amendments gives assistance to States in providing services in the four major priority areas, which are case management, child development services, alternative community living services, and non-vocational social developmental services, this choice seems most responsive to the priorities of the Act. The program needs to feel the impact of implementation and service development at the community level rather than continued demonstration and trial of innovative approaches.

Question: Will your cutback from $19.5 million to $4.7 million require termination of any existing projects or the canceling of any commitments to fund new projects?

Answer: This was a planned management effort. That is, the money in 1979 was utilized for one year projects to ready the developmental disabilities system for carrying out the mandates of the new Act. Consequently, the cutback will neither adversely affect existing projects in fiscal year 1979 nor cause us to cancel any commitments for new projects in fiscal year 1980.

Question: What would be the impact of shifting $15 million back from State grant activities for service projects?

Answer: The impact would be the States would have less money to use in response to the mandates given them by P.L. 95-602. If $15 million is used in a balanced way by the States, many significant problems can be addressed which would ultimately be helpful to State councils and developmentally disabled persons and their families. Based on responses from the States, it is our conviction that the greatest need now is for implementation, research application, and meeting the mandated service objectives.

STATE GRANT PROGRAM

Question: We note that the President requested an increase of $17,622,000 for this program for fiscal year 1980--from $30,058,000 to $47,681,000. We also note that the definition of developmental disabilities has been expanded. Are we to assume that the increase is due to the additional disabilities to be included under the new definition in this law?

Answer: The primary emphasis is to move toward mandated services to address the gaps in the States. The States need additional funds to ensure that the mandated priorities for

services are being provided to meet primary needs of developmentally disabled persons. In addition, the target population is expanded by the number of new disabilities now included under the new definition. Additional resources are also needed to plan for and serve this expanded population; to implement the legally required increased minimum allotments; to plan for implementation of the mandated evaluation system; to provide adequate staff to the Council; to meet the requirement that 65% of allotments be spent on priority services; and to maintain or improve deinstitutionalization efforts.

UNIVERSITY AFFILIATED FACILITIES

Question: What was the rationale for moving $4 million of the university affiliated facility money to the State program?

Answer: We plan to increase the services to the developmentally disabled and their families. With the level of funding for the whole program, we felt that high priority should be given to services as opposed to training and research. We feel that the States will realize the resource that the university affiliated facilities offer them and will support them in part by purchase of services.

Upon review and noting that the university affiliated facilities program has been funded since 1964 and in view of long stimulating efforts, it was determined for these facilities to fair well in the marketplace and be able to stand the test of self-sufficiency. the administrative activity of this program in fiscal years 1979 and 1980, should include further out reach efforts as possible alternatives of funding and maintaining its overhead and operational costs, as has been demonstrated already by some university affiliated facilities such as the ones at the University of Washington, the University of California at Los Angeles, Children's Hospital of Boston, and the John F. Kennedy Institute in Baltimore.

Question: Why are the State service programs and protection and advocacy grants being raised to an amount over that required to meet the mandated $250,000 minimum and hold harmless in Public Law 95-602 at the expense of the legislatively authorized UAF program?

Answer: We felt that these service programs, which are also legislatively authorized have a higher priority than training and demonstration programs. We will encourage the States to support university affiliated facilities through purchase of services. In the long run, we feel that this type of funding will make the university affiliated facilities more directly responsive to service needs at the delivery level.

Question: Why has the Administration chosen to cut UAFs at a time when Congress mandated a $150,000 minimum with a stated intent that the minimum was not meant to imply a cut for programs funded over that amount?

Answer: The 1978 Amendments require that the university affiliated facilities either be in compliance or can make assurances of progress towards compliance within three years with performance standards.

It is felt that those university affiliated facilities meeting these requirements can be carried through fiscal year 1980 with this amount. This was a planned management action before Congress authorized the funds to be spent. In reviewing minimum needs of university affiliated facilities, the Administration is attempting to meet program needs without going beyond the President's mandate.

SPECIAL PROJECTS

Question: What mechanism will be employed to assure that the $6 million in Special Projects funds will be used to continue the most worthwhile of these short-term grants?

Answer: Applications for the $4,756,000 available in fiscal year 1980 for special project grants and grants for projects of national significance are evaluated by a review panel of experts cognizant of the subject matter for the grant. After this peer review, grants are awarded on a priority basis to assist in carrying out the requirements of the 1978 Amendments.

Question: What is the evaluation process?

Answer: Although each grantee is expected to have an adequate evaluation mechanism built into its grant, the grants will be monitored primarily through quarterly reports, telephone consultations, site visits, and reports from developmental disabilities users, Planning Councils, consumers, and other concerned groups in the developmental disabilities systems.

Question: How will the projects be judged in such areas as effort, outcome or impact, efficiency, and adequacy?

Answer: As required in the grant application, the mission statement must encompass measurable goals and objectives, along with work activities and the time frame for the outcome of the project. Quarterly reports should reflect the progress in these areas and judgments can then be made as to whether or not the project is on schedule with its objectives based on its efforts, efficiency and adequacy of work activities. This is the purpose for requiring measurable goals.

SATELLITE PROGRAM

Question: Is it true that some satellite programs are to be funded above that level currently mandated as the minimum ($150,000) for full UAFs?

Answer: In fiscal year 1978, the satellite centers were funded ranging from $140,000 to $193,000. Their fiscal year 1979 renewal applications will normally come due July 1, 1979. No decisions have been made at this time regarding their second year grant awards.

UNIVERSITY AFFILIATED FACILITIES

Question: The amount of monies available under the 1979 continuing resolution for UAFs is not adequate to continue current levels of support because of the requirement of a $150,000 minimum. Do you propose to transfer funds from the DD Special Projects category to the UAF category as a hold harmless provision?

Answer: The university affiliated facilities grants will be continued within the amount available under the continuing resolution. Efforts are being focused on the legislative mandate for the development of performance standards for these facilities. Alternatives for meeting these mandates are being considered.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

Question: What is the status of the establishment of the Institute on research for the handicapped?

Answer: Action papers to establish the NIHR have been prepared and will be presented to the Secretary for approval and announcement in the Federal Register the Week of April 2.

Question: How much money are you going to allot for staffing and related expenses for the Institute and is it from the salaries and expenses account or out of research grant and contract money?

Answer: Expenditures for NIHR staffing and related expenses will come from both the S&E and research grant and/or contract monies. Specific amounts have not been determined, but we will provide this information when it is available.

Question: Why are you making a cut in the budget of the new Institute?

Answer: The highest priority in the 1980 budget is direct service programs. Research and training activities have been decreased in order to provide the funds needed to support basic services.

Question: How do you intend to meet the new research program needs in technology development, and research in the field of aging and child rehabilitation with less money?

Answer: In 1980, priorities will have to be set that will allow the mandates of the Act to be met.

Question: Since the Committee is interested in assuring the most effective use of these funds, please tell us how projects are to be reviewed and monitored, what this provision will cost, and whether the funds will come from your general S&E budget or from the 10% of Section 204 funds which may be retained by the Director. We are particularly interested in knowing whether you plan to use review panels as is the practice of the National Institutes of Health, or the field reader system used by the Office of Education.

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Answer: The NIHR is mandated by Section 202(e) of the Act to establish a peer review system within the Institute. The peer review groups are to be composed of non-Federal scientists and other experts in the rehabilitation field. The NIHR review system will utilize both review panels and field reader. The utilization of either review technique will depend upon the number of applications to be reviewed in a given area of research, as well as the scope and complexity of the subject matter under review. Administration support of the NIHR peer review system must come from the general S&E budget. The cost of panel member and field reader expenses could come from the 10% of 204 funds retained by the Director, were such funds available.

Question: How many positions are being allocated to the Institute? of this number, how many are already filled with employees to be transferred and how many are vacant positions.

Answer: The number of positions to be allocated to the Institute has not been determined. According to OPM regulations, staff could be transferred with the functions that Congress has mandated be performed by the National Institute.

Question: The Act authorized the establishment of model programs in both preschool development and employment centers, under the general provisions of Section 204. I would like to know if you plan to implement these provisions in fiscal year 1980 and if so, at what level of funding. How many model preschool programs do you plan to support and how many employment centers?

Answer: The timing with respect to the establishment of these model programs will be dependent upon authorized appropriations, priorities as established under the required long-range National Plan and the review and advice of review panels.

Question: Given the autonomy of the Director of the Research Institute, how will you approach the issue of differing research priorities as identified by the Rehabilitation Services Administration, the Institute of Handicapped Research, and the Interagency Committee on Handicapped Research?

Answer: The planning process and the intergovernmental RSA-NIHR liaison functions will steer, under the general direction of the National Council on the Handicapped policy initiatives, the balancing of program thrusts and research priorities.

NATIONAL INSTITUTE OF HANDICAPPED RESEARCH

Question: In view of the new legislation creating a National Institute of Handicapped Research, why are you requesting only $27.5 million for research in Fiscal 1980, a cut of $4 million?

Answer: The cut was made to support direct service programs and new initiatives (as mandated by the 1978 Amendments). Most of our grantees are university based and have additional sources of funding. They are in the best position to absorb a nominal decrease in RSA funding. We feel confident that by careful monitoring and by terminating less productive projects, the cut can be absorbed.

DATA SYSTEMS

Question: What exactly do you plan to accomplish with $1 million being requested for expansion of management and data information systems in 1980?

Answer: A recent HDS study determined that State Agencies cannot accurately account for program costs, services delivered and people served. As a result, HDS programs cannot share information related to services and funding levels for areas of shared responsibility such as the Aged and Handicapped Individuals. National budget estimates for Children's Services, Services to the Aged, and to the Handicapped result in overlapping resource forecasts. The study also cited a lack of needed information on purchase of service contracts to minimize resource loss from waste, fraud and error. The purpose of the $1 million request is for HDS to promote a State-based program of quality assurance based upon information about service standards, management efficiency and monitoring for errors and abuse. In addition, this improved capability will contribute directly to a national system for human services policy analysis, budgeting, and forecasting.

The FY'80 expenditure of the $1 million will focus on three or four State-based prototype human services information systems that will meet the above requirements. At least 95% of these resources will go directly to State Agencies participating in the improved program. The remaining 5% will be used to develop software analytic packages so these improved data can be usefully analyzed by computer for program managers. Within 12 months each of these agencies will have developed and demonstrated a Statewide capacity to provide information needed to administer a quality assurance program. In addition, each participating State will be able to provide HDS with consolidated unduplicated reports with sufficient information for HDS program administrators to use in formulating national policies, analysis, forecasting and monitoring.

In addition to demonstrating the viability of efficient and effective reporting systems, each participating State will contribute to the development of training material for use by States seeking assistance in improving management information systems. A further component will involve promotion of technology transfer so that exemplary systems in one State can be transferred to other States. This component alone can potentially save vast amounts of money currently being spent for new systems development.

In the final analysis, the consumer of HDS services will benefit by assurance that they will receive the appropriate services to address their needs.

Question: What do you estimate would be the total cost to eventually implement this new system?

Answer: It is important to point out this is not a "new" system since we intend to build on the strengths of capacities already in place. We anticipate that the incremental strategy for systems reform would take about seven years depending upon funding and would cover all HDS programs. During this time, HDS will have spent close

to $40 billion in program dollars. We have a current survey in progress of State system and software capabilities for producing, analyzing and using information for management, client tracking, case management, accoutability, and policy analysis. The incremental new cost above the $50 million per year we now spend on information systems will be determined after the completion of the survey and after analysis of the individual State capabilities. We will have better estimates for the FY'81 budget. Some States are already using advanced ADP equipment and may only need assistance in system design and software. Other States may need hardware and software. Still other States may need to start from scratch with extensive training, systems design, hardware and management assistance. We feel that the current costs are largely absorbed in maintaining inefficient reporting and fiscal systems which offer little assistance in agency management, client tracking, accountability, or fraud and waste control. The operational costs of the completed systems would continue to be carried by existing administrative cost procedures and we expect the improved systems to not cost more than we would now spend on such systems.

Question: Why are you planning job training projects for economically disadvantaged women -- which would appear to duplicate what the Labor Department is doing?

Answer: The job training for economically disadvantaged women refers to a specific proposed Special Foreign Currency project in which job training is a component of the overall project.

The project will seek to identify income generating activities, considered a function of social services, in which poor women can be helped to participate in the economy. The emphasis is on the provision of appropriate social services, such as day care, homemaker services, counseling, etc., to enable these women to enter and effectively remain in the labor market. Another aspect will be to assist the training staff, acquire an awareness of the needs of the poor and to develop skills in working with them. The social services focus of this project differentiates it from a project that would be supported by the Department of Labor.

WHITE HOUSE CONFERENCE ON FAMILIES

Question: What is the status of plans for a White House Conference on Families, originally scheduled for the fall of 1979?

Answer: The White House Conference on Families, announced by the President on January 30, 1978, is scheduled for early 1981, and a wide variety of planning activities are now under way.

Question: How many of the 15 permanent and 15 temporary staff approved two years ago have been hired?

Answer: The current staff consists of 7 full-time employees and 2 other than full-time employees.

Question: How much of the $3 million appropriated in fiscal year 1978 has been spent?

Answer: To date $291,000 of the $3 million appropriated for the White House Conference on Families in F.Y. 1978 has been spent.

ARCHITECTURAL BARRIERS AND COMPLIANCE BOARD

Question: Why is only $1 million being requested for the Architectural Barriers Compliance Board, the same as last year's level, despite recent legislation expanding the size and responsibilities of the Board?

Answer: In September, 1978, when the Board's budget request was submitted, the new legislation (P.L. 95-602) had not yet been signed. Therefore, this budget request predated the expanded authorities of the Board.

Question: How would you evaluate the impact of the Board in improving access of the handicapped to buildings and transportation services?

Answer: The Architectural and Transportation Barriers Compliance Board has had a potentially significant impact on improving access of the handicapped to buildings and transportation. Embryonic efforts have focused on the development of systems of compliance, prosecution of known violations of accessibility standards, undertaking field surveys, raising awareness of accessibility issues and providing technical assistance to resolve access questions. The preliminary efforts have revealed widespread accessibility issues and an increasing public understanding of the need to provide accessibility in new and altered buildings.

Question: How much did HEW request of the Office of Management and Budget for the Board's operation in Fiscal 1980?

Answer: There was no separate line item requested by HEW in Fiscal 1980 for the Board's operation. Funding for the Board was included in the salaries and expenses account for the Office of Human Development Services, at a level of $1 million.

CROSSCUTTING RESEARCH

Question: Explain what you mean by "Crosscutting" Research, for which $3 million is requested in the 1980 budget?

Answer: "Crosscutting" research and demonstration address knowledge gaps which impact on multiple categorical programs and related target populations.

The major program objectives are to:

1) explore administrative initiatives, procedures and policy issues affecting more than one program;

2) assist State and local governments to test comprehensive administrative and service delivery strategies that cut across many categorical lines; and

3) facilitate the conduct of projects designed by community organizations which in the absence of "cross-cutting"

funds would require multiple applications, overlapping direction and reporting.

The types of projects which the program will support are tests of supportive service strategies to enhance the employability of target populations; demonstration of state and local government strategies to improve management, delivery and quality of their human service program; research and demonstration in major demand areas of coordinated health and social services such as family violence physical, emotional and social dependency; and design and test of strategies to reduce the incidence of major social problems and to enhance families and other natural helping systems in their response to individual and group needs.

Question: How many projects do you expect to fund with this money and how will you go about choosing them?

Answer: An appropriation of $3 million would fund approximately 20 projects. A network of organizations including public interest groups, university departments of human services and others would participate in the setting of priorities set forth in the Annual Program Announcement. Panels of experts from the Program Administrations, State Agencies, and other Departments, and Universities would review and recommend projects for funding. The final selection of projects would be a decision of the Assistant Secretary for Human Development Services. The magnitude of this review process is expected to be at least equal to FY 1978. In that fiscal year approximately $2,775,000 was spent to support our cross program initiatives. We carefully structured our research program to ensure that funds appropriated for each HDS program participating was used only for projects which met the statutory objectives and conditions of the respective R&D authorities of the administrations. In this manner, scarce resources were pooled to fund projects that benefited several programs but which were beyond the budget of any one of those programs.

The Office of Planning, Research, and Evaluation received over 1,800 requests for application kits and 286 applicants requested more than $33 million in response to our first Federal Register announcement on June 5, 1978. In FY 1978 we awarded twenty-six grants and contracts totalling over $3 million. Eighteen of these grants have second and third year funding needs to complete their respective tasks. We received 93 proposals from the October 31, 1978 deadline. Funding decisions on these applications are imminent.

CROSSCUTTING RESEARCH

Question: How will this program affect your plans for utilizing the research funds requested specifically for such areas as aging and rehabilitation?

Answer: The utilization of aging and rehabilitation funds will be determined by the specific information needs of these programs and the achievement of the common goals of the Office of Human Development Services. These are meeting service needs, improving service quality, improving the management of HDS programs.

The specific needs of the programs are dictated by ongoing assessment of the status of the aging and handicapped populations and the information requirements implicit in the successful implementation of new statutory mandates. This would include the independent living program being developed by the Rehabilitation Administration and the deinstituinalization and comprehensive senior service center program of the Administration on Aging.

Question: Do you think the concept of "crosscutting" research could also be applied to the various training budgets since personnel in most human services occupations often study the same core curriculum?

Answer: Yes, we do. First there is an immediate need to carry out training projects and activities to utilize crosscutting research results and develop appropriate curricula for various decision making and service delivery levels. There is also a need to develop a human services core curriculum based on similar functions, such as intake and case management, and common services and processes, such as information and referral, transportation and management information systems. A contract study is underway to examine personnel and training issues as they cut across human development services programs. One of the study concerns is the similarities and linkages that exist among the various human services programs and their respective training approaches and curricula. Upon completion of the study (April 1980), we hope to be in a more informed position to develop crosscutting training initiatives and a specific plan for their implementation. In our report to you of May 23, 1978 on Manpower and Training, we indicated this study would be done.

NATIVE AMERICANS

Question: What is the total dollar amount of pending grant applications for funding through the Office of Native American Programs?

Answer: The Administration for Native Americans does not accept unsolicited proposals any longer. In accordance with the Grants Administration Manual, competitive announcements are made and published in the Federal Register. Those applications received prior to such announcements, are returned to the applicant, advising

them that they have been placed on the mailing list and will receive any announcements requesting applications for specific projects. The last program announcement (9/77), resulted in the funding of 17 out of the 78 fundable Native American proposals. An additional $5 million would have been required to fund the other qualifying organizations that do not currently receive ANA grants.

Question: What types of Native American activities receive priority emphasis for funding?

Answer: Funding priority is given to projects that strengthen local Native American institutions and show promise of furthering social and economic self-sufficiency. The particular needs, resources and culture of the specific Native American communities, are considered within this priority. Currently underway, are efforts to provide comprehensive planning capacities to Indian tribes possessing significant energy resources which have the potential of attaining self-sufficiency within the framework of self-determination. Employment rights for Native Americans is a major effort in process and shows promise of replication elsewhere. The budget request will enable ANA to serve additional Native American communities in need of ANA assistance. A state-of-the-art survey of Native American social/economic development and a research study of gaps in services to Native Americans, are being conducted. In all ANA projects and activities, priority is given to those projects which will be completed, self-sustaining, or supported by other resources at the end of the ANA project funding period.

Question: What percent of the $33.8 million budget request do you estimate will be used to continue existing projects, and how much will be available for new starts?

Answer: The Administration for Native Americans estimates that 90%, $30.4 million, of our total budget request, will be used to continue funding to approximately 205 projects. Ten percent, or $3.4 million, is expected to fund 30 new starts that include: 10 for Indian organizations; 2 for Hawaiian Native groups; and, 18 new starts in the area of technical assistance, training, research and demonstration.

TREASURY LAPSE

Question: What amount of the fiscal year 1978 Salaries and Expenses appropriation for the Office of Human Development lapsed to the Treasury?

Answer: In fiscal year 1978 $1,448,234 lapsed from the Salaries and Expenses activity.

Question: What was the reason for these funds lapsing?

Answer: There were two primary causes for the lapse of Salaries and Expenses funds in fiscal year 1978. First, a government wide employment freeze caused personnel compensation and benefit costs to be less than budgeted. Second, government wide guidelines issued by the President to prevent unneeded spending limited fourth quarter obligations for such items as contracts and supplies, thereby causing underruns in those areas.

Question: How much lapse do you anticipate in the fiscal year 1979 Salaries and Expenses appropriation for Human Development?

Answer: No lapses are anticipated in the Salaries and Expenses area in fiscal year 1979.

REVERSION OF FUNDS

The President's budget indicates that over $20 million of fiscal year 1978 Human Development appropriations was not spent and reverted to the Treasury.

Question: How much of this amount was from Salaries and Expenses appropriations?

Answer: The unobligated balance in the Salaries and Expenses activity was $1,448,234 at the end of the fiscal year 1978.

Question: What is the explanation for the loss of these appropriations?

Answer: The President's budget shows a lapse of $20,480,000. It includes $4,146,000 left from prior year appropriations not available for obligation in 1978. Most of the remainder did not actually lapse. Delays in recording obligations by the Department resulted in an overstatement of the amount lapsed on the 1978 end of year reports. When the Office of Human Development became aware of this problem it obtained permission from the Office of Management and Budget to insert an adjusting entry in the 1979 column of the budget to reflect the late recording of obligations. When the budget was prepared $8,261,000 in backlogged items had been identified including $7,749,000 for Rehabilitation Services-Basic State Grants and $512,000 for Administration for Children, Youth, and Families-Research and Demonstration. Since that time another $169,000 in obligations have been recorded. The actual lapse therefore from 1978 is only about $7,904,000.

This lapse is distributed roughly as follows: Administration for Children,Youth and Families, $3 million; Administration on Aging, $1 million; Rehabilitation Services Administration, $1 million; Administration for Native Americans, $2 million; and Salaries and Expenses, $1 million.

OVERSEAS RESEARCH

Question: With half the fiscal year already over, how do you realistically expect to develop 15 rehabilitation and social security research projects overseas with the $3,490,000 1979 supplemental--which may not become available until the fiscal year is nearly over?

Answer: A significant number of research projects have been under development for over five years. The majority of these proposals are sufficiently developed and could be processed for funding in a very short period of time. The 15 projects could readily be processed and awards made within the last quarter of fiscal year 1979. The projects are concerned with improving ways and means for better delivery of rehabilitation services; assessing the effectiveness of rehabilitation procedures and techniques, including cost benefits; and the utilization of research findings in the evaluation and research process. If it did occur that some of the approved projects were not actually processed before the end of the fiscal year, the foreign currencies would remain available and carry over to the next fiscal year.

Question: What is the rationale for increasing the number of projects to 24 in 1980?

Answer: The Special Foreign Currency program has been active for nearly two decades. However, during the past three years the number of new projects funded has represented a small percentage of approvable projects. During fiscal year 1978, only one approved project was funded. The applications which have been developed and those that are in the process of development this fiscal year would exceed the number planned for funding. The number of projects for potential funding has always exceeded the available budget in any given fiscal year.

Question: Why are you planning job training projects for economically disadvantaged women--which would appear to duplicate what the Labor Department is doing?

Answer: The job training for economically disadvantaged women refers to a specific proposed Special Foreign Currency project in which job training is a component of the overall project. The project will seek to identify income generating activities, considered a function of social services, in which poor women can be helped to participate in the economy. The emphasis is on the provision of appropriate social services, such as day care, homemaker services, counseling, etc., to enable these women to enter and effectively remain in the labor market. Another aspect will be to assist the training staff to acquire an awareness of the needs of the poor and to develop skills in working with them. The social services focus of this project differentiates it from a project that would be supported by the Department of Labor.

Question: Likewise, why do you plan to study the impact of poverty programs, which appears to be what the Community Services Administration is doing?

Answer: Community Services Administration research is directed toward the social services aspects of poverty programs, whereas the research proposed for the Social Security Administration is oriented toward income maintenance.

WHITE HOUSE CONFERENCES

You are requesting a $3 million supplemental for a White House Conference on Aging, as well as $3 million in the 1980 budget for a White House Conference on Children and Youth.

Question: Why is a supplemental needed for one and not the other?

Answer: The authorizing legislation for the White House Conference on Aging states that broad participation of older persons, both at the State and community level, must be assured; that an advisory committee representing a cross-section of elderly, including individuals from low-income families and minority groups, must be established; and that a final report together with policy recommendations and implementation plans shall be submitted to Congress. The conference is scheduled to take place in December of 1981. In order to meet the mandates and intent of the law, over two years of planning time is required to generate conference agenda from as broad a segment of the population as possible. There are no specific legislative requirements that would demand appropriations for the conference on children and youth before FY 1980.

Question: Exactly how much will be expanded in each of fiscal years 1979 and 1980 for these conferences and for what specific purposes?

Answer: For the White House Conference on Children and Youth, no funds will be expended in 1979. In 1980 it is estimated that 1.4 million will be expended for staff salaries, consultants, travel, space, supplies, equipment, the negotiation of a logistics contract, and State grants.

For the White House Conference on Aging, it is estimated that $600,000 will be expended in 1979 for staff salaries, consultants, travel, space, supplies, equipment, and advisory committee meetings. An estimated $1.1 million will be expended in 1980 for these same activities, as well as a logistics contract and assistance to State and local communities.

Question: Why can't you use part of the $71 million available in 1979, and $75 million available in 1980 for Human Development Salaries and Expenses, to plan these conferences?

Answer: The salaries and expenses estimates for both 1979 and 1980 are based on current activities and personnel ceilings. These estimates do not include conference planning activities. If conference planning activities were to be funded from salaries and expenses, the salaries and expenses activity would have to be increased.

SUBCOMMITTEE RECESS

Senator BUMPERS. The subcommittee will recess until 10 a.m., March 20, when we will hear testimony from the Social Security Administration.

[Whereupon, at 5 p.m., Monday, March 19, the subcommittee was recessed, to reconvene at 10 a.m., Tuesday, March 20.]

DEPARTMENTS OF LABOR AND HEALTH, EDUCATION, AND WELFARE AND RELATED AGENCIES APPROPRIATIONS FOR FISCAL YEAR 1980

TUESDAY, MARCH 20, 1979

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

The subcommittee met at 10:10 a.m. in room S-128, the Capitol, Senator Lawton Chiles presiding.

Present: Senators Chiles and Sasser.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

SOCIAL SECURITY ADMINISTRATION

STATEMENT OF STANFORD G. ROSS, COMMISSIONER

ACCOMPANIED BY:

BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE

WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

BUDGET REQUEST

Senator CHILES. This morning we will take a look at Social Security. We have the new Commissioner, Mr. Ross, and his principal deputies to describe the Administration's request for $15.2 billion in general funds. This will fund welfare payments to families of children in poverty, as well as the aged and disabled, assistance to refugees, benefits for coal miners, and reimbursement to the Social Security trust funds for certain categories of federal beneficiaries.

There are many issues of interest to the committee in this account. Refugee assistance, as you may know, is of particular concern to me. We also have several questions on the disability insurance program, as well as some of your other initiatives.

PREPARED STATEMENT

If you would care to introduce your colleagues, Mr. Ross, we will allow you to proceed with your opening statement.

[The statements follow:]

STATEMENTS OF STANFORD G. ROSS

Mr. Chairman and Members of the Committee, I am Stanford Ross, Commissioner of Social Security and Director of the Office of Child Support Enforcement. I am pleased to meet with you today to explain SSA's budget requests. Separate statements are being submitted on SSA's two supplemental requests for 1979, and on each of its six appropriation requests for 1980. Before covering each of these requests, I would like to talk in more general terms about my stewardship to date. In addition, I would like to discuss our key budget emphases for 1979 and 1980.

Scope of the Agency

SSA and the Office of Child Support Enforcement employ more than 87,000 Federal workers. We also finance about 125,000 State and local employees involved in the Disability Insurance, AFDC and Child Support Enforcement Programs. Outlays for SSA and the Office of Child Support Enforcement will amount to $129.5 billion in 1980, or almost one-fourth of the total President's budget.

SSA Reorganization

SSA has a distinguished record of public service. Yet, it is important to recognize the need for improvement. One of my first tasks as Commissioner of Social Security was to evaluate our basic organizational posture. It became evident that SSA's organizational structure had some generally acknowledged weaknesses which placed limitations on SSA performance. For example, vital field interests and concerns were not adequately represented at headquarters. As a result, the Secretary and I found reorganization necessary.

There now are two Deputy Commissioners to help me coordinate major phases of SSA administration. One concentrates on operations while the other concentrates on program policy issues. The role of the Regional Commissioners, who continue to be the primary agency officials in the field, has been strengthened by establishing a direct reporting relationship to me. The Executive Secretariat, part of my immediate office, has been strengthened to improve the decision-making process.

The new organization places increased emphasis on the special demands SSA now faces. Thus, a new Office of Systems will consolidate diverse computer and telecommunications activities and help SSA to develop and carry out a comprehensive systems strategy. A new Office of Assessment will assure independent, objective and continuing evaluation of agency work.

Recent Initiatives

In addition to the reorganization, I would like to mention three new initiatives which the agency has undertaken at my direction.

Student Benefits

There are a large number of overpayments in the student benefit program. To combat this problem, we implemented an action plan to tighten up the program and reduce incorrect payments. Among other

things, this plan calls for verification by schools of allegations by student beneficiaries that they are in school full-time.

Overpayment Policy

When I came to SSA, I found a lack of coordination and a general weakness in the agency's approach to dealing with overpayments. At my direction, an overpayment workgroup has been established to develop legislative, policy, and administrative changes to strengthen the agency's ability to prevent, detect, and recover overpayments.

Unposted Earnings

In my review of SSA's performance in maintaining employee wage records, I found that we have problems because we receive incomplete or inaccurate reports. Even with these incomplete reports, 99.3 percent of all wages are properly credited. SSA is implementing an action plan to further improve our posting of wages, highlighted by a public information campaign to stress the importance of accurate reporting.

Major Administrative Emphases for 1979 and 1980

Consistent with my desire for continued improvement in the way we administer our programs, SSA's budget for 1979 and 1980 reflects two broad areas of emphasis--improving program administration, and undertaking major new responsibilities assigned to SSA under recent legislation.

First, I would like to talk about some of our plans to improve program administration.

Old-Age and Survivors Insurance Program

We have begun to take new actions to expand our existing efforts to improve our performance in the Old-Age and Survivors Insurance (OASI) program. For example, we are taking a fresh look at the ways we measure payment accuracy with a view toward getting more data on the nature and causes of OASI overpayments. We intend to use this information to develop corrective action plans, improve quality and reduce errors.

Disability Insurance Program

As Secretary Califano indicated in his testimony before the House Ways and Means Committee on February 22, our review of this program has shown that legislation is needed to correct some basic problems. The growth of the system has exceeded expectations, the Beneficiary Rehabilitation Program is not operating effectively, and the program does not encourage beneficiaries to return to work.

HEW's legislative proposals would limit disability benefit levels to assure that benefits are not greater than pre-disability earnings, bring benefit levels for young workers more in line with those of older workers, and generally encourage beneficiaries to try to return to the work force.

Supplemental Security Income Program

During the six-month period ending June 1975, the SSI payment error rate was 11.5 percent and misspent SSI benefits totaled $321 million. SSA has reduced this error rate dramatically. For the six-month period ending March 1978, the SSI payment error rate was 4.6 percent and misspent SSI benefits totaled $146 million.

The SSI redetermination process is an effective method of improving SSI payment accuracy. Beginning in January 1979, SSA has improved this process by the use of regional "error profiles," which allow SSA to categorize cases and target resources based on select regional characteristics statistically linked to higher incidence of error.

Automated interfaces of SSI payment records with other payment data files have also contributed to increased SSI payment accuracy. In addition, the introduction of program specialization in SSA's local offices has enhanced the processing of SSI work.

Assistance Payment Programs

Our budget request emphasizes improved State and local administration of the AFDC program, increased child support enforcement collections and reduced fraud, abuse, and waste in these programs.

In the AFDC program, SSA is expanding technical assistance to the States. We will establish a Welfare Management Institute to identify problems and foster inter-State solutions. We also plan to implement a National Recipient System, with safeguards for privacy, to help prevent individuals from getting benefits from more than one jurisdiction.

A major Child Support Enforcement initiative, called "Project Responsibility," is a special effort to attain a $1 billion annual level of child support collections. It is highlighted by a National Institute for Child Support Enforcement, to train Federal, State, and local child support officials in methods for establishing paternity, safeguarding information, protecting individuals' rights, developing petitions for court orders, and using efficient case management techniques.

Carrying Out New Responsibilities

Now, I would like to talk about some new responsibilities assigned to SSA.

The Social Security Amendments of 1977

The Social Security Amendments of 1977 included major changes with significant administrative impact. Among these changes is the amendment provision known as decoupling, which is intended to stabilize the relationship between a wage earner's benefit and his pre-retirement earnings so that he is not overcompensated for increases in the cost-of-living. The amendments also eliminate the monthly earnings test after the initial year of retirement. The annual earnings test precludes payments to beneficiaries who could previously receive benefits for part of a year even though annual earnings were substantial.

Annual Reporting of Earnings

As required by P.L. 94-202, SSA is instituting a combined annual wage reporting system for most employers, for social security and income tax purposes, beginning with wages for calendar year 1978. Conversion from quarterly to annual wage reporting will reduce paper work substantially for employers and will reduce the cost to the trust funds of maintaining records of workers' earnings. However, SSA's overall resource requirements have increased because we will now process a large amount of work for the Internal Revenue Service.

Application for Food Stamps

The Food and Agriculture Act of 1977 contains a provision which affords SSI recipients and applicants "one-stop" application service for both SSI benefits and food stamps. In general, SSA will be responsible for taking food stamp applications from any SSI applicant or recipient who comes to a social security office to apply.

1980 Budget Requests

SSA's 1980 appropriation requests total $17.7 billion. They include general fund appropriations of $677 million for Payments to Social Security Trust Funds, $1 billion for Special Benefits for Disabled Coal Miners, $6.4 billion for Supplemental Security Income, $7.1 billion for Assistance Payments, and $75.5 million for Refugee Assistance. Our request for administrative costs, the Limitation on Administrative Expenses, is $2.4 billion.

1979 Supplementals

We also are requesting two urgently needed supplemental appropriations for 1979--$4.9 million to improve management of the AFDC program and increase Child Support Enforcement collections, and $51.7 million to cover Indochinese refugee asssitance and related Federal administrative costs. I will cover these requests more fully when we discuss the individual appropriations.

Employment Needs

I would also like to cover briefly our employment plans for 1979 and 1980. In an effort to reduce overtime work the Congress increased the authorized level of full-time permanent employment by 1,000 positions above the request in our 1979 budget. There is a need to hold down overtime. However, it is the policy of the President and the Congress to reduce overall Federal employment, particularly in full-time permanent positions. The Congress has enacted legislation which limits total civilian employment in the Executive Branch at the end of fiscal years 1979, 1980, and 1981 to actual employment as of September 30, 1977. In our budget request, we have held down full-time permanent employment in fiscal year 1979 and relied more heavily on overtime than we would like to do. We have budgeted for a modest increase in full-time permanent staff and a decrease in overtime in fiscal year 1980. The issue here is one of balancing various policies while continuing to process mandated workloads.

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Conclusion

The goal of the Carter Administration is to improve the efficiency of government. This is the major challenge of responsible management, especially at a time when finances are short, inflation is a problem, and many programs are starved for funds. Our 1980 budget request reflects an effort to respond to this challenge of austerity through tighter and more competent management.

This concludes my general statement and I will be pleased to answer any questions you may have.

BIOGRAPHICAL SKETCH

Name: STANFORD G. ROSS

Position: Commissioner, Social Security Administration, Department of Health, Education and Welfare since October 1978.

Former Positions:

Partner in the law firm of Caplin and Drysdale, Washington, D.C., February 1969 - September 1978.

Chief legal officer, General Counsel, U.S. Department of Transportation, May 1968 - January 1969.

White House Assistant to President Lyndon B. Johnson, March 1967 - May 1968.

Professor of law, New York University, New York, New York, September 1963 - May 1967.

Assistant Tax Legislation Counsel, U.S. Treasury Department, June 1961 - August 1963.

Other positions as associate in law firms in New York and California, and Teaching Fellow Harvard Law School, June 1956 - June 1961.

Education: Washington University, St. Louis, Missouri, A.B., with honors, 1953.

Harvard Law School, J.D., magna cum laude, 1956. Editor, Harvard Law Review.

Personal Data: Born in St. Louis, Missouri, on October 9, 1931.

Attended public schools in St. Louis area. Graduated from University City Senior High School in 1949.

Married to Dorothy Rabin of Milwaukee, Wisconsin on June 9, 1958, two children, John and Ellen.

PAYMENTS TO SOCIAL SECURITY TRUST FUNDS

The first appropriation request totals $676,933,000 and covers three Federal fund payments to the Social Security Trust Funds. The payments are necessary to place the trust funds in the same financial position they would have been had they not borne the cost of benefits or administrative expenses chargeable to Federal funds. The amounts paid to the trust funds derive from individuals exercising their rights under the law, and thus are not subject to administrative control.

Components of Request

I'd like to describe more fully the three payments which make up this request:

--The first is a payment of $510,795,000 to reimburse the old-age and survivors and the disability insurance trust funds for noncontributory military service credits. This payment finances the additional cost of paying benefits which are based on military service for which no social security contributions were made. It includes a $446,000,000 annual installment related to military service during World War II and part of the post war period before servicemen received regular coverage under social security. The remaining $64,795,000 is for estimated benefit payments based on noncontributory credit for wages-in-kind--such as food, shelter, and medical services--which has been granted members of the Armed Forces for services performed after 1956.

--The second payment is $164,069,000 to reimburse the old-age and survivors insurance trust fund for special benefits paid during fiscal year 1978 to certain persons age 72 and over. These persons were not eligible for regular monthly social security benefits primarily because they retired before the enactment of social security legislation or before their occupations were covered by social security. As of September 30, 1978, 135,000 persons were receiving benefits under this program.

--The third payment is $2,069,000 to reimburse the old-age and survivors insurance trust fund for the general fund share of the cost of administering pension reform responsibilities assigned to the Social Security Administration under Public Law 93-406, the Pension Reform Act. The reimbursement is for the cost of furnishing information on deferred vested pension rights to pension plan participants, and their dependents or survivors, either upon request or automatically upon application for social security retirement, survivors, or disability insurance benefits. Last year, SSA's budget justification for 1979, stated incorrectly that an automated system for providing pension reform information had become operational in January 1978. The automated system is not operational, and in its absence SSA has responded manually to requests for pension information. The systems delay relates, in part, to problems in defining the roles of SSA and IRS under Pension Reform. In addition, IRS has had some difficulty in obtaining needed information from employers. We expect that the

automated system will become operational during calendar year 1979.

Explanation of Change for 1979 Request

The total request for 1980 is $83,841,000 less than the 1979 appropriation.

Most of the decrease--$66,392,000--is for special payments to certain uninsured persons. Two factors cause this decrease:

--The population receiving special payments is a closed group of very aged, uninsured persons, and thus becomes smaller every year. It declined from 161,000 persons at the end of 1977 to 135,000 at the end of 1978.

--This request is for a 12 month period--fiscal year 1978--while the 1979 appropriation covered special payments made during a 15 month period--the transition quarter and fiscal year 1977.

The amount requested for noncontributory wage credits for military service decreases by $15,325,000. Two factors contribute to the change:

--Each year SSA analyzes available data on the cumulative cost of post-1956 military service credits. Based on this analysis, appropriate adjustments are made in the cost estimates for prior periods, and these adjustments are reflected in SSA's appropriation request. The adjustment requested this year is $1,854,000, which is $24,280,000 less than the large adjustment made in last year's appropriation.

--This decrease is partially offset by an increase of $8,955,000 related to a growing number of new benefits awarded with noncontributory credit for post-1956 military service, and generally higher benefit amounts.

The remainder of the decrease--$2,124,000--is in the amount of reimbursement for pension reform administrative costs which are chargeable to Federal funds. The current request is for one full year--fiscal year 1980..while the 1979 request included a one-time reimbursement for pension reform administrative costs incurred in 1977 and 1978.

This concludes my statement on Payments to Social Security Trust Funds.

SPECIAL BENEFITS FOR DISABLED COAL MINERS

This appropriation request for Special Benefits for Disabled Coal Miners totals $1,005,202,000 and is financed from general revenues. It includes $997,000,000 for benefit payments and $8,202,000 for administrative costs. It does not include reimbursable work done for the Department of Labor, which is budgeted for by that Agency.

Program Authorization

The Black Lung program is authorized by title IV of the Federal Mine Safety and Health Act of 1977, which provides for payment of monthly cash benefits to coal miners who are totally disabled because of pneumoconiosis, commonly referred to as black lung disease, and to widows of miners who were entitled to these benefits or whose deaths were due to this disease. Payments to miners or widows are increased for dependents--a spouse or child. Benefits also are payable to surviving children of miners and in certain circumstances to totally dependent surviving parents, brothers, and sisters.

Responsibility for Administration

The Social Security Administration is responsible for processing and paying claims for miners' benefits filed from December 30, 1969, through June 30, 1973, and claims for survivor benefits filed through December 31, 1973, or within 6 months after the death of a miner or widow already on the beneficiary roll maintained by SSA. SSA must continue to pay benefits and to maintain the beneficiary roll for the lifetime of all persons who filed with SSA during its jurisdiction.

Since June 30, 1973, SSA has continued to take miners' claims, but as an agent of the Department of Labor, which is responsible for adjudication and payment of these claims, and thus budgets to reimburse SSA for this work.

The beneficiary roll for which SSA has responsibility--and the administrative cost of maintaining it--will continue to decline gradually in years to come. At the end of fiscal year 1980, 410,000 miners, widows, and dependents will be receiving monthly benefits paid by the Social Security Administration from

this appropriation. This is a decrease of 22,000 from the 432,000 beneficiaries who will be receiving payments at the end of fiscal year 1979.

Work Accomplished

Since the beginning of the program, SSA has processed over 600,000 claims under its jurisdiction. In addition, we reprocessed 192,000 claims under the provisions of the Black Lung Benefits Act of 1972, which required SSA to re-examine all unadjudicated and previously denied claims. Many applicants found ineligible for benefits exercised their right to appeal, and in total, about 75,000 persons requested review of their cases by Administrative Law Judges. Just about all of the appellate cases have been completed now and SSA's work in the future will be maintaining the beneficiary roll and making monthly benefit payments.

Revised 1979 Estimate

Benefit payment obligations for 1979 will be about $3,500,000 lower than budgeted last year. The 1979 benefit increase of 5.5 percent was lower than the budget estimate of 6 percent. This accounts for a decrease of $9,500,000, but is partially offset by increases of $3,000,000 associated with a slightly higher than budgeted number of miners receiving benefits in 1979 and $3,000,000 for the impact of new legislation--the Black Lung Benefits Reform Act of 1977.

Prior to this legislation black lung benefits were reduced by the amount of State workmen's compensation a miner received, regardless of the reason for the compensation. Under the new law, Federal benefits are not reduced unless the workmen's compensation is paid specifically for pneumoconiosis.

Federal administrative expenses in 1979 are expected to be $86,000 lower than budgeted. This is the net result of a lower estimate of the cost of maintaining the beneficiary roll, based on actual experience in 1978--a reduction of 34 man-years and $436,000--partially offset by $350,000 for the Federal pay increase.

Additionally, an increase of $3,586,000 is related to use of the provision in the appropriation language under which benefit payments in the last 2 months of a fiscal year may, if necessary, be paid from funds of the next fiscal year. Last year we estimated that $17,641,000 would have to be drawn

from 1979 funds to cover some 1978 benefit costs under this provision. The actual amount that had to be drawn was $21,227,000, an increase of $3,586,000.

1980 Request

We expect benefit payment obligations to be $997,000,000 in 1980--$10,500,000 more than in 1979. The budget projects a 5.5 percent benefit increase effective October 1979, which will raise payments by $53,500,000. This increase is partially offset by a reduction of $39,000,000 for the decreasing number of black lung beneficiaries, which I mentioned earlier, and by $4,000,000 because the number of black lung claims with retroactive payments is dropping off, as cases under appeal are settled.

We estimate that administrative expenses will decline from $8,881,000 in 1979 to $8,202,000 in 1980 as a result of completing all black lung hearings and almost all other appeals work during fiscal year 1979. In 1980, SSA's primary role will be to maintain beneficiary records and make monthly benefit payments to individuals who filed claims while the program was under SSA's jurisdiction.

SUPPLEMENTAL SECURITY INCOME PROGRAM

This request is for $6,396,436,000 from general revenues of the Treasury to finance the Supplemental Security Income program. It includes $5.6 billion for Federal benefits to aged, blind and disabled recipients; $50 million for Federal contributions toward State supplementary payments under the "hold harmless" provision of the law; $56 million for beneficiary services provided by State agencies to blind and disabled recipients; $587 million for administrative costs, $14 million for reimbursing States for incorrect State supplementary payments made as a result of Federal errors, and $55 million to finance higher than budgeted 1979 costs by using 1980 funds, as provided in the appropriation language which permits, in the event appropriation estimates prove to be too low, payment of SSI benefits and other costs related to the program without interruption out of the subsequent year's appropriation.

Federal Benefit Payments

The SSI program assures that eligible individuals receive a minimum monthly level of income. The amount of an individual's resources and income determine his eligibility, and the actual monthly payment depends on the income he receives during a given period. For July 1978 through June 1979, the unreduced monthly Federal payment is $189.40 for an individual and $284.10 for a couple. Under the automatic cost-of-living provisions of the law, these payments are projected to increase by 9.1 percent on July 1, 1979 and by 7.1 percent on July 1, 1980.

Based on actual program experience, we estimate recipients of

Federal payments will number 3,750,000 by the end of 1979 and 3,765,000 by the end of 1980, an increase of 15,000 recipients.

In FY 1979, the budgeted average payment is $83.00 for an aged individual and $137.00 for a blind or disabled individual. We project these averages willincrease in FY 1980 to $85.00 and $146.35 respectively. The increases in average payments would be higher except for several factors which partially offset the effect of automatic cost-of-living adjustments. These are:

--SSA's error reduction program, which corrects erroneous payments and thus reduces average SSI payments.

--The number of recipients originally converted from State rolls is steadily declining. These beneficiaries receive higher average payments than those who have come onto the rolls since January 1974. As the proportion of converted recipients to the total recipient population declines, average monthly benefits also decline.

--The automatic social security benefit increase reduces average SSI payments. Many SSI recipients also receive social security benefits; and their SSI payment amounts must be reduced if their income, including income from social security, goes up.

Hold Harmless Payments to States

Most States have opted for Federal administration of State supplementation of SSI benefits. Under the "hold harmless" provision, such States are protected from paying more State funds as a result of growth in the recipient population than they paid in calendar year 1972 for aged, blind or disabled recipients. State benefit payments above this level become

Federal liability. However, States may choose to exceed their 1972 level of expenditures by increasing benefit amounts to individuals.

Only Hawaii, Massachusetts and Wisconsin still qualify for hold harmless protection. Wisconsin became a food stamp "cash-out" State effective July 1, 1978. As a result, recipients will receive an extra $10 in State supplementation payments in lieu of food stamps. The entire additional cost, which is expected to be $10 million annually, must be borne by this appropriation as a result of hold harmless protection. The remaining hold harmless costs in Wisconsin, Massachusetts and Hawaii are expected to remain constant through 1980.

In total, we have requested $50 million to cover these Federal hold harmless contributions in 1980, an increase of $10 million over the amount [illegible]

Beneficiary Services

The 1980 appropriation request for beneficiary services totals $56,158,000, a decrease of $29,990,000 from 1979.

This activity finances vocational rehabilitation of SSI recipients and monitoring of the treatment of SSI recipients who are drug addicts or alcoholics. Funds for medical, developmental, rehabilitation and social services to disabled SSI child recipients, which were included in last year's budget, are not requested for 1980 because the authorizing legislation (section 1611(e)(3)(A) of the Social Security Act) expires at the end of 1979.

The objective of the vocational rehabilitation portion of this activity is to restore disabled SSI recipients to productive, self-supporting work. The 1980 budget requests $55 million, which is equivalent to the request for 1979. While this will permit fewer beneficiaries to be served in 1980, it is consistent with recommendations made to Congress in a recent GAO report, which concludes that the program has been marginally successful and recommends a funding limitation be established until improvements are made.

Disabled individuals who are drug addicts or alcoholics must receive appropriate treatment for their conditions to remain eligible for SSI payments. State agencies or other governmental agencies refer such individuals to approved treatment facilities, monitor their treatment, and report noncompliance and successful treatment to the Social Security Administration. The estimated cost of these functions in 1980 is $1,158,000.

Payments to Trust Funds for Administrative Costs

The Social Security Act authorized advances from the social security trust funds to pay the administrative costs of the Supplemental Security Income program through the Limitation on Administrative Expenses in order to consolidate program administration in one account. The advances are repaid on a current basis from the SSI appropriation. The 1980 request for this activity is $586,639,000, a decrease of $10,625,000 over 1979.

SSI Federal Fiscal Liability

The Social Security Administration currently administers supplemental

payment programs for 26 States and the District of Columbia. Under agreements with these States, the Federal government must reimburse them for incorrect State supplementation payments caused by Federal error. In addition, section 405 of the Social Security Amendments of 1977 expanded Federal fiscal liability to provide reimbursement to States which administer their own supplementation programs for incorrect payments caused by Federal error in calendar year 1974. The budget includes $10 million for calendar year 1974 as a result of this provision of law.

In 1977, the Maryland vs. Mathews court decision invalidated the case error tolerance rates of 3% for payments to ineligibles and 5% for overpayments. These tolerances continued to be honored for purposes of SSI Federal fiscal liability until work was completed on a new overall AFDC/SSI quality control system. The Secretary recently signed new regulations which provide for a change from the case error tolerances to a 4% payment error tolerance beginning with FY 1980, with an intermediate tolerance of 4.85% for the April through September 1979 period.

In 1980, we expect to make settlements of Federal liability totaling $14 million, including $10 million for calendar year 1974. This is a decrease of about $27.6 million from 1979.

1980 Funds Budgeted for Use in 1979

The 1979 revised estimate exceeds the amount appropriated by $54,639,000. Although there are a number of pluses and minuses in the activities budgeted for the SSI program in 1979, the primary cause of the need for the additional $54,639,000 is a higher benefit payment estimate. A principal factor accounting

for this is new legislation enacted after submission of the President's 1979 budget, which authorized a special Federal cash-out payment of $10 per month to be added to the SSI checks of certain California recipients who are eligible for food stamps. Existing appropriations language for the SSI program permits use of funds for the succeeding fiscal year (1980) to meet unanticipated costs in the current year (1979). The use of this special language is considered preferable to a supplemental appropriation for 1979, since the estimated overage is less than one percent of estimated 1980 requirements.

ASSISTANCE PAYMENTS

The assistance payments programs are the means by which the Federal government provides funds, through grants and contracts, to the States and local governments to help finance support for the needy. For fiscal year 1980 the assistance payments appropriation request is $7,079,210,000. This includes costs of $7.057 billion for maintenance assistance, $3.5 million for research and evaluation, and $52 million for Federal administrative expenses, offset by savings of $33 million from the child support enforcement program.

Maintenance Assistance

The fiscal year 1980 request for maintenance assistance programs is $7,056,710,000. It includes:

--$6.3 billion for Aid to Families with Dependent Children,

--$4.5 million for the Adult categories of assistance to the aged blind or disabled in Guam, Puerto Rico and the Virgin Islands

--$44.1 million for emergency assistance,

--$721 million for State and local administration and training, and

--$1.1 million for assistance to repatriated U.S. Nationals.

The major areas of increase in maintenance assistance costs are the AFDC program and State and local administration and training. The 1980 request for maintenance assistance is $388.1 million higher than the 1979 level--an increase of 5.8%. The average monthly AFDC payment to families is expected to increase by 5.0%, related mainly to anticipated increases in State standards of assistance due to inflation. In addition, an expected increase in the unemployment rate from 5.9% in 1979 to 6.2% in 1980, and national population trends, will cause the average monthly number of families on the AFDC rolls to increase by 1.3% in 1980. The growth in AFDC rolls due to unemployment and demographics will be offset in part by SSA's continued initiatives to remove ineligible recipients from the roles through intensified quality control efforts. Nevertheless, Federal AFDC payments in current dollar terms, when adjusted for the Consumer Price Index, declined in 1978 and are projected to continue to decline in 1979 and 1980.

The request of $721 million for State and local administration and training is $41.5 million higher than the 1979 level, primarily because of increases in the cost of living, tempered by recent State and local initiatives to curtail costs. The purpose of these funds is to ensure that State and local agencies administering the maintenance assistance programs are adequately staffed, trained, and equipped. Federal grants finance 50% of State and local administrative costs, and 75% of training costs.

The request of $4.5 million for adult categories in Guam, Puerto Rico, and the Virgin Islands is $9 million lower than the 1979 level. Under present law, the Federal matching rate during 1980 will revert to the 50% level from the 75% level which was in effect during 1979. However, the President's Budget contains a legislative proposal to make the 1979 Federal matching rate permanent.

Child Support Enforcement

The aim of the Child Support Enforcement program is to assure that absent parents meet their responsibility in providing support for children. The Office of Child Support Enforcement provides Federal direction, technical assistance and guidance to the States through the issuance of regulations and program manuals and on-site reviews of procedures for making collections, and the Federal Parent Locator Service provides address and social security number information on absent parents to all States. It is projected that the number of AFDC families for whom collections are made will rise from 663,000 in 1979 to 881,000 in 1980, an increase in caseload of 33 percent.

The 1980 budget reflects an effort referred to as Project Responsibility, the goal of which is to attain a child support collection level of $1 billion annually from absent parents of families receiving AFDC. Under the child support enforcement program the Federal share of such collections is deducted from Federal payments to States for AFDC. In 1980, this share will amount to approximately $366 million. Since this is greater than the $333 million Federal share of State and local administrative costs estimated for 1980, the program is expected to return savings of $33 million

to the Federal treasury. In addition, the net savings to State and local jurisdictions from this program will be $332 million in 1980.

Research and Evaluation

We are requesting $3.5 million for research and evaluation under section 1110 and section 1115 of the Social Security Act to develop and finance experimental projects to explore new ways to prevent and reduce dependency, improve coordination of planning between private and public welfare agencies, and improve the administration and effectiveness of programs carried on or assisted under the Social Security Act. The request is an increase of $500,000 over the amount provided in 1979 which will be used to begin new studies in child support enforcement and to continue certain research projects and fund new projects that impact on all SSA programs.

Federal Administrative Expenses

The Assistance Payments appropriation request includes $52 million and 1,154 full-time permanent positions to meet the Federal role of administering the maintenance assistance, child support enforcement, and research and evaluation activities of the Assistance Payments Program. The increases of $16 million and 100 positions over the amounts requested for 1979 are necessary to improve State administration and management of the AFDC and child support enforcement programs, increase the level of child support collections, and reduce fraud, abuse, and waste in these programs. To achieve these goals, the Social Security Administration and the Office of Child Support Enforcement will intensify the following efforts which were initiated during 1979:

--implementation of a national system (with safeguards for privacy) for verifying income and other resources of welfare recipients to reduce fraud and abuse under the AFDC program. This will be a Federally-operated system, providing information from selected Federal agencies to the States and territories for their use in detecting and preventing attempts to obtain public assistance fraudulently. States will be encouraged to develop similar systems to detect possible intrastate fraud and abuse;

—operation of a national institute for child support enforcement to train Federal, State and local child support officials in such areas as methods for establishing paternity, safeguarding information, protecting individuals' rights, developing petitions for court orders, and using efficient case management techniques;

--further development and implementation of performance indicators for State operations. These will provide the means for systematic evaluation of the operation of State and local agencies and more accurate identification of management problems requiring special attention;

--improve control of the financial management process, primarily through intensified review of State financial management systems, review of State expenditure estimates and expenditure reports, and expanded follow-up on HEW and GAO audits. Regional staffing will be increased for this purpose.

--increase assistanceto States to reduce the level of erroneous payments made to recipients under the AFDC program. Teams of Federal, State and local officials will develop and implement specific corrective action plans based upon detailed analysis of quality control data and review of existing State practice. In addition, SSA will expand the Welfare Management Institute to provide assistance to States on management of AFDC programs, particularly through transfer of successful techniques from one State to another.

--the Office of Child Support Enforcement will provide assistance to States through on-site reviews of State procedures and systems for tracking collections received from absent parents.

These management initiatives will enable us to improve administration of the Nation's public assistance programs.

REFUGEE ASSISTANCE

The refugee assistance appropriation for 1980 is a request for $75,540,000 for the Cuban and Soviet and other refugee programs along with Federal administrative expenses necessary to run these programs. The refugee programs reduce the burden on State and local governments and voluntary resettlement agencies which provide services that enable refugees to settle in this country and become self-supporting and independent. The program's activities include maintenance assistance, health care, education of school children, job training, and social services.

The 1979 appropriation also included funds for the Indochinese refugee assistance program, and the Committee has a request for a supplemental to provide 100% funding for Indochinese refugees in 1979. However, because the present authorization for Indochinese refugee assistance expires at the end of 1979, there is no request presently before the Appropriation Committee for 1980 funds for that program. The 1980 President's budget anticipated a legislative proposal to extend the program, and included $90 million for that purpose under proposed legislation.

As no doubt the Committee is aware, the entire refugee program has been changing rapidly with new Cuban, Indochinese, Soviets, and other nationalities entering the country. While the program is in a state of flux, we still can only request appropriations for current law. The Administration has just submitted to the Congress a new comprehensive legislative proposal for the admission and resettlement of all refugees. If the Congress enacts such legislation it is likely that we will have to appear again before this Committee to request additional funds.

Cuban Refugee Program

We are requesting $53,308,000 for the Cuban refugee program in fiscal year 1980. The budget reflects the gradual phaseout of this program which was worked out by Congress. The appropriation request includes:

--$40,293,000 for welfare assistance, a decrease of $154,000 from the 1979 level;

--$9,382,000 for education, a decrease of $1,252,000 from the 1979 level; and

--$3,633,000 for State and local administration and social services, a decrease of $1,867,000 from the 1979 level.

Since 1978 Cuban refugee cases eligible for AFDC and Medicaid have been included under those programs, with Federal public assistance funds providing the regular Federal matching. Cuban refugee program funds are authorized to help offset the non-Federal share for those cases and the cost of general assistance cases. Two factors account for the decrease in the FY 1980 request. First, as Cuban refugees have made progress toward economic self sufficiency there has been a gradual decline in the number of refugees who require assistance. Of course, we recognize that new refugees could change the situation. Second, 1980 is the third year of a six year phase down of most parts of the welfare assistance programs for Cuban refugees. During 1980, grants to States for Cuban refugee welfare assistance will be based on 75 percent of refugee welfare costs not covered by Federal funding under the public assistance titles of the Social Security Act.

The $9.4 million dollar request for education provides funds to Dade County, Florida, to offset the cost of educating Cuban refugee children. The funds include support for supplementary teaching resources to meet the special needs of refugee children. The decrease in the request in this area is based on a phase down similar to that for welfare assistance. Funding in 1980 is based on 75 percent of 1977 education costs. Federal

funds also are paid to the State of Florida as reimbursement for State and local costs incurred in administering the Cuban refugee program and for some child welfare services provided to refugee children. The $3,633,000 requested for 1980 is based on the same funding phase down as for the welfare assistance activity.

Soviet and Other Refugee Program

We are requesting $20,000,000 in fiscal year 1980 for the Soviet and other refugee program, the same amount as provided in 1979. These funds will be used to match, dollar for dollar, funds of the voluntary resettlement agencies, and will enable them to meet the needs of 20,000 refugees. A wide range of activities is covered by the voluntary agencies responsible for settling Soviet and other refugees, including training, recertification in the United States of professionals trained abroad, social services, maintenance assistance, and health care. The principal objective is to enable the refugees, 85 percent of whom are from the Soviet Union, to become self supporting and independent members of society.

Refugee Federal Administrative Expenses

The request for refugee Federal administrative expenses will provide $2,232,000 for Federal management of the refugee assistance program. Federal staff provide technical assistance to States, voluntary resettlement agencies, and refugee employment training programs. Federal staff also provide certain direct services to refugees, including a nationwide toll-free telephone information and referral service and international publications.

This concludes my statement on SSA's 1980 appropriation request for refugee assistance programs.

LIMITATION ON ADMINISTRATIVE EXPENSES

The Limitation on Administrative Expenses is a request for authority to spend up to $2,354,100,000 from the trust funds for administrative expenses of the Social Security Administration.

In FY 1980, this account will fund the administration of the retirement, survivors, and disability insurance programs, Medicare work performed by SSA, and the construction needs of the social security trust fund programs. General fund activities whose administrative costs are funded initially from this account, with full reimbursement from general funds, are work relating to the Supplemental Security Income program, work associated with the Pension Reform Act of 1974, and the portion of annual wage reporting work which is chargeable to the Treasury Department because SSA's efforts contribute to IRS's tax administration activities.

Of the amount requested,

--$1.5 billion is for administering the retirement, survivors, and disability insurance programs;

--$105 million is for SSA's Medicare support functions;

--$587 million is for administering the SSI program;

--$76 million is for processing annual reports of earnings;

--$2 million is for pension reform responsibilities of the Agency; and

--$28 million is for the construction needs of the social security program.

The budget also proposes an increase in the contingency reserve from $25,000,000 to $30,000,000 because of the large increases in SSA workloads since the contingency reserve of $25,000,000 was established. When the $25 million contingency level was established, it was 3.9% of our budget request; $30 million represents 1.3% of our budget request. As in the past, this contingency reserve would be used only if increased workloads or mandatory increases in the costs of State agencies cannot be absorbed within the remainder of the limitation.

Budget Emphases for FY 1979 and 1980

SSA's budget request reflects two broad areas of emphasis in 1979 and 1980:

improving program administration and carrying out major new responsibilities assigned to the agency as a result of recent legislation.

In the first area--improving program administration--I would like to highlight just a few of the initiatives covered in our budget justification. The Administration's budget places great emphasis on quality assurance activities in all program areas. We have been very successful in reducing the SSI payment error rate from 11.5 percent for the 6-month period ending June 1975, to 4.6 percent for the 6-month period ending September 1978. Our goal for the period ending March 1980 is 3.9 percent. For the social security program, we are implementing in 1979 a new quality assurance system and expect to formulate corrective action plans to reduce misspent trust fund benefit dollars based on information obtained from this system. We also are re-examining the way we conduct our business and have begun to introduce some significant changes. One of these is to implement a new work processing system in our local offices which take claims from the public.

In our larger offices SSA employees are now specializing in either the old-age, survivor, and disability insurance program, or in the SSI program. We expect that program specialization will improve employee performance. Another important aspect of better program administration is to improve the quality of SSA service to the public. In this area we are expanding toll-free telephone service and beginning a major effort to guarantee accessibility for handicapped persons to our public facilities.

Major new responsibilities have been assigned to SSA in recent legislation, and we are working to carry out these new responsibilities. Perhaps the most significant change has resulted from the enactment of legislation instituting a single annual wage reporting system for the nation's employers. This system, administered by SSA, relies on the Form W-2 (Statement of Earnings) as an annual report of wages for purposes of social security credits as well as to serve the traditional purpose of reporting of earnings for income tax. Another significant piece of legislation affecting SSA's responsibilities was the Social Security Amendments of 1977. The Amendment provisions with significant administrative impact include those involving wage indexing

of earnings and changes in the retirement test (which determines the point at which social security beneficiaries lose benefits as a result of earnings from work). A third recent piece of new legislation affecting SSA affords SSI recipients and applicants "one-stop" application service for both SSI and food stamps.

Workloads

SSA administrative costs are heavily related to workloads generated by provisions of the law and demographic factors; those factors are not subject to budgetary control. Our principle workloads for 1980 illustrate the magnitude of the job:

--We will process over 4 million claims from retired workers, dependents and survivors; over 1.8 million claims from disabled workers, dependents and survivors; and more than 1.2 million SSI claims.

--We will keep the beneficiary rolls current for over 36 million persons under the social security cash benefit programs and for over 4.2 million SSI recipients.

--We will complete 4.6 million redeterminations of SSI eligibility and payment amount in 1980.

--We will process over 224,000 hearings from claimants who are appealing decisions concerning their eligibility and benefits, primarily in the disability and SSI programs.

--We will process 70.7 million annual wage report document pages.

Changes in Budget Authority

Our request for 1980 reflects an increase in budget authority of $52.9 million. This increase includes a net increase of $50.0 million in mandatory items which fall into two principle categories:

1. Increased salary costs for SSA employees which result from the annualization of the 5.5 percent Federal pay raise in October 1978, annual within-grade increases, promotions to journeyman levels and two extra work days in 1980; and

2. Increases in salaries and prices paid by State agencies.

In addition to these mandatory items, the 1980 budget projects a $56.4 million increase in work output, a measure of the total amount of work processed by the agency, for SSA and the State agencies which assist in workload processing. However, this increase is offset by a 5.2 percent SSA productivity increase which will save $78.6 million, and a 2.5 percent productivity increase in the State agencies that will save $7.2 million. This budget also includes increases of $13.0 million for social secuirty construction costs, which includes the cost of expanding 20 overcrowded district offices, making purchase contract payments on program service centers and new headquarters buildings and replacing roofs on two existing buildings at headquarters; $11.2 million for increased rental and space costs; $9.5 million for telecommunications; and $5.0 million for the higher contingency reserve. These increases are partially offset by a net $6.4 million reduction in other areas.

Employment and Overtime

Finally, I want to say a few things about our request for employment and overtime. We are projecting full-time permanent end-of-year positions for 1979 at 73,665 for the Limitation on Administrative Expenses appropriation (76,293 positions for all SSA appropriations combined). For 1980 we are projecting 74,614 permanent positions for the Limitation account (77,241 positions for all appropriations combined).

The end-of-year employment level in the budget approved by Congress for 1979 for the agency as a whole was 79,602 full-time permanent positions. The revised estimate for 1979 of 76,293 positions is less than this level because of the necessity to comply with the "Leach Amendment" to the Civil Service Reform Act of 1978. This amendment called for a reduction in government-wide Federal civilian employment. Because of the reduction in full-time permanent employment it has been necessary to increase overtime for 1979 for the agency as a whole by about 1,800 man-years above the level originally approved.

Although the increase in overtime in 1979 is regrettable we need to have it available to accomplish the work of the agency. In some prior years SSA

staff have worked more than the 5,000 man-years of overtime projected for 1979 and carried out this overtime at a time when agency full-time permanent staff was much smaller. In addition, I want to point out that we are budgeting for a significant decrease in overtime in 1980--more than 1,700 man-years less.

I think that we can continue to get the important work of the Social Security Administration accomplished with the employment levels requested in the President's budget. Wherever possible, we are going to take the reduction in less essential and staff positions rather than in our operations which directly serve the public. We accept the challenge of the Congress and American people to do a quality job with a fewer number of employees.

1979 ASSISTANCE PAYMENTS SUPPLEMENTAL APPROPRIATION

I am Stanford Ross, Commissioner of Social Security and Director of the Office of Child Support Enforcement. I am grateful for the opportunity to meet with you today to explain the need for a supplemental appropriation of $4,895,000 for Federal administrative expenses for the assistance payments program. As a result of an underestimate of average salary and travel costs in last year's budget request, the proposed supplemental is needed in part to provide funds to maintain activities at the level already approved by the Congress for 1979. The supplemental request also provides $3,479,000 for contractual services. Funding for 78 additional full-time permanent positions to improve management of the Aid to Families with Dependent Children program and to increase collections in the Child Support Enforcement program is also included.

Although the amount requested is small relative to the size of the assistance payments appropriation, this supplemental request is extremely important to the Secretary and to me. It will enable us to proceed on schedule with plans to tighten up administration of the Nation's public assistance programs to assure that those receiving public assistance are truly eligible, that absent parents meet their responsibilities to provide support for their children, and that the State and local

governments which administer the public assistance programs operate effectively and spend the taxpayers' money prudently.

Management Initiatives

The Social Security Administration and the Office of Child Support Enforcement would like to enter fiscal year 1980 with sufficient staff in place and contracts underway to achieve the management improvements reflected in the 1980 President's Budget. The initiatives for which we are requesting additional staff and contract funds include:

--Development of a National Recipient System (with safeguards for privacy) to reduce fraud and abuse under the AFDC program. This system will help prevent individuals from getting benefits from more than one jurisdiction. It will also provide States with verified information on social security and other Federal benefits received by AFDC clients.

--Establishment of a National Institute for child support enforcement to train Federal, State and local child support officials in such areas as methods for establishing paternity, safeguarding information, protecting individuals' rights, developing petitions for court orders, and using efficient case management techniques.

--Increased assistance to States to reduce the level of erroneous payments made to recipients under the AFDC program, the effort initially to be concentrated in States with large urban areas; and high error rates in order to maximize the impact of Federal staff. For each State selected, a team of Federal, State and local officials has developed specific corrective action plans based upon detailed analysis of quality control data and review of existing State practice. The funds requested will allow for expansion beyond the current minimal level of Federal support in assisting States to implement corrective actions and management improvements.

--Management assistance to States to improve administration of the AFDC and Child Support Enforcement programs while slowing the recent annual rate of increase in State and local administrative costs. This will be accomplished by identifying successful practices in State administration of AFDC programs and providing for transfer of those practices to States where they apply through general technical assistance or specific technology transfers.

The 1980 President's Budget estimate assumes that the initiatives cited above will reduce the level of erroneous payments during 1980 to recipients under the AFDC program by more than $90 million in total, including savings of $50 million to the Federal government. It is necessary to begin these initiatives now to maximize their impact on savings and efficiency of State administration in 1980. We want to avoid as much as possible, delays in recruiting staff and letting contracts. Delay will occur if funds are not available until 1980. We do not want the effect of the initiatives to be lost for any part of 1980. SSA and OCSE are making advance preparations now for contractual support and recruitment of staff so that we may move quickly in these areas if the Congress provides additional funds in 1979.

Alternatives to a Supplemental

The Supplemental appropriation request of $4.9 million appears small compared to an appropriation of $6.6 billion in 1979. For this reason SSA considered several alternatives including reprogramming of funds before making this request. However, we are very much aware that the Appropriations Committee has a special concern that benefit dollars not be reprogrammed to meet administrative costs. This concern was demonstrated during 1978 when the Committee denied a request by SSA to reprogram budget authority from benefit payments to the Research and Evaluation activity to fund new initiatives to improve administration of the AFDC program.

We also considered the option of requesting reprogramming of funds available for matching State and local administrative costs in lieu of requesting supplemental funds. Our current review of this activity, however, indicates that there is no surplus available for reprogramming in 1979.

We also carefully considered reprogramming within the Federal administrative expense activity itself, but found this not to be a viable option because the 1979 budget we submitted a year ago underestimated average salary and travel costs for functions and activities approved by the Congress. This occurred because of the lack of fiscal data for the functions transferred to SSA under the HEW reorganization of 1977 and the lack of experience of the SSA budget staff with the assistance payments programs.

Conclusion

This year the Social Security Administration is not proposing reprogramming. We are coming through the front door with a request for additional administrative funds which will have over time a payoff far beyond the dollars involved in this request. We ask your Committee to help us get the job done. The additional funds will enable the Social Security Administration to perform tasks that the Congress and the General Accounting Office want us to perform to improve administration of the public assistance programs, and it will enable us to accomplish them quickly.

1979 REFUGEE ASSISTANCE SUPPLEMENTAL APPROPRIATION

Mr. Chairman and members of the Committee, I am pleased to have this opportunity to explain the Refugee Assistance supplemental appropriation request for $51,664,000 to cover Indochinese refugee assistance costs and related Federal administrative costs.

The Indochinese refugee program provides for refugee welfare costs under State programs where the costs are not covered by normal Federal funding under the public assistance titles of the Social Security Act. These costs

include both the State and the Federal share of benefits paid to refugees from such ongoing Federal/State programs as Aid to Families with Dependent Children (AFDC) and Medicaid. In addition, grants to State and local public agencies and private voluntary agencies enable them to assist refugees in gaining the skills and education to become self-reliant. The States also provide a wide variety of social services for Indochinese refugees, including foster care for unaccompanied children; information and referral services; employment planning, counseling, development, and follow-up; and child care for families where the adults are in training or employment. Federal staff provide technical assistance to States, voluntary refugee resettlement agencies, and refugee employment training programs.

The authorization on which the 1979 appropriation was based was the 1977 Amendments to the Indochina Migration and Refugee Assistance Act of 1975 (Public Law 95-145), which provided for a phase down of the program on a gradually declining percentage basis. For 1979 this was 75 percent of 1978 State and local costs. However, after the 1979 appropriation was enacted, Public Law 95-549 further amended the authorizing legislation. It increased the Federal support level to 100 percent of 1979 State and local welfare costs for Indochinese refugees, and includes the cost of new refugees entering the country. Based on these new needs funds from the fiscal year 1979 appropriation would run out in the third quarter of the fiscal year. While the present authorizing legislation requires higher funding in 1979, and thus a supplemental appropriation, it also provides for termination of the Indochinese refugee assistance program at the end of 1979. The 1980 President's budget includes a legislative proposal to extend the program. However, the whole refugee program is changing rapidly with new Cubans, Indochinese, Soviets and other nationalities entering the country, and the Administration has just submitted to the Congress a new comprehensive legislative proposal for the admission and resettlement of all refugees.

There are three components to the supplemental request for 1979.

--$23,839,000 is to increase Federal funding for Indochinese refugees who entered the United States before 1979 to 100 percent of State and local costs, from the budgeted level of 75 percent of 1978 costs.

--$27,625,000 is to provide 100 percent reimbursement for State and local costs for new refugees entering the country in 1979. Large numbers of Indochinese refugees are presently living in pitiful conditions in temporary host countries, awaiting the opportunity to enter the United States. The supplemental request assumes 65,000 new Indochinese refugees will enter the United States during 1979 under the Attorney General's parole and conditional entry authority.

--$200,000 is for Federal administrative costs. The large number of Indochinese refugees expected to enter the country during 1979 increases the workload of the Federal staff. The funds are for salaries and other expenses for eight additional man-years of work by additional temporary or part-time staff.

Mr. Chairman, this concludes my opening statement for the Refugee Assistance supplemental appropriation request.

INTRODUCTION OF ASSOCIATES

Mr. Ross. Thank you, Senator Chiles.

I have with me today a number of people who will be of help, including Mr. Sturman from the department budget office, Mr. Van Lare, who is the Director of the Office of Family Assistance; Mr. Hays the Deputy Director of the Office of Child Support Enforcement; Mr. Sherwin Montell, who is the Director of our Office of Financial Resources; Mr. Holman, who is our refugee assistance person; Mr. Ponsi, our Budget Officer; Marilyn O'Connell and Arthur Savarick, our Assistant Budget Officers; Ms. Bedwell, who is our Deputy Associate Commissioner for Management, Budget, and Personnel; and Leo Corbett, who is our Associate Commissioner for Intergovernmental and Community Affairs.

If I might, I would like, while just submitting the opening statements for the record, just take 2 or 3 minutes to indicate to you some of the major thrusts that we have in mind for the coming fiscal year.

One thing I would like to point out is that we recently undertook a reorganization of Social Security. And this reorganization of the

agency both reflects and underscores many of our principal thrusts as reflected in this budget.

Some of our goals are better management of our programs and operations. We have adopted a functional organization that provides for greater accountability, and also for greater focus on some of the key managerial issues in Social Security.

One in particular is our feeling that we need to improve our systems. And when you're dealing with something this large, 35 million check authorizations every month and a budget that, in total, accounts for almost a quarter of the Federal budget, improvements in our systems are absolutely vital to better management.

We also want to improve our communications with the field and more tightly knit our central operations and our field operations.

Another major thrust reflected in the reorganization is more emphasis on assessment, how well we are doing.

I have an Associate Commissioner for Assessment who is like our internal inspector general, who can interface with the department's inspector general, and we will do much more in the way of assuring quality control and taking action on fraud, abuse, and waste with our programs.

And finally, the reorganization has emphasized and given a major thrust to public affairs and policy formulation, working more closely with affected groups, with other levels of government, and with doing something about reviewing our programs to take a second look to make them work better in the interest of all the people.

There are a lot of specifics that are in the other statements, but I just wanted to underscore the Secretary's and my determination to really do a better job in running these programs which are so vital to the country.

And I thank you for the chance to make a few opening remarks.

WELFARE MISSION BUDGET

Senator CHILES. Thank you, Mr. Ross.

I am concerned about the priorities reflected in your welfare mission budget presentation, programs whose mission is to provide sustaining income levels increase by 12 percent over 1979; yet, it appears that your budget proposed a reduction of 5 percent for those programs whose mission is to develop capacity for self-support.

The reductions are in programs of child care to allow parents to work.

How do you relate the relative funding of those two missions to the Administration's overall approach to welfare reform, which, as I understand it, is to be one of trying to promote workfare?

Mr. Ross. I would like to let Mr. Van Lare answer that one. He is the principal officer in Social Security working on the welfare reform program.

Mr. VAN LARE. I think those are not intended to reflect any major change in priority or emphasis. The WIN program, the emphasis on work in both the current program and in the proposals that are being circulated for welfare reform, are still very much a priority for the administration and for Social Security.

And basically, these reflect the estimates of the States as to what will be invested in those activities. They are not intended to reflect a major change programmatically.

Senator CHILES. Well, if they are not intended to reflect a major change in the programmatic direction, they are sure telling us that the score in the ball game is not too good at this stage.

I don't know what quarter it is or what period it is, but it is indicating that you've got a reduction, a 5 percent reduction, and it is hard to—on the one hand we're saying that this is the thrust. Here's where our programs are going.

But at the same time, when you are saying that, the net results are showing you that you've lost 5 percent, a 5-percent reduction.

I don't know how you really translate that message out to anyone.

Mr. VAN LARE. I'm not sure that you can look at it in terms of the total programmatic expenditure. I think we need to look at it in terms of the number of people who are on the rolls, the number who are in need of support services and the impact that that is having on the ability to get people employed.

I think we've seen a steady decline in the size of the welfare rolls and we are seeing a continued emphasis on people going to work. We will have to provide you with an analysis of the details of those numbers in terms of how that can be accomplished within those financial limits. I don't have that here in front of me today.

Mr. STURMAN. Perhaps the explanation that you are referring to is that the budget for title XX proposes merging the separate $200 million day care provision into the total title XX ceiling which would be matched by the States at 75 percent rather than the current 100 percent Federal reimbursement.

It does not reflect a decision to instruct the States not to spend that money for day care. It does allow the States, though, to choose to use the total $2.9 million ceiling among a variety of goals or objectives, one of which could be day care. They probably would continue the day care program at current levels.

However, concerning the mission budget, you cannot project with certainty that the States would spend all of that on day care. They may choose to spend a portion of it on employment services, for example, or other kinds of services that permit economic self-sufficiency on the part of the AFDC or other recipient.

Senator CHILES. Well, a related mission is to enhance child development. And while I see a proposed increase for the Head Start program, you show an overall cut of $30 million, or 3.4 percent in this mission.

Mr. ROSS. That is because the authorizing legislation for Child Health Services expires at the end of 1979.

[The information follows:]

CHILD HEALTH SERVICES

Although these funds were included in SSA's SSI appropriation, the Public Health Service is delegated responsibility to administer the program.

The Department's position regarding legislation to extend the program is as follows:

The Department considered legislation to extend this program but decided not to seek legislation because the services provided by the title XVI child health program duplicate those provided by a number of HEW programs including:

Title I of the Elementary and Secondary Education Act (services to educationally disabled children);

Services for the educationally handicapped;

Title V of the Social Security Act (maternal and child health and crippled children's services); and

The medicaid program; specifically the Department's initiative to strengthen the early periodic screening detection and treatment (EPSDT) program through the CHAP initiative. The CHAP (child health assessment program) initiative will provide additional health screening and assessment services to child Medicaid recipients. The EPSDT program is aimed at detecting early childhood medical conditions which would lead to or result in a disabling impairment.

LONG-TERM CARE DEMONSTRATION PROJECTS

Senator CHILES. Last year I was able to obtain an increase in the Health Care Financing Administration to provide $5 million for noninstitutional long-term care demonstration projects.

This year the administration is taking credit for increasing that project to $15 million; yet, here I find that the Office of Human Development Services, which operates some of these services already, is being cut by $183 million.

What is the explanation for that?

Mr. ROSS. I would have to supply that. That is not part of the Social Security Administration.

Mr. STURMAN. I'm not aware of a cut in the Office of Human Development Services.

Mr. ROSS. I think it is safer, though, to supply you an analysis than to go off the top. There are people who deal with that explicitly within the Department.

Senator CHILES. All right.

REFUGEE ASSISTANCE PROGRAMS

Senator CHILES. Going now to the Cuban refugee assistance program, we are pleased to receive Secretary Champion's letter extending your intention of paying 100 percent of the initial cost of the newly paroled Cuban refugees. A copy of that letter will be put in the record.

[The letter follows:]

THE UNDER SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., March 13, 1979.

Hon. WARREN G. MAGNUSON,
Chairman, Subcommittee on Labor-Health, Education, and Welfare, Committee on Appropriations, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I want to advise you of recent developments in the programs of assistance to refugees and repatriated U.S. nationals from Cuba. The number of both Cuban refugees and U.S. nationals arriving in this country has increased over recent months.

While the number of new arrivals is still small, a large proportion of them have been destitute and required cash and medical assistance. We plan to meet these needs through the U.S. Repatriate Program, and as described below.

The recent arrivals are made up of two groups: Cuban political prisoners and their family members; and U.S. nationals of both Cuban and U.S. citizenship, and their Cuban family members. Since October 21, 1978, 169 political prisoners and their 240 Cuban dependents (409 in total) have arrived on four flights. Since September 14, 1978, 177 U.S. nationals and their 374 Cuban dependents (551 in total) have arrived on four flights. In total, 960 persons have arrived over the last five months.

Of the 409 political prisoners and their family members, 180 have required cash or medical assistance. Projected fiscal year 1979 assistance costs for these 180

persons is $350,000. This estimate is based on full Federal funding of refugees' cash and medical needs, at the levels paid for other refugees.

Of the 551 repatriated U.S. citizens and their dependents, all have required initial assistance. To date, HEW has provided 90 days of assistance for the 551 through the U.S. Repatriate Program as authorized under section 1113 of the Social Security Act. However, at this caseload rate, it would not be possible to aid future repatriates from Cuba or other countries, since future payments might exceed the annual $300,000 limitation contained in section 1113. To allow the Department to provide assistance for additional repatriates who may arrive through fiscal year 1979, HEW is changing the soruce of funds used for initial assistance to the 374 dependents of the U.S. nationals. Accounting adjustments will be made to provide the first 90 days of aid for the 374 family members as authorized by the Migration and Refugee Assistance Act of 1962.

The added Federal costs for the 554 new refugees (the 180 political prisoners and their family members who have required cash and medical assistance plus the 374 dependents of the U.S. nationals) can be absorbed within the existing fiscal year 1979 Refugee Assistance appropriation. At present we estimate that at least $2 million of the Refugee Assistance appropriation will not be needed. This potential surplus results from lower assistance needs for existing refugees than were originally anticipated. Of the $2 million surplus, less than $400,000 is needed for the 554 refugees in fiscal year 1979, many of whom have already become self-sufficient and left the rolls.

We now estimate that the remaining $1.6 million of the projected surplus would be sufficient to assist between 2,500 and 3,000 additional prisoners and their dependents, and the dependents of U.S. nationals depending on their time of arrival during 1979.

As you may know, the Administration has proposed overall refugee legislation relating both to refugee admission policies and to assistance to refugees in the United States. This bill would authorize full Federal funding to the States for cash and medical assistance to a needy refugee during the refugee's first two years in this country. Recognizing the extensive Congressional consideration which resulted in the development of the phasedown plan, the bill would continue to phase down the Cuban program with respect to those Cuban refugees who arrvied in the U.S. pior to October 1, 1978. Cuban refugees who arrived in this country on or after October 1, 1978, would be included under the regular two-year provision of the bill, as would all other refugees.

The 1979 funds provided to the States for new refugees from Cuba would be provided consistent with proposed legislation. Thus, we intend in 1979 to reimburse, with existing funds, 100 percent of the States' cost for cash and medical assistance associated with refugees form Cuba who entered the U.S. after October 1, 1978. Reimbursement of the full State share for these refugees would continue under the proposed legislation for a period of not more than 24 months after their entry. After that the regular Federal/State sharing arrangements under permanent law would apply.

At this time we do not know when more political prisoners and U.S. repatriates will arrive in the United States. While President Castro has indicated a willingness to release 3,500 prisoners and to permit them to come to the United States with their family members, the timing of their arrival remains uncertain. The Departments of State and Justice estimate that 10,000 to 12,000 prisoners and their family members may arrive over fiscal year 1979 and fiscal year 1980.

Sincerely yours,

HALE CHAMPION.

MEDICAL ASSISTANCE FOR REFUGEES

Senator CHILES. I'm struck by the high percentage of the new refugees needing cash for medical assistance. According to the letter, 44 percent of the political prisoners and their families, and 100 percent of the repatriated U.S. citizens required assistance. That is an overall assistance rate of 76 percent. Based on your initial experience, would you tell us what percentage of the refugees are likely to be elderly or disabled and thus, not likely to become self-sufficient in the future.

Mr. HOLMAN. Mr. Chairman, thus far we've seen 400 political prisoners and family members. We don't really have a large enough number yet to have a picture of how many might be disabled on a long-term basis.

It would be our belief that the majority would become self-sufficient.

Senator CHILES. Are you able to say now what percent of the children are likely to impose a cost on the Dade County schools?

Mr. HOLMAN. Not yet. There are, of course, a total of 12,000 prisoners and family members expected, of whom the present estimate would have 8000 arriving here during this fiscal year.

So far, the number of children who have come has been very small. We don't know how many children may arrive in the future.

Senator CHILES. As we understand, there has been some delay in getting out program instruction to the States, allowing them to claim 100 percent for expenses related to SSI for the Cuban refugees provided in last year's appropriation.

Is that delay involving a policy dispute, or is it just a matter of getting the papers cleared and approved?

Mr. HOLMAN. It is just a matter of getting the papers cleared and approved, Mr. Chairman.

Senator CHILES. Would you also clarify whether the policy set forth in this letter we received includes 100 percent reimbursement to Dade County for the reception costs of the new refugees?

Mr. HOLMAN. We do expect to be helpful to Dade County, and are currently having discussions with county officials. The county has been most helpful in making reception arrangements.

Senator CHILES. Going now to the Haitian problem, I understand that the issue of welfare payments is going to be tied up in the legal status of the Haitians. However, the Dade County task force came up with a whole series of service programs which could provide health and nutrition services to these people in the interim.

We sent HEW a copy of the report about a month ago and we still don't have a response. Could you tell us now which of those programs could serve the Haitians if funds were made available?

Mr. ROSS. Mr. Chairman, we have the appropriate parts of HEW examining these questions right now. We hope to be able to respond to that in about 2 weeks.

Senator CHILES. The Indochinese refugee program was extended by Public Law 95-549 at the full funding level for fiscal year 1979 only. By April 1979, 25,000 Indochinese refugees are expected to have entered the United States under the refugee parole program authorized in June 1978, and another 22,000 refugees are expected to have entered under the refugee parole program outlined by the administration in December 1978.

How many additional Indochinese refugees are expected to enter the United States through fiscal year 1980, and how do the needs of these newly arrived refugees differ from those who arrived in 1975?

Mr. HOLMAN. We are now expecting in fiscal year 1979 a total of 65,000 Indochinese refugees. The decision as to the precise number expected during fiscal year 1980 has not been made. But the present projections would indicate about 7,000 a month during 1980.

We expect their needs to be similar to those who that have come in the past with some greater requirement for English instruction.

Senator CHILES. What steps is the administration taking to provide adequate levels of assistance for those and perhaps other new refugees after fiscal year 1979?

Mr. HOLMAN. The administration has now proposed a comprehensive refugee bill which would deal with that, Mr. Chairman.

SUBMITTED QUESTIONS

Senator CHILES. I have some other questions on the Indochinese refugees for the record.

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

INDOCHINESE REFUGEE ADULT EDUCATION

Question: The Education Amendments of 1978 extended the adult education program for Indochinese refugees established by the Indochina Refugee Children Assistance Act of 1976 for fiscal years 1979 through 1983. In addition, the Indochina Migration and Refugee Assistance Act of 1975, as amended, authorizes funds for special English language and employment training projects for Indochinese refugees. How do the activities carried out under these two authorizations differ?

Answer: Historically, the two authorizations have differed in that funding under the Refugee Children Act was limited to State and local public education agencies while funding under the Indochina Migration and Refugee Assistance Act was to a broad range of public and private nonprofit agencies including the voluntary refugee resettlement agencies. It should be noted, though, that no activities are currently being carried out under the extension of the Refugee Children Act because there has been no appropriation requested or made for that purpose.

Question: Do some of the same organizations administer programs under both pieces of legislation?

Answer: Yes, this was true in the past, and funding was coordinated to avoid duplication or overlapping programs in a given locality.

Question: Are there ongoing programs that could meet the educational and training needs of the refugees served by the special Indochinese refugee adult education program?

Answer: Yes, the special projects funds and services funds under the Indochina Migration and Refugee Assistance Act are being used for this purpose, with the major emphasis placed on language and vocational training directed specifically toward self-support among the refugees. We believe that the authorizations in this act are preferable because they offer more flexibility and wider competition among both public and nonprofit agencies which can effectively serve the refugees.

MEDICAID -- SSI ELIGIBLES

Question: Since the phaseout of the Cuban refugee program began, this Committee has recommended that full Federal reimbursement be continued for the cost of medical assistance provided to Cuban refugees participating in the Supplemental Security Income program. How many Cuban refugees are eligible for SSI?

Answer: Nationally, there are an estimated 45,000, of whom approximately 27,000 are located in Florida.

Question: What is the average cost of Medicaid for SSI-eligible refugees?

Answer: Among those who are eligible, an estimated 22,000 receive care during a given quarter at an average annual cost of $1005 per person.

Question: How will the newly-arrived refugees affect this cost?

Answer: We are not really certain yet since so few new refugees have arrived to date, and among the anticipated future arrivals -- that is, the political prisoners and their family members -- we do not know how many may be eligible for SSI.

INDOCHINESE REFUGEE CHILDREN

Question: The Indochina Refugee Children Assistance Act of 1976, P.L. 94-405, was amended by the Education Amendments of 1978, P.L. 95-561, to authorize assistance to local educational agencies for the education of Indochinese refugee children paroled into the United States after January 1, 1977. Do the educational needs of newly-arrived Indochinese refugee children differ significantly from those of the refugees who entered the United States in 1975?

Answer: We are not aware of any formal studies of this. We believe, however, that the new arrivals may tend to experience greater difficulties because they have often spent months, or in some cases years, in refugee camps in Southeast Asia without proper schooling, and also because of the difficulties and stresses of life in the camps in general.

Question: Are the new arrivals concentrated in a relatively small number of school districts, or have they been resettled throughout the United States?

Answer: The new arrivals have tended to follow a pattern similar to the earlier arrivals. This means that they are widely dispersed among the States but that there are continuing areas of concentration such as in California, Texas, and certain other States. We do not have any statistical breakdown by school districts as such.

Question: What special programs have been undertaken to assist these refugee children?

Answer: Since the Indochinese refugees first began arriving in 1975, school systems have developed a variety of special educational programs. Basic elements of all of them have been English as a second language and orientation to help in understanding and adapting to a new culture.

RESETTLEMENT OF REFUGEES

Senator CHILES. The Foreign Assistance Act, Public Law 95-481, appropriated $20 million for the Department of Health, Education, and Welfare for new programs for the resettlement of refugees, including refugees from the Soviet Union who are not covered by the Cuban and Indochinese refugee programs.

In contrast to the Cuban and Indochinese refugee programs, this new refugee assistance program is based on matching grants to voluntary agencies, rather than reimbursement for public assistance cost.

Does HEW plan to continue this program as a permanent Federal refugee program?

Mr. ROSS. The continuation of the Soviet and other refugee program is tied in with the administration's proposal for a consolidated program. The bill attempts to bring some uniformity to the treatment of all refugees.

CONCURRENT FILING OF FOOD STAMP AND SSI APPLICATIONS

Senator CHILES. At last year's hearing, we discussed your plans to implement my amendment to the 1977 farm bill, which provided one-stop application service for food stamp, SSI, and social security beneficiaries.

It does not seem to me that you've gotten very far in implementing this.

How many of your social security offices currently have the ability to process food stamp applications?

Mr. VAN LARE. I don't know. That is really the SSI program. I think they have been negotiating with food stamps and have reached an agreement with food stamps as to the functions to be carried out by the SSI offices.

I don't know if there's anyone here who's got the detail.

Mr. ROSS. We will have to supply that number.

[The information follows:]

CONCURRENT FOOD STAMP AND SSI APPLICATIONS

Under the provisions of the Food Stamp Act of 1977 SSA district offices were directed to take applications for food stamps for households in which all members receive suppelmental security income payments. Specific functions beyond this broad mandate were not prescribed. The number of major changes were made in the food stamp program in addition to the one relating to SSA's new responsibility.

Regulations promulgated by the U.S. Department of Agriculture implemented most provisions by March 1, 1979. One element not completely resolved at the time of the publication of the new regulations was the exact role SSA will play in taking food stamp applications, including the precise steps district offices will follow in the recertification process. Recertification refers to the fact that eligibility for food stamps terminates at the end of a specified certification period after which a new application must be filed in order for the individual to continue to receive food stamps. Delineation of duties between the two agencies is nearly completed. Regulations and necessary instructions are being developed and SSA offices will begin taking applications and relating more directly to the food stamp offices as soon as this is completed. In the interim, applications by the aged, blind, and disabled for food stamps are being handled through the food stamp offices.

FOOD STAMP APPLICATIONS

Senator CHILES. How many of your social security offices, or how many food stamp applications have actually been received?

Mr. ROSS. We will have to supply that, too, sir.

[The information follows:]

To date, social security offices have not received any food stamp applications. They will begin taking those applications as soon as the necessary regulations and instructions are issued. Necessary funding will be made available from the Department of Agriculture budget, as required by the Food Stamp Act. SSA's reimbursable budget includes the following manpower estimates for implementation of its share of the process: 1979—444 man-years; 1980—451 man-years. It should be noted that although the cost of SSA's food stamp activities will be funded by the Department of Agriculture, the employment slots needed to do the work must come from SSA's allocation.

FIELD TRAINING FOR TAKING FOOD STAMP APPLICATIONS

Senator CHILES. I would also like to know what has been done to train your staff to take food stamp applications?

Mr. ROSS. We will supply that. We do not have somebody here who is an expert in that.

[The information follows:]

Social security offices have been kept current on negotiations relating to the handling of food stamps. Training materials and related instructions will be developed and used in each public contact facility to make certain that SSA offices are uniformly following the provisions of the Food Stamp Act. It may be necessary to have some modification in processes among several States since the actual certification of food stamp eligibility will continue to be made in the State food stamp offices. While the basic rules are the same the process and mechanics of handling the program vary somewhat among the States.

FIELD OFFICE FACILITIES IMPROVEMENTS

Senator CHILES. I have been concerned to see that we have enough staff and facilities to provide services to our growing elderly population without undue delays.

My administrative assistant, who stays in Florida, tells me that the Social Security office in Lakeland, where our office is located, is tremendously overcrowded. When he asked about the cause of the situation, he was told it was taking GSA a year to clear increased space, even when increased staff allotments are approved.

Is this a general problem that the Social Security Administration is having with GSA?

Mr. ROSS. Yes; it is a very generalized problem. The problem is actually worse than you state, in the sense that we have had a continued backlogging of our request for increased space, or just minor leasehold improvements.

The Secretary and I met with the Administrator of GSA, Jay Solomon, a while back, and even went to the length of agreeing to detail 47 HEW employees, mostly from Social Security, to GSA to help them get the work done.

Even that is floundering. We are just in a total——

Senator CHILES. Did you actually detail the employees?

Mr. ROSS. Yes, we did. We have had to call some back because GSA, even after making that recommendation to us, has been unable to adequately utilize them.

I can give you some numbers for the record. But our problems are nationwide in this area, including a number of cases where it isn't just a matter of overcrowding, but we have offices which just do not permit elderly or handicapped claimants to get the kind of service that they should.

Senator CHILES. I wish you would provide me with those numbers.

Mr. Ross. I would be glad to supply that information.

[The information follows:]

SPACE DIFFICULTIES WITH GSA

The following facts illustrate the scope and magnitude of the Social Security Administration's problems with the General Services Administration's new/expansion lease space acquisition efforts on behalf of the agency:

Of 472 space requests now pending in GSA, almost half are more than a year old.

The average time required to obtain space—when it can be had at all—increased from 258 days in 1977 to 306 days in 1978.

Some 21 new-space requests involve approved branch offices which cannot open until suitable space is located. Since most of these offices were approved partially because other facilities in the same metropolitan area are heavily workload-impacted or have difficult space problems of their own, visitors and employees alike endure difficult interviewing, workflow, and sometimes even dangerous health and safety environments.

About 60 percent (276) of the total space requests pending are for relocation or expansion space; all involve facilities which currently fall considerably short of the amount of space needed according to Space Allocation Standards previously negotiated with GSA.

According to an SSA survey conducted early in 1978—still valid because few problems have been resolved in the interim—one-third of SSA's offices occupy less than good space, and space in 14.3 percent of the offices is poor or unsatisfactory, with problems with quality fairly consistent from region to region.

Almost 600 reimbursable work authorizations requesting repairs and/or alterations—essential items such as electrical outlets, telephone installations, and modifications to remove structural barriers to the physically handicapped—are now pending in GSA. Such alterations now require a leadtime of 90 to 120 days, and virtually all alterations are competitively bid.

Despite the agreement to detail nearly 50 HEW employees (43 were to come from SSA) to the GSA regional offices last November for the sole purpose of expediting space acquisitions, SSA's space situation has not significantly improved. In fact, only 36 SSA employees actually reported to GSA, and many of the SSA employees have had to be recalled because the GSA regional offices did not utilize the detailees, primarily because of GSA's current funding problems.

Although GSA agreed in October 1978 that pending HEW space requests (most of which are SSA's) were of a serious nature, GSA has so far refused to grant a temporary emergency delegation of leasing authority to HEW for leasing actions of less than 5,000 square feet, even though the Government Accounting Office recommended more liberal use of GSA's redelegation authority in its reports of January 9 and February 7, 1978. This would have an especially significant effect on SSA because almost 70 percent of SSA's requests involve space of less than 5,000 square feet.

STRUCTURALLY INADEQUATE OFFICES

Senator CHILES. In a survey conducted by Acting Commissioner Wortman of district and branch offices, it was found that close to one-quarter of such offices were structurally inadequate to meet the needs of the handicapped.

Has any activity taken place, or is there any plan which would correct this serious problem?

Mr. Ross. We have had some activity, and I would like to update that for you. But the problems are tied in with the same impasse with GSA's activities.

[The information follows:]

CORRECTIVE ACTIVITY TO ELIMINATE STRUCTURAL BARRIERS TO THE HANDICAPPED

The 1978 space survey cited previously in reference to SSA's difficulties with GSA also indicated that only slightly more than half of the district office managers could report that their space is fully accessible to handicapped persons. One-fifth of the offices reported serious deficiencies at that time.

To remedy this situation, SSA's fiscal year 1980 budget includes $4 million to begin upgrading field facilities to eliminate barriers to the handicapped and bring all of SSA's facilities into conformance with standards established by the American National Standards Institute (ANSI), a professional organization which establishes architectural and building standards that are recognized nationwide.

This includes such activities as arranging parking and entrances for easy building access; modifying toilet facilities, drinking fountains and telephones; and installing warning signals, signs, and ramps.

For the most part, SSA headquarters buildings and many of the trust fund buildings in the field have been modified to meet certain minimum standards.

In addition, building accessibility is always considered in securing and renewing leased space for SSA offices, and SSA buildings now under construction will meet the current standards.

However, as noted earlier, GSA's difficulties are adversely influencing SSA's progress in making such modifications. Although GSA has a program to install ramps, widen doors, etc., corrective action can be waived where leases are near termination. Since GSA's funding problems are resulting in temporary lease renewals across the country, the potential for deferred resolution of inaccessibility problems is increasing proportionately.

HEARINGS AND APPEALS IMPROVEMENTS

Senator CHILES. Again, a major complaint and a major time lag seems to be the appeals in the hearings, and appeals process.

What is being done to improve the hearing and appeals process?

Mr. ROSS. We are continuing to make progress on processing times, but we have come to the conclusion that a fundamental reform is necessary, and we've recently made proposals before the Subcommittee on Social Security of the House Ways and Means Committee to restructure of the disability decision process so that more accurate decisions would be made earlier and we would have fewer appeals reaching the administrative law judge stage.

We are also considering limited judicial review of final agency decisions in disability cases to questions of constitutionality and statutory limitation. And we have made legislative and administrative proposals to that effect.

QUALITY ASSURANCE

Senator CHILES. In last year's hearings, Commissioner Wortman mentioned that the responsibilities of the office of quality assurance were being expanded to include the title II retirement programs, and that the first regular sample cases would be drawn in October 1978.

I would like to know what those sample cases indicated and how far you expect to get in 1979 and 1980 in implementing quality control for social security?

Mr. ROSS. We have just recently gotten the results from this pilot study and are analyzing it now. I do not have a sufficient analysis to supply you today with the numbers on that, but we will be glad to give you a report on the results of that pilot study.

[The information follows:]

RESULTS OF TITLE II QUALITY REVIEW TEST

The only title II retirement and survivors insurance (RSI) program quality assurance review system results that are currently available are from the RSI National Pilot Test. The ongoing review system which began in October 1978 represents six month sample periods, and data are only finalized after the close of the full period. Results from the first sample period (October 1978–March 1979) are expected to be published in September or October 1979.

The purpose of the pilot test was to validate and refine the quality review process and to provide preliminary data to be used to initiate the analysis of results toward developing the direction of possible corrective actions. Involved was a sample of 3,000 records stratified into 10 categories according to the type beneficiary(ies) on the record. Records were selected from one segment of the June 1978 regular payment file (the entire file consists of 20 segments).

The sample selection technique used for the pilot test was not the same as that used for the ongoing six month periods (a random sample from the entire universe). Although the results from the test were weighted to reflect a projection of the one segment stratification to the total population, the data cannot be used to predict the results from the ongoing sample. Detailed data from the test are being analyzed. Following are the discrepancy results:

DOLLARS PAID INCORRECTLY AS A PERCENTAGE OF ALL DOLLARS PAID IN THE SAMPLE

	Administrative (percent)	Beneficiary (percent)
Overpayments	0.12	0.13
Payments to not entitled cases	.03	.21
Total	.15	.34
Underpayments	.07	.01

INACCURATE CASES AS A PERCENTAGE OF ALL CASES

	Administrative (percent)	Beneficiary (percent)
Overpayments	2.27	0.22
Payments to not entitled cases	.08	.23
Total	2.35	.45
Underpayments	2.72	.18

ERROR RATE AND ACTION PLAN

Mr. Ross. We hope that by the fall of this year we will have a thorough study including an error rate and an action plan to deal with the errors in that basic title II program. In general, the reorganization placed increased emphasis on quality control by raising to the level of an Associate Commissioner, reporting directly to me, the assessment function, and we do have plans to—not just to continue our improvement, but to try to increase the rate of our improvement.

Senator CHILES. The recipients of social security income payments are required to report to the Social Security Administration changes in income resources and other circumstances affecting their eligibility. The GAO in its February 16, 1979, report stated that millions of dollars were being erroneously paid annually because of the lack of adequate filing systems, processing procedures, and management controls to insure that such reported changes are accurately and promptly reported.

The GAO claimed that the liaison field offices for this process needs to be switched to stronger headquarters with computer controls.

How do you plan to address the problems identified in this GAO report?

Mr. Ross. We have been following the general lines of direction that they've indicated, and I would be glad to supply you some details of that for the record.

[The information follows:]

SSA Actions on GAO Report on Processing Changes in SSI Recipients' Circumstances

We already have written guidelines which the district offices are to follow in processing and controlling changes in SSI recipients' circumstances. However, as GAO's study indicates, these guidelines have not always been implemented. In line with GAO's recommendations, we will emphasize to the field offices the importance of the guidelines and we will develop additional procedures that will help insure accurate and timely handling of changes in recipients' circumstances. We will also look into ways of modifying our computer systems to provide the necessary controls and to assure accurate posting of the changes and feedback of information to the district offices. We will examine our present records management program and expand our district office surveys and training workshops and will stress to the district offices the importance of adhering to our records retention and disposal schedules. These matters will be given priority attention. Accurate and timely processing of changes in recipients' circumstances is an integral part of our commitment to significantly improve payment accuracy in SSA programs.

It should be noted, however, that SSA takes exception to a statement in the digest of the GAO report which attributed 45.5 percent of all SSI overpayments from January 1976 to March 1978 ($477.6 million out of a total of $1,049 million) to problems SSA has experienced in processing reported changes. In fact, only 13 percent ($62.1 million) of the $477.6 million in SSI posteligibility deficiencies cited by GAO represent administrative actions which are directly susceptible to greater SSA control and remedial effort. While the figures GAO used came from SSA records, the GAO report, for one reason or another, does not recognize that a vast majority of these overpayments was caused by recipients not reporting changes in their circumstances to us or reporting them incorrectly. These problems are largely outside SSA's control, and the number of occurrences and dollar amounts attributable to them will not be affected by GAO's recommendations or by the level to which we are able to raise our processing accuracy.

STUDENT OVERPAYMENTS

Senator Chiles. The General Accounting Office, in a report issued December 22, 1978, pointed out a serious problem in regard to duplicate payments being made to dependent students of social security beneficiaries. Of the 329 duplicate payments to students identified in May 1977, Social Security had been able to identify only 99.

GAO felt that the reasons that Social Security could only detect one out of three duplicate payments was that their daily detection system was not fully operational, and its annual duplicate detection system criteria are too restrictive.

The 230 students whose duplicate payments were not detected were overpaid $616,000 as of last June.

In regard to social security payments to dependent children, what progress has the Social Security Administration made in improving its duplicate payment detection system? And how much has been saved through the followup of such erroneous payments?

Mr. Ross. We have made some progress. I will supply a status report for the record.

We also have adopted a major initiative in the entire area of tightening our administration of the student benefit program, including some initiatives that the Secretary and I undertook this fall to require increased verification of student entitlement and an attempt to save up to $100 million in the student benefit program in the coming year.

[The information follows:]

STUDENT OVERPAYMENTS

Duplicate payments occur when payments are made to the student on more than one account at the same time. SSA has two activities for detecting duplicate payments: (1) The master file duplicate detection operation and (2) the beneficiary annotation and communication operation. The master file detection operation is performed annually to identify and correct situations in which the same beneficiary was incorrectly established on the master beneficiary record under more than one social security number. The beneficiary annotation and communication system is a daily operation which generates notices which require manual investigation when it appears duplicate payments are being made to the same beneficiary or it appears that two persons have the same social security number.

The 1977 annual detection operation identified 4,659 cases of potential duplicate payments. SSA reviewed 2,758 cases and identified 943 cases involving overpayments of $2.3 million. SSA is still in the process of reviewing the remaining cases for overpayments.

We have modified our duplicate payment detection systems to increase our abilities to identify and correct the overpayment situations GAO described in its report. To identify and eliminate duplicate numbers and payments for dependent children and students SSA ran this modified system in February 1979. The system selected every record on the Master Beneficiary Record (MBR) containing a dependent who had his/her own social security number shown on the record. Each number on the record was then run against every other number on that account. As a result of this operation 3,706 students were identified as potential duplicate payment situations. Those folders are now being reviewed and this project is expected to be completed sometime in May.

SSA has designed an official at each program service center and at its central disability operations to monitor the entire process.

PROPOSAL TO ELIMINATE THE LUMP-SUM DEATH BENEFIT

Senator CHILES. While the purpose of today's hearing is not to go into your legislative proposals to reduce benefits, I do want to ask you about the staffing impacts. I have heard that elimination of the lump sum death benefit, in particular, would allow a large reduction of staff. The number, I was told, was around 1,000, if I recall correctly.

Mr. ROSS. That is correct.

Senator CHILES. Why should it take that many people to administer a single cash payment when you are so fully computerized?

Mr. ROSS. Because there are substantial problems in the area of who gets it and in dividing the $255 among multiple possible claimants since in some cases everybody who contributes to the funeral expenses would be entitled to some portion of reimbursement. So it really requires a great deal of individual time and work to handle what is a relatively small transaction.

Senator CHILES. What are you paying out now in the lump sum benefits?

Mr. ROSS. On a full-year basis, it is about $350 million.

Senator CHILES. Do you have any figure on what you pay those 1,000 people that are administering that program?

Mr. STURMAN. That would be about $20 million.

PROPOSALS TO CHANGE THE DISABILITY INSURANCE PROGRAM

Senator CHILES. Go again now to the proposed changes in disability insurance. You note in your justification that the number of disability insurance beneficiaries is still growing, but at a slower rate. Most of the slowdown, you say, is due to a higher rate of disallowed applications.

Has SSA changed the eligibility criteria, or have you just tightened up on the enforcement of the old criteria?

Mr. ROSS. We have not changed the eligibility criteria, and I wouldn't say that we have necessarily tightened up under the old criteria. What we have done is put increased emphasis on quality of decisions and accuracy of decisions; and on the process as a whole, we have tried to do a better job.

I would not agree that we would attribute the improvement in performance there solely to administrative changes. There are a whole host of things at work there, including the fact that the kind of large increase in the incidence of disability coincided with recession and unemployment.

There are a whole host of things at work in that program, and one of the principal reasons the administration has called for a legislative initiative in that area is the sense that we get from the Congress and within the administration that we need a second look at that program—in both the benefit structure, the incentives to help people get back to work and be rehabilitated, and the entire determination and adjudicative process.

There are an awful lot of things at work at one time in that program.

DISABILITY BENEFIT CAP

Senator CHILES. The administration proposes to place a cap of 80 percent of the average indexed monthly earnings on the amount of the disability insurance benefit a recipient can receive. What is the reason for the cap? And would the cap have more impact on the benefits of high earners or low earners?

And why was the 80 percent figure chosen, rather than a higher or lower figure?

Mr. ROSS. The reason for the family benefit cap is that while this is a social insurance program, some adherence to insurance principles is necessary.

Our studies indicate to us that when replacement rates get too high, there is a higher incidence of disability. Private companies have the same experience. If somebody can get more in disability benefits than they got while they were working, they're obviously is no incentive to become rehabilitated and attempt to go back to work.

The question of where to place the cap, once you agreed that we should have a cap to maintain some necessary insurance principle in the program, is a matter of judgment. Private companies would generally not underwrite the replacement rate of earnings of more than 60 to 70 percent, and most private plans—at least as we understand it—would be down in the area of 50 percent.

However, since this is a social program, we picked a figure of 80 percent.

The House subcommittee is considering a figure of 75 percent, and I think something in that range is appropriate, particularly because we are using, as a base, average indexed monthly earnings, which is an historical earnings figure and not necessarily the highest earnings right before disability.

So we feel that the 80 percent that we proposed was a reasonable number, but we recognize that reasonable people can differ about where we place that number.

EFFECT OF CAP ON LOW-INCOME WORKERS

Senator CHILES. Robert Myers, a former actuary at the Social Security Administration, has presented data showing that under the Administration's proposal, wage replacement rates are higher for workers with higher earnings than they are for those with low earnings. That doesn't strike me as exactly being equitable.

Mr. Ross. There are some problems with how you work out the equity along the income structure with the cap. The Ways and Means Subcommittee is doing the markup of the bill this week and we would hope to work on that problem with them. And we do want to both achieve equity and, at the same time, work in an appropriate cap.

Senator CHILES. Other proposals have combined a cap on the average indexed monthly earnings, with an additional cap on the primary insurance amount of 150 percent. This results in a schedule of gradually declining wage replacement rates as previous earnings rise.

Do you think that is a desirable feature?

Mr. Ross. The 150 percent does have the effect of evening out the replacement rates, and it is certainly something which should receive serious consideration.

Mr. STURMAN. That is also a feature in the Ways and Means bill.

Senator CHILES. The administration is supporting that?

Mr. Ross. The administration proposal did not have that feature, but my guess is that the bill emerging from the subcommittee will have that feature in it.

WORK INCENTIVES IN THE DISABILITY PROGRAM

Senator CHILES. Going to work incentives, the administration has proposed changes in disability insurance and other programs designed to encourage more work activity by those on the disability roles. Please describe those proposals for us and what you think the estimated impact of these changes will be.

Mr. Ross. Yes, sir. We, for example, will allow—instead of terminating benefits after trial work, we will simply suspend them for a year. So if people should fail at their job, they will know that they could immediately get their cash benefits back. It's like putting a safety net under them.

We would also eliminate the second 24-month waiting period for medicare. We would allow a deduction of impairment-related work expenses, including attendant care. All of these things are designed to help people to rehabilitate and get back to work.

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Now, our actuaries are very conservative in their estimates. They show some costs to these proposals, a cost, however, which would be more than covered by the cap on benefits.

In the long run, we are hopeful—although our actuaries will not project such estimates for us—that there will be cost savings from the fact that people are rehabilitated and go back to work and come off the roles.

Senator CHILES. Do you expect these changes to have any impact in fiscal year 1980?

Mr. ROSS. Very slight. Their main impact would be in out-years. By the time the Congress takes action, and we can implement the new provisions, there will be a transition, particularly on the rehabilitation and work incentives. It will take a good number of years to see results from that.

PROPOSED CHANGES IN ADMINISTRATION OF THE DISABILITY PROGRAM

Senator CHILES. The administration's proposal to amend the disability insurance program includes several administrative changes. Why is it necessary to change the administrative process in light of the above improvements?

Mr. ROSS. Because the improvements are not directly related to the improvements in process, and we have identified some things which clearly require change.

For example, we think it is necessary, in order to get uniformity and better performance, and more equal performance across the board into this program, to let the Federal Government, which pays 100 percent, have the ability to, by regulation, set national performance standards which the States could choose to follow or they could choose not to do their share of the program.

We also think that more resources ought to be allocated earlier in the process to get better decisions and therefore have fewer resources expended at the higher levels of the process.

A system with administrative law judge reversal rates of 50 percent and then court reversal rates also over 50 percent obviously is not functioning properly.

Senator CHILES. The administration's proposals would provide authority for HEW to establish administrative procedures and performance standards which States must follow for the disability insurance program.

Doesn't HEW have that authority already?

Mr. ROSS. No, sir. What we have is an ability to enter into agreements with the States, and we tried to develop a new form of agreement which provided for tighter management and control over the program. Some 20 or 21 States have signed it, but the others haven't. And so now we have States operating under at least two basic forms of agreement.

The fact is that with Social Security and HEW being held accountable for this program, because of it being 100 percent federally funded, it is necessary to have regulatory authority to set standards.

Senator CHILES. What sanctions would be applied against the States if they don't comply? And how are you going to measure compliance?

Mr. ROSS. None, other than we would take over the administration of the program, which is the same sanction that exists under the agreements, which is that if a State fails to live up to its side of the agreement, the action would be for the Federal Government to take over the program.

Actually, one of the new developments we see is that a number of States might well want to opt out of the program. Their concerns, on their part, with tying up their employees, even though the Federal Government is paying for it, running what is essentially a Federal program, a federally funded program; so that I think there is some shifting of attitudes and shifting patterns here anyway. And it is time to try and get uniformity and equity.

Senator CHILES. How many States would you expect to do this?

Mr. ROSS. I would hope not very many.

I think what we would prefer is to set reasonable performance standards and hope that the States would meet them, and we would hope that most States would cooperate with that.

Senator CHILES. What would be your contingency plans if a large number of States decided to turn this back over?

Mr. ROSS. We would move forward, with proper transitions, to protect the interest of the citizens of each of those states—move forward on setting up a federally administered program in those states.

Senator CHILES. Do you have any idea of how many additional Federal employees might be necessary?

Mr. ROSS. At the present time, there are some 10,000 State employees who we pay for who are involved in this work. While it's true that these people are on State roles, they are paid for by the Federal Government.

So, in a realistic sense, these people are Federal employees already in the sense of who pays their salaries. I don't know that if we took it over, there would be in any particular State that much difference in the numbers, but there might be reduction in numbers based on greater efficiency from having one level of government of the entire system.

There is a certain amount of interaction between levels of government that probably adds to the total manpower problem in the administration of these programs.

Senator CHILES. Can SSA contract with other State agencies or private organizations now?

Mr. ROSS. I don't believe so.

Mr. STURMAN. The law does not give us that flexibility.

Senator CHILES. Well, I take it you don't favor full Federal administration of this—of the disability determination process?

Mr. ROSS. No, sir. We are happy to have the States play a role, provided the citizens of the country overall get the level of performance that is due them. We have no interest in increasing the number of Federal employees or the Federal administrative process. All we want to do is help serve the citizens of this country in this area; and we think the States, with their experience and their

programs that are related to disability insurance, should continue to play an important and vital role.

IMPROVEMENTS IN ADP SECURITY

Senator CHILES. What has the Department done about the GAO report of June 1978, which concluded that procedures to safeguard social security records can and should be improved in the interest of protecting the rights of privacy?

Mr. ROSS. We have made some improvements, and I can supply you some details on that. And we have also moved forward, with the Department's help, to adopt plans for even further improvements in the future.

[The information follows:]

SSA RESPONSE TO GAO RECOMMENDATIONS TO IMPROVE PROCEDURES FOR SAFEGUARDING SOCIAL SECURITY BENEFICIARY RECORDS

The following comments describe SSA actions taken or planned on the Comptroller General's report entitled, "Procedures to Safeguard Social Security Beneficiary Records Can and Should Be Improved," B-164031(4), dated June 5, 1978.

The Social Security Administration has a large telecommunication network and must maintain the confidentiality and integrity of its records. SSA is in general agreement with GAO's recommendations and has taken steps to insure that personal information in its computer systems is made more secure. GAO's findings were based on visits to some offices in 1976 and early 1977 and a number of the deficiencies noted had already been corrected in the ongoing security program. The GAO report itself acknowledges these efforts and points out that SSA has started an active security awareness program to strengthen procedures for safeguarding various records and recognizes the importance of protecting these valuable records. All SSA planning continues to give high priority to safeguarding personal information against unauthorized disclosures.

The actions taken or being taken on the individual recommendations in the GAO report are described below.

GAO Recommendation

--Restrict terminals locacted in open areas of district offices to queries only.

SSA Comment

In order to restrict access to terminals, doors with locks have been installed on all rooms in field installations that house Advanced Record System (ARS) equipment except in six field offices which are undergoing remodeling. Managers have been instructed to limit access to these rooms to authorized personnel only. In addition, where practical, enclosed areas have also been provided for Social Security Administration Data Acquisition and Response System (SSADARS) terminals. However, in some field facilities, enclosed areas simply are not logical because of operational needs. Larger offices have positioned terminals within interviewing areas and at the reception desk for ease of accessibility to obtain queries and input postadjudicative notices such as changes of address, reports of death, etc., while the claimant is still present. Such placement hastens interviewing time, provides prompt service for the claimant, and, in some cases, avoids preparation of a paper input document. These terminals are continuously monitored by an SSA employee. As such, a reasonable balance has been attained between good service and good security -- a concept recognized by the GAO report. We have also mandated keylocks on SSADARS terminals in all future procurement requests.

We are limited in the number of SSADARS terminals available for field office use. Restricting some terminals to queries only would create operational problems. We are involved in a major procurement effort to replace ARS terminals with SSADARS which will provide additional security protection and offer relief from equipment constraints.

GAO Recommendation

--Provide secure rooms for the printers, and consider the feasibility of having all printed output monitored and distributed by data transmission personnel.

SSA Comment

We agree. This is a desirable security safeguard which provides greater control over printed output. Many field offices already operate with this arrangement. We are determining the costs involved in securing those printers not located in lockable rooms and expect to initiate these moves soon. Instructions will be issued to data transmission personnel regarding the monitoring and distribution of printed output.

GAO Recommendation

--Restrict the ability to create records or to access the national data base to only that data necessary for each specific class of office.

--Restrict the ability to create records or make changes to existing records in accordance with employee and maintenance personnel duties and responsibilities by requiring a unique and personal identifier for every data transmission.

SSA Comment

We agree. Currently, a software "security matrix" restricts SSA's operating components to a predefined category of data entry transactions for remote terminals. Because of operational needs and work missions, some components have broader access capabilities than others. The matrix undergoes constant analysis and frequent change to update the security and operational needs of each component. Some capabilities are added and others are removed as needs evolve. The matrix provides levels of security among like components but individual operator identification and accountability is not present. We expect to obtain this added protection by developing a telecommunications control system based upon a Personal Identification Number (PIN) file. This file and system will require the issuance of identification numbers to all SSA telecommunications users. The numbers will principally be used to identify individuals in field offices who authorize query and data input transactions into the telecommunications system.

The PIN's assigned to employee systems users will probably be 6-digit numbers. As a check on individual access capability, PIN's will be used initially to establish an audit trail. In the future, the system will be able to distinguish between "accessors" and authorizers.

Initial steps to create the PIN file are underway. Testing and verification of the system will follow in a few weeks. The PIN file will contain the following information on each user employee:

Name of Employee
Social Security Number (last four digits)
Personal Identification Number

Audit trail reports, which will become a part of the current Security Report System, will monitor the use and maintenance of the PIN file. Attempted unauthorized transactions will also be monitored. All reports will be issued daily to regional and component security officers.

GAO Recommendation

--Provide a personal identifier on input documents for the person who performs the interview, prepares input documents, and reviews input documents and supporting documentation.

SSA Comment

We agree in principle to the need for an audit trail, but do not believe as extensive an audit trail as GAO describes is a prudent use.

Due to established operating procedures, frequently, a number of employees will handle a transaction prior to input. On many short transactions requiring a personal identifier from each employee in the chain would mean that the audit data we must key, transmit, and store would exceed the data itself.

SSA's position is that a personal identifier of the employee making the decision is sufficient.

GAO Recommendation

—Restrict knowledge of the password used to lock and unlock a terminal to the office manager, assistant manager, and security officer.

—Require this password to be changed at least monthly, and whenever any employee knowing the password is no longer employed at that office.

SSA Comment

We agree. Security and mangement personnel operate under the following specific security instructions regarding use of the SSADARS lock/unlock procedure:

1. Detailed information regarding the SSADARS Lock/Unlock System is provided only to the manager, the director of each operating component, or the designated security officer.

2. The manager or director of each operating component (or the security officer) specifies the lock code and is directed to provide the code only to those who absolutely need to know it in order to fulfill their assigned duties.

3. All terminals (both SSADARS and ARS with SSADARS-type access) are locked by use of the software lock at the close of each working day. The manager or director of each operating component is responsible for assuring that this practice is followed uniformly.

4. Any contact with the concentrator technical controller, for the purpose of using the master unlock procedure, is handled only by the security officer.

5. Security events and problems with the lock/unlock software feature are reported immediately to the regional or component security officer.

Changing lock/unlock passwords is no longer left to the discretion of field offices. At a minimum, weekly changes are required. As an added safeguard, we are developing an "auto lock" feature which will automatically lock terminals 30-60 minutes after close of business if they are not locked with a local password.

GAO Recommendation

--Require that any expansion of the existing telecommunications system include system changes to correct security deficiencies.

The Secretary of HEW should continue to pursue an active and aggressive security program to assure the Congress, the public, and SSA beneficiaries that records are properly safeguarded against abuse, misuse, destruction, or alteration. In this effort, the Secretary should conduct a risk analysis to determine whether other security weaknesses exist. The effort should include security measures in terms of efficient and effective services to beneficiaries--a balance between good service and good security should be weighed.

SSA Comment

We agree. SSA is totally commited to risk management and has been using the technique for many months. As early as May 1976, operational components were directed to perform a risk and cost analysis of work environments which dealt with personal data. The results of these analyses formed the basis for SSA's original systems security plan. Since then, a comprehensive risk analysis of computer fraud vulnerability in the supplemental security income program resulted in more than 80 recommendations which are being implemented. In parallel with these activities, a risk analysis of the central computer facility was conducted by a private contractor in December 1977. A similar analysis of the SSADARS system has also been conducted. A scheduled program of risk analyses is being developed. All major SSA programs will be covered.

Limited Safeguards are Provided to Protect Documents Supporting Beneficiary Claims

At the time of its review, GAO contends that hard copy beneficiary records were vulnerable to potential abuse and/or misuse and destruction in most field offices because of problems associated with:

--The way claimant files are stored,

--The readily available use of microfiche files and photocopy equipment,

--Weaknesses in securing field office space after working hours,

--Inadequate fire protection,

--The way in which sensitive documents are disposed,

--Safeguarding beneficiary data, and

--Security background checks on field office employees.

GAO also cited records given to State agencies through various exchange programs as potential security problems.

No recommendations were offered in the report, relative to hard copy records, presumably in recognition of SSA's active security program and public stance towards the need for protection of such documents. Nevertheless, SSA comments are provided for the major issues listed.

Claimant Files Not Properly Safeguarded

SSA Comment

Although SSA uses several systems for file/folder control such as chargeout cards, inner/outer folder jackets, etc., we have not advocated a clean desk policy at all stations. The risks were considered to be relatively low, and the cost would be quite high because of the administrative and operational disruptions, particularly for the program service centers, Office of Disability Operations, and district/branch offices. Prompt folder actions and movement within these installations is crucial. Enforcement of a policy to clear each desk at close of business, inventory all files, and lock them in desks or file cabinets would create very sizable increases in resource needs. Other problems with such a policy would include a need for thousands of lockable file cabinets, poor utilization of manpower in the time spent filing, distributing, locking, and unlocking during and at the beginning and close of each day, and access to files would be restricted during working hours. All of these issues would greatly multiply operational, manpower, and equipment costs.

Still, there are security measures which can be and are being taken. Each installation has been directed to establish a written security plan which includes procedures for:

—Locking up confidential, "sensitive", and personnel files when not in use.

—Devising a system for controlling the location of folders.

—Locking up documentation which describes procedures for operation of remote terminals, security procedures and plans, and access logs.

—Locking the field installation during nonpublic hours. Keys to the office are a management responsibility.

—Maintaining imprest funds and petty cash under lock and key.

—Locking microfiche files.

—Rigidly enforcing the SSADARS/ARS lock/unlock procedures.

—Monitoring cleaning personnel who have access to the terminal room.

Mandatory controls regarding the locking of microfiche files and destruction of outdated microfiche are covered in SSA's Systems Security Handbook. Limited distribution of the handbook was made to regional and component security officers in August 1977, and to all field offices in July 1978. Locating microfiche files in close proximity to interviewing staff with photocopy machines nearby is operationally expedient. Incidentally, the microfiche exhibit two features which can be considered built-in security safeguards. The information is coded and can be read only by a trained individual. The image is reduced and must be magnified roughly 44 times before it becomes legible.

Physical Security Over Field Installations Needs Improvement

SSA Comment

Many of the GAO findings in field installations stem from a failure to follow procedures already established. We are involved in several

activities which are expected to improve employee compliance with security and privacy procedures. We have issued a revised and expanded version of the Systems Security Handbook to all field installations; the SSA Systems Security Officer has embarked on a comprehensive security awareness program; and the regional and component security officers and SSA Systems Security Staff members are conducting security audits of field and headquarters components. The results of these audits are reported to the operating component with recommendations for improvements and corrections. We expect to see these efforts produce improvements in employee awareness and adherence.

The use of security guards and burglar alarms is recommended by the local manager when there is an apparent need for such measures. Wholesale use of such safeguards, where there is no demonstrated need either for the protection of property or personnel has not been our policy. We are considering the merits of these and other safeguards. If it is decided that it would be prudent to have them in place across the board, SSA will then have the proper justification to approach the General Services Administration with requests.

The use of hanging ceilings, partial walls and various fire protection systems is essentially regulated and recommended by the General Services Administration when renting/leasing commercial space. Decisions are based upon an "open space concept," economics, and local/State fire codes. Hand fire extenguishers, whether contractually provided or not, are recommended and obtained by local management. They should be present in any SSA installation.

We agree there is a need for shredding machines throughout the organization and particularly in field offices. Several models of shredding machines have been considered by the SSA Systems Security Staff and field testing of selected models began in each region several weeks ago.

Mandatory procedures governing the designation, duties and responsibilities, and training of local security officers are covered in SSA's Systems Security Handbook. Supervisory and management security reviews are underway which will reemphasize and enforce these requirements.

SSA advocates a program of periodic reviews and audits to identify potential security problems and evaluate the effectiveness of its security program. Following formal recognition of the SSA Systems Security Officer and staff in February 1977, regional and component security officers were directed to initiate a program of security reviews and audits within their organizations. Since that time, more than seven hundred audits have been conducted by regional security officers of district and branch offices, teleservice centers, case review sections, and disability determination services. These audits cover basic physical security, internal controls, and compliance with established procedures concerning review of data input documents, system overrides, expedited payments, and handling of returned checks, etc.

A chapter has also been issued in the SSA Systems Security Handbook which provides guidelines to field installations in conducting security audits. Briefly, the guidelines point out the necessity for each field installation to conduct an internal periodic audit at least once every 6 months. In addition, each regional security officer has been directed to perform security audits of each field office in the region at least once a year. The written results of such audits are kept on file for 5 years. The objectives are to review the adequacy of internal control and security measures, monitor compliance with SSA security standards, and suggest procedures for improved controls. The Handbook chapter includes a checklist and several model questionnaires which highlight potential high risk areas in field offices.

The SSA Systems Security Staff has systematically conducted security audits of central office organizations and the program service centers. Staff representatives are assisted by the component security officer of the audited organization, and in the case of the program service centers, by the local officer. The six program service centers employ 13,500 employees and are located in New York, Philadelphia, Chicago, Birmingham, Kansas City, Missouri, and Richmond, California.

Internal security audits are required of each central office and field facility at least twice yearly. Procedures for conducting these audits, including guidelines and checklists, are provided in the SSA Systems Security Handbook.

Security Backgound Checks on Field Office Employees Not Normally Made

SSA Comment

Currently, approximately 200 to 300 classified positions in SSA are subject to full field investigations. These are positions down to the third level of organization or are a critical sensitive position such as those in key policymaking or emergency planning. All Federal employees are subject to a National Agency Check (NAC). Full field investigations cost SSA about $2,000 each. The associate commissioners and the SSA Defense Planning Officer currently decide which jobs require full field investigations.

The SSA Systems Security Staff is addressing the issue of background investigations. Special attention will be focused on personnel who work within the central computer facility and those who are in other critical-sensitive positions. The staff analysis will include the review and consideration of OMB Circular A-71 (draft) which mandates background investigations for certain categories of Federal employees.

Security Over Beneficiary Information Sent to Other Organizations

SSA Comment

GAO contends that SSA should review the security procedures and practices of any organization receiving beneficiary data (e.g., Federal and State agencies, private contractors, etc.). Although contracts and agreements stipulate that security and privacy safeguards must be employed, actual on-site inspections are not made.

To an extent, we are vulnerable to this criticism. A program of visitations and audits as envisioned by GAO would require a considerable staff, training of auditors, and a massive travel budget. The need for such expenditures does not seem to justify any risk so far demonstrated. However, to a limited extent, we do engage in periodic on-site reviews. Medicare intermediaries which utilize Programable Magne'ic Tape Terminals are visited annually. Also, at least two States have agreed to on-site visits in conjunction with AFDC programs although no visits have actually been made.

In short, SSA does not disagree with the GAO recommendation. The practical matter of staffing and budgeting is a major factor only when there has been recognition of a perceived risk as distinguished from potential risk.

PROGRAM EVALUATION OF CENTRAL COMPUTER FACILITY

Senator CHILES. In late 1976 the Social Security Administration contracted with the Mitre Corp. for an overall program evaluation of their central computer facility. Have any of the Mitre assessment recommendations been implemented?

Mr. Ross. Oh, yes, a number of them. And we are continuing the work with Mitre on improvements.

Senator CHILES. What specific steps have been taken to eliminate the possibility of computer-related fraud in the SSA system?

Mr. Ross. There have been some, and I will be willing to supply some of those for the record.

[The information follows:]

STEPS TO ELIMINATE COMPUTER-RELATED FRAUD

In October 1977, SSA performed a study of computer-related crime vulnerability in the Supplemental Security Income System (SSI). This study and later analysis resulted in a number of recommendations for additional safeguards and strengthening of controls already in place. Implementation of these recommendations has been monitored both by SSA and the Department. Although the original purpose was to assess the SSI system, the majority of the recommendations relate to all SSA programs and systems across the board. The study centered on the following eight areas of SSI processing activity:

Input and output.
Telecommunications.
Hardware.
Applications software.
Operating systems.
Nonelectronic written communications.
Storage.
Audit and quality control.

The final report contained 70 recommendations. Of these, about three-fourths have received positive action or have been implemented.

Future steps in assessing SSA's security needs and the vulnerability of its systems to computer fraud, include the scheduling of major programs for comprehensive risk management analyses. Scheduling should be completed within 90 days. Tentatively, the first systems to be analyzed are the earnings information system and the Claims Automated Process System (CAPS).

SUBMITTED QUESTIONS

Senator CHILES. We will have 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:]

CHILD SUPPORT (TITLE IV-D)

Question: What use has HEW made of the Internal Revenue Service and the Federal court system for enforcement of child support obligations? Part IV-D of the Social Security Act requires the Secretary, upon request of a State that has made "diligent and reasonable" but unsuccessful efforts to collect child support obligations assigned to it, to certify the delinquent amount to the Secretary of the Treasury for collection. The law also requires HEW's child support office to receive applications from States for permission to use Federal courts to enforce court orders for support against absent parents under specified conditions.

Answer: State child support agencies have submitted 208 cases to our Regional Offices for certification to the Internal Revenue Service for collection since the beginning of the title IV-D program. The Regional Offices have certified 157 of these cases to IRS, which represent approximately $1 million in child support arrearages owed the States on behalf of families receiving Aid to Families with Dependent Children benefits. To date IRS has collected $21,036 of the arrearages. It must be noted that 108 of the cases have been certified since the first of this calendar year.

We are working with IRS to resolve problems that may exist with this collection system and to improve the working relationship between our agencies. For example, we are currently developing a joint booklet to be distributed to all State and local child support enforcement agencies, which will outline the various types of information and services available from IRS. We are also reviewing the regulations governing the use of IRS and may propose changes to simplify the application and certification process.

To date two cases have been submitted to our Regional Offices for certification to use Federal courts. Neither case met the requirements for certification to the Federal courts.

Question: If a child is in foster care, the State child support program will garnish the absent father's payments. This money is collected by the Welfare Department and then, after collection and administrative expenses are deducted, the rest is distributed to the mother or foster home, depending on where the child is being taken care of. If the mother is working but has committed her child to a foster home, is the mother responsible for foster home payments, also?

Answer: If the mother is receiving public assistance she is categorized as dependent and is not held responsible for foster home payments, whether or not she has earned income. If the mother is not receiving public assistance then both parents are responsible for making payments to reimburse the cost of foster care according to their means.

Question: How are such payments determined?

Answer: The amount of these payments is determined either by

court order or negotiated agreements between the parents and the State or local child welfare agency responsible for the placement of children in foster care. All sources of income would be taken into account. The balance, if any, of the foster home payments is paid from State and/or local funds.

ADVANCE SYSTEMS PLANNING

Question: What is the status of SSA's major systems redesign project (OAS)?

Answer: Since 1975, SSA has had a special, high-level task force studying methods of increasing personnel productivity through more sophisticated application of data processing technology. The accomplishments of this effort to date include the formulation of our manual and automated processes in functional terms, establishment of a test and evaluation facility (TEF) to test the application of new technology in a simulated SSA office environment, initiation of an extensive effort to provide quantitative measures for evaluating proposed systems changes, extensive research into available data processing technology, and proposed strategies for moving from the current process to a new and better process. I am reviewing these strategies and their rationale to determine what SSA's next steps should be in terms of methods of defining our "target" system capability transition alternatives, etc.

PENSION INFORMATION

Question: Another responsibility which has been given to the Social Security Administration which is not directly program-related is to retain vested pension rights information in SSA's records system so that individuals who retire will be advised of their additional protection. Again, the cost of this operation is paid for from general revenues.

What effect does this additional workload have on the manpower capabilities of the agency?

Answer: Maintaining records and supplying vested pension rights information to individuals will require an estimated 114 man-years in 1980. This requirement is relatively small when compared to total SSA needs which approach 89,000 man-years.

STATE AND LOCAL DEPOSITS

Question: In the past, State and local governments have been permitted to deposit their social security taxes quarterly while private employers have been required to make their deposits monthly. The Social Security Administration has adopted regulations which would require States, beginning in 1980, to deposit their social security taxes on the same basis as private employers.

Will this cause more governments to withdraw from the social security program since their costs of belonging to the program will rise due to the loss to the States of interest income?

Answer: It is always possible that some State and local groups may withdraw from the social security system as a result of the new regulation. However, we believe that any significant increase in termination activities is unlikely.

Termination of coverage clearly would not be in the best interests of the employees involved. Those employees who may not have worked under social security long enough to become permanently insured would lose social security protection when coverage is terminated. Even those who would be insured for retirement protection would lose disability protection after 5 years. In addition, once coverage is terminated, the employment may not be covered again under social security. Further, it is very unlikely, if even possible, that the States and political subdivisions could obtain comparable replacement protection at the cost of social security protection.

The new regulation, which will go into effect July 1980, will not require States to deposit social security taxes on the same basis as private employers. Private employers must deposit social security contributions weekly, biweekly, monthly, or quarterly, depending on the amount of the employer's payroll; the larger the payroll, the more frequently employers must deposit the contributions. Under the new regulation States will be required to deposit contributions 15 days after the end of the first month of the calendar quarter, 15 days after the end of the second month, and 45 days after the end of the third month of the quarter.

The regulation will result in a loss of interest income to the States. However, the interest income now earned by the States usually far exceeds their administrative costs for participating in social security. The States will still be able to earn substantial amounts of interest under the new rule. Assuming a conservative 5-percent interest rate we estimate States could earn $75 million in FY 1981 under the new schedule. Although this is less than the States are currently earning, it is still more than current State administrative costs plus any increases that might result from more frequent deposits.

WAGE REPORTING

Question: With wage reporting now done on an annual basis for most employers, SSA is now responsible for processing much of the data which the Internal Revenue Service had responsibility for in the past. The trust funds are reimbursed from general revenues for the cost of this operation. What effect does this additional workload pose for SSA administratively?

Answer: In fiscal year 1977, the last full processing year under quarterly reporting, SSA used about 2,900 trust fund man-years to post earnings items. In fiscal year 1980, the first full processing year under annual reporting, SSA will use about 4,100 man-years. Of this total, about 2,100 man-years will be charged to the trust funds for SSA work and about 2,000 man-years will be charged to the general fund for IRS work.

Much of the work generated by this new process will be handled by full-time permanent employees already on-duty. However, the nature of the annual reporting workloads also requires the hiring of a large number of seasonal employees. Unlike quarterly reporting, which tended to even out resource demands over the year, annual reporting results in a mass influx of records at the beginning of the calendar year. Seasonal employment needed to handle this cyclical workload will peak at about 3,200 in the middle of the year and fall to between 200 and 300 by year's end.

EFFECT OF ECONOMY

Question: One reason often advanced to explain the rapid program growth in the early part of this decade was the severe recession of 1973-1974.

To what extent are recent improvements in the trust fund due to improvements in the economy?

Answer: There were probably several reasons for the rapid growth of the disability insurance (DI) program during the first several years of this decade. In addition to the 1974-75 recession, the beginning of the supplemental security income (SSI) program in 1974 probably contributed to the growth of the DI program in 1974-77. When the SSI program began, the number of claims for DI benefits increased substantially. There had been indications that a significant number of disabled persons who were receiving public assistance payments before 1974 were eligible for, but not entitled to, disability insurance benefits. Probably many of these disabled persons became entitled to DI benefits when they were identified for SSI purposes. Similarly, part of the growth in the DI program may also reflect increased awareness of disability benefit protection among disabled persons not receiving SSI. The DI program was also growing rapidly, although at a somewhat slower rate, before 1974. In addition to increasing awareness of disability benefit protection, this could have been due, in part, to (1) legislation in 1965 and 1967 that liberalized the basic definition of disability and the eligibility requirements and (2) legislation in 1972 that shortened the disability waiting period from 6 months to 5 months. Other possible reasons for the growth in the DI program are changes in administrative procedures for the disability determination and review processes and increases in DI benefit levels. While many analysts have studied all of these various factors, there is no general agreement on the extent to which each of the factors explains past trends in program growth.

The experience of the DI program in 1978, which was more favorable than anticipated, resulted primarily from a lower number of new benefit awards to disabled workers. Part of this decline in awards may have been related to the continuing growth in the economy since the last recession. The number of claims for DI benefits also declined somewhat in 1978. However, since the percentage decline in awards was much greater than the percentage decline in claims, a more significant factor may have been improvements in the disability determination process. The effect of the SSI program on DI program growth may also be declining. The actual decline in awards was probably related to some combination of all of these factors, but as indicated above, specific cause-and-effect relationships cannot be reliably determined.

Question: Do you have any studies to estimate what the impact on the disability insurance trust fund would be of a 1-percent increase in unemployment?

Answer: The primary effect on the disability insurance trust fund of a 1-percent increase in the unemployment rate would, of course, be reduced payroll tax income due to fewer employed workers. The Committee's question, however, appears to be related more to any possible effects on benefits that would result from changes in disability incidences and/or terminations. As mentioned, a precise estimate of the benefit effect has not been made.

Question: Do your estimates concerning the near-term status of the trust fund take into account the Administration's assumption that the rate of unemployment will rise slightly through calendar year 1979?

Answer: Our estimates of the operations of the disability insurance trust fund shown in the President's 1980 Budget were based in part on the assumption that the average annual unemployment rate will be 6 percent in 1979 and 6.2 percent in 1980. (The 1978 rate was about 6 percent.) Disability awards after 1978 were assumed to increase--reflecting, in part, the assumed higher unemployment rate in 1980.

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NATIONAL COMMISSION ON SOCIAL SECURITY

STATEMENT OF MILTON S. GWIRTZMAN, CHAIRMAN

ACCOMPANIED BY FRANCIS CROWLEY

Senator CHILES. Now, we will go to the National Commission on Social Security.

[Brief recess is taken.]

Senator CHILES [presiding]. You may proceed with your statement, Mr. Gwirtzman, and we have a few questions to ask you regarding some of the issues that we have been dealing with this morning.

[The statement follows:]

STATEMENT OF MILTON S. GWIRTZMAN

Mr. Chairman, members of the Subcommittee, I appreciate this opportunity to testify before you regarding our request for supplemental appropriations.

The National Commission on Social Security is a bipartisan commission with five members appointed by the President of the United States, two appointed by the President pro tempore of the Senate, and two appointed by the Speaker of the House of Representatives. The Commission is charged by Public Law 95-216 to make a two-year study of all aspects of the social security cash benefits and health insurance programs (Titles II and XVIII of the Social Security Act) as well as all related issues, including but not limited to:

> (A) the fiscal status of the trust funds established for the financing of such programs and the adequacy of such trust funds to meet the immediate and long-range financing needs of such programs;
>
> (B) the scope of coverage, the adequacy of benefits including the measurement of an adequate retirement income, and the conditions of qualification for benefits provided by such programs including the application of the retirement income test to unearned as well as earned income;
>
> (C) the impact of such programs on, and their relation to, public assistance programs, nongovernmental retirement and annuity programs, medical service delivery systems, and national employment practices;
>
> (D) any inequities (whether attributable to provisions of law relating to the establishment and operation of such programs, to rules and regulations promulgated in connection with the administration of such programs, or to administrative practices and procedures employed in the carrying out of such programs) which affect substantial numbers of individuals who are insured or otherwise eligible for benefits under such programs, including inequities and inequalities arising out of marital status, sex, or similar classifications or categories;
>
> (E) possible alternatives to the current Federal programs or particular aspects thereof, including but not limited to (i) a phasing out of the payroll tax with the financing of such programs being accomplished in some other manner (including general revenue funding and the retirement bond), (ii) the establishment of a system providing for mandatory participation in any or all of the Federal programs, (iii) the integration of such current Federal programs with private retirement programs, and (iv) the establishment of a system permitting covered individuals a choice of public or private programs or both;
>
> (F) the need to develop a special Consumer Price Index for the elderly, including the financial impact that such an index would have on the costs of the programs established under the Social Security Act; and
>
> (G) methods for effectively implementing the recommendations of the Commission.

The Law requires three reports from the Commission to the President and to the Congress - a special report by May 11, 1979 outlining the scope of the

Commission's work, an interim report by January 11, 1980 and a final report to be sent to the President and the Congress two years after the date when the majority was appointed (January 11, 1981).

To operate the National Commission on Social Security for fiscal years 1979, 1980 and for one quarter of 1981, we are requesting a supplemental appropriation of $2,000,000. The Commission was authorized by amendments passed at the end of 1977 but since the members were not appointed until late 1979, the fiscal 1979 budget contained only one half million dollars in start-up funds. The supplemental request we are making represents an additional four staff slots as well as additional funds necessary to the operation of the Commission.

In order to prepare the reports required by law, the Commission will need a full-time staff of 20 persons (four additional positions). These people will prepare briefing papers, conduct research, and evaluate and supervise the research obtained from outside sources. Because it is economical to purchase significant parts of the research mandated by the law from non-Government sources, the Commission will purchase the services of actuaries, economists, and other professionals with special knowledge who can conduct studies concerning such things as the micro and macro economic effects of the social security program, the assumptions underlying the actuarial estimates of the costs of the program, alternative methods of financing it, the adequacy of benefits, and a special consumer price index for the elderly.

Under the provisions of PL 95-216, the final report of the Commission must be completed by the end of the first quarter of fiscal 1981. To meet this deadline with the staff requested, about six months will be needed to evaluate the special studies purchased by the Commission. Most of the studies should take from six to nine months to complete and if the studies are to be finished by the spring of 1980, funds must be obligated before the start of fiscal 1980. The results of these studies are basic to the work of the Commission. They will influence the recommendations which will make up the final report of the Commission.

The law also requires the Commission to hold public hearings in as many different parts of the country as possible so that the public may participate in the work of the Commission. In order to have the information gathered at these hearings available to the Commission in time to be of use in formulating its recommendations, the Commission needs to hold hearings as early as possible. The monies which have been appropriated for fiscal year

1979 do not cover the costs of these hearings and as soon as additional funds are available, the Commission will start the hearings. We hope this will be late summer.

Mr. Chairman, this is only the second time in the nearly one-half century of the social security program that the Congress has directed an independent bipartisan study by experts. It is clear from the history of the legislation authorizing the Commission that Congress wished this study to be as complete as the time period would allow, so that the Members would have the benefit of its research and recommendations in furthering their legislative responsibility. Coming at a time when the tax base as well as the benefit structure of social security is of great concern to the public, and when a large number of bills have been introduced to make significant changes in important aspects of the program, I feel that a well planned and adequately financed study can serve a useful National purpose. Our total budget is comparable to that of other study commissions in other areas and is the minimum necessary to accomplish the far-reaching assignment we have been given.

This concludes my statement, Mr. Chairman. I hope the Committee will act favorably on our request so that the Commission will be able to fulfill its mandate under the law and make a thorough and meaningful review of the social security system.

BIOGRAPHICAL SKETCHES

MILTON S. GWIRTZMAN (CHAIRMAN)

Education:

B.A. Harvard College 1954, summa cum laude. J. D. Yale Law School 1958; Editor, Yale Law Journal.

Vocational Experience:

1959-63: Legislative assistant to Senators Stuart Symington (Mo.) and Edward M. Kennedy (Mass.);
1963: Special issues advisor to President John Kennedy;
1964-69: Partner in the law firm of Dutton, Gwirtzman, Zumas and Wise, Washington, D.C.;
1970-71: International business consultant, Paris, France;
1972: Private practice of law and business consulting, Washington, D.C.

Teaching Experience:

1975-76: Visiting lecturer in political science and fellow of Calhoun College, Yale University;
1977: Seminar on Congressional Power and the Public Interest, Institute of Politics, Harvard University;
Occasional lectures and seminars at Smith College, Boston University, Georgetown University, George Washington University and the New England College of Law;
1977: Seminar on Government Regulation of Business, Graduate School of Management, Boston College.

Francis J. Crowley (Executive Director)

Education:

University of New Hampshire, B.A. 1949

University of Denver, 1950

Experience:

From 1950 to 1966 employed in various positions with the Social Security Administration, was on the staff of the 1959 Advisory Council on Social Security Financing and Staff Director of the 1965 Advisory Council on Social Security. Prior to leaving the Social Security Administration was Chief, Program Evaluation Branch, Office of Program Evaluation. From 1967 to 1979 was Specialist in Social Welfare at the Legislative Reference Service, Library of Congress.

Military Service: 1942-45 85th Mountain Infantry, U.S. and Italy.

MANDATE TO CONDUCT A REVIEW

Mr. GWIRTZMAN. Mr. Chairman, I will just read the few most relevant parts of the statement.

Senator CHILES. Your statement will be put in the record.

Mr. GWIRTZMAN. I believe the committee is aware of the mandate that we have from the Congress which was given to us as part of the Social Security Amendments of 1977, which is to conduct a 2-year review and study of the entire social security system and to report back to the Congress on various important aspects of it.

Our study did not begin until January of this year because of the delay in the appointment of the majority of the commissioners, and we had to have a majority in order to get started. Therefore, our study will end in January 1981.

The way we see the study: About one-third of the funds need to be used to employ the services of accountants, actuaries, economists, and others that we just cannot hire for the Federal Government for a 2-year period, and we are going to contract out for those studies. In addition, there is an amount of money that we will try to spend for hearings, as that is part of our charge from Congress; the Act requires that we hold hearings in as many geographic regions as possible.

Both of those have to be done at least 6 months before our final recommendations are made to the Congress in order for us to have time to evaluate the outside reports and the outside testimony from citizens before we agree upon a report.

And in order for those funds to be obligated, we have to have them in the supplemental for this fiscal year, because if we waited until the regular budget or until the supplemental for next year we would not be able to obligate any of that money in time to get the processes and the studies and the hearings started.

So, that is why we are here, for the rest of our money in this supplemental rather than waiting for the fiscal year 1980 budget cycle. Because of the 2 year cutoff date on when the Commission must submit its report, we can't wait until October to get started on these important parts of our study.

That is the critical nature of our request. As far as the positions requested, I can go over those.

Senator CHILES. I think we have that, and we have your report.

As you know, one of the main items of the study was whether there should be universal coverage or not. Do you have an opinion on that at this time, or has the Commission had any chance to really look at that?

Mr. GWIRTZMAN. No. As you know, the Department of Health, Education, and Welfare appointed a task force to conduct a study on that, which is reporting, I believe.

Mr. CROWLEY. The report is due December 20.

Mr. GWIRTZMAN. They are holding separate hearings on that, and we are going to look at their report before we make any recommendations on that subject.

SEPARATE SOCIAL SECURITY ADMINISTRATION

Senator CHILES. Have you an opinion on a separate administration? Some congressmen have said we need to separate social security from HEW and make it a separate department.

Mr. GWIRTZMAN. No. We have started to look into various aspects of the administration of the program. I think we will have some recommendations for how SSA can be administered better. But I have not been able to even think about the question you just raised as to whether, in order to do that, it should be separated out.

GENERAL REVENUE FUNDS

Senator CHILES. General revenue funds are being used to reimburse the social security trust funds for many different types of administrative activities carried on by the Social Security Administration, as well as for different types of benefit payments made under the Old-Age, survivors, and disability insurance program.

Have you reached the point where you can tell me whether, in your opinion, the time has come for a major infusion of general revenue funds into the social security program in order to reduce the program's dependence on revenues raised by the regressive payroll tax?

Mr. GWIRTZMAN. The Commission has not. I have a personal opinion on that, but it is subject to change based on the information that comes in.

But that is going to be one of the toughest questions that we have, just as it was for the Congress the last time that question was considered 2 years ago.

INCREASED CASELOAD

Senator CHILES. As recently as a year or two ago, there were concerns about the impact of rapid growth in the caseload on the disability insurance trust fund. Now the outlook is generally perceived to be more favorable.

Do you have an opinion as to whether this optimism is well-founded?

Mr. GWIRTZMAN. I think that may depend upon your view of human nature, Mr. Chairman. There have been a number of studies made and some convincing figures that would indicate that when the economy goes into a recession more people apply for disability. And because the economy has been in a period of relative economic growth over the last few years, that motivating factor may not have applied.

I think the figures on that are impressive. But my own view of human nature is not quite that.

Senator CHILES. You don't think this is all the process of administrative changes?

Mr. GWIRTZMAN. No. I think it has something to do with the amount of knowledge people have of whether or not they can qualify and their own physical situation.

MODERNIZATION OF COMPUTER OPERATION

Senator CHILES. The Federal Times recently reported on a study that suggested that SSA would be heading for administrative collapse within 2 years unless it modernizes its entire computer operation and undertakes a crash program of automation.

Could you tell us anything about this study and the accuracy of this suggestion?

Mr. GWIRTZMAN. I can't. Frank might have something.

Mr. CROWLEY. The Commission has not gone into that in any depth. They have had just three meetings, but there is some concern about the way the program has been administered, and it is one of the things we have brought up in a very general way to them, and I think they will get into it.

There seems to be a growing crisis in the administration of the social security program, and that is something that the Commission really should look at.

I think it is more than just automation. Maybe it is the whole system.

Senator CHILES. I see. Well, that's all the questions I have. The record will remain open for 7 days for any questions to be answered for the record.

SUBCOMMITTEE RECESS

And we will recess until 2 p.m., this afternoon.

Thank you.

[Whereupon, at 11:20 a.m., Tuesday, March 20, the subcommittee was recessed, to reconvene at 2 p.m. this same day.]

(AFTERNOON SESSION, 2:15 P.M., TUESDAY, MARCH 20, 1979)

OFFICE OF THE SECRETARY

STATEMENT OF FREDERICK M. BOHEN, ASSISTANT SECRETARY FOR MANAGEMENT AND BUDGET

ACCOMPANIED BY:

DAVID S. TATEL, DIRECTOR, OFFICE FOR CIVIL RIGHTS
THOMAS D. MORRIS, INSPECTOR GENERAL
BENJAMIN WE. HEINEMAN, JR., ACTING ASSISTANT SECRETARY FOR PLANNING AND EVALUATION
CYNTHIA C. BROWN, PRINCIPAL DEPUTY, OFFICE FOR CIVIL RIGHTS
MICHAEL C. BARTH, DEPUTY ASSISTANT SECRETARY FOR INCOME SECURITY POLICY
DAVID V. DUKES, DEPUTY ASSISTANT SECRETARY, FINANCE
BRUCE S. WOLFF, DEPUTY ASSISTANT SECRETARY FOR LEGISLATION, DESIGNATE
WILFORD J. FORBUSH, DEPUTY ASSISTANT SECRETARY, BUDGET

Senator CHILES. This afternoon we begin our hearings on those activities under the immediate direction of the Secretary of HEW. These are the "General Departmental Management Activities," which include financial management, personnel, public affairs, congressional liaison, and legal counsel, the Office for Civil Rights, which endorses all of the antidiscrimination provisions applying to HEW's activities; Policy Research, which coordinates and spearheads the Department's research and evaluation responsibilities, and the Inspector General, for whom we'll be having a special hearing Thursday morning.

This year's request is for $279 million in addition to the $4 million pay supplemental for fiscal year 1979. The increase of approximately $9 million will fund improvements in financial management and cover the annualization of the October 1978 Federal pay raise.

Mr. Fred Bohen, the new Assistant Secretary for Management and Budget, will present his overview perspective on these activities.

Mr. Bohen, if you would like to proceed.

[The statement follows:]

STATEMENT OF FREDERICK M. BOHEN

GENERAL DEPARTMENTAL MANAGEMENT

I appreciate this opportunity to discuss HEW's appropriations request for General Departmental Management for fiscal year 1980 with you.

For 1980, we are requesting 3,919 positions for the Office of the Secretary, a decrease of 67 positions from the strength authorized for fiscal year 1979. We are requesting $135,060,000 in budget authority, an increase of $3.3 million over fiscal year 1979 which is needed to meet increased pay, GSA space and other administrative costs and to carry out the management initiatives that are detailed below. We also request authority to transfer $8 million from the Social Security and Medicare trust funds to pay for the costs of services provided by the Office of the Secretary that bear directly on programs financed by the trust funds. Thus, the total obligational level that we are requesting for fiscal year 1980 -- $143,060,000 -- is $4.4 million more than the level approved for fiscal year 1979.

The overall increase of $4.4 million is nearly wholly required for built-in cost increases totaling $4 million. The additional $2.7 million we are requesting for the financial improvement initiatives detailed below are almost entirely funded by reductions in personnel and related costs. The built-ins are requested to meet the increased costs of doing business in General Departmental Management activities. Of this amount, $2.6 million is requested for increased salary costs including annualization of the October, 1978 pay raise, two extra working days in fiscal year 1980, full-year costs of new positions authorized in fiscal year 1979, and career ladder promotions and within grade salary increases. An additional $941,000 is requested for increased costs of office space and GSA building management services. Finally $469,000 is requested for other administrative cost increases.

This is a tight budget request reflecting the austerity with which we have approached HEW's overall budget this year.

-- Our request reflects the elimination of 108 positions and $2.3 million in several activities where workloads have declined or economies have been identified.

-- We propose to reallocate a fraction of these personnel reductions - 41 positions to be exact - to initiate several financial management improvements that we expect to yield annual savings of $78 million and also to yield "one-time only" outlay savings estimated at $400 million in fiscal year 1980. We feel these anticipated reforms and savings provide strong justification for the 41 positions and $2.7 million in payroll and support costs that we believe are required to bring them on stream.

Before discussing these changes in detail, I would like to outline briefly for you the activities conducted by the Secretary with this appropriation. This appropriation is organized into two major activities: 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 all the Department's program agencies; 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 that serves as a central departmental payment and cash control point for recipients of HEW awards; 5. Regional administrative services provided to the Department's regional program components; and 6. Central payroll and personnel data services provided by the Employees Systems Center for all departmental employees.

-- 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 legal workloads affecting the Department in general.

Reductions in Fiscal Year 1980

Our request eliminates 108 positions and $2.2 million in expenditures associated with these reductions. These represent elimination of jobs where workloads have declined or where economies have been identified.

-- A decrease of 15 positions and $1.1 million reflects a reduction of need for basic data collection required in the early stages of developing welfare reform, health insurance and hospital cost containment policies. This includes personnel as well as data processing costs.

-- A decrease of 71 positions and $1.1 million reflects savings in the regional staffs that provide personnel services to the Department's regional operating programs. We can make this reduction because the Department's Principal Regional Officials have found that they can provide the services required by utilizing temporary and part-time employees who have the virtue both of greater flexibility and less expense.

-- A decrease of an additional 22 positions and $.5 million through elimination of a number of lower-priority administrative and overhead jobs.

These position decreases will occur as follows:

Departmental Direction:	Positions
Secretary and Under Secretary	-2
Planning and Evaluation	-22
Public Affairs	-2
Management and Budget	-3
Personnel Administration	-8
Subtotal, Direction	-37
Departmental Operations:	
Regional Services	-71
Total reductions	-108

Departmental Financial Management Improvements

The General Departmental Management request includes a total of 41 positions and $2.7 million redirected to initiatives to improve the Department's financial management. Each additional position and the associated expenditures are expected to yield measurable budgetary savings by correcting long-standing practices in the area of financial management. We estimate that

these improvements will save the federal government $78 million annually in unnecessary interest charges or unjustified reimbursement charges and $400 million in outlays in fiscal year 1980 on a one-time basis.

Checks-Paid Letters of Credit -- We are requesting 15 positions and $1.5 million to begin implementation of a "Checks-paid Letter of Credit" payments procedure for providing cash to the states. Under current arrangements, states receive Federal cash when they write their checks. Between the time state checks are written and the time these checks are cashed by recipients, many states invest the available Federal cash and earn interest. Historically, average lag time between issuance of the checks by the states and cashing of the checks by the recipients is 12 days.

HEW proposes to require the states to use a check-paid letter of credit procedure under which Federal funds will be drawn only after recipients of funds present a state check to a commercial bank for payment, thus eliminating the 12 day lag. We propose to begin implementation in the Public Assistance programs in the ten largest recipient states in fiscal year 1980. During FY 1981 and 1982, we plan to extend this procedure to Health and Education programs and to all 50 states.

On the basis of available data, we estimate that elimination of the 12 day gap will produce a one-time outlay reduction of an estimated $400 million in fiscal year 1980 and will also result in interest savings of $38 million annually to the U.S. Treasury based on current Treasury borrowing rates. Our request for $1.5 million includes $1 million in contract funds for technical and professional accounting assistance to the states as they convert to the new procedure in FY 1980 and $500,000 to support the permanent new positions that are required to manage this new procedure. The 15 new employees would negotiate and implement the checks paid letters of credit with the 50 states, negotiate operation of the new procedure with the commercial banks that make payments for the states and HEW programs, and maintain the new procedure once it is in place.

Cost Allocation Activities -- We are also requesting 21 positions and $560,000 to strengthen our review of public assistance cost allocation plans

submitted by state and local governments, and to implement a comprehensive review of ADP costs in both states and major universities.

Fifteen of these positions would be assigned to the regional cost allocation units and would allow review of 100 states and universities having the largest ADP charges once every 3 years, at an estimated annual savings of $20 million. Our request would also permit us to audit 300 state and local public assistance cost allocation plans once every 3 years, with additional savings estimated at $15 million annually.

We would use the remaining 6 positions to hire accountants with ADP expertise in Washington to support the regional reviews of ADP costs and personally to direct the reviews of selected complex and costly ADP installations.

Cash Management - Our request also includes 5 positions and $429,000 to initiate major improvements in the Department's cash management program. The request, which includes $315,000 to cover new ADP processing costs, would allow us to detect, analyze and implement corrective action on weaknesses in HEW's management of cash flow to its grantees and contractors. Currently, we estimate that HEW's 14,000 grantees and contractors typically hold excess federal cash of $93 million with resulting interest costs to the Treasury. The requested new staff and ADP funds would save approximately $2 million in Federal interest costs annually at current Treasury borrowing rates.

Modernization of HEW's Grant and Accounting Systems - The Department is also asking the Congress to approve fiscal year 1980 funding of $1.8 million for computer modernization of HEW's grant and accounting systems. After many years of drift and delay, the Secretary has determined to revamp and modernize HEW's various agency-centered accounting systems and the Grants Payment System.

The Department has long had serious problems in the financial management area:

- First, our grants and financial systems are technically outmoded and use different computer technologies that cannot be made compatible. As a result, the accounting systems of operating agencies cannot be effectively linked with HEW's central financial systems to process information between systems.

- Second, substantial numbers of grant awards are issued with errors, leading to discrepancies between HEW and grantee records, and complaints from grantees about the heavy burden we place on them to reconcile their records with ours because of HEW errors.

- Third, the Department maintains duplicate systems for recording information on grants and contracts. This is particularly evident in duplicate records maintained in the accounting systems and HEW's Grants Payment System. This causes continual problems and wasted resources in keeping these records reconciled.

- Finally, HEW's financial systems are not constructed to enable effective departmental monitoring of the financial status of HEW activities. These systems also fail to assist managers in day-to-day decision-making on the use of resources. Because current procedures delay the recording of financial transactions, managers are required to maintain expensive and cumbersome "cuff" records on how their resources are being used.

To overcome these problems, we propose to develop a modern accounting system that would be standardized and implemented by each of HEW's components. In addition we would revamp the Grants Payment System to eliminate redundancy of recordkeeping between it and the accounting systems. Finally, we would develop a system for recording grant and contract awards to insure that the awards are accurate before they are released to grantees and contractors.

The $1.8 million requested for FY 1980 would purchase the computer technology to implement the new systems in four of HEW's agencies. This includes $200,000 in the General Departmental Management Appropriation for the Grants Payment System. Funds for the remaining agencies will be requested in FY 1981. A pilot system is currently under development for the Office of Human Development Services and the Office of the Secretary. This prototype would be implemented in fiscal year 1980 in the Health Care Financing Administration, the National Institute of Education, the National Institutes of Health, and the Social Security Administration. Funds are also requested in 1980 to begin designing the new system in the Office of Education.

Summary

In conclusion, Mr. Chairman, we are requesting a fiscal year 1980 budget of 3,919 positions and $135,060,000. While reducing the overall level of activity in the General Departmental Management appropriation, this budget would:

-- Reduce the level of activity in the General Departmental Management appropriations by eliminating 108 positions;

-- Redirect a fraction of the reductions to improve financial management and accountability in the Department and achieve large savings;

-- Provide for increased costs of continuing programs and services, particularly in mandatory personnel costs, space and building management, and other administrative costs.

BIOGRAPHICAL SKETCH

Frederick M. Bohen, who is currently the Assistant Secretary for Management and Budget of the Department of Health, Education and Welfare, was born in Ridgewood, New Jersey in 1937.

He obtained his B.A. from Harvard College in 1959 and a master's degree in public affairs from Princeton's Woodrow Wilson School in 1964.

In 1966-68, Bohen served in the White House, first as executive director of President Johnson's Task Force on Government Organization and then as staff assistant to the President.

Before coming to HEW to serve as Executive Secretary in January, 1977, he was staff director for studies on Federal organization for higher education and on Federal-State relations in higher education at the Carnegie Council on Policy Studies in Higher Education. Bohen was director of news and public affairs for WNET-TV Channel 13 in New York, 1973-1974; assistant to the President of the Ford Foundation, 1969-1972; and executive editor of the Public Broadcast Laboratory of National Education Television, 1968-69.

Bohen also served as an Officer of the U.S. Navy aboard two cruisers from 1959 to 1962.

STATEMENT OF DAVID S. TATEL

I appreciate the opportunity to present the fiscal year 1980 budget request for the Office for Civil Rights (OCR).

For fiscal year 1980 we are requesting an appropriation of $65,092,000 and 1,772 positions. This represents a reduction of $2,805,000 and 121 positions compared to the fiscal year 1979 budget level. The decrease is made possible because of increased efficiency in processing complaints of discrimination. Because an additional $2,350,000 will be transferred from the Social Security Trust Fund, the total budget for OCR is $67,442,000.

FY 1980 Budget Allocation

Out of the 1,772 positions requested for fiscal year 1980, 1,002 positions will be assigned to complaint investigations, mandatory pre-grant reviews, and related support activities. 454 positions will be allocated to self-initiated compliance reviews, program review, technical assistance and related support activities. The remaining 316 positions are to provide legal and management support.

The funds requested include expenditures of $8,700,000 to provide technical assistance to help recipients comply with Section 504 of the Rehabilitation Act of 1973. To collect and analyze compliance information, we are requesting $3,000,000.

FY 1979 Overview

During fiscal year 1979 we are concentrating on efforts to resolve a variety of problems that have impeded the enforcement effort in the past.

Many of these problems were cited by the General Accounting Office in a report that was sharply critical of the way OCR was managed. We have made significant progress in these problem areas:

. OCR faced a mounting backlog of citizen complaints alleging discrimination in HEW-funded programs.

. OCR lacked the capability to manage efficiently. The compliance program, staff allocation, criteria and performance standards were particularly weak areas.

. The compliance review program was inadequate and did not reflect a rational set of priorities.

. OCR did not have the capability to resolve policy questions and develop and refine compliance standards.

. OCR's enforcement efforts were not coordinated with HEW program activities. In view of new civil rights statutes, there was clearly a need to encourage voluntary compliance on a broader scale.

Backlog of Complaints

We have taken two major steps to eliminate the backlog of complaints and reach a stage where each new incoming complaint is resolved in a timely manner:

. Last year, Congress approved the Administration's request for 898 additional positions. 799 of these positions, including investigators and support staff, have been allocated to complaint investigations. As of mid-February 1979, OCR has hired 83 percent of the new regional office investigator positions.

. We are utilizing staff resources more efficiently to increase productivity.

Since 1977, the average number of complaints an investigator can resolve annually has steadily risen from 4 complaints to 11 complaints. The productivity rate will continue to improve this year. Goals have been set for each regional investigator, branch and division to screen, close, and initiate investigations of a specific number of complaints each month.

By the beginning of fiscal year 1980 our blacklog will be eliminated. At the start of fiscal year 1979, the inventory stood at 3,376 complaints. We project 3,254 new receipts during fiscal year 1979 that will require investigation. Of the total of 6,630 complaints requiring investigation, OCR will close

5,634 complaints, leaving a normal carryover of 1,266 complaints beginning in fiscal year 1980. This is a reduction of 2,110 complaints from the start of fiscal year 1979.

Management Initiatives

We have made significant progress in managing the compliance program more efficiently, responding to the criticisms in the GAO Report, and to our own observations of weakness in management and administration.

New management systems and techniques are being used to increase productivity and allocate staff resources more efficiently.

To provide a reliable and comprehensive management information system, OCR has installed a manual tracking system that provides up-to-date data on the status of complaints and compliance reviews. The system enables OCR to set productivity goals, measure progress in meeting these goals, and develop an annual operating plan.

In each regional office Program Review and Management units have been organized to review case development, operate a complaint intake system, and provide management support in other areas.

Regular surveys are being conducted of regional operations to identify areas where policy needs to be developed or refined and assure consistency in applying compliance standards.

We are developing the means to measure the effectiveness of the total compliance effort -- the precise impact it has in opening up opportunities for minorities, handicapped persons, and women.

A comprehensive training program is now operating. OCR's new training institute has instructed more than 1,000 staff in basic complaint investigation techniques, complaint mediation, Emergency School Aid Act requirements, Title IX and Section 504 compliance standards, caseload tracking, management skills and performance standards.

To provide adequate legal support, teams of attorneys have been located in each OCR regional office to assure that evidentiary standards are met and to reduce delays in reviewing case findings.

We are developing a system that will permit OCR to utilize its compliance review staff more effectively in the future. Up-to-date analyses of survey information and information from other sources will be tapped to improve the process of targeting reviews and determining the compliance issues to be examined.

Compliance Review Program

Due to increased efficiency in processing complaints and conducting reviews, OCR will be able to undertake more self-initiated compliance reviews in fiscal year 1980 than in previous years.

In addition, we are now evaluating compliance information to determine the issues that OCR should focus on in conducting reviews in the future. Through this process OCR will develop a more coherent enforcement strategy, identifying patterns and practices to be examined and the resources required, setting goals and timetables for conducting the reviews, and projecting the impact in terms of the measurable gains accruing to persons protected by the civil rights laws.

OCR will conduct 2,352 compliance reviews this fiscal year. Most of the reviews -- 2,039 -- are mandatory pre-grant reviews involving school districts applying for Emergency School Aid Act funds and Medicare providers.

The remaining 313 compliance reviews were selected by OCR on the basis of several factors, such as survey information and court order requirements. The criteria applied appear to be effective because almost 80 percent of OCR's self-initiated reviews result in findings of violations and corrective action. OCR's ability to allocate investigative staff to self-initiated reviews means that we can balance the enforcement program and remedy patterns and practices of discrimination that do not come to our attention through individual complaints.

Policy Resolution and Development

The GAO report also criticized OCR for the failure to promptly resolve policy questions and to develop and refine compliance standards.

We have established in headquarters an Office of Standards, Policy, and Research to deal with this problem. Standard formats and procedures have been adopted to issue policy decisions, policy interpretations, and guidelines. These documents are intended to resolve important issues and to clarify the civil rights laws and regulations as they apply to various types of recipients.

To date, we have issued two sets of policy decisions and interpretations that clarify compliance standards in the areas of sex discrimination and discrimination against handicapped persons. Proposed guidelines were published for public comment applying nondiscrimination requirements to vocational/technical schools. OCR has also published a proposed policy interpretation that provides guidance to colleges and universities in assuring equal opportunity on the basis of sex in the area of intercollegiate athletics.

Encouraging Voluntary Compliance

We are implementing two major programs designed to supplement the traditional OCR investigative process and encourage voluntary compliance on a broader scale:

. A three-year plan to incorporate civil rights standards and clearance procedures into the HEW grant-making process.

. A comprehensive technical assistance program to help HEW grant recipients comply with Section 504.

Experience suggests that early detection and resolution of compliance problems at the grant application stage can be an effective and productive monitoring tool. In addition, because of OCR's expanding mission and the large number of HEW grant recipients, it is essential for OCR to enlist the support of the program agencies in enforcing civil rights laws.

Under the three-year plan, OCR is providing resources and technical assistance to the program agencies to enable them to develop civil rights review criteria and clearance procedures.

Almost two years ago HEW issued final Section 504 regulations imposing new nondiscrimination obligations on thousands of recipients. We can encourage compliance for the benefit of millions of handicapped people by providing technical assistance. Under the program, comprehensive services will be provided under contract, such as: workshops and explanatory materials for education institutions, health care and social service providers; training for HEW program staff and State agencies; and model compliance programs and guides for State education agencies, parents, and handicapped persons to enable them to monitor compliance.

Conclusion

In conclusion, Mr. Chairman, the OCR budget request provides for an appropriation of $65,092,000 and 1,772 positions for fiscal year 1980.

Because of the initiatives we have taken I am optimistic about OCR's ability to enforce the civil rights laws more effectively in the future.

STATEMENT OF BENJAMIN W. HEINEMAN, JR.

I am here this morning to present the Department's Fiscal Year 1980 request for Policy Research activities authorized under Section 1110 of the Social Security Act.

Our request for FY 1980 of $24,715,000 represents a slight overall decrease from the current funding level of $25,000,000. The only increase in funding at the individual project level is an increase from $7.1 to $8.1 million for the Health Insurance Study to cover increased activity during the period of maximum data collection and analysis of this project. All other projects show either constant funding levels or, in most cases, a decrease in support from the FY 1979 level.

I would like to talk briefly today about the general philosophy that guides

the Department's Policy Research Program. I will then outline several of the major projects that are underway at present, and describe our plans for the future.

General Purposes

The Policy Research Program is one of the Department's principal sources of policy relevant research and data on poverty. It seeks to develop basic information on the income sources and other characteristics of the low income population, the impact of existing programs on that population, and the costs and consequences of proposed new policies.

It is the only flexible research authority which the Department can use to examine policy initiatives that differ substantially from programs embodied in current law, or that cut across agency lines. It can provide information based on the simulation of alternatives which do not exist as operating programs. And it can do so with a technical sophistication, longterm adherence to a carefully developed design, and an impartial presentation of results that is unlikely in research closely linked to existing programs. As such, it is a necessary complement to more narrowly focussed, operational research and evaluation authorities.

Policy Research projects generally are not designed to answer narrow, specific policy questions; nor are they intended to provide analytic justification for pre-determined policy choices. Rather, they provide basic analytic knowledge that can be used by the Department the Congress and others to evaluate important policy alternatives. For this reason, Policy Research results are important for different Administrations and a wide range of members. For example, the Policy Research findings and models useful to this Administration in its policy development process are products of efforts initiated in the late 60's and early 70's.

The basic building blocks of information developed during the Policy Research process are available to interest groups, the academic and analytic community and the press as well. They are thus an important stimulus to robust and informed public debate on issues of national import.

In designing major Policy Research experiments, we have not tried to simulate a policy choice that we think should be made. Rather we seek to identify a range of options that represent relevant policy choices on an issue, and then to develop a design that will provide information that is basic to understanding and assessing any of these choices. For example, findings from income maintenance studies initiated

in 1971 are presently helping the Department and the Congress to deal with several alternative approaches to welfare reform today. Similarly, the Health Insurance Experiment, which was designed in 1973 and is now beginning to yield initial findings, will help sharpen the debate on alternate approaches to national health insurance legislation during this Congress. Indeed, it will be invaluable in informing health care policy choices for years to come.

Past Usefulness of Policy Research

Findings from Policy Research projects have already made important contributions to the development of public policy and to the management of existing programs. For example, the Administration's decision to include a major jobs component in any new welfare reform proposal was heavily influenced by the labor supply results of the Income Maintenance Experiments that indicated how families were likely to adjust their hours of work to changes in cash transfer policy. Moreover, the cost estimating model used by both the Department and the Congressional Budget Office for virtually all welfare reform cost projections and estimates of fiscal relief was developed as part of earlier Policy Research projects and incorporated the basic findings of the Income Maintenance Experiments. This model also provided the basis for estimating the number of public service job slots required for welfare reform proposals that sought to provide new jobs to the very poor, and it was used to develop all the basic information needed to assess alternative policy choices in the recent reform of the Food Stamp program.

During Congressional deliberations on the Administration's welfare reform bill, the model was used to provide cost estimates for literally dozens of modifications and amendments proposed within the House Welfare Reform Subcommittee, and to respond to questions from individual Congressmen. In addition, estimates were produced for each of the major competing proposals in Congress, and State-by-State estimates of benefits, recipients, and fiscal relief were provided to State and local governments. The model's capability of producing detailed cost and distributional estimates for complex policy options - often with overnight turnaround - thus greatly facilitated the policy deliberations. This capability was made possible only because of careful developmental research over a number of years.

In the area of Social Security policy, Policy Research funding has been used to develop a forecasting capability that enables the Department to reliably predict

future changes in the demographic structure, earnings, and income distribution of the American population. This model has become one of the Department's principal tools for analyzing and estimating future levels and distributions of Social Security benefits and contributions under alternative benefit and financing formulas. It was used extensively in developing Social Security legislative proposals in the last Congress. With continued development, this model will be invaluable in the analysis of alternative approaches to universal coverage under Social Security, the benefit treatment of women, the integration of SSI with Social Security, and other pressing policy issues.

FY 1980 Plans

In FY 1980, over 90 percent of our budget request will be directed toward continuation of important ongoing, multi-year projects. Any significant reduction of funding would lead to a serious loss of information and would, in effect, waste monies invested in the projects in previous years. I would therefore like to discuss in more detail the goals of the four major experimental and developmental Policy Research activities and describe their relevance.

The Seattle-Denver Experiment is a 10-year large-scale field project designed to measure the effects of income-conditioned transfers on the work effort of recipients, and on the effects of manpower training subsidies on the earnings and employability of low-wage workers. As I have indicated, we already obtained a good deal of useful information that is relevant to the first of these objectives and we were also able to use that evidence on work effort to predict responses to public service employment programs. The computer model embodying the Seattle-Denver work effort results is now one of our standard analytical tools, which the Department of Health, Education, and Welfare, the Congressional Budget Office, and others routinely use to estimate costs, caseloads, and fiscal relief under a wide range of welfare reform and public service employment policy options.

During FY 1980 we will complete analysis of the Seattle-Denver manpower training subsidies; we expect these results to be equally useful in this important area of public policy. We will also complete the final analysis of the work effort results, and prepare the experimental data for dissemination to other researchers so that they can replicate and expand on our studies.

The Monthly Reporting Experiments are intended to provide estimates of the savings

in erroneous benefit payments that can be achieved by implementing an administrative system that was developed in the income maintenance experiments. In FY 1980 we will be operating monthly reporting test projects in four large industrial States. We will also support development of a model automated report processing system which will be implemented in two States in FY 1980, and can be easily adopted by other States, thereby greatly reducing developmental costs in moving to the new system.

If preliminary test results are borne out by current research activity, the monthly reporting system could result in major cost savings in AFDC and other income-tested programs, while reducing error rates and ensuring that payments are made more promptly and efficiently to recipients. On the basis of our early research results, the Department has recently published proposed regulations that explicitly allow and encourage the use of monthly retrospective reporting in AFDC. Monthly reporting was incorporated as a basic administrative element in almost all of the welfare reform proposals introduced in the last Congress. Largely as a result of our research, the Agriculture Department is now seeking legislation to permit optional use of monthly retrospective reporting in the Food Stamp program.

We believe that this concept has great potential not only for reducing costs and error rates, but also for improving the efficiency and responsiveness of income-tested assistance programs. Welfare programs often appear to be poorly run because basic management processes are ill-defined and confusing. Monthly reporting provides an organizing principle around which flows of dollars and infonmation can be automated and routinized, thereby speeding and clarifying the whole benefit determination process, to the benefit of the taxpayer and recipient alike.

The Health Insurance Study is a 10-year project examining several critical factors affecting the costs and benefits of alternative approaches to the financing of health care. This experimental project will considerably enrich our understanding of the effects of a variety of health insurance cost-sharing provisions on the use of medical care, on the quality of care received, and on the health status of covered individuals. It will also allow us to predict more accurately the cost of various packages of medical services for almost any segment of the non-aged population, and will provide a rich source of data for anlayzing policy questions in such

areas as health manpower, drug regulation, Health Maintenance Organizations, and preventive care. The Health Insurance Study is the only Policy Research project in which an increase in funding is being requested, from $7.1 million in FY 1979 to $8.1 million in FY 1980. This reflects both the rise in costs during the peak period of field activity in the project and the consolidation of all support for the project within this budget as requested by the House Committee.

Our development of a new Survey of Income and Program Participation will fill a longstanding need for improved data on groups affected by Departmental programs. These data will help us to assess need and eligibility for program benefits more accurately and to allow more precise predictions of the costs of many current programs. At present, we are often forced to rely upon survey data collected for other purposes, or to conduct costly, time-consuming special purpose surveys to meet specific information needs. For example, if this new survey had been in place in 1976, it probably would not have been necessary to spend nearly $15 million to conduct the Survey of Income and Education in order to provide the information required by Congress to revise the allocation formula for Title I funds under the Elementary and Secondary Education Act. Design work for the new Survey of Income and Program Participation is scheduled for completion in FY 1980, with the first national survey to be conducted in 1981. We expect this survey to become a principal source of data for policy analysis, and to be far superior to existing information sources.

Conclusion

As important and useful as our research has been, we have made every effort to hold the Policy Research budget to a bare minimum, in line with the President's overall budgetary goals. I might note that in the six years since this program was transferred from the Office of Economic Opportunity to the Department of Health, Education, and Welfare, its budget has been reduced by nearly 50 percent in constant dollars. We have been able to achieve this reduction in spending in part through careful coordination of Policy Research with other research activities within the Department.

We have also held the line on major new Policy Research starts for the last several years. This year we are requesting funds for only a very small number

of carefully selected new projects in the highest-priority policy areas. We believe it is imperative to begin at least small-scale studies in several areas:

- the issues surrounding retirement decisions, work effort, and the availability of pension income, especially the interaction among earnings, Social Security, SSI and private pensions
- the determinants of growth in the costs and caseloads of the disability programs
- the future costs and consequences of financial aid programs for higher education

These are areas where difficult policy issues will arise throughout the 1980's; we need to begin now to lay the groundwork which will enable both the Executive and the Congress to make informed policy decisions.

Thank you.

BIOGRAPHICAL SKETCH

I. EMPLOYMENT

Acting Assistant Secretary for Planning and Evaluation, Department of Health, Education, and Welfare.

November 1978 to present.

Involved in development of Departmental Policy (budgetary, legislative, regulatory).

Executive Assistant to Secretary Joseph A. Califano, Jr., Department of Health, Education, and Welfare.

January 1977 to November 1978.

Principal staff aide to the Secretary.

Associate, Williams, Connolly and Califano, Washington, D. C.

July 1975 to December 1976.

Constitutional and general litigation.

Staff attorney, Center for Law and Social Policy, Washington, D. C.

January 1973 to June 1975.

Test case litigation on behalf of the mentally disabled.

Law clerk to Associate Justice Potter Stewart, United States Supreme Court Washington, D. C.

August 1971 to July 1972.

Program Planner, New York City Budget Bureau

Summer 1969.

Reporter, Chicago Sun-Times

1968. General reporting (Winner, Chicago Newspaper Guild, Best News-Feature of 1968, with two others).

II. EDUCATION

University of Chicago High School (1961)
Harvard College, B.A. (1965)
Balliol College, Oxford University, B. Litt. (1967)
Yale Law School, J. D. (1971)

III. ACADEMIC ACTIVITIES/HONORS

Undergraduate

Rhodes Scholar, Illinois (1965-67)
Phi Beta Kappa, Magna Cum Laude
Editorial Chairman, Harvard Crimson (1964-65)
Perkins Prize to member of the Junior Class combining excellence in academic and extra-curricular activities (1964)

Law School

Editor-in-Chief, Yale Law Journal (1970-71)
Member, Yale Law Journal (1969-71)

IV. PUBLICATIONS

Books

The Politics of the Powerless: A Study of the Campaign Against Racial Discrimination. Oxford University Press and the Institute of Race Relations (London, 1972)

Legal Periodicals

Decentralization in New York City: A Proposal, 8 Harv. Jnl. on Legis. 407 (1971) (co-author)

Book Review of A. Lester, et al., Race and Law in Britain in 82 Yale L.J. 1558 (1973)

Book Review of S. Lazarus, The Genteel Populists in 84 Yale L.J. 182 (1974)

Book Review of J. Wilkinson, Serving Justice: A Supreme Court Clerk's View in 88 Harv. L. Rev. 678 (1975)

V. TEACHING

Trends in Recent Political Thought, Seminar,
Yale College (1970 and 1971)

VI. MEMBER OF THE BAR

District of Columbia
U. S. Supreme Court

VII. OTHER CURRENT ACTIVITIES

Rhodes Scholarship Selection Committee,
Maryland-D.C., 1973 to present.

1980 BUDGET SUMMARY

Mr. BOHEN. Mr. Chairman, thank you very much. My colleagues and I are pleased to be here to present the fiscal year 1980 appropriation request for the Office of the Secretary, including the Office for Civil Rights, activity in Policy Research, and General Departmental Management.

Mr. Morris, HEW's Inspector General, will appear before you Thursday morning, as you requested——

If you approve, I would like to begin by summarizing for you the most important features of our request. Mr. Tatel, Mr. Heineman and I have submitted fuller statements for the record.

At my immediate left is David Tatel, the Director of the Office for Civil Rights, and his Chief Deputy, Cindy Brown.

As required by the *Adams* v. *Califano* court order, the backlog of discrimination complaints will have been entirely eliminated by the beginning of fiscal year 1980 and we will be in a position to process new complaints on a timely basis.

CIVIL RIGHTS

This accomplishment was possible because of the new positions provided by Congress in fiscal years 1978 and 1979. And because the Office for Civil Rights under Mr. Tatel's leadership has dramatically increased the productivity of its investigative staff, the fiscal year 1980 budget includes a decrease of 121 positions, which is made possible by eliminating the complaint backlog and by increased management productivity.

With the complaint investigation backlog under control, we are taking a number of actions to improve and maximize our ability to enforce the civil rights laws. Many of these improvements correct problems identified by the General Accounting Office, in a 1979 report criticizing the management of the Office for Civil Rights.

These actions include: Achieving a more effective enforcement effort by shifting more staff to compliance reviews; by focusing these reviews on major compliance issues; by resolving policy questions promptly and clarifying compliance standards where necessary; by improving productivity and upgrading the quality of casework; by utilizing staff resources more efficiently by adopting new management tools and techniques; by encouraging voluntary compliance by incorporating civil rights standards and clearance procedures throughout HEW grant-making programs and by providing

technical assistance to help HEW grant recipients comply with section 504.

POLICY RESEARCH

On my right is Ben Heineman, our Acting Assistant Secretary for Planning and Evaluation, and Mike Barth, his deputy assistant secretary for income security policy.

They are responsible for crosscutting policy research throughout the Department. Policy research is the only flexible research authority available for developing new information on program alternatives that cut across narrow agency and program lines.

This appropriation has proven to be an indispensable complement to more narrowly focused research and evaluation authorities. It permits technical sophistication, adherence to a carefully developed research design, and an impartial presentation of results.

That is not always possible in program-linked research activities.

We believe the results fully justify the funds that we have requested for this appropriation. Projects initiated in the late 1960's and early 1970's are providing information critical to the development of new welfare, social security, national health insurance, health cost control, and other important measures pending before Congress.

It is important for the committee to note that the results of our research are available not only to the administration, but have also been utilized by Congress and the academic community, and by interest groups in developing social policy.

Policy research projects are designed to test a full range of alternatives in a particular issue area. As a result of this approach and the general availability of the results, this appropriation provides a nonpartisan source of data that is available to opponents as well as supporters alike of specific new policy approaches.

As Mr. Heineman is prepared to elaborate, 90 percent of our fiscal year 1980 request will be directed to four major projects that will continue to shape national social policy: The Seattle-Denver income maintenance experiments; the monthly reporting demonstrations; the health insurance study; and the survey of income and program participation.

Our appropriation request for general departmental management is a tight budget that reflects the austerity with which we have approached HEW's entire budget this year. Our request reflects the elimination of 108 positions and $2.3 million in activities where workloads have declined or economies have been identified.

We propose to reallocate a fraction of these personnel reductions—41 positions to be exact—to initiate several financial management improvements that we expect to yield annual savings of $78 million, and also to yield one-time only outlay savings estimated at $400 million in fiscal year 1980.

We feel that these anticipated reforms and savings provide strong justification for the 41 positions and $2.7 million in payroll and support costs that we believe are required to bring them into being.

45-224 O - 79 - 49

FINANCIAL MANAGEMENT IMPROVEMENTS

More specifically, we plan improvements in four areas of financial management.

CHECKS PAID, LETTERS OF CREDIT

We asked for an increase of 15 positions and $1.5 million to implement a new procedure for providing cash to the States for our public assistance, education, and health programs. This procedure would eliminate a short period of time in which the States historically have been able to invest Federal cash and earn interest on it.

Elimination of this period would result in savings that we estimate to be $38 million annually in Federal interest cost and would result in a one-time-only Federal outlay saving in 1980 estimated at $400 million.

COST ALLOCATION

We are also requesting 21 positions and $560,000 to strengthen our review of public assistance cost allocation plans submitted by State and local governments, and to implement the comprehensive review of ADP costs in both States and major universities that are recipients of Federal funds.

We estimate annual savings of $35 million from these expanded efforts.

CASH MANAGEMENT

Our request also includes five new positions and support costs to correct weaknesses in HEW's management of cash flow to its 14,000 grantees and contractors. We estimate that this effort would save $2 million in Federal interest costs annually.

MODERNIZATION OF HEW GRANT AND ACCOUNTING SYSTEMS

In fiscal year 1980, we are requesting $1.8 million in the budgets of several agencies to modernize our grant and accounting systems. We are facing serious problems in these systems, problems that have grown over a long period of time and that result in numerous payment errors, wasteful duplication of systems, and an impaired ability to account for program expenditures.

After many years of drift and delay, the Secretary has decided that we must revamp and modernize HEW's several accounting systems and the grants payment system.

Our request for $1.8 million, which includes $200,000 for the grants payment system in the Office of the Secretary, will permit purchase of modern computer technology essential to the elimination of current problems.

Mr. Chairman, my colleagues and I would be happy to answer your questions.

Senator CHILES. Thank you, sir.

COMPLIANCE ISSUES

Going to the Office for Civil Rights, I understand you are taking a new policy direction and focusing on five or six major themes

instead of instructing the staff to check compliance on all violations.

That makes sense to me to separate out the major civil rights issues and focus your attention on them. Of course, the themes that you pick will constitute a major policy decision that ought to be done in consultation with Congress.

Can you tell us now what major themes you as the director of the Office for Civil Rights think we ought to focus on?

Mr. TATEL. Senator, this is a relatively new approach and efforts are continuing. Many of the compliance policies we will focus on over the next few years are dictated by court orders and by statutes, such as vocational education and special schools.

As we develop more data and learn more, we hope to focus attention on problems that appear the most serious. We will then have an opportunity to focus enforcement, technical assistance, and policy guidance efforts of the program. We will also measure whether or not we have been successful in solving these problems.

I hope within the next several months to present to the Secretary and Undersecretary some suggestions for the kinds of issues we should focus on in the future.

We are considering some specific issues under Section 504, title IX and title VI.

Senator CHILES. Well, you already have a draft now that you're looking at, don't you?

Mr. TATEL. No, we do not. We have a series of possible issues, 10 or 15 under each statute. We are determining which deserve our most serious attention.

Senator CHILES. How long now do you expect it would be before you would be winnowing that down?

Mr. TATEL. I think it may take another month or two to complete the process. We want to be sure the issues we pick are serious and deserving of the resources we will focus on them.

I don't mean to be evasive. We are working on them, and I think it will make a big difference over a period of years in the functioning of OCR.

And we want to do it carefully.

SCHOOL SURVEY

Senator CHILES. Last year's appropriation report required that the Office for Civil Rights aggressively refine and focus the scope of the biennual survey of school districts to reflect the major incidents of violations and complaints. On what major noncompliance problems are you focusing the survey for the 1980–81 school year?

Mr. TATEL. We have taken the directions of this committee seriously. The survey for 1980–81 has not been developed. We will, however, develop it very much in the same way as the last survey, which, as you know, was 40 percent shorter than the one before it.

We will carefully review the results of the 1978–79 survey to make sure the questions are giving us useful information.

We have already surveyed our regional offices to make sure the survey is being used properly. Also, information from the survey and from our compliance reviews and complaint investigations will

be used to insure that the 1980 survey is responsive to serious civil rights problems.

USE OF SCHOOL DATA

Senator CHILES. Then you're going to use the findings of those 1976 and 1978 surveys to identify your compliance problems?

Mr. TATEL. They're now being used for that purpose. All compliance reviews conducted this year and scheduled for next year will be on the basis of results of the last two surveys.

Senator CHILES. To what extent are you using your actual discrimination complaints that develop?

Mr. TATEL. The complaints are a useful supplement to the survey. Often in complaint investigations we'll find information that requires further examination and may justify a compliance review.

There are also times when a recipient will have a large number of complaints filed against it. This may provide justification for a more in-depth compliance review.

Senator CHILES. I'm glad that in response to our instructions last year, you're taking action to collect data from your field staff on how the survey was used to target sites for reviews and how reliable the survey findings were in identifying districts with compliance problems.

It would seem to me, though, that maybe you ought to have an outside consultant come in and collect objective data on a sample basis to test the usefulness of these items.

I am just noting that your field offices reported they used the survey data 98 percent of the time to target sites and found it 84 percent accurate in identifying compliance problems.

That may be correct. I would like to see somebody outside because it seems like to me they are the ones that would have the greatest motive of saying it was all useful, since they are the ones that came up with it to start with.

I'm just wondering how we test that.

Mr. TATEL. Before we engage an outside consultant, I would like to suggest that we use the internal resources of OCR.

One of the things that we've done in the past year is strengthen OCR's management capability with stronger quality control over the investigation of complaints and the selection of regional compliance reviews.

Those are now being put into place and I think it would be helpful to have those new units take a hard look at whether or not our regional offices are using the survey the way we have reported.

Senator CHILES. Well, if you have that capability, that might be one way of looking at it.

It would seem to be good to have one other level look at it.

Mr. TATEL. I think that would be useful. I believe that OCR should have the ability to test its own findings and I think we now have this capability.

STUDENT DISCIPLINE

Senator CHILES. In looking over the summary findings of the 1976 school survey, I note that there was an almost nationwide trend for minorities and males to be suspended or otherwise severe-

ly disciplined in numbers disproportionate to their representation in the school system.

Taking this as an example, I am interested in seeing how the Office for Civil Rights is implementing the 1979 report mandate that school systems be advised of the standards of civil rights compliance in general. What information are you getting out to State and local school systems to describe the magnitude of this problem and steps the local schools can take to insure that they aren't subjecting young men and minorities to harsher discipline techniques than they are women and nonminorities?

Mr. TATEL. We are working on that problem at two levels. First, we are developing a policy interpretation on student discipline. It will state clearly and concisely for school districts and those protected by the statutes what constitutes a violation and acceptable remedies. This is a difficult process but several drafts have been proposed.

Second, before we investigate disciplinary practices, pursuant to this committee's instructions, the district will be advised of what constitutes a violation of the law and how it could be corrected. Most discipline violations are corrected by requiring adoption of due process requirements and the collection of data to determine what extent rules are being applied.

Senator CHILES. I would think that policy statement could be very helpful. When do you expect to have that out?

Mr. TATEL. It should be sometime in the next few months.

PAPERWORK CLEARANCE

Senator CHILES. On February 15, the paperwork clearance process, through the Office of Management and Budget, was replaced for educational data with provisions for Federal education data acquisition council and oversight by the Secretary of HEW. To date the council has not been appointed, nor have the procedures for its operation been proposed.

I note that all reports for the 1979–80 school year projected by your agency in the February 15 Federal Register were listed in the section of paperwork that has not been cleared by OMB. What, if any, clearance process have you gone through for the 1979 vocational education survey, which is estimated to take 64,400 man-hours in reporting time? And was there any type of oversight or clearance exercised for the supplemental report required of school districts that are applying for emergency school aid grants, which is listed as involving 39,000 man-hours?

Mr. TATEL. The survey on the emergency school aid applicants is done every other year, to supply information normally provided on the elementary and secondary school survey. It is used to check the compliance status of recipients when we don't have a school survey.

That document will be sent next year only to school districts applying for Emergency School Aid Act funds. It was approved by OMB last year and included certain questions on the elementary and secondary school survey.

The vocational education survey is required by court order to be conducted this September. A draft has been completed, and just

yesterday, I believe, was submitted to the new agency for clearance.

Senator CHILES. That has been submitted?

Mr. TATEL. Yes.

Mr. BOHEN. Mr. Chairman, I have been designated by the Secretary to serve as chairman of that new agency, and the first meeting will occur within the next fortnight, and I assume this would be on the agenda.

Mr. TATEL. I think we submitted it yesterday.

DATA COORDINATION

Senator CHILES. The 1979 appropriations report required that you fully cooperate with the Assistant Secretary and Commissioner of Education in their efforts to coordinate data collection within HEW. What steps have you been taking to accomplish this and assure that data that you are collecting does not duplicate information which is being gathered by some other branch of the Office of Education? I am particularly interested in how overlap is being avoided between the 1979 Office for Civil Rights survey of vocational education programs and the vocational education data system, which contains a good deal of compliance information.

Mr. TATEL. In the development of our surveys, including the vocational education survey you mentioned and the current special school survey, we have worked closely with all other offices of HEW. This was to make sure that the information is needed and not duplicative. They reviewed proposed survey forms carefully.

The vocational education survey, for example, has been developed in cooperation with the agencies in the Office of Education responsible for the vocational education data system. We have made special efforts to insure that the survey requests information that school systems are required to maintain.

We think there will be little, if any, overlap between the different surveys.

VOCATIONAL EDUCATION AGENCIES

Senator CHILES. I understand the *Adams* v. *Califano* decision mandates that you more actively pursue cases of discrimination in the Nation's vocational education programs. Guidelines proposed in the January 23 Federal Register make the State vocational education agencies responsible for collecting compliance information and conducting reviews of recipients or subrecipients notifying the Office for Civil Rights of noncompliance and reporting their activities and findings to the Office for Civil Rights.

I am concerned about the implications of this policy change, particularly since the role of State vocational education agencies has been one of providing technical assistance to local districts. Most State laws do not mandate the type of oversight and program responsibility that the Office for Civil Rights is investing in the State education departments.

How do you justify shifting all compliance responsibilities, short of enforcement, to the States?

Mr. TATEL. We aren't shifting all compliance responsibilities, short of enforcement, to the States. We received many comments on the proposed guidelines, and the final guidelines, which will be

published tomorrow, reflect the concerns of the administrators of vocational education programs in the area you mentioned.

The enforcement responsibility for State agencies will continue, but their responsibility to investigate complaints will be deleted. Their responsibility will be based on data they already collect to conduct compliance reviews and provide technical assistance.

The reason for that is twofold: One, our title VI regulations have since the outset required that State agencies adopt methods of administration to enforce the law. Therefore, there is a long-standing legal basis for this requirement. And second, it is our belief that the civil rights laws can be more effectively administered if their responsibility isn't exclusively OCR's but also partially shared, not only by State agencies but by HEW's grant-making agencies.

Some State agencies have played a very useful and constructive role in civil rights enforcement. We hope that through this provision we can also establish this in the area of vocational education.

I think we have come up with a balance between the concerns of program administrators, by deleting responsibility for complaints, and the need to effectively enforce these laws by insuring that they continue to have some civil rights role.

REPORTING REQUIREMENTS

Senator CHILES. What specific steps are you taking to insure that State agencies are not going to have to duplicate information gathered by the 1979 vocational education survey and the ongoing vocational education system, adding to the reporting burden at the local level?

Mr. TATEL. This new provision will not add any reporting burden to State agencies. Civil rights responsibilities will be conducted by them on the basis of information they receive from the voc-ed system and the Office for Civil Rights through its vocational education survey. They are not required under the new guidelines to arrange for new data collection.

In order to ensure there is no overlap in enforcement, we also will be issuing within 90 days, after consulting with program administrators and the Office of Education, specific instructions regarding the implementation of their new responsibilities.

Senator CHILES. In reporting their activities to OCR, how detailed are State reports required to be? And what is your assessment of the additional reporting burden that is placed on the State and local education agencies? And, again, what insurance do we have that the States are not going to be collecting the same data that local school boards have already provided to the Office for Civil Rights or the Office of Occupational Health and Community Education?

Mr. TATEL. There will be two kinds of reports: The State agency will report to us its enforcement activities annually. And we will monitor that with the help of the Bureau of Occupational and Adult Education, as we would any other program.

With respect to individual schools, as I indicated earlier, we have worked with BOAE in the development of a survey. We wanted to make sure the information we are requesting is not currently

available and is the kind of information that the VED system requires them to keep.

I think by continuing the coordination and the careful work between our two agencies and, in turn, with the State agencies, we can make sure that the data burden is not increasing and is no greater than is needed to enforce the statutes.

REDUCING DATA REQUESTS

Senator CHILES. I am also interested in one aspect of your January 26 memorandum for the regional offices to implement our requirement that school systems targeted for compliance reviews be advised of certain things regarding the nature of the complaint, standards for compliance, and the need for additional information, if any.

You direct the States that the policy is that existing data should be used whenever possible, and the need for additional data must be justified.

However, the example that you give is just doubletalk that doesn't really explain what criteria the existing data can't measure. Although your effort to get this information out to your field offices is admirable, how can merely applying a list of additional data requests satisfy the mandate that such supplemental requests be justified?

Mr. TATEL. We have examined the work of our regional offices in the past year through better quality control efforts. We have found instances where data is requested that is not needed or has already been obtained from school districts. We have taken action to insure that does not happen.

We will be monitoring data requests carefully over the next year to keep them to a minimum. We have several checks to insure that our requirements are being satisfied. The most important is that major requests for information from school systems during complaint investigations or compliance reviews be cleared by units of the General Counsel's office, which are now being located in the Office for Civil Rights.

So, we will not only have our directive requiring careful scrutiny of data requests, but also legal review to make sure the evidence we are seeking is relevant to possible violation of the law.

SECTION 504 COMPLIANCE COST

Senator CHILES. You know, the educators feel they are caught in a "Catch 22" in complying with the section 504 regulations of equal access for the handicapped. They would like to comply, but everyone is cutting budgets. This committee required a report from HEW on the costs and mechanisms to remove architectural barriers, but we are told you will not be able to complete this report in time for our markup of the 1980 appropriations bill.

What do you do when you find noncompliance but a school has no funds available to make architectural changes?

Mr. TATEL. Our experience has been that quite often the projected costs of compliance are exaggerated. We find many times that school districts, colleges and universities can comply in ways which are much less expensive than they had originally thought.

For example, recipients often assume that they are required to remove all architectural barriers, and that is not the case. The regulations were written only to require, with respect to existing construction, program accessibility. This can be accomplished frequently by moving classrooms and facilities around and by making services available through alternative techniques.

In working with school districts and consulting with groups representing the handicapped, we have fashioned ways to achieve compliance which are not expensive.

ACCESSIBILITY ALTERNATIVES

Senator CHILES. I think that's very necessary. I think a lot of the schools themselves don't realize that it is program accessibility. I hear from all kinds of schools in my State. They are in a panic on why they have to make the fourth floor in a particular school building accessible when they don't intend to have but one class up there and hardly use it at all. And they can make the same class available. But they feel that the regulations now require them to do that.

I would say that there is a tremendous gap in communications, and I suspect in some areas probably an awful lot of money is being spent by people feeling they are having to acquire this total accessibility, which certainly Congress did not envision.

Mr. TATEL. I think you are right, there is misunderstanding. The regulations, however, are quite clear. We've made a great deal of materials available to school districts in the form of pamphlets and technical assistance manuals. And we continue to hammer the point that the regulations only require program accessibility.

One of the current budget requests is for continued funds for technical assistance. This is essential to make sure that recipients aren't spending more than compliance requires.

HEALTH CARE PROVIDERS

Senator CHILES. I notice from your budget justification you expect to conduct 1,395 pregrant reviews of health care providers who apply for certification under medicare. Is that review required by statute or by departmental regulation?

Mr. TATEL. I am not sure of the answer to your question. I think they are required by regulation. The reviews are basically paper reviews which are conducted by the regional offices. They take very little time. I think these reviews amount to a very small fraction of our investigative time.

Senator CHILES. Can you tell me, in the past in how many of your past pregrant reviews have you found serious violations of civil rights statutes?

Mr. TATEL. I don't know the answer but I will provide it for the record.

[The information follows:]

PREGRANT HEALTH CARE REVIEWS

The Office has conducted title VI pregrant reviews of health care providers applying for medicare certification since the consolidation of civil rights enforcement within the Office of the Secretary in 1967. The 1967 Labor-HEW appropri-

ations bill assigned title VI compliance responsibility, including responsibility for the medicare program, to this Office.

All appropriations bills since 1967 have provided for transfer of funds from the Federal hospital insurance trust fund in support of this compliance responsibility. The clearance process with respect to medicare applicants is carried out in accordance with procedures that were agreed to by the Bureau of Health Insurance, Social Security Administration, and the Office for Civil Rights in 1968.

Approximately 25 percent of the Office's pregrant review activity results in findings of serious violations. Examples include: Medical facilities denying admission on the basis of race; facilities racially segregating patients in room assignment; facilities failing to provide adequate bilingual services for non-English speaking patients; facilities failing to provide minorities an opportunity to participate as members of health planning and advisory bodies.

INTERCOLLEGIATE ATHLETICS

Senator CHILES. Going now to title IX, this past January the NCAA convention voted 526 to 12 to oppose and seek changes in the title IX regulations that prohibit sex discrimination in school sports programs. The requirement that they objected to equalized average per capita spending on scholarships, recruiting and other financially measurable items based on the participation rates of male and female athletes.

February 10 was the deadline for public comment.

Do you expect to alter these regulations in any way in response to the reaction that they have created?

Mr. TATEL. As of the closing date we had received over 600 comments and we have analyzed about three-quarters of them.

There are areas of the regulations which are vague and need more precision. The basic problem, in terms of specificity, is the kinds of costs of a particular sport that are deductible. The proposed policy permits them to be deducted from the formula, and we think the final policy needs to be considerably more specific as to which ones they are and how they will be deducted.

Senator CHILES. But you haven't said, other than that, whether you intend to change the proposed regulations.

Mr. TATEL. There will be other changes. There are additional parts which need to be clarified. We have received many useful comments but have not yet completed our analysis. We also are meeting with women and university groups.

REVENUE PRODUCING SPORTS

Senator CHILES. Well, the thrust of the argument, as I hear some of them, are that, for example, football scholarships, generate tremendous dollars that are then used in turn for other sports programs; and that many of the sports programs do not pay their way, and in fact, depending upon the school—basketball may in some schools; maybe some other sports in some schools—but in most schools it would be either football and/or basketball that is the payer. And then the other spring sports—tennis, baseball, golf, all of those others—benefit by virtue of the money that comes in from ticket sales and other revenues from the principal sports of football and/or basketball; and that to require an equalization in these areas is really going to—well, I hear the arguments all the way from diminish revenue and hurt all of the sports programs, or that it is not fair to require this.

Mr. TATEL. We drafted the proposed policy interpretation on the basis of a legal opinion that there is no authority to exempt revenue-producing sports or revenue from such sports. Instead, we tried to take account of sports like football and basketball by providing the per capita standard, which allows more money for sports with greater participation rates and permits institutions to deduct the costs of sports that are particularly related to that. And our belief, at this point, is that the two exceptions will permit those athletic programs to continue while insuring equal athletic opportunity for women.

In most of the comments, we have not received the kind of detailed financial information we requested to document the economic impact of the policy.

AGE DISCRIMINATION

Senator CHILES. Going, then, to age discrimination, tell us about the status of your age discrimination regulations. I understand you have been holding hearings around the country.

In your opinion, are these regulations going to have any significant effect on the size and composition of the Nation's work force?

Mr. TATEL. Senator, the regulations were drafted by the General Counsel. On December 1, 1978 the Department issued proposed Government-wide regulations to implement the Age Discrimination Act of 1975.

Eleven hearings have been held. The Department is analyzing comments and plans to issue final Government-wide regulations in early May. But I do not know the answer to your specific question about the regulations.

Mr. BOHEN. The General Counsel is in charge of this activity, and I'm sure he can provide a response to that.

Senator CHILES. Thank you. I would like to have it.

[The information follows:]

AGE DISCRIMINATION REGULATIONS

Except for the public service titles of the Comprehensive Employment and Training Act administered by the Department of Labor, the Age Discrimination Act (ADA), does not cover employment discrimination. The Age Discrimination in Employment Act, which is administered by the Department of Labor, continues to be the principal tool for addressing age discrimination in employment. Because the ADA does not cover employment, the regulations should have little or no effect on the size and composition of our Nation's work force.

DEPARTMENT OF LABOR

Senator CHILES. How do the new regulations alter the age discrimination procedures that have been carried out in the Department of Labor? Has the Office of Civil Rights assumed that entire function?

Mr. TATEL. Again, the Department of Labor's responsibility is only in the area of employment. The Age Discrimination Act generally does not cover employment but prohibits age discrimination in all programs that receive Federal financial assistance.

Senator CHILES. What about employment? Will Labor still be involved in that or will they just pass their complaints on to you?

Mr. TATEL. Unlike the other statutes we enforce, the Age Discrimination Act specifically excludes employment, except for the public service titles of the Comprehensive Employment and Training Act. Age discrimination in employment will continue to be administered by the Department of Labor.

PUBLIC BROADCASTING

Senator CHILES. The recent reorganization of the Corporation for Public Broadcasting gave a role to the Office for Civil Rights to monitor and enforce compliance with the affirmative action guidelines applicable to the corporation's member stations.

Would you describe for us the system you've set up to implement this task and your accomplishments in the way of expanding minority participation?

Mr. TATEL. The system has not yet been set up. The Secretary is required to issue regulations. We have met with the various agencies involved and the affected congressional committees. The Office is developing draft regulations which will describe the enforcement system, including data collection requirements, and the relationship between HEW and the Corporation for Public Broadcasting.

COMPLAINT MEDIATION

Senator CHILES. I understand that the Federal Mediation and Conciliation Service is requesting six positions to resolve age discrimination questions before they go to court. That sounds a little duplicative of your responsibilities.

Have you coordinated with the Office's activities?

Mr. TATEL. That request derives from the proposal in the draft age discrimination regulations which would require mediation as a first step in the resolution of age discrimination complaints. The General Counsel has been coordinating with the Mediation Service about that.

The six positions are needed to handle mediation efforts for the 27 agencies affected by the Age Discrimination Act. We have found that conciliation efforts in certain areas facilitate the enforcement process and many times avoid the need for expensive Federal investigations. And this is the first effort to include that proposal in regulations.

Senator CHILES. Well, would the Office for Civil Rights provide the necessary staff support for the Mediation Service?

Mr. TATEL. I don't know the answer to that question. But whether the mediation is done by the Mediation Service or by OCR, there wouldn't be any overlap. If the Mediation Service did the mediation, OCR would await the outcome before initiating an investigation. But there would not be a duplicate staff in the two agencies to do the same thing.

INCOME MAINTENANCE AND HEALTH INSURANCE EXPERIMENTS

Senator CHILES. Going now to the "Income maintenance" and "Health insurance experiments". Once again, the largest items in your budget request are for income maintenance and health insurance experiments: $4.5 million for income maintenance and $8.1

million for health insurance. It seems as though we have been funding these forever.

How much has been invested in these experiments already? And do we have any final date in mind for their conclusion?

Mr. HEINEMAN. Senator, I think that they will both total around $70 million when they are completed. The health insurance experiment should be finished in fiscal 1983, and the Income Maintenance Experiment should be basically phased out in 1981.

INCOME MAINTENANCE EXPERIMENTS

If I might talk first about income maintenance, the purpose of those experiments, as you are probably aware, was to test various benefit structures and their relationships to work effort and recipients. We have learned that the shape of the benefit structure does affect the work effort of the recipients. Welfare recipients want to work, but if you have high benefits and/or relatively high benefit reduction rates, this will reduce work effort.

That finding in turn supported the Administration's welfare proposal's inclusion of a major jobs component. We will be proposing a smaller welfare reform proposal this year, but it, too, will have a major jobs component, so that families of people who can work will get most of their income through earnings and food stamps and earned income tax credits, and not through cash assistance.

The income maintenance research has had a major programmatic impact. It led to development of a much more sophisticated cost model that was used by HEW and by various members of Congress during the course of the welfare debate, and I expect it will be used again this year if welfare is debated. The Seattle and Denver experiments were designed to last 10 years.

In the near future, there are a number of things to do as we are nearing the final phase of the study. First of all, we need to disseminate the computer tapes so that other researchers around the country can have the benefit of our research, and criticize it, and use it for other policy analyses.

There is a part of the experiment that involves manpower training subsidies. The experiment offered persons either counseling alone, or counseling plus 50 percent, or counseling plus 100 percent of the cost of training programs, and we observed whether they would enter training programs, stay in them, and what the effects of those programs were in terms of future employment and wage levels. That data is going to be analyzed in the near future.

Finally, we have had three years of data analyzed to date. This is basically a 5-year data collection period, so we are going to add the last 2 years and look at the effects of cash assistance on variables like educational attainment and health status. We have some preliminary results that indicate that school performance does improve with certain forms of cash assistance.

Finally, we're also going to perform some external checks on the data by looking at tax records and social security records. The experimental anaylsis was based upon what people themselves said to our researchers, and we're going to validate the accuracy by matching a sample of responses against work and income records.

45-224 O - 79 - 50

THE HEALTH INSURANCE STUDY

As to the Health Insurance Experiment, this is a major experiment that will provide data bases that are going to be useful for a long time. National Health Insurance will be debated in the 96th Congress, but the full implementation date is likely to be a number of years away. I think the President said, last July, fiscal 1983 would be the earliest date at which there would be full implementation.

I believe Senator Kennedy has also given such a date. Some of the information we get from the Health Insurance Study will be very useful for planning. In the event that a plan is not passed in the 96th Congress, the data will be relevant to future expansions of benefits or populations in existing insurance programs.

The most immediate use of the data has been to check the general quality of the cost models which were constructed. This had been done without the help of experimental results, but our preliminary results have been able to tell us whether or not certain assumptions appear to be correct.

We hope, by fiscal 1980, we will be able to use the data from the experiment to provide aggregate cost estimates nationwide on how utilization of medical services changes with different cost-sharing structures. Results from these experiments should give us some indication of the kind of coinsurance, deductibles, or other cost-sharing arrangements that are feasible or desirable in a national plan.

As we go through the year, we would hope as well to have more sophisticated analyses of how different cost-sharing structures affect different income groups and different kinds of discrete services.

Though I was not present at the creation of this study I am convinced that there is a rich lode of data which is going to be of enormous importance as health insurance issues are debated for the next 10 years. So I do think it will be of great value.

ADOLESCENT PREGNANCY INITIATIVE

Senator CHILES. You have proposed a major new initiative designed to prevent teenage pregnancies. Have there been any research and demonstration studies indicating how to best coordinate the counseling, health and education services necessary to do an effective job in this area?

Mr. HEINEMAN. I would be happy to submit something for the record.

[The information follows:]

ADOLESCENT PREGNANCY INITIATIVE

HEW's Adolescent Pregnancy Initiative was designed both to prevent adolescent pregnancies and to provide services to pregnant adolescents and young parents. The initiative was based on information derived from research and demonstration activities and from a series of public meetings sponsored by the Office of the Assistant Secretary for Planning and Evaluation, held with individuals and organizations who provide a wide variety of services to adolescents.

Both the research and demonstration activities and the public meetings indicated the importance of coordinating all components relating to pregnancy prevention and services to pregnant adolescents. However, no one approach to coordinating these

components was identified as the "best" approach. Therefore, the projects to be funded by the newly established Office of Adolescent Pregnancy Programs (located in the Public Health Service) have been given the flexibility to design approaches which are responsive to the needs and conditions within their communities. The Office of the Assistant Secretary for Planning and Evaluation has been assigned the responsibility of evaluating these adolescent pregnancy projects. One of the evaluation priorities will be to determine the effectiveness of the various approaches to delivering prevention services and services to assist pregnant adolescents. Coordination of the various components is considered an integral aspect of the service delivery design. A partial list of recent research and demonstration activities in the area of adolescent pregnancy sponsored by the Office of the Assistant Secretary for Planning and Evaluation and other HEW offices follows:

"Improving Family Planning Services for Teenagers." ASPE contract HEW-OS-74-304. Urban and Rural Systems Associates, 1976.

"Out of Wedlock Pregnancy and Childbearing." Urban Institute Working Paper 992-02. Prepared under ASPE grant 014B-7502-P2021 by Kristin Moore and Steven Caldwell, September, 1978.

"The Consequences of Early Childbearing: An Analysis of Selected Parental Outcomes Using Results from the National Longitudinal Survey of Young Women." Urban Institute Working Paper 999-01 Prepared Under NICHD/NIH contract N01-HD-62829 by Moore, Caldwell, Hofferth, and Warts, August, 1977.

"Family Planning and the Teenager." A service delivery assessment. Conducted by HEW-Office of the Inspector General/Region II November, 1978.

"National Survey on Sexual, Contraceptive, and Pregnancy Experiences of Women in the United States, Ages 15 to 19." Conducted by M. Zelnik and J. Kantner, Johns Hopkins University, 1971 and 1976.

These studies have been used in the development of the Adolescent Pregnancy Initiative as well as in developing plans for the operation of programs authorized under the new legislation designed to prevent adolescent pregnancies and provide services to adolescents who become pregnant.

WORK, INCOME, AND RETIREMENT

Senator CHILES. I have been particularly interested in the problem of declining labor force participation by workers over age 55. Your justification talks about a small part of your money, $200,000 out of $25 million, going to examine issues of work and retirement.

Specifically how much will you be focusing on the economic incentives to early retirement built into social security, civil service retirement and the tax system? Will you be able to give us any hard estimates of what the effect would be of raising the retirement age for nondisabled persons in social security?

Mr. HEINEMAN. What we're talking about there is an example of policy research as a pilot effort to identify appropriate research questions. There is a recognized need to look at the relationship between social security, supplemental security income earnings, and their effect on the work effort of the aged. This project is intended to provide a preliminary look at a range of issues and determine more sophisticated studies that will give us needed and precise data.

Dr. Barth has just held a conference on this. Maybe he can answer this question.

Mr. BARTH. There have been relatively few studies that have tried to develop information from existing bodies of data that might give an indication of the effect of pensions and social security on the work effort of people in the 55-plus age group. What we did, and what Mr. Heineman said in terms of pilot efforts for the future, is to survey the work that has been going on and ask experts what the major issues are.

The question you raised, I think, is one all the experts have raised. We're going to use this particular money to start projects that will allow us to decide on research and data collection efforts that will provide estimates of the effects of policy changes of the type you just suggested, as well as a number of other policy options that have effects across a large number of departments and agencies.

Right now I think it would be difficult to come up with a precise answer to your question. We're going to need to get data from pensions, because we don't know enough about how they affect workers' behavior, and put them together with data on social security. And that is why we think that this particular effort is going to be necessary. This issue is going to be a major one in the 1980's, and we don't have the data base to answer all those questions.

Senator CHILES. Will you be looking at civil service retirement as well?

Mr. BARTH. Yes, we will.

Senator CHILES. When will we be getting some answers?

Mr. HEINEMAN. Senator, we will submit for the record a work plan, of expected issues and how we plan to proceed. This is basically seed money in an attempt to identify issues and the best methodologies.

[The information follows:]

WORK, INCOME, AND RETIREMENT

This is an area where public policy is changing rapidly, for a variety of reasons. Changes in the demographic structure of the population are forcing a reexamination of the way we provide retirement income, both through private and public pension systems, and the way we finance those pensions. The establishment of the Supplemental Security Income program and of new regulations on private pensions raises a host of questions about how those sources of income should relate to the basic Social Security system. The increasing labor force participation of women, together with a markedly higher risk of marital breakup at some point in the life cycle, calls into question the way we have treated dependents' benefits in the past. And we now recognize that all of these programs may have affects on the work, and therefore the private earnings, of the aged, early retirement of the near-aged, and the savings behavior of the non-aged, in ways that were totally unanticipated when those programs were established.

We are now beginning to explore these issues, and intend to devote an increasing fraction of our research resources to them in the coming years. We recently sponsored a conference of leading experts from throughout the country to help us define the research needs in this area. A number of important questions for further research and data collection were raised at that conference.

For example, we need better knowledge of the labor market behavior of older workers in order to assess their likely responses to changes in, or elimination of, the Social Security retirement on test of earnings, changes in the age at which Social Security benefits become available, or changes in the adjustment in the basic Social Security benefit for age of retirement. We need much better data on private pension systems, in order to accurately specify the options open to older workers, especially with respect to early retirement, and to understand how private pensions relate to Social Security benefits. We hope that some of these data will be provided by the new Survey of Income and Program Participation once it is implemented; at present, however, there is no systematic national data base that includes both information about the current circumstances of individual workers and about the pensions for which they are eligible.

Similarly, we need to study the behavior of private firms in providing pensions. What is the likely future path of growth in private pension coverage and benefits, and what form are pension benefits likely to take in the future? How will firms respond to changes in federal regulation or tax policy in this area, and how will they finance any increased costs imposed by federal regulations? Answers to these questions are essential to defining the appropriate role of the Federal government

in ensuring the adequacy of total retirement income, both through direct provision of benefits and through the regulation and tax treatment of the private pension system.

The changing role of women in the labor force requires that we examine more carefully the labor supply and retirement behavior of women, and study the impact of increased lifetime rates of marital breakup on their retirement circumstances. These studies will help to inform future policy decisions with respect to spouses' benefits and the definition of the unit for benefit determination.

More generally, we need much better data on the assets and income sources of the aged, at the individual household level. At present, data are fragmentary and tend to deal with individual income sources; it is difficult to piece together a comprehensive picture of the economic well-being of the retired population, taking all sources of support into account. We are especially lacking in information about in-kind income, such as food stamps and medical care, and support from other family members.

Finally, we need to study much more thoroughly the impact of the existing retirement program on the economy at large. What are the effects of any changes in labor supply of the aged or near-aged, including early retirement, on the size and productivity of the overall labor force? Does the provision of public and private pensions, and the taxes and private contributions required to finance them, have an adverse impact on the savings behavior of non-aged workers? While there is a good deal of speculation about these issues, there is presently little hard evidence.

We have not yet decided what the best way to attack these questions will be. This year we have focused our attention and resources on defining and prioritizing the issues. Simultaneously, we will be developing a comprehensive research strategy for succeeding years, based on the results of the initial studies. This strategy is likely to involve a combination of studies using existing data, new data collection efforts, and if necessary, field experimentation with alternative forms of retirement support.

SURVEY OF INCOME AND PROGRAM PARTICIPATION

Senator CHILES. Let me ask about another specific research item. Your Survey of Income and Program Participation and the inability to obtain basic factual information about food stamps, welfare, and retirement programs has convinced me that we need this kind of survey. In particular, I have been amazed to find that we don't know how much additional income social security recipients get from federal pensions, veteran's benefits, food stamps, and private pensions.

Will your new survey provide us a full rundown of both the sources and amounts of retirement incomes?

Mr. HEINEMAN. Yes, it will.

I'd like to add that we sometimes don't have good eligibility estimates. We now know how many people are served after the fact, but this survey will help us to know what percentage of the eligible population that is actually being served by the program.

PROPOSED ATHLETICS POLICY

Senator CHILES. Senator Sasser has some questions that he wanted to ask in the area of regulations, in regard to discrimination on sex.

Senator SASSER. Thank you.

Mr. Tatel, some of these questions I think have been asked, and you have perhaps responded to them partially or generally.

But in your proposed policy interpretation, as I understand it, you make some allowance for the extra cost attributed to football, such as the cost of equipment. But there is no allowance for athletic scholarships or grants in aid, is that correct?

Mr. TATEL. There would be because the participation rates in football are so large. Scholarships have to be made available, under the proposed policy interpretation, in proportion to participation rates. And since there are more participants in football, and generally more participants in men's sports, the proportion of scholarships made available for men's sports can be greater than for women's sports.

Senator SASSER. Well, does this mean that if a school grants $100,000 for athletic scholarships for football or for basketball or some other sport, that it would have to grant an equivalent amount of money to females engaged in other sports?

Mr. TATEL. Only if the number of women participating were equal to the number of men, which is not the case. Taking your example, if there were $100,000 made available for a men's program having 100 participants, only $50,000 would have to be made available if the women's program had 50 participants. It is on a per capita basis. The information we have is that the participation rates are about 3 to 1.

ATHLETIC SCHOLARSHIPS

Senator SASSER. Well, it is the purpose of title IX to prevent discrimination on the basis of sex, as I understand it. Is that an accurate statement?

Mr. TATEL. Yes, this is the purpose of the statute.

Senator SASSER. Well, something that troubles me is, isn't it a fact that colleges that emphasize football by giving athletic scholarships are discriminating against non-athletes and athletes who are not football players, rather than discriminating on the basis of sex?

Mr. TATEL. But all men at a university, whether they are good enough or not, can at least try out for the football team because football is a men's-only sport. The scholarships are unavailable for women to compete for.

So it is, in effect, a sex-based program which, if not operated correctly, could violate title IX.

REVENUE PRODUCING SPORTS PROGRAMS

Senator SASSER. I think it has been alluded to here earlier that one of the reasons for emphasizing football and other revenue-producing sports—at some institutions, it is basketball that is the big revenue producer—it's really for the purpose of producing revenue to the college through gate receipts and through alumni interest. Whether they're interested in the football or basketball team, you can go to them for contributions to the endowment fund, and for attracting students to the school.

I think we could agree on that. That appears to be obvious.

I think it has also been alluded to that these revenue-producing sports go a long way toward paying for the nonrevenue-producing sports.

I know in the university that I attended, the revenue from football paid for the rest of the other sports, the swimming team, the tennis team, and that sort of thing.

But in view of the fact that there is a rational basis for this policy, and I think we could agree, there is a rational basis for

emphasizing revenue-producing sports, even though we might not agree with that policy, under the case law that has been decided by courts in *McGowan* v. *Maryland,* and others, it seems clear that there is no basis for saying, or some lawyers say there is no basis for saying that title IX is concerned only with discrimination on the basis of sex.

And these cases stand for the proposition that if there is a rational basis for the alleged discrimination by sex, then the courts will uphold the school policy. But if there is no rational basis for alleged discrimination by sex, they won't uphold it.

Isn't that a correct statement, or could you comment on that?

Mr. TATEL. Perhaps I could make a couple of comments about several of the points you just made.

First, to the extent that a sport produces revenue used for general university purposes such as a library or academic scholarships, such funds are specifically excluded by the interpretation.

The second point is whether the policy is rational or not. I can think of as many reasons as you can why it is rational. But the legal issue is whether an intercollegiate athletic program, including its financing, discriminates on the basis of sex.

The proposed policy interpretation was developed on the basis of a ruling by the Office of General Counsel that we did not have the authority to exclude revenue-producing sports from title IX, or their revenues to the extent they covered costs.

So we tried, as I indicated earlier, to take account of the nature of football and basketball by permitting larger expenditures on them because they are larger and because they cost more.

Finally, although I have not read the cases you mentioned the rational basis analysis sounds like a constitutional approach. However, we are dealing here with a statute passed by Congress with some indication that revenue-producing sports were not to be excluded. Rather, the law requires the department to take account of the nature of the particular sports involved, which we think this policy interpretation, at least in principle, does.

EFFECT OF PROPOSED POLICY

Senator SASSER. Well, Secretary Califano said, and I quote: "No school should have to cut back on men's programs," in order to comply with the new policy.

Now it appears to me that failure to make allowances for athletic scholarships or other grants-in-aid will just have that precise effect of forcing them to cut back on men's programs.

Could you comment on that?

Mr. TATEL. There is no question that at some institutions the policy interpretation will require more funds spent on women's programs to meet the standard. The institutions, of course, are free to do that by finding other sources of funds or by redistributing existing funds such as by cutting unnecessary costs or other devices.

But we think that the policy we've developed, which includes major exceptions based on participation rates and costs, will minimize those expenses, while ensuring equal opportunity for women who wish to participate in intercollegiate sports.

We specifically asked when we published the interpretation that institutions that claim severe economic impact supply detailed cost information to support this. We have not generally received the information.

We have received general statements that it will be expensive, but we have been given no specific indication what it will be.

Senator SASSER. Well, I don't have any further questions.

Senator CHILES. If you think we could add to your education in any way, we'd be delighted to have you stay here.

Your presence, as always, has been scintillating to the committee.

Thank you very much.

NATIONAL COMMISSION ON THE INTERNATIONAL YEAR OF THE CHILD

STATEMENT OF MRS. JEAN CHILDS YOUNG, CHAIRPERSON

ACCOMPANIED BY:

BARBARA POMEROY, EXECUTIVE DIRECTOR
BRIAN ANDERSON, STAFF COORDINATOR

BUDGET REQUEST

Senator CHILES. We will now hear from Mrs. Jean Young, the Director of the National Commission on the International Year of the Child.

Mrs. Young, it is a pleasure to have you with us today. We're looking forward to hearing your statement regarding the mission of your organization.

If you care to introduce your colleagues, we can proceed.

Thank you. Barbara Pomeroy, who is executive director of the International Year of the Child, and Brian Anderson, who is one of our staff coordinators. And Pat Harbor, who is with the HEW secretariat for IYC; and Frances Verstandig, who is a full-time volunteer with the National Commission.

I might just make a few remarks initially. It is my privilege to appear before this committee this afternoon as the chairperson of the National Commission on the International Year of the Child, and I thank you for the opportunity to discuss with you the goals and the work of the Commission as you consider its appropriation.

BACKGROUND AND PURPOSE OF THE COMMISSION

At the request of the United Nations, the United States has joined with 153 other countries in celebrating 1979 as the International Year of the Child. Each country was asked to establish a commission to address the unique problems of its children. The U.S. Commission on the International Year of the Child has been authorized by congressional legislation to increase public awareness of children's needs, to keep informed on International Year of the Child activities in this country, to stimulate programs for children through both governmental and nongovernmental organizations, and finally, to make recommendations on national policies that affect children.

ISSUES

In fulfilling these objectives, the Commission is creating a broad-based national dialogue on the crucial issues in child nurturing, juvenile justice, health, education, recreation, equal opportunity, and media impact on children. The problems that children face in this country cut across all social, economic, and ethnic categories.

Of our 66 million young people under the age of 18, 17 million live in poverty; 7 to 14 percent of the children under the age of 16 receive practically no regular medical care. At least 30 percent of all children under the age of 16 have never seen a dentist; 2 years ago, 20 million were not immunized against prevalent childhood diseases.

Senator CHILES. You're doing a little bit better on that, aren't you?

Mrs. YOUNG. We are, fortunately. We hope to do better during this year.

One million are the victims of child abuse and neglect each year. Mental health services are not available to an estimated 90 percent of the children who need them. The suicide rate for teenagers has tripled in the last 20 years. 13 percent of the 17-year-olds in school today could be classified as functionally illiterate.

Such startling statistics have guided the commission in identifying the basic issues that citizens must address. These issues include such questions as:

What are the governmental policies and regulations at the national, State, and local levels which help or hinder families in their child-nurturing roles?

How can we best insure that all children have access to quality health care?

How do we best assure that students develop competence in the basic skills?

And to what extent do our juvenile justice systems acknowledge and act on a child's need for a family?

How do we assure the availability, the safety, and upkeep of playgrounds and recreational facilities?

How can we increase understanding and apreciation of children with different cultural backgrounds, language, race, sex, or national origin?

How can the media, as educational and entertainment resources, achieve a maximum level of productivity on behalf of children?

And what is our responsibility as individuals and as a nation to all of our children everywhere?

The Commission is providing a national focus on such issues.

IYC ACTIVITIES

There is, I am pleased to report, a groundswell of support for the work of the Commission from virtually every sector of American life. This support is evidence of the increasing concern in this country for the lives of our children. The first month of 1979 saw a tremendous outpouring of interest in the year of the child. Over 2,000 newspaper articles about International Year of the Child appeared throughout the country. I would like to submit for the record samples of these articles, along with a list of the other activities. These are some of the articles from some of the various publications. In addition, many magazine articles have also focused on the year of the child.

The Commission is continuing to provide substantive guidance to newspapers, magazines, and journals in developing articles on the special needs of children throughout the year. The major television

networks—ABC, CBS, NBC, and PBS—are now working with the Commission to develop both long-range and special television programing based on the issues identified by the Commission.

Over 30 States, at the request of the National Commission, have appointed State Commissions, task forces, or a liaison in the Governor's office to assist in the national effort to stimulate activities and projects at the local level.

Last year, the National Governors Association unanimously passed a resolution to support in whatever manner feasible the activities of the National Commission and the resolution of the United Nations declaring 1979 as the International Year of the Child.

As a result, many Governors have issued proclamations declaring the observance in their States. City and county officials also have responded to the request of the National Commission by issuing proclamations and establishing IYC task forces in their cities and towns.

The National Commission staff is working closely with these official State organizations to provide the National Commission with local concerns and recommendations for use in its final report.

To date, over 300 national civic, professional, business, labor, and religious organizations with a total membership of over 70 million people, have joined the national organization's advisory council. I would like to submit for the record a list of these organizations. This council insures a broad-based citizen involvement in the Year of the Child. These organizations will substantively participate in the dialogue by providing their memberships with information on the issues.

The National Commission serves as a focal point for IYC activities of these organizations by assisting them and developing projects appropriate to the year of the child. In addition, these organizations will offer the Commission specific recommendations, thus insuring a wide variety of viewpoints.

CHILDREN'S ADVISORY PANEL

Not to overlook the viewpoint of children in this, their special year, the National Commission is creating a Children's Advisory Panel. Twenty-five outstanding young people between the ages of 11 and 18 will be selected from applicants nationwide and will meet to discuss the issues and provide recommendations to the Commission. Funding for this advisory board is being sought from corporate and foundation sources.

Through these many activities, the Commission has begun to increase public awareness of the needs of children and generate a national dialogue that will lead to positive changes in the years to come. This is the most important work of the Commission—to launch activities that will continue long after the year has gone.

It is our goal that every local community, town, or metropolitan area will analyze the unique problems of their children and work to resolve them. I feel quite strongly that the citizen involvement is crucial to the success of the Year of the Child. Thus, much effort is spent on fully responding to the thousands of inquiries pouring into

our office, requesting assistance. I think it is now up to 100 letters a day and approximately 50 telephone calls.

FUNDING

This is the first opportunity that the National Commission has had to come before the Senate in regard to its appropriation request. The initial submission for authorization and appropriation was forwarded to the Congress prior to the formation of the Commission. In anticipation of the Commission's functioning a budget of $1.3 million was submitted to cover the period from October 1978 to April of 1980. Prior to the passage of the authorization, a proposal was made in the Senate Appropriations Subcommittee on State, Justice and Commerce, to add the Commission's budget request to the State Department's appropriation. This proposal was deleted by the appropriations committee insomuch as the authorization had not yet been passed. Subsequently, the authorization was passed as part of the Elementary and Secondary Education Amendments of 1978, which were not signed until November 1, 1978.

The authorization permitted transfer of funds from existing agencies. As this subcommittee is no doubt aware, these transfers have been made by HEW three times since the beginning of the fiscal year. This has created a situation whereby a certain amount of Commission time has, of necessity, been spent assuring a continued flow of funds.

The approval of the request for a supplemental appropriation would enable us to move ahead with full resources and necessary flexibility in fulfilling our mandate to address the needs of children in our communities.

The public expectations of the Commission and its staff are rising daily. Quite frankly, the original budget projections for the Commission did not fully anticipate this present degree of public interest. Thus, the appropriation request which you are now considering is at best the very minimal amount necessary to meet the increasing demands of the public and to perform the required functions of the Commission.

I must say that the dedication of the members of this Commission is really rather remarkable. These citizens have devoted much time, often at their own expense, to participate in Year of the Child activities. I would like to submit for the record a summary of the Commissioners' and staff's speaking engagements. They, of course, are invited by groups and their expenses are covered by the group that invites them. The list informs you of some of the places that people have been and the kinds of groups they are speaking to.

The successful outcome of the year is ultimately dependent on the degree to which all Americans devote such efforts to improve the lives of children, both now and in the future.

Thank you.

Senator CHILES. Thank you, ma'am.

OPPOSITION TO IYC

There has been a sizable amount of opposition to the International Year of the Child. It seems to be fairly well organized and

adamantly opposed to any Federal support of activities in this regard.

Would you share with us your perception of the origin of the opposition, and your plans to address these criticisms?

Mrs. YOUNG. There is some resistance to the year. I'm not sure of its origin.

Some of the letters that I have seen were generated even before the Commission was in existence, which means they were not directed at what the goals of the Commission are, but were directed at a perception of what they felt the year was going to do.

Let me say two things that the year, from its very beginning, was designed not to do:

There are no plans, first of all, for a grand international conference. I think many people felt that that was going to be one of the things that was going to be done, that we were going to gather child advocates from all over the world and sit down and talk about the concerns of children on a worldwide basis.

From the very beginning, this was not a part of the plan.

Second, there is no global plan for children. There was recognition from the very beginning that each nation would have to assess the needs of its children and determine what ways to meet those needs, because each country was so unique and so different.

So I think some of the opposition was generated even before the year came into being.

We are addressing this in several ways. We have some rather remarkable Commissioners. Two of our Commissioners have actually gone into two communities that I know of and met with some of the groups expressing opposition and shared with them our own goals.

The response has been rather remarkable from these meetings. We see people who have questions about the year as serving a very good function in terms of keeping all of us on track to really meet the needs of children. We could see these forces working in a very positive manner.

But much of the information they have is based on erroneous facts.

So, of course, one of the things we've tried to do is to clarify and correct any misinterpretations and give accurate information and accurate facts.

When I have spoken before many groups, I have attempted to address these questions that are raised.

One of the things that we've heard is that if you are for children, then you must be against adults, or against parents, or against families. We start off with the assumption that our role is one to provide ways to be more supportive of the family unit, that we see the family as a primary nurturer of the child. What we are hoping to do is to provide for every child a wholesome nurturing family. If the families are in difficulty, we must determine how to provide the kind of support that keeps them intact. This is the best way to provide for the children.

I hope that answers some of your questions.

RELATIONSHIP TO U.N. ACTIVITIES

Senator CHILES. Would you clarify the difference between the U.S. National Commission for which you are seeking funds today, and the United Nations activities, which were proposed last year?

Mrs. YOUNG. There is an international secretariat that has been set up by the United Nation's Children's Fund. This secretariat serves as a clearing house for all of the commissions all over the world.

They have gone to some countries to help people get started. They provide resources and materials. They provide a way to stay in communication with each other. They gather information on programs and ideas on a worldwide basis, and share that information on request.

The National Commission is a Commission formed of private citizens appointed by the President, plus two Congressmen and two Senators. The Commission is looking at the needs of children within the United States.

We would be one of the other 150 commissions that are in other countries.

Senator CHILES. At the end of your commission's activities there will be no international report proposed, or international action?

Mrs. YOUNG. No, there is no plan to have any sort of international report. I think there will be a sharing of information from each country. But there is no mechanism, really, for producing an international report unless something came out of the Secretariat simply saying what was going on in the United States, this is what was happening in Germany, what was happening in Ghana, and so on.

STATISTICS

Senator CHILES. I see. Mrs. Young, your opening statement contains a long list of fairly dramatic statistics.

How are those statistics derived? For example, when you say that 17 million children in this country live in dire poverty, how is that number determined?

Mrs. YOUNG. It came from the Consumer Population Services of the Bureau of the Census for January 1976, and it was based, I believe, upon our poverty level.

Senator CHILES. And the 1 million victims of child abuse and neglect?

Mrs. YOUNG. That's from the U.S. National Center on Child Abuse and Neglect. That is part of HEW, the U.S. National Center on Child Abuse and Neglect.

Senator CHILES. How did you determine that 90 percent of the children who need mental health services cannot obtain them?

Mrs. YOUNG. That was in a publication called "The Status of Children—1977." That was also an HEW publication.

FUNDING

Senator CHILES. You are requesting a supplemental of $685,000 for fiscal year 1979. Can you guarantee us that there will be no further request for new budget authority in the fiscal year 1980 year?

Mrs. YOUNG. We see this as being all the funds that we could hopefully ask for, we do not have any intent whatsoever of coming back and asking for additional funds.

We are trying to generate private funds for some of our special projects, as I mentioned, because we do realize that there is no room in the budget for some of the things we feel are important to do.

Senator CHILES. The reason we ask that question, this committee over the years has seen a lot of commissions and somehow, most of them don't go out of existence on time, but often ask for repeated additional appropriations and wind-up funds. And we have had some that have been winding up for years.

Mrs. YOUNG. Well, we do commit ourselves to abiding by this budget and to completing our work in April 1980.

Ms. POMEROY. One of the virtues of the Commission is that it does see itself as winding down in April 1980, and terminating. We have no turf to protect.

We are trying to get all of the activities that we are involved in, housed some place else.

So, on the part of the Commission and staff itself, there is no intent to come back for further funding.

SUBMITTED QUESTIONS

Senator CHILES. That is a virtue. We thank you very much. We might have a couple of other questions that we will submit for the record.

Mrs. YOUNG. Thank you very much. We appreciate this opportunity.

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

RESPONSES TO SENATOR SCHWEIKER'S QUESTIONS

ON NATIONAL COMMISSION FUNDING

Sen. Schweiker: Last year the full Appropriations Committee specifically rejected appropriating funds for the National Commission for Fiscal 1979. Yet it has managed to operate nonetheless, by means of backdoor funding through the reprogramming of HEW funds appropriated for other purposes. And now you are requesting still another reprogramming for the next three months of operation. Why are you proposing to continue operating the Commission with reprogrammed funds instead of an appropriation? Why did you not request a supplemental appropriation until March 14th, when other supplemental requests were made in January? Won't you have to request yet another reprogramming in three months if we don't provide funds in a supplemental? What happens if we reject the current reprogramming request -- What alternatives do you have?

Mrs. Young: The National Commission has been operating on reprogrammed funds because the timing of the requests for authorization and appropriation were not consistent with the legislative cycle. As you are no doubt aware, the National Commission was authorized under Title 15 of the Elementary and Secondary Education Act, which was signed by the President on November 1. Since authorization is required before appropriations can be made, the timing was such that it was not possible for Congress to appropriate funds to the National Commission following the authorization. The authorizing permits the Commission to request of any executive agency such funds as may be useful to the fulfillment of the Commission's functions within the extent permitted by law.

It is not our preference to continue to operate on reprogrammed funds. As evidence of this we submitted a request for a direct appropriation in the President's FY '79 supplemental request. However, past history has indicated that such requests may not be acted upon

until late in the third quarter. Consequently, it was necessary to exercise our reprogramming options prior to the time a direct appropriation was possible. While the materials supporting the Presidential request were submitted to the Senate on March 14th, the request itself was submitted as a part of the President's request for supplemental appropriations. The backup material was not submitted until a hearing date had been set since it was not requested prior to that time.

If the current reprogramming request is approved, the Commission will have funds to carry on its activities until June 30th. If the request on a supplemental appropriation is not passed we would be in a position which would indicate a need for reprogramming. If the current reprogramming request is rejected, the Commission will not have funds to continue operating. If that were to occur, the Commission would then have to explore the alternatives. It has not done so up to this point.

Sen. Schweiker: What unique function does the National Commission serve that is not, or could not, be served by existing Federal, State and local agencies concerned with children? For example, why couldn't HEW's administration on children, youth and families carry out the Federal responsibility for observance of the International Year of the Child?

Mrs. Young: According to our authorizing legislation, the Commission shall promote "effective and significant observance in the United States of 1979 as the International Year of the Child." No other existing organization has such a mandate. Various government Departments administer programs to meet some identified need of children. These programs are usually focused on solving or ameliorating one specific problem or condition (nutritional deficiencies, neglect, education, etc.) None of them have as their primary purpose fostering a better understanding of all the special needs of children, or of celebrating this as a special Year of the Child. The National Commission does not

administer any direct service programs for children as do the Departments. In addition, it should be pointed out that the National Commission's mandate includes the involvement of groups for beyond those Federal agencies concerned with children. We are involved with an array of non-governmental organizations, state and local agencies, the business and labor communities and professional groups. One of our roles is to involve groups not directly concerned with children in order to stimulate within the United States a better understanding of the needs of children. Thus, governmental agencies with responsibility for particular programs would not assume the role and function mandated for the National Commission.

Sen. Schweiker: What is the total budget for the National Commission for its two years of operation? What exactly is this money to be used for? How much of that budget has been spent so far, and what has been accomplished to date?

Mrs. Young: Table A on page 2 of the budget justification which was submitted to you on March 14 indicates that the National Commission to date has received $788,000. Those funds already received, plus the current request from HEW to reprogram $235,000, plus the supplemental request for $685,000 constitute the total budget approved by OMB for the operation of the National Commission during its two years of existence. This is a total of $1,708,000.

Also submitted in the budget justification was a breakout by object class as follows:

Personnel Compensation	$ 361,000
Positions Other than Permanent	40,000
Personnel Benefits	37,000
Benefits of Former Personnel	16,000
Travel of Commission Members & Staff	37,000
Standard Level User Charges	34,000
Communications, Utilities & Other Rent	15,000

As its responsibility for the observance of the International Year of the Child in the United States, the National Commission has elected to initiate a national dialogue on the issues which confront our children. By delineating some major issues and posing some major questions, the National Commission is raising the awareness of the people of the United States and seeking their involvement in asnwering the questions and concerns they have about the lives of their own children. This dialogue will lead to action by the involved citizens in seeking solutions to these problems at the local level. In order to ensure that this dialogue will reach all parts of the country, the National Commission has involved over 300 non-governmental organizations who are promoting the Year of the Child activities through their organizations and constituencies. A list of these organizations has already been submitted for the record. In addition, the Governors in over 35 states have established contact people who are responsible for promoting and overseeing the IYC observance in their respective states. In addition, a number of corporations and business and labor leaders are involving their groups in International Year of the Child activities and in looking at the issues surrounding the lives of our children. Previously submitted for the record are samples of activities which have been stimulated by the National Commission. A further indication of the interest that has been generated by the National Commission this year are the 150 letters a day which are requesting information or assistance in observing the Year of the Child.

Sen. Schweiker: Congress is also being asked to provide $3 million for the next White House Conference on Children and Youth. According

the budget request, this Conference will "look to the future to identify needs and appropriate activities to be taken by society to meet the current and emerging needs of children and youth." This Conference is also to develop analytical papers, and publish a report after the Conference. It sounds like a duplication of what you plan to do -- is this the case, and if not, what is the difference between your function and that of the Conference staff?

Mrs. Young: White House conferences on children and youth are held every ten years, and serve a useful function in bringing people together to consider the needs of children. The National Commission, instead of bringing a relatively small group of people together, has a much broader mandate, that of stimulating a dialogue on all levels of American society that will raise public awareness of the needs of children and their families. In our opinion, the (existence) of this dialogue in 1979 will serve as a spectacular prelude to the efforts of the White House Conference on Children and Youth in 1980.

Sen. Schweiker: Your Preliminary Report to the President recites shortcoming in this country with services for children. It talks about the need for more day dare, better recreation programs, improved health and education services, and so on. Do you think any of this information is really new information? Could you cite for us information in your Report that you think is new data? Is this the kind of thing you plan to put in your final Report to the President next year?

Mrs. Young: No, the information cited in the Preliminary Report to the President is not new information and was not designed to be construed to be new information, since we specifically identify footnotes where the information was obtained. While some people in this country are quite aware of the information that we presented, many others are not. Consequently, rather than trying to develop new data, we think it is important that some of the data already available be more widely

disseminated. In addition, we think it is important for the citizens of this country to look at this information and analyze it in terms of the action they wish to take to solve the problems that have already been identified.

Since we are requesting that the people of this country engage in a dialogue about the issues of children, the final report to the President will include the feedback from this dialogue, indicating the wishes of the people of this country and how they view the information cited in the Preliminary Report to the President.

Sen. Schweiker: Your Preliminary Report also stresses the importance of involving the private sector in drawing attention to children's needs. But your budget shows that only 1% of the cost of the National Commission is supported by private contributions. Why is this?

Mrs. Young: It was not anticipated that it would be necessary for the private sector to finance the activities of the National Commission. Rather, it was assumed that Congressional authorization of the National Commission indicated a governmental commitment to assuring a national participation in the Year. It should be pointed out, however, that the private sector is contributing funds to activities dedicated to or in collaboration with the International Year of the Child. Thus, they are participating and providing a direct service to children and activities with and for them, although this contribution does not show up in our budget.

SUBCOMMITTEE RECESS

Senator CHILES. The subcommittee will stand in recess until tomorrow morning at 9:30.

[Whereupon, at 3:50 p.m., Tuesday, March 20, the subcommittee was recessed, to reconvene at 9:30 a.m. on Wednesday, March 21.]

LIST OF WITNESSES, COMMUNICATIONS, AND PREPARED STATEMENTS

A

Page

Alexis, Carlton P., Vice President, Health Affairs, Howard University 545
Anderson, Brian, Staff Coordinator, National Commission on the International Year of the Child 785

B

Bartell, Father Ernest J., C.S.C., prepared statement 93
Barth, Michael C., Deputy Assistant Secretary for Income Security Policy, Office of the Secretary 743
Beebe, Cora P., Director, Division of Planning and Budget, Office of the Secretary 1, 129, 193, 213, 245, 399
Benedict, Robert C., Commissioner, Administration on Aging, Human Development Services 546
Berry, Dr. Mary F., Assistant Secretary for Education, Office of the Secretary, Department of Health, Education, and Welfare 1, 129, 193, 213, 289, 333, 391, 399, 523
Prepared statements 14, 90, 393
Bohen, Frederick M., Assistant Secretary, Management and Budget, Office of the Secretary 743
Prepared statement 744
Boyer, Dr. Ernest L., Commissioner, Office of Education, Department of Health, Education, and Welfare 1, 129, 193, 213, 463
Prepared statements 4, 135, 194, 216, 427, 465
Brown, Cynthia C., Principal Deputy, Office of Civil Rights, Office of the Secretary 743
Bunting, Chuck, Deputy Director, Fund for the Improvement of Postsecondary Education, Office of the Secretary 1
Buzzell, Charles, Associate Commissioner for Occupational and Adult Education, Handicapped, Occupational, Vocational, and Adult Education, Office of Education 245

C

Castle, William E., Dean and Director, National Technical Institute for the Deaf, Rochester Institute of Technology 545
Prepared statement 555
Cattanach, Richard L., Assistant to the Dean and Director, National Technical Institute for the Deaf, Rochester Institute of Technology 546
Champion, Hale, letter from 703
Cheek, James E., President, Howard University 545
Prepared statement 553
Crowley, Francis 735

D

Delker, Paul, Director, Division of Adult Education, Handicapped, Occupational, Vocational, and Adult Education, Office of Education 245
Dingeldein, William, Director, Division of Education Budget Analysis, Student Financial Assistance 129, 193, 213, 333, 399

Page

Dukes, David V., Deputy Assistant Secretary for Finance, Office of the Secretary 743
Dunham, Daniel B., Deputy Commissioner, Handicapped, Occupational, Vocational, and Adult Education, Office of Education 245
Prepared statement 247

E

Eldridge, Marie D., Administrator, National Center for Education Statistics 1
Prepared statement 91
Ellis, John, Executive Deputy Commissioner for Education, Office of the Secretary 1
Estep, Roger D., Vice President, Development and University Relations, Howard University 545

F

Fairley, Richard, Director, Division of Education for the Disadvantaged 129
Forbush, Wilford J., Deputy Assistant Secretary, Budget, Office of the Secretary 1, 245, 289, 463, 505, 523, 545, 546, 665, 743

G

Garretson, Mervin D., Special Assistant to the President, Gallaudet College 545
Goldberg, Herman, Acting Associate Commissioner, State and Local Educational Programs, Office of Education 193, 505
Gonzalez, Jose M., Director, Office of Bilingual Education 129
Graham, Patricia Albjerg, Director, National Institute of Education 1, 523
Prepared statement 524
Gwirtzman, Milton S., Chairman, National Commission on Social Security 735
Prepared statement 736

H

Hans, Mervin, Executive Director, National Coordination Committee, Department of Labor 546
Hardy, Gladys Keith, Deputy Director for Management 523
Harris, Caspa L., Jr., Vice President, Business and Fiscal Affairs—Treasurer, Howard University 545
Harvey, Jasper, Director, Division of Personnel Preparation, Education of the Handicapped, Office of Education 289
Hays, Dick, Associate Commissioner, Office of Libraries and Learning Resources, Office of Education 463, 505
Prepared statement 507
Heineman, Benjamin W., Jr., Acting Assistant Secretary for Planning and Evaluation, Office of the Secretary 743
Herman, Robert, Associate, Bureau of Department Director, Education of the Handicapped, Office of Education 289
Heyer, Robert, member, National Council of Educational Research 523
Prepared statement 528
Hillman, Warren, Acting Director, Division of Planning and Budgeting, Student Financial Assistance 333
Hjelm, Howard, Director, Division of Planning and Budgeting, Handicapped, Occupational, Vocational, and Adult Education, Office of Education 245
Humphreys, Robert, Commissioner, Rehabilitation Services Administration, Human Development Services 546

J

Jordan, Jesse J., Director, Division of Equal Educational Opportunity Program Operations 213

K

Page

Klassen, Robert, Chief, Program Coordination Staff, Office of Libraries and Learning Resources, Office of Education 505
Kornfeld, Leo, Deupty Commissioner, Student Financial Assistance 333
Prepared statement 335

L

Lester, A. David, Commissioner, Administration for Public Services, Human Development Services 546

M

McAnallen, Thomas, Chief, Academic Facilities Branch, Division of Training and Facilities, Higher and Continuing Education 399
McDaniels, Garry, Director, Division of Innovation and Development, Education of the Handicapped, Office of Education 289
Martin, Edwin W., Deputy Commissioner for Education of the Handicapped, Handicapped, Occupational, Vocational, and Adult Education, Office of Education 245, 289, 463
Prepared statement 291
Martinez, Arabella, Assistant Secretary, Human Development Services 546
Prepared statement 578
Meador, Edward L., Director, Division of International Education, Higher and Continuing Education 399
Merrill, Edward C., Jr., President, Gallaudet College 545
Prepared statement 548
Minter, Thomas, Deputy Commissioner for Elementary and Secondary Education 129, 193
Morris, Thomas D., Inspector General, Office of the Secretary 743
Moses, Kathlyn J., Director, Urban School Initiatives, Office of Education 463
Moye, Alfred L., Deputy Commissioner, Higher and Continuing Education 399
Prepared statement 401

N

Nance, Paul K., Vice President, Business Affairs, Gallaudet College 545
Nolan, Carson Y., Vice President and General Manager, American Printing House for the Blind 546
Prepared statement 559
Norwood, Malcolm J., HEW Liaison Officer for the National Technical Institute for the Deaf, Bureau of Education for the Handicapped 546

O

Osborne, Ernest L., Commissioner, Administration for Public Services, Human Development Services 546

P

Parham, T. M. Jim, Deputy Assistant Secretary, Human Development Services 546
Pickman, James, Executive Deputy Commissioner for Resources and Operations, Office of Education, Department of Health, Education, and Welfare 1
Prepared statement 94
Pomeroy, Barbara, Executive Director, National Commission on the International Year of the Child 785

R

Ramirez, Blandina Cardenas, Commissioner, Administration for Children, Youth, and Families, Human Development Services 546

Page

Relic, Peter D., Deputy Assistant Secretary for Education, Office of Education ... 245, 463, 505, 523
Rhodes, George R., Acting Associate Commissioner for Equal Educational Opportunity Programs ... 213
Ross, Stanford G., Commissioner, Social Security Administration ... 665
Prepared statements ... 666
Ruscio, Domenic R. Deputy Assistant Secretary for Education (Education Resources), Office of the Secretary ... 1

S

Schuchman, John S., Vice President, Academic Affairs, Gallaudet College ... 545
Simches, Ray, Director, Assistance to States, Education of the Handicapped, Office of Education ... 289
Skelly, Thomas, Budget Office, National Institute of Education ... 523
Smith, William L., Director, Teacher Corps, Office of Education ... 463
Spearman, Leonard H. O., Associate Commissioner, Bureau of Higher and Continuing Education ... 399
Stern, Joyce, Budget Analyst, Division of Planning and Budgeting, Office of Education ... 463, 505
Stormer, William L., Director, Division of School Assistance in Federally Affected Areas ... 193

T

Tatel, David S., Director, Office for Civil Rights, Office of the Secretary ... 743
Timpane, Michael, Deputy Director, National Institute of Education ... 399

V

Voigt, Peter, Director, Division of Policy and Program Development, Student Financial Assistance ... 333

W

Williams, Lorraine, Vice President, Academic Affairs, Howard University ... 545
Williams, William H., Assistant to the Senior Vice President, National Technical Institute for the Deaf, Rochester Institute of Technology ... 545
Wolff, Bruce S., Deputy Assistant Secretary for Legislation (Designate) ... 129, 193, 213, 245, 545, 546, 665, 743

Y

Young, Mrs. Jean Childs, Chairperson, National Commission on the International Year of the Child ... 785

SUBJECT INDEX

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

AMERICAN PRINTING HOUSE FOR THE BLIND

Page

Research activities 576

EDUCATION DIVISION

Vocational education 394
- Goals 396

EDUCATION OF THE HANDICAPPED

Captioned TV news 296
Child count 293
- Accuracy of 304
- Patterns 302

Children in school system, additional 293
Comparison with prior years 294
Delays in expenditures, problems in 302
Mainstreaming 305
Obligations in fiscal year 1979 299
Plan approval, efforts to facilitate 301
Public Law 94–142 funds, delays in expenditures 299
State plans, approval of 301
Training program in Boy Scouts 298

ELEMENTARY AND SECONDARY EDUCATION

Basic skills improvement 133
Bilingual education:
- Future allocation alternatives for 132
- Mainstreaming 160
- Nonstandard English 153
- Relationship to title I migrant program 152
- Studies 162
- Teacher training 161

Disadvantaged, aiding 142
Education needs, rural 153
- Changes in, qualitative 154

English, focus on teaching 162
Enrollments, declining 157
- Closing schools or 158

Follow through and other discretionary programs 133
Migrant movement, trends in interstate 147
Migrant student record transfer system—MSRTS 145
Preschool and elementary programs 162
State agency programs:
- Proposed cap 143
- States with largest 144

Support and innovation 159
Telecommunications demonstrations 158
Texas-Washington credit exchange program 152

Title I: Page
Concentration grants ... 138
Incentive grants ... 141
Urban-rural distribution ... 139
Concentration ... 140
Volunteer programs ... 155

EMERGENCY SCHOOL AID

Consultant, definition of ... 231, 235
Consultants, use of ... 230
Contract activities ... 232
Court-ordered districts ... 223
Enrollments, minority ... 229
Evaluation, ESAA ... 229
Financial constraints, setting ... 235
Government money, spending ... 233
Isolated districts, geographically ... 218
Magnet schools ... 223
Creating a ... 225
Facilities ... 224
Neutral site schools ... 226
Planning projects, ESAA ... 223
Section 1522 districts ... 222
Supplemental appropriation, 1978 ... 214
Tansportation requirements ... 226

GALLAUDET COLLEGE

Budget request ... 553

HANDICAPPED, OCCUPATIONAL, VOCATIONAL, AND ADULT EDUCATION

Adult education funds, reduction in ... 263
Coordination with CETA ... 249, 256
Local ... 251
Curriculum, old versus general ... 261
Health training in secondary schools ... 254
Improvement, program ... 253
Labor market information ... 254
Lack of facilities ... 259
Minority youth education ... 259
Vocational education:
Data system ... 255
Use of ... 255
Evaluation of ... 252
Minority response to ... 261
Women in ... 262
Youth employment projects ... 250
Minority ... 258
Response to ... 257

HIGHER AND CONTINUING EDUCATION

Activities overseas, educational ... 414
Adult education ... 423
Architectural barriers, removal of ... 413
Assisting agencies ... 407
Bilingual education ... 424
Career education ... 421
Consortiums ... 409
Federal leadership ... 422
Gifted and talented ... 421
Handicapped, education for the ... 425

	Page
Paperwork:	
Oversight, HEW	418
Reduction	416, 419
Quality of education, improving	420
Reporting requirement, increased	417
Research perspective	422
Salaries	410
Strengthening developing institutions program, GAO report on the	406
Veterans' cost of instruction	414
HOWARD UNIVERSITY	
Beltsville campus	572
Graduate and communication schools	573
Medical school graduates	572
Student loan default	573
HUMAN DEVELOPMENT SERVICES	
Cost of meals	588
Declassification of social workers	593
Funds collected by projects, use of	587
Head Start	597
Enrollment	598
Formula	598
Percent of eligible children in	599
Hiring individuals, reasons for	596
Home-delivered meals, additional benefit	587
Inflation on aging programs, effect of	583
Minimum wage	597
Nutrition, aging	584
Nutrition program, purpose of	585
Outreach, need for	590
Rehabilitation:	
Construction	589
Number of	591
Research	589
Requirements for social workers	595
Rural aging programs	582
S. 2600, formulas in	592
Social service personnel, strategy for training	596
Social work training	592
Training of professionals	590
NATIONAL COMMISSION ON SOCIAL SECURITY	
Caseload, increased	741
Computer operation, modernization of	742
Mandate to conduct a review	740
Revenue funds, general	741
Separate Social Security Administration	741
NATIONAL COMMISSION ON THE INTERNATIONAL YEAR OF THE CHILD	
Activities	786
Background and purpose	785
Children's Advisory Panel	787
Funding	788, 790
Issues	785
Opposition to	788
Statistics	790
U.N. activities, relationship to	790

NATIONAL INSTITUTE OF EDUCATION

Page

Desegregation 533
Finance and organization, school 533
Improvements, management 532
Inschool dropouts 530, 535
Laboratory and center:
  Funds for 537
  Review 536
Literacy and good schools 532
Local practitioners, assisting 537
Major contributions 532
Panel recommendations, status report on 536
Reading skills 533
Research on education, impact of 534
  Additional impact on programs and schools 535
Source of product 535
Title I study 533
Useful work 531

NATIONAL TECHNICAL INSTITUTE FOR THE DEAF

Research 575

OFFICE OF EDUCATION

Biomedical sciences program 473
Health activities, coordination of 469
National diffusion program 474
Youth employment program 471

OFFICE OF LIBRARIES AND LEARNING RESOURCES

Library cuts, OE priority on restoration of 512
Library resources, reduction in request for 510
Public libraries:
  Funding 510
  Decrease, discussion of 513
  Office of Education request to HEW for 511
  Urban resource 514

OFFICE OF THE SECRETARY

Accessibility alternatives 773
Achievement, educational 2
  Decline in 20
Adolescent pregnancy initiative 778
Age discrimination 775
Athletic scholarships 782
Athletics policy, proposed 781
Basic skills program 23
Broadcasting, public 776
Cash management 766
Civil rights 764
Complaint mediation 776
Compliance cost, section 504 772
Compliance issues 767
Coordination with:
  Department of Labor 36, 775
  Other Federal agencies 97
Cost allocation 766
Costs for education—general 27, 29
Criticism of education programs 29
  Educational television progarms 30, 31
Data coordination 770

	Page
Data requests, reducing	772
Dissemination of successful projects	101
Education Commissioners, tenure of	37
Evaluation of education programs	22
Financial management improvements	766
Funding for education	2
Grant applications	42
Grant and accounting systems, modernization of HEW	766
Grants and contracts awards	40
Health care providers	773
Health insurance study	778
Improvements, adapting	102
Income and program participation, survey of	781
Income maintenance and health insurance experiments	777
Increase, $1 million	103
Intercollegiate athletics	774
Language skills, focus on	21
Management practices, strengthening	102
National Center for Education Statistics, function of	89
Departmental evaluation	98
Opportunities, extending effective education	99
Paperwork burden clearance	42
Paperwork clearance	769
Parental involvement in education	28
Policy research	765
President's commitment	17
Primary grades, focus on	24
Rand study	23
Reduction	25, 38
Redundancy and paperwork controls	98
Reporting requirements	771
Salaries and expenses	39
Supplemental	88
School and society	32
School principal, impact of	33
School:	
Data, use of	768
Survey	767
Sports, revenue producing	774
Effect of proposed policy	783
Programs	782
Strategy:	
Budget	20
Education	17, 19
Organizational	19
Student discipline	769
Student loan program—debt collection	33
Title I	22
Evaluation	26
Vocational education	35, 36
Agencies	770
Work, income, and retirement	779
Working populations, serving educational needs of	100

SCHOOL ASSISTANCE IN FEDERALLY AFFECTED AREAS

B-type children, funding of	195

Social Security Administration

	Page
Automated data processing security, improvements in	720
Central computer facility, program evaluation	728
Death benefit, proposal to eliminate the lump-sum	715
Demonstration projects, long-term care	703
Disability benefit cap	716
Disability insurance program, proposals to change the	716, 718
Error rate and action plan	713
Facilities improvements, field office	710
Field training for taking food stamp applications	710
Food stamp and SSI applications, concurrent filing	709
Hearings and appeals improvements	712
Low-income workers, effect of cap on	717
Overpayments, student	714
Quality assurance	712
Refugee:	
Assistance programs	703
Medical assistance for refugees	704
Resettlement of	709
Structurally inadequate offices	711
Welfare mission budget	701
Work incentives in the disability program	717

Student Financial Assistance

Basic grant program costs, CBO estimate	347
Collections, shortfall	342
Defaults by Federal employees	350
Guaranteed loan program, data on the	347
Jobs after training	352
Loans, direct	341
Proprietary schools	351
Reappropriation for 1980	344
Refunds	353
Self-help programs, grants related to	352
Student assistance, informing students of	346
Student treatment, independent	343
Summary, budget request	341