

the nature of apprenticeship the individual gains practical experience in production and receives related instruction. Thus, apprenticeship involves employment and contribution to production by the individual during training. Training produces a worker with all-around skills; assists in placement of workers and vastly increases a worker's flexibility in the job situation. With his new skills, the journeyman is able to contribute more to production than he otherwise would have been able to do. Furthermore, as a trained person he requires less supervision in his work resulting in lower costs and smoother lines of production.

(c) Effects on business or industrial organization and management; the stimulation of new business enterprises or expansion of existing ones; business location; and effect on competition.

In an industrial organization the journeyman as a skilled worker often stands in the key position of a translator between the engineers and scientists and the production workers. Frequently, he will perform the same role between the supervisor and production workers.

The journeyman's status has often proved to be a steppingstone to supervisory positions. In one study of former apprentices almost 20 percent had advanced to supervisory levels in a six year period as journeymen.²

After their training as apprentices, a considerable number have gone on to establish their own businesses. In one study of former apprentices almost 10 percent had established their own businesses in a period of six years after completion of training.²

(d) Effects on the stability, level, volume, or other aspects of employment, wages, costs, productions, sales, prices, or other phases of economic activity.

One of the most obvious advantages of apprenticeship programs to the individuals involved and the country is that skilled workers have a lower unemployment rate than unskilled workers. In October 1965, the unemployment rate for craftsmen was 2.1 percent, as compared with 4.5 percent for production workers and 6.5 percent for laborers. In a recent study of former apprentices, six years after completing their apprenticeship training 98 percent were employed.³

The skilled workers have greater continuity of employment. In a study of former apprentices, the majority were employed by the same employer under whom they served their apprenticeship six years earlier, and 93 percent had continued in an occupation within the skilled trades. Some 85 percent were in the same trade in which they had received training.

The skilled worker is a vital element in industrial expansion. Without skilled workers economic growth is impeded. Thus, an adequate number of trained workers is mandatory for continued expansion. When a shortage of trained workers exists, particularly in a period of rapid expansion, competition for their skills increases, resulting in higher production costs and inflationary tendencies.

(e) Other benefits.

For young men and some young women who do not go on to college after high school, the apprenticeship program offers one of the most significant avenues for career development open to them. Both on-the-

² *Career Patterns of Former Apprentices, Bulletin T-147, BAT, March 1959.*

job training and related instruction in a school situation equip them for valuable careers not customarily open to unskilled workers.

(f) Pertinent geographic differentials.

The apprenticeship programs attempt to develop skilled workers whose services are particularly in demand in an industrial setting. Accordingly, the majority of apprenticeship programs are developed in metropolitan areas where industry is concentrated. In some rural areas training is offered to a number of mechanics dealing with agricultural equipment and related machinery.

(g) Information not available.

(h) Several publications that have in part contributed to this report and relate to the present discussion include the following:

(1) *Apprenticeship and Economic Change*, U.S. Department of Labor, Bureau of Apprenticeship and Training, 1964.

(2) *Apprenticeship and Unemployment*, U.S. Department of Labor, Bureau of Apprenticeship and Training, 1964.

(3) *The Role of Apprenticeship in Manpower Development: United States and Western Europe*. Subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, United States Senate, 1964.

(4) *Toward Full Employment: Proposals for a Comprehensive Employment and Manpower Policy in the United States*. A report prepared by the subcommittee on Employment and Manpower of the Committee on Labor and Public Welfare, United States Senate, 1964.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Apprenticeship program.

Department or agency, and office or bureau: Department of Labor; Bureau of Apprenticeship and Training.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In thousands of dollars]

Federal Government:

Purchases of goods and services:

Wages and salaries-----	4, 826
Other -----	721

Total, Federal expenditures-----	5, 547
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Bureau of Employment Security

U.S. EMPLOYMENT SERVICE AND AFFILIATED STATE EMPLOYMENT SERVICES

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

a. To provide a broad spectrum of employment and manpower services—such as counseling, testing, placement, referral for rehabilitation and employability development, and job market information—without regard to race, creed, age, color, sex, or national origin.

b. To aid *jobseekers* to get suitable jobs in line with their skills and experience.

c. To aid *employers* to get well qualified workers to fill their replacement and expansion needs and to provide them with related services.

d. To assist in the development of human resources through training, and identification of need for and referral to other employability development services, and in better utilization of these resources.

e. To aid in the development and expansion of employment opportunities through cooperative action with all appropriate agencies and groups at local, State and national levels, to enhance the Nation's economic stability and growth.

f. To devise feasible plans for and maintain operational readiness to meet manpower needs in times of national disaster or defense emergency.

2. Operation

The Federal-State employment service system is a nationwide network of nearly 2,000 local employment offices financed by Federal grants and administered by State employment security agencies.

The *Federal* partner in this system, the United States Employment Service—one of the three major services within the Bureau of Employment Security of the U.S. Department of Labor—performs the following functions with the assistance of personnel stationed in 11 regional offices: develops policy and standards for the organization and operation of the Employment Service system; provides guidelines and technical assistance to State agencies and local offices in the conduct of their operations; maintains a system for recruitment and placement between States; participates in preparing budgets and makes allocations to State agencies for ES operations; collects and analyzes a variety of occupational, test, job market and related technical data on a nationwide basis; prepares occupational tools and publications, etc.; provides leadership and guidance for operational research for the benefit of workers, employers, and communities affected by automation and technological change; reviews and evaluates operations and provides guidance for improvement; maintains an Employment Service for the District of Columbia.

State agency staff provides administrative and technical leadership and assistance for the conduct of day-to-day program activities of the State office and the local offices, control financial management and statistical reporting programs, and provides administrative support services.

Local public employment offices provide a multitude of services, including: registration, counseling, and testing of job applicants; placement and job development; special services to applicant groups with unusual job-finding problems; interarea and interstate recruitment and placement; gathering, analysis, and publication of job analysis and job market information and providing such services; identifying training needs and recommending and helping develop manpower training programs; recruiting, screening, testing, counseling, and referring youth to training programs and work-training such as Job Corps and Neighborhood Youth Corps; identifying need for and referring job seekers to rehabilitative services of other agencies to help develop employability; and participating with community groups, employers, labor organizations, educational institutions and other groups in planning and developing programs to help meet local manpower problems.

Funds appropriated by the Congress for the administration of the system are apportioned among the State agencies in accordance with

their needs. Following guidelines established in the national office, the States, in turn, allocate their funds among their central office operations and local offices in the manner deemed to best serve the work force of the State.

3. History

The public employment service, established by the Wagner-Peyser Act in 1933, is responsible for developing and maintaining a national system of employment offices to provide counseling and placement services for men, women, and juniors legally qualified to engage in gainful work, and to carry out related basic functions which are involved in manpower development and utilization.

Established during the Nation's greatest economic depression, the Employment Service was most concerned in its earliest years with finding jobs for as many workers as possible, in public as well as in private employment. The public employment service was responsible for referring unemployed workers to the relief and public works programs established in the 1930's. Passage of the Social Security Act in 1935, with its provision for State unemployment insurance programs, placed upon the Employment Service another responsibility—that of providing "work tests", necessary for determination of worker eligibility for unemployment benefits. Similar responsibility was placed on the Employment Service by subsequent legislation extending unemployment insurance coverage to Federal employees and to returning servicemen after World War II and the Korean Conflict, i.e. registering these workers as a condition of eligibility for benefits and for assisting in their job market adjustment.

From its earliest years, the Employment Service program extended beyond that of a mere labor exchange. Even in the depression years, there were some skills for which there was an unmet demand in some areas, and an inter-area clearance system was developed to help meet this need. An occupational research and a test research program had been developed by 1935. Placements of handicapped workers were first reported as a separate item in 1940.

In the first half of the 1940's, and in the early 1950's, when the Nation was committed to a major defense effort, the Employment Service was responsible for recruiting, screening, and placing workers in defense and essential civilian employment, and for identifying critical occupations. In both periods, the urgency for the most efficient utilization of the work force resulted in the development of new techniques in job analysis and in counseling and testing, and in the improvement of inter-area recruitment activities and job market information programs.

Following passage of the Employment Act of 1946, the Bureau of Employment Security was called upon to furnish the Council of Economic Advisers with regular reports on employment conditions on a labor area basis as one measure of the Nation's economic health. In that same year, the Employment Service pointed out the need for an intensive employment development effort in areas of chronically high unemployment.

In the second half of the 1940's, the public employment service was assigned responsibility for providing extensive counseling, testing, and placement services for veterans and for former defense workers, as it was again after the Korean Conflict. In 1946, the Employment Serv-

ice adopted the Six-Point Program, as a guide to its post-World War II activities. The Six-Point Program called for the following emphases: an effective placement service; employment counseling; special services to veterans; industrial services to employers, labor, and other groups; labor market analysis and information; and community participation—that is, cooperation with community organizations and government agencies in community employment planning and programs.

The 1950's were years not only of defense-directed and later peacetime readjustment efforts, but also of the beginning of Employment Service responsibility in connection with the entry of foreign workers into the United States and for job-placement assistance to refugees, the expansion of services to professional workers, for intensive service to various special worker groups, and for the improvement of many of its techniques and services. Recurrent recessions in the second half of the 1950's, with their varying impact upon different segments of the labor force and different job markets, caused the Employment Service to focus attention upon those groups and areas most affected.

In the 1960's, there has been an unparalleled flow of manpower legislation and other legislation affecting workers, and the public employment service has had a major role in its implementation. This has involved the job market information program, and the provision of such services as counseling, testing, referral, and placement. The public employment service is performing these functions in support and implementation of manpower development and training, anti-poverty and economic development programs.

4. *Level of operations.* (See table 1.)

Program: U.S. Employment Service and Affiliated State Employment Services.
Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 1.—*Level of operations or performance, fiscal years 1964–67*

Measure	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 estimates	Fiscal year 1967 estimates
(a) Magnitude of the program (thousands): ¹				
All programs, excluding MDTA:				
New applications	10,819	10,774	11,739	12,030
Total counseling interviews	1,871	1,827	2,601	2,920
Job tests	2,182	2,246	3,000	3,190
Placements, nonfarm	6,431	6,298	6,491	6,635
All programs, including MDTA:				
New applications	10,924	10,944	11,958	-----
Total counseling interviews	2,008	2,115	2,990	-----
Initial counseling	1,189	1,247	1,800	-----
Job tests	2,338	2,482	3,287	-----
Nonfarm placements	6,454	6,330	6,524	-----
Youth Program: ²				
New applications	3,650	4,103	5,100	5,250
Initial counseling	690	748	1,000	1,185
Nonfarm placements ³	1,554	1,665	1,781	1,915
Older worker program: ²				
New applications	1,867	1,702	1,700	1,775
Initial counseling	122	116	150	180
Nonfarm placements	1,306	1,247	1,259	1,281
Handicapped program: ²				
New applications	453	451	450	470
Initial counseling	158	156	160	190
Nonfarm placements	282	278	295	305

See footnotes at end of table, p. 398.

TABLE 1.—*Level of operations or performance, fiscal years 1964-67—Continued*

Measure	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 estimates	Fiscal year 1967 estimates
(a) Magnitude of the program—Continued				
Selective Service rehabilitants ^{2 4}				
Initial interviews.....	28.6	52.6	(⁵)	(⁵)
Total counseling interviews.....	22.2	33.2	(⁵)	(⁵)
Initial counseling.....	16.8	21.4	(⁵)	(⁵)
Nonfarm placements.....	2.6	7.6	(⁵)	(⁵)
Enrolled in MDTA and ARA training. Referred to other agencies (health, wel- fare, educational, or the Job Corps).....	.3	1.9	(⁵)	(⁵)
Employers, employing establishments plac- ing 1 or more job orders with the Em- ployment Service.....	(⁶)	.3	(⁵)	(⁵)
	1,010.4	1,045.4		
(b) Applicants or participants:				
State governmental agencies (States, territories, and District of Columbia).	54	54	54	(⁷)
Local offices total (number of full-time ES offices).....	1,706	1,768	(⁷)	(⁷)
Youth Opportunity Centers ⁸ (sepa- rate local offices for youth).....	(⁹)	36	57	(⁷)
Mobile teams (rural):				
Number of separate teams.....	14	14	16	(⁷)
Number of rural communities served.....	22	38	60	(⁷)
Number of States involved.....	14	14	16	(⁷)
Individuals or families. (See data in "Magnitude of the program," above). Other: economic development groups with which ES works.....	10 3,399			(⁷)
(c) Federal finances for grants to States (thousand dollars) ¹¹ :				
Unobligated appropriations available ¹² .	369	7,850		
Obligations incurred.....	160,406	175,895	218,445	254,450
Allotments or commitments made.....	(⁷)			
(d) Matching or additional expenditures.....	(⁷)			
(e) Number of Federal Government employees administering operating, or supervising the activity (positions in Employment Service for District of Columbia).....	212	215	285	290
(f) Non-Federal personnel employed.....	21,864	22,651	28,946	29,101
(c) Federal financing for Federal Government activities (dollars): ¹¹				
Unobligated appropriations available.....		71,973		
Obligations incurred.....	7,254,567	8,166,755	9,000,200	10,669,000
(d) Matching or additional expenditures for the program.....	(⁷)			
(e) Number of Federal Government employees administering, operating or supervising the activity.....	671	698	706	793

¹ Placements exclude applicants holding acceptances.² Included in "All programs including MDTA."³ Does not include Neighborhood Youth Corps.⁴ Program for Selective Service rehabilitants did not begin until mid-February 1964.⁵ Reliable estimates cannot be given for these programs because they have not operated long enough to reveal a pattern.⁶ Reporting of this item began in fiscal 1965.⁷ Information not available.⁸ Included in count of "Local offices total."⁹ Not established.¹⁰ Data collected every 2d year.¹¹ Trust fund financing.¹² The unobligated balance was prorated to the Services (Employment Service, Unemployment Insurance Service and Farm Labor Service) on the basis of expenditures. It is not possible to identify the unused contingency amount by Service.

5. Estimated magnitude of program in 1970

By 1970 about 13 million individual job seekers can be expected to file applications with the Employment Service. Many of these may need vocational training to qualify for available job opportunities. As many as 230,000 other persons will file applications specifically seeking opportunities for manpower training. Counseling services will be provided to between 2.5 million and 2.8 million individuals who are having difficulty in choosing a field of work, who have job adjustment problems, or who are seeking assistance in choosing train-

ing in fields for which they have potential for success. Counseling interviews for these individuals will aggregate about 4.5 million. About that number will take aptitude, proficiency, or related tests which will help in making choices of jobs, careers, or vocational training. Over 7 million nonagricultural placements are expected to be made by the public employment service in 1970.

These assumptions of Employment Service operating activity are based on an estimated labor force of about 86 million workers by 1970. The economy will be a dynamic one with changing manpower problems, industry relocations, and changing skill demands, due both to technological reasons and to shifts in consumer and industrial patterns. There will be greater recognition of the peculiar employment problems of different segments of the work force including older workers, inexperienced and untrained youth, school dropouts, workers with obsolescent skills, minority groups, and veterans who have served our Nation in recent years.

6. Prospective changes in program orientation

a. Some important changes in the Employment Service program, legislative and other, are expected to result from the recommendations of the Employment Service Task Force. In October 1965 the Task Force was created by Secretary Wirtz for the purpose of reviewing the programs of the U.S. Employment Service. A comprehensive review was assured by the membership of the group which consisted of well known persons from the fields of education, philanthropy, business, religion, unions, and industrial relations. The Task Force submitted its findings and recommendations to the Department in January 1966.

In his charge to the Employment Service Task Force, Secretary Wirtz pointed out that the Wagner-Peyser Act of 1933, the basic legislation under which the Employment Service operates, is well over 30 years old. It is deemed time to review operations with a view to effecting needed improvements to gear the Employment Service to become the "front-line agency for translating manpower, education and training, and war-on-poverty policy" into appropriate action.

Dramatic changes have taken place in the Nation's economy and labor force in the past three decades which have affected all facets of the job market. Among these are technological advances, the sharp growth in size and important shifts in composition of the labor force, and changing patterns in consumer demand. These longer-range economic events plus recent legislation, especially in the efforts to eradicate poverty, have created a whole new perspective for and a challenge to the Employment Service to contribute to the well-being of individuals and the Nation.

Moving from its original concept of a simple labor exchange—a place where unemployed workers sought jobs and employers with job vacancies sought workers—the Task Force proposed that the Employment Service must now be considered an agency which can provide comprehensive manpower services through the 2,000 local public employment offices.

Local offices in each community must become Manpower Service Centers with services tailored to meet the needs of the community:

For the *individual*, the center must provide information on (a) the world of work locally and in other areas, (b) actual job oppor-

tunities to which he can be referred, (c) opportunities for training or retraining if this is needed to improve his employability. It should help him determine through counseling, testing, and other services what immediate and long-range occupational or other goal is most suited to his interests and capabilities. It should reach out to serve the needs of those who are disadvantaged economically and educationally to help them prepare for, obtain, and hold jobs.

For the *employer*, the center must provide aid in solving his particular manpower problems. It may mean recruitment of a large number or a small number of workers—from professional to unskilled categories. It may mean assistance with an out-of-area recruitment campaign or in-plant manpower planning, such as guides for reducing high turnover. It means providing him with accurate manpower information about trends in employment and unemployment in his area and beyond.

For the *community*, the center should serve as the coordinator of government training programs to the end that they turn out workers with skills that are needed when they are needed. It should help each community understand its current economy and its potential for the future in terms of both industrial development and manpower development. This requires information on occupational changes, nature of jobs, economic trends, employment and unemployment.

To meet the challenge of providing comprehensive manpower services, the Task Force report to the Secretary made a number of recommendations. Among the more important ones were the following:

1. A new legislative mandate should be sought to clarify the role and mission of the Employment Service.

2. A separate, identifiable Employment Service should be established with administrative and physical separation from unemployment compensation activities.

3. Special efforts should be extended by the Employment Service to reach out to persons in need of specialized manpower services to improve their employability.

4. The Employment Service should serve in a coordinating role to implement various government training programs.

5. Personnel in the Federal-State System should be strengthened by raising hiring and promotional specifications and salaries.

6. Training and development of personnel should be expanded through more and better orientation, in-service and out-service training, tuition refund, and educational leave.

7. Exploration should be undertaken of ways and means of facilitating mobility of personnel within the Federal-State System to develop employees' competencies and enable the System to draw more effectively on all its resources.

8. Improvements should be made in the methods of development and dissemination of labor market information through better research methods and operating procedures.

9. The current inter-area recruitment program should be strengthened and the feasibility of utilizing automatic data processing in this program should be explored in depth.

10. Employment Service operations should be financed not only from the Federal Unemployment Tax Fund (as is done at the present time) but also from general revenues.

Subsequent to the acceptance of the Task Force Report by the Secretary of Labor, the Department has been analyzing its recommendations with a view to determining the best methods of implementing them. Many of the Task Force provisions will be covered by legislation soon to be proposed by the Administration to the Congress. Others will be put into effect through administrative action.

b. A proposal has been made to set up an organizational unit and to add staff specifically to carry out the enlarged E.S. workload and responsibilities for the Department of Labor related to immigration. Public Law 89-236, October 3, 1965 (the 1965 Amendments to the Immigration and Nationality Act) requires that each alien desiring to enter the United States as an immigrant to perform skilled or unskilled labor obtain a certification from the Department of Labor prior to issuance of a visa.

There is also a proposal to enlarge the administrative organization and technical services provided for the youth employment and guidance services of the Employment Service.

c. The total labor force is expected to grow from about 77 million in 1964 to 86 million in 1970. Even though the rate of unemployment is expected to decline, with a growing labor force and our highly complex and ever-changing job markets, many persons will be seeking jobs for the first time, others will be changing or be displaced from jobs, moving from part-time to full-time employment, or seeking opportunities for better utilization of their skills. These will be among the estimated 13 million job seekers who will be filing new applications with the public employment service by 1970. The primary responsibilities of the Federal-State employment service system will continue to be to provide job seekers and employers with job market information, counseling services, local and inter-area placement services to facilitate the matching of workers and jobs, and to identify, work with or refer to appropriate agencies, workers who need training or other services to improve their employability for current and anticipated job opportunities. The Employment Service will give increasing emphasis to reaching out and serving disadvantaged workers in the labor force in accordance with the intent of the Congress in legislation enacted in the last four years. The public employment service is involved in the implementation of many of the provisions of this legislation (as listed in response to questions 7 and 8).

Complex job finding problems will face job seekers in the Nation's metropolitan areas. Training and employment problems resulting from increased urbanization and the in-migration of low-income groups and nonwhite workers to central areas of large cities will require highly personalized job development efforts. Equally difficult employment problems will face lower income workers and the poor in rural communities and small towns in which there are no local public employment service offices to provide services readily. Such areas often also lack other institutions and resources for employability development, as adult education and health services. Increasing recognition will need to be given to specific area and regional needs for economic development, and when necessary, action programs will have

to be undertaken to overcome problems of large-scale unemployment and underemployment.

Population in the 16-21 year age group will continue to exceed the rate of growth for the total population. The number and complexity of employment problems encountered by these young people, particularly those at a disadvantage in education, will require comprehensive counseling services to help them in determining fields of work for which they have potential and the types of academic or vocational training necessary to improve their employability. They will need specialized employment service assistance to find and hold suitable jobs.

Older workers, members of minority groups, and the handicapped—many of whom make up the hard-core unemployed—who are least able to migrate in search of new jobs, who are underemployed, whose skills are outdated, or who lack education required for job opportunities will require specialized employment and training services tailored to their particular needs.

A sharply increasing number of military retirees who are mostly in the older worker group are joining the labor force each year. Many of them will require specialized employment service assistance to find opportunities which will utilize the skills that they developed during their military careers.

By 1968, employers of 25 or more persons will be covered by the provisions of the Civil Rights Act of 1964. This means a five-fold increase in the number of employers to which the provisions are applicable compared with 1965 when employers of 100 or more were covered. In finding qualified or potentially qualified workers and helping employers comply with this Act, additional responsibility will be placed upon the public employment service.

There will be increasing demands to provide training activities geared to available or potential job opportunities, to undertake and carry out community economic development, and to provide meaningful counseling and other actions essential to the matching of workers and jobs. These activities cannot be carried out effectively without extensive and up-to-date job market and occupational information. There will be increasing need for job vacancy and manpower requirements and labor supply information by occupation, industry, and area.

Technological changes will continue to call for the cooperation of employers in providing early warning of changes to come. The collection, processing, and flow of such information will need to be accelerated by the use of modern data processing and communications equipment. Changes in old occupations and emergence of new occupations will require that job descriptions be kept up-to-date and be widely disseminated to employers, workers, educators, community planners, and those concerned with economic development and the implementation of an active manpower policy. Employment counseling and job market information for workers affected by technological changes, and who must be retrained to meet changing occupational requirements, will have to be improved and expanded to reach more of those who need service.

If the current downward trend in the unemployment rate should continue, shortages can be expected in professional, technical, and

skilled occupations and even in some clerical fields. It will be necessary to make better utilization of workers' skills in these fields, or of those who might enter them after short-term training periods. The methods for facilitating the movement of qualified workers to places where suitable job openings exist will need to be improved. In certain industries, such as those that offer services, there will be increasing demands from a growing population seeking a higher standard of living. Service and other jobs which employers are finding difficult to fill will need to be improved so that workers who are now reluctant to take them will find such jobs a satisfactory means of earning a living. With the expansion of vocational rehabilitation, training, and educational opportunities for the handicapped, increasing numbers of such persons can be expected to enter the labor force. They will want assistance in finding job opportunities to which they can match their skills and abilities.

To meet the emerging needs of our changing economy and a growing population and labor force, the public employment service has become a many-faceted enterprise. It will continue to adapt its operations to meet the technological, economic, and social changes which are anticipated for fiscal 1970.

7. Coordination and cooperation

Because the public employment service consists of the United States Employment Service, a segment of a Federal Bureau, agencies in 50 States, three territories, and the District of Columbia, and roughly 2,000 local offices operated by these agencies, it is difficult to delineate the innumerable cooperative relationships with public and private organizations and groups. We have, however, attempted to mention in the paragraphs which follow some of the more important groups and the Employment Service relationship to them.

a. Within the Bureau of Employment Security (of which it is a major organizational part), the Employment Service works closely with the Unemployment Insurance Service, the Administration and Management Service, and the Farm Labor Service.

For example, the ES works with the UIS on procedures to maximize claimants' exposure to employment opportunities and reports its actions to UIS for use in improving the administration of benefit payments. It works with the A&MS in developing and preparing materials on standards and training for employment security system staff. It works with the FLS on providing staff for the Smaller Communities Program mobile teams to insure that full employment services are extended to rural and farm areas. It works with staff in the Bureau Administrator's Office concerning legislative proposals.

b. With other Bureaus and Offices of Department of Labor:

(1) *Departmental Offices and Departmentwide Committees:*

Represented on Committee on Foreign Economic Policy and makes recommendations on proposed tariff changes which would adversely affect employment of U.S. workers.

Department's Field Operations Group meets regularly to keep all agencies advised of new programs, and policies affecting their respective organizations, especially as they relate to field operations.

Office of the Solicitor to obtain legal opinions on the many facets of ES operations.

The Coordinating Committee on Manpower Research provides a forum for the interchange of information on proposed new manpower research projects and a mechanism for eliminating overlap and duplication.

Through the Office of Statistical Coordination, obtains Department clearance on all new or revised statistical reporting procedures and instructions.

Interdepartmental Task Force on Rural Youth which is responsible for some pilot programs of concentrated action for rural youth.

Office of the Special Assistant to the Secretary for Equal Opportunity in Manpower Programs to help insure nondiscrimination in ES operations.

Office of Federal Contract Compliance in assisting compliance officers and employers who have problems.

Every organizational entity in the Department in connection with emergency manpower plans and procedures.

(2) *Bureau of Labor Statistics:*

Jointly finances the Current Employment Statistics (CES) program to compile data on current employment of wage and salary workers and hours and earnings data on production workers and the Cooperative Labor Turnover Statistics (CLTS) program to gather data on separations and accessions of workers.

Collaborates on gathering data for the Job Vacancy Information program.

Currently negotiating for collection of data on a special household survey of unemployed.

To obtain current employment data on youth of working age.

In the preparation of materials for BLS Occupational Outlook Handbook.

In research on factors affecting the employment of special worker groups.

(3) *Neighborhood Youth Corps:*

Direct involvement and continuing day-to-day relationship whereby local employment office or Youth Opportunity Centers:

Recruit, screen, counsel, select, and refer potential enrollees for NYC projects.

Provide services for NYC enrollees upon completion of work-training, including referral to further training or to jobs.

Provide information on local employment and training opportunities.

(4) *Bureau of Apprenticeship and Training:* At every working level, ES personnel work close with their BAT counterparts—i.e., Federal Bureau, Regional, State, and local. Specifically—

In setting up and operating Apprenticeship Information Centers in Youth Opportunity Centers where young people can obtain at one central and easily accessible point available information on apprenticeship requirements and enrollment.

In developing apprenticeship opportunities for special worker groups.

In the exchange of information relative to training needs for special trade associations and business or industrial firms.

In release of General Aptitude Test Battery (GATB) and proficiency test scores for Joint Apprenticeship Councils.

In screening candidates for OJT projects.

(5) *Wage and Hour and Public Contracts Division:*

In referring to appropriate WHPC office handicapped persons who may qualify for certificates to work at a rate below the minimum wage.

In determining through its information on the supply of experienced workers in an occupation in a community, whether employers should be granted learner's certificates.

(6) *OMPER:*

In the review of proposals for research related to the handicapped, older workers, minority groups, etc., and in carrying out Department of Labor responsibilities under the provisions of manpower training legislation.

In carrying out provisions of the Immigration and Naturalization Act.

(7) *Bureau of Labor Standards:*

In determining suitable working standards for employment of youth.

To insure that placement of youth is in line with child labor laws and standards.

In assisting beneficiaries of workman's compensation to find suitable work.

(8) *Bureau of Employees' Compensation:* In assisting BEC beneficiaries to become rehabilitated and to find suitable employment.

(9) *International Labor Affairs Bureau:*

To assist in recruiting specialists to serve overseas in technical positions.

To assist in the coordination of training of foreign technicians in this country.

c. With other Federal Government Departments and Agencies:

Executive Office of the President:

(1) *Bureau of the Budget:*

Member of Interdepartmental Committee on Occupational Classification sponsored by BOB to promote comparability of statistics on occupations gathered and published by all government agencies.

Members of Federal Committee on Standard Metropolitan Statistical Areas concerned with establishment of standards which enable all Federal statistical agencies to use same criteria for collection and publication of data.

Member of Technical Committee for Standard Industrial Classification concerned with uniform standards for classification of business and industrial establishments.

(2) *Central Intelligence Agency:*

Under an agreement, USES is responsible for administering tests for recruitment of foreign service personnel.

(3) *Office of Economic Opportunity:*

Working through State ES agencies to facilitate a variety of joint actions with local Community Action Program groups.

Under terms of a formal agreement, the Employment Service is responsible for recruiting, screening, and referring

male youth (16-22 years of age) to the Job Corps. Also informally refers young women to Women in Community Service for screening for Women's Job Corps centers.

(4) *Office of Emergency Planning*: Member of Surplus Manpower Committee—which implements Defense Manpower Policy No. 4—which extends preference in Federal procurement to areas of heavy unemployment as classified by the Bureau of Employment Security, Department of Labor.

(5) *Administrative Office of the U.S. Courts*: Works with Probation Division in providing counseling and placement services to prison releasees and probationers.

Other departments:

(1) *Agriculture*: Works through the Federal Extension Service (4-H Clubs) to reach rural youth in need of job training or placement assistance. Participates continuously in conferences and meetings to provide this group vocational guidance.

(2) *Commerce*:

Bureau of the Census: Provides field interviewing services for special surveys of employment and unemployment.

Bureau of Public Roads:

ES & BPR working on agreement whereby contractors (and subcontractors) on road projects in Appalachian Region give preference in hiring to qualified residents in area or other Appalachian counties of the State where project is situated.

Working with the *Economic Development Administration*—the agency charged with implementing the Public Works and Economic Development Act of 1965. Finds facts that lead to designation of areas eligible for assistance on the basis of substantial and persistent unemployment; determines areas eligible for public works assistance only, under Title I, on the basis of substantial unemployment; finds facts related to situations where there is an unusual and abrupt rise in unemployment.

Plays a major role in the *President's Job Development Program for Service and Related Occupations*, especially through local employment service office promotion and publicity drives supported by State and national office efforts.

Cooperates with the Department of Commerce and spearheads campaign for summer jobs for youth (Youth Opportunity Campaign).

(3) *Defense*:

Member of Interagency Select Advisory Committee to the Secretary of Defense which was set up to identify and coordinate Federal resources to assist communities affected by military cutbacks.

Maintains liaison with Department of Defense Economic Adjustment and the Civilian Personnel Branches of the Army, Navy, and Air Force to minimize manpower disloca-

tions in areas of military cutback, working through State ES agencies.

Works with Department of the *Army* Corrections Branch and the Department of the *Navy* Corrective Services Branch in providing counseling and placement services to prison releasees and probationers.

Under a formal operating agreement, cooperates with DOD in recruiting teachers and other employees under USES professional placement and other programs.

Works with DOD in a continuing program to help place Retired Military Personnel.

Pursuant to the "Armed Forces Procurement Regulations" (1962), the DOD encourages its contractors to utilize, to the extent practicable, ES State and local offices locally and through the interarea clearance system.

(4) *Health, Education and Welfare:*

Office of Education:

Through a liaison committee, implements provisions of cooperative agreements between State vocational education agencies and State employment services, pursuant to the Vocational Education Act of 1963.

Works with OE in coordinating services to special worker groups.

Programs to assist school dropouts and other needed services for youth.

Works with HEW in providing services for refugee groups, such as Cubans, through inter-area recruitment system.

Implements Employment Service responsibilities under the provisions of the MDTA and other manpower training legislation.

Children's Bureau: Cooperates in providing materials and information on guidance and placement of youth.

Social Security Administration:

USES supplies consultant service on occupational information to an advisory group on the Vocational Aspects of Disability Operations of the SSA.

Works with SSA in coordinating services to special worker groups.

Vocational Rehabilitation Administration:

ES works continuously in counseling, testing, and referral of handicapped persons to suitable rehabilitative services, education, or training facilities and to job opportunities, and in the administration of special tests to the blind.

Under a formal cooperative agreement, works with VRA in coordinating services to special worker groups.

(5) *Interior:*

Bureau of Indian Affairs: Under a formal cooperative agreement, works with BIA to assist in expanding training and employment opportunities for Indians.

Office of Territories: Works with territorial governments of Guam and the Virgin Islands in implementing the Immigration and Naturalization Acts.

(6) *Justice:**Bureau of Prisons:*

Works with BP in providing counseling and placement services to prison releasees and probationers.

Under an agreement, USES releases results of prison inmates' GATB or proficiency or aptitude tests to prison officials (usually counselors or psychologists) to facilitate inmates' rehabilitation.

Immigration and Naturalization Service: Works intensively and extensively with I&NS in the implementation of the I&N Acts of 1952 and 1965, especially regarding skills and aliens seeking permanent residence in the United States.

(7) *Post Office:* Service to PO in recruiting extra personnel for vacation replacement and for Christmas seasonal work.

(8) *State:**Agency for International Development:*

Provides technical training on functions of manpower programs for which USES has responsibility to technicians from developing countries.

Works intensively with D/S in implementation of the Immigration and Nationality Acts of 1952 and 1965.

Under agreement with the Department of State, USES is responsible for administering tests for use in recruiting certain foreign service personnel.

Independent agencies and selected boards, committees, and commissions:

(1) *Appalachian Regional Commission:* Implements and coordinates intent of Appalachian Regional Development Act in use of local labor. (See notes under Commerce—Bureau of Public Roads.)

(2) *Atomic Energy Commission:* Close relationship with Office of Economic Impact and Conversion and the Labor Relations Unit to keep abreast of impending employment changes at AEC installations and, through State and local offices, minimize the impact of such changes.

(3) *Railroad Retirement Board:* Through a cooperative agreement, ES participates in efforts to help find employment for laid off railroad workers and, when needed, in filling the manpower needs of railroad employers.

(4) *Selective Service System:* BES—USES has major coordinating and implementing responsibilities for carrying out the Manpower Conservation Program which involves intensive rehabilitation efforts for persons rejected by Selective Service for such reasons as lack of education, primarily through counseling and referral to an education or training facility, and then job-finding service.

(5) *Small Business Administration:* Example: Cooperated with SBA in preparation of a management aid "How the Public Employment Service Helps Small Business."

(6) *U.S. Civil Service Commission:*

Under a formal cooperative agreement, works with CSC to further employment opportunities of special worker groups in Federal establishments.

Cooperative agreement with CSC which requires Federal agencies to use local ES offices when engaged in "positive recruitment" (i.e., seeking out applicants through publicity and personal contact).

Under an agreement, CSC permits Federal agencies to hire, without retesting, clerical applicants who have been tested by the Employment Service.

(7) *Veterans' Administration:*

ES works with VA in providing services to returning servicemen, with special attention to youth without marketable skills.

Under a formal cooperative agreement, works with VA in assisting handicapped and older veterans to find and hold employment.

Works with VA by releasing tests to VA hospitals for use in its vocational counseling programs.

(8) *President's Task Force on Community Assistance:* Through USES membership on this Task Force, the resources of the employment security system are coordinated with other Federal agencies to assist communities experiencing severe employment dislocations.

(9) *The Rural Development Committee* (established by Executive Order No. 11122): This committee, co-chaired at the working level by a representative of HEW (OE) and Labor (USES) aids in coordinating Federal government agencies serving rural America. Resources are focused on training and education needs of an area; mobile teams bring efforts of responsible agencies to bear on human resource problems.

(10) Works with the *President's Committee on Employment of the Handicapped* in promoting employment of the physically and mentally handicapped.

(11) Works with *Equal Employment Opportunity Commission* to maximize employment opportunities for minority group workers.

(12) Works with *President's Committee on Juvenile Delinquency and Youth* in the solution of problems related to youth employment.

d. With State governments or their instrumentalities.

(1) Innumerable cooperative arrangements with State Vocational Education Departments for a great variety of services which they mutually render to job seekers and youth and adults preparing for work.

(2) Cooperation with Governor's Committee on Children and Youth (followup to White House Conference, etc.).

(3) Close cooperation with State economic development commissions and other groups, especially in States with a number of heavy unemployment areas.

(4) At the State level, Employment Services cooperate closely with public assistance agencies, especially in placement of welfare recipients, and intensively in 18 States since initiation of the "Dependent-Child Program" in 1961.

(5) There is cooperative effort in connection with the approval of Neighborhood Youth Corps projects by State officials and in those instances where State facilities are utilized as training sites.

e. With local governments or communities:

Examples of cooperation follow:

(1) Works with community groups in preparation of manpower data needed for economic development plans.

(2) Works with local school boards or districts and high school officials in serving youth entering the job market—graduates, drop-outs, those seeking summer or part-time jobs—in providing job market information and counseling, testing, and placement services.

(3) Works with city governments, citizen groups, Community Action Programs, and others in planning and providing employment services to youth, especially in connection with job development for the summer youth job campaign.

f. With foreign governments or international organizations:

Consults with visitors from other governments and answers inquiries on technical problems and procedures, such as youth programs or those involving rural workers.

Participates in providing training in various aspects of operation of the ES to foreign technicians and administrators.

Exchanges technical materials with the Canadian Employment Service.

Prepares or participates in preparation of position papers for use of United States representatives at International Labour Organization meetings. Provides technical training to foreign technicians sponsored by ILO.

g. Nonprofit organizations and institutions:

(1) Examples of organizations with which the ES works to solve problems relating to youth employment:

General Federation of Women's Clubs

The American Legion

Campfire Girls

Girl Scouts

National Education Association

National Federation of Settlement Houses

National Grange

(2) A variety of nonprofit organizations which become NYC sponsors.

(3) *National Urban League*: Coordinates and provides more effective services to minority applicants in urban areas.

(4) *National Council on Aging*: Exchange pertinent information of benefit to each other and consult on how best to assist older workers in obtaining and retaining jobs.

(5) Works with the following and other organizations to expand and make more effective ES services to handicapped persons:

National Association for Retarded Children

National Society for Crippled Children and Adults

National Rehabilitation Association

The Epilepsy Foundation

American Foundation for the Blind

Lighthouses for the Blind

B'nai B'rith

Goodwill Industries
 American Personnel and Guidance Association
 American Psychological Association
 American Heart Association
 National Tuberculosis Association

(6) Works with national organizations such as: American Economic Association, American Library Association, American Pharmaceutical Association, and American Political Science Association in providing placement services, especially in connection with national (annual) conventions.

h. Business enterprises:

Continuous relationship with thousands of businesses and industrial establishments in order to (1) fill their job orders, (2) develop job openings, (3) gather information about job requirements of selected industries, occupations, and job market areas.

Works with "Plans for Progress" employers to implement programs for extending equal employment opportunity to minority workers.

Works with the American Pulpwood Association in effecting recruiting arrangements for bringing Canadian woodsmen to this country to supplement the labor supply in the Northeastern States.

Works with virtually all major national trade associations, multi-State companies, etc. to advise of ES services available to their members (or managers) and to develop and promote special programs to meet specific industry and occupational manpower needs.

i. Other:

(1) Works with a number of organizations who are also concerned about youth with special employment problems, including the National Association of Juvenile Court Judges, National Association of Training Schools and Juvenile Agencies, and the American Bar Association.

(2) *United States Chamber of Commerce:*

In the development of job opportunities among member establishments of local chambers of commerce.

8. *Laws and regulations*

The following legislation and regulations affect the program, either directly or by agreement between Federal agencies, United States Employment Service and affiliated State agencies:

a. *Legislation*

(1) Wagner-Peyser Act (June 6, 1933), as amended. 29 USC 49 et seq.

(2) Social Security Act of 1935, as amended. Specifically—

(a) Title III, 42 USC 303(a)(2).

(b) Title IX, 42 USC 1101.

(c) Title XV, 42 USC 1361.

(d) Federal Unemployment Tax Act. Internal Revenue Code—1954, Sec. 3304.

(e) Title XVII, Sections 1701–1704.

(f) Title IV, Section 407.

(g) Title II, Section 221(b).

(3) Automotive Products Trade Act, October 21, 1965. PL 89–283.

(4) Housing and Urban Development Act, August 10, 1965. PL 89–117.

(5) Immigration and Nationality Act, as amended. (1952—PL 414, amended in 1965, PL 89-236) 8 USC 1101 et seq.

(6) Public Works and Economic Development Act, August 26, 1965 PL 89-136.

(7) Appalachian Regional Development Act, March 9, 1965. PL 89-4.

(8) Farm Labor Contractor Registration Act, September 7, 1964. (PL 88-582). 7 USC 2041 et seq.

(9) Economic Opportunity Act (August 20, 1964, PL 88-452), as amended (October 9, 1965, PL 89-253). 42 USC 2701 et seq.

(10) Civil Rights Act, July 2, 1964. PL 88-352.

(11) Vocational Education Act, December 17, 1963. (PL 88-210) 20 USC 1535 et seq.

(12) Trade Expansion Act, October 11, 1962. (PL 87-794) 19 USC 1801 et seq. (and Executive Order 11075).

(13) Public Works Acceleration Act, September 14, 1962. (PL 87-658) 42 USC 2641.

(14) Manpower Development and Training Act of 1962, as amended. (1963 & 1965) 42 USC 2571 et seq.

(15) Vocational Rehabilitation Act of 1954, as amended. 29 USC 31 et seq.

(16) Vocational Rehabilitation of Disabled Veterans. (1943—PL 16 and 1950—PL 894). 38 USC 1501 et seq.

(17) Servicemen's Readjustment Act of 1944 (PL 346). 38 USC 2001.

(18) Fair Labor Standards Act of 1938, as amended. 29 CFR 5221.

b. Selected Executive and Other Orders

(1) Executive Order No. 11141, February 12, 1964. Policy against discrimination on basis of age by Federal contractors and subcontractors.

(2) U.S. Dept. of Labor, Manpower Administration Order No. 12, November 1963. Establishment and operation of Apprenticeship Information Centers.

(3) Executive Order No. 11122. October 17, 1963. Established Rural Development Committee.

(4) President's Directive, September 30, 1963. Program of service for Selective Service rejectees.

(5) Executive Order No. 11000, February 16, 1962 (et al.) Emergency preparedness.

(6) Executive Order No. 10582, December 17, 1954. Implementing the Buy American Act.

(7) Defense Manpower Policy No. 4, Revised July 6, 1960.

c. USES Arrangements With Various Federal Agencies

(1) Cooperative arrangements between the U.S. Civil Service Commission and the Public Employment Service. Federal Personnel Manual, Chapter X-1, Section 3, pages X-1-18, X-1-20.01, July 22, 1960. Federal Personnel Manual, Chapter X-1, Section 3, Page X-1-18.01, January 18, 1961. Appointment outside of registers.

(2) U.S. Department of Defense.

(a) Cooperative Program on Civilian Employment Assistance to Military Personnel Scheduled for Retirement—Apr. 1, 1964.

(b) Armed Services Procurement Regulations 12-104, Meeting Manpower Requirements. February 15, 1962.

(c) Armed Services Procurement Regulation, 8-202, Notice of Termination.

(d) Supplying Information Concerning Armed Services Recruitment (through local employment service offices).

(3) Agreement between Secretary of Labor and Director, Agency for International Development. March 1965, replaces Agreement of November 1962. Provision of technical assistance and training in manpower program developments to representatives of foreign governments.

(4) Bureau of Indian Affairs. Understanding of July 1, 1955. Services to reservation Indians.

(5) Office of Education. 1950. Service to youth and secondary schools.

(6) Railroad Retirement Board. The United States Employment Service has agreed:

(a) To cooperate with the Railroad Retirement Board to assist it in filling orders from employers covered by the Railroad Unemployment Insurance Act.

(b) To utilize the facilities of the Railroad Retirement Board in filling orders from employers not covered by the Railroad Unemployment Insurance Act.

(c) To utilize whenever possible, railroad applicants to fill railroad orders.

(d) To exchange information with the Railroad Retirement Board relative to Railroad Retirement Board claimants directed to the Employment Service.

(e) To facilitate the placement of former railroad workers.

(7) Arrangements with Apprenticeship agencies.

(a) Each State ES agency is to establish liaison with U.S. Department of Labor Apprenticeship and Training and other apprenticeship agencies, and with local joint apprenticeship committees to obtain information on kinds of apprenticeable occupations in each community.

(b) Arrangements are to be made with joint apprenticeship committee for the local offices to be the community apprenticeship centers, to be provided with job orders when apprenticeship openings exist and to be informed of apprentice entry qualifications requirements.

(c) When appropriate employment service aptitude test batteries are available, they are to be used to assist in the selection of potential apprentices.

(d) A joint committee may request a local office to test pre-selected potential apprentices but the Employment Service will also test and refer other qualified individuals registered with the local office.

(8) Arrangements with Bureau of Employees' Compensation. The BES cooperates with the BEC to provide counseling and selective placement services to handicapped persons who are disabled while working as civilian employees of the Federal Government so that they may complete their rehabilitation by becoming employed and self-sustaining.

(9) Under the terms of the joint agreement with the Veterans' Administration, the Employment Service may perform such actions as these:

(a) Refer to the Veterans' Administration for advisement and rehabilitation those disabled veterans who are not vocationally prepared to enter the job market.

(b) Supply the Veterans' Administration, upon request, with the names of employers who may be interested in accepting on-the-job trainees.

(c) Provide placement service for rehabilitated veterans, and notify the Veterans' Administration when placement has been effected.

(d) Refer to the Veterans' Administration those veterans who indicate an interest in educational and training benefits under Public Laws 346 and 550 rather than in immediate employment.

(e) Promote the interest of employers in employing veterans in on-the-job training positions.

(f) Furnish the Veterans Administration, on request, with job market data, occupational information materials, employment counseling or test summaries, and information about on-the-job training opportunities. Placement information will be furnished by the Employment Service about all disabled veteran trainees and hospital patients referred from the Veterans Administration.

(g) Obtain pertinent information available from the Veterans' Administration, such as (1) medical findings relating to work tolerance, physical condition, prognosis, etc.; (2) results of psychological tests; (3) summaries of hospital adjustment; (4) statements of personality characteristics; and (5) evaluations of counseling, such as work habits and employment objectives.

(10) Small Business Loan Program. Under Small Business Administration Regulations, small firms located in areas which have been continuously classified by the Department of Labor as "areas of substantial unemployment" since September, 1961, as well as small firms located in redevelopment areas, are eligible for special consideration under the four percent loan program. The interest rate on SBA's direct business loans in other areas is generally 5½ percent.

d. Appropriation Authorizations directly applicable to the Employment Service

(1) PL 88-31, May 29, 1963. Amends ceiling on trust fund for financing of Employment Service and Unemployment Insurance operations (State grants).

(2) PL 89-156, August 31, 1965. Provide funds from the general revenues.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. Economic effects

Viewed in a rather narrow sense, the ultimate effectiveness of all Employment Service activity can be measured in terms of facilitating or effecting placement of applicants in jobs. However, no definitive studies have been made which could serve as the basis for estimating, on an annual basis or otherwise, the dollar volume of income of persons who were so placed. Among other things, it would have to be determined how long each person placed held his job and at what average wage rate.

In fiscal year 1965, for example, the Employment Service made over 6.3 million nonagricultural placements—about 2 million of which were so-called “short-term” placements. During the same period, the ES made over 6 million agricultural placements, half of which were of short duration, reflecting the highly seasonal nature of farm work.

a. Notwithstanding the above-mentioned reservations, a few generalizations can be made.

Almost without exception the income of persons placed by the Employment Service rose. This includes young people who had never held a job, those who had been on work-training programs, those who were formerly engaged in literacy and/or vocational training, those who were unemployed with no support, those on unemployment insurance, and those on welfare.

To the extent that this income was of sufficient magnitude, many persons began paying income tax, which made their placement of double value—they were no longer “taking out” (in welfare, UI, etc.) but were actually “putting into” the public funds. In some instances, wages or salaries were sufficiently high to be used for purchase of things other than necessities—food, clothing, shelter, and transportation.

b. To the extent that the Employment Service, through its counseling or job market activities or its referral of applicants to some form of training or rehabilitative service, guided persons into jobs, development of better work habits or a higher level of skill development or utilization, it contributed materially to their productivity and ultimately to their higher earnings.

c. To the extent that the Employment Service is called upon by business or industrial management for services to help reduce turnover, to screen and test potential employees, or to meet staffing needs on a continuing or emergency basis, it contributes to the better functioning of the job market. Every time a work station goes untended for want of a suitable worker, the fulfillment or obtaining of an order for goods or service can be delayed or canceled.

By its extensive work in inventorying and analyzing manpower supply and current and anticipated demand, the ES contributes materially to area development plans, most of which involve bringing new firms into an area or expanding existing firms.

The ES has been especially active in working with economic development groups in the areas of heavy unemployment.

d. To the extent that Employment Service activities, especially those carried out in the 2,000 local offices (enumerated, in part, under Question 2 of Part I), result in filling employers’ job needs with qualified, trained or trainable, suitably-job-oriented workers, the national economy benefits.

e. All covered in a through d above.

f. The Federal-State system of Employment Services, as described in answers to Question 2, part I, operates at four geographic levels: a national office in Washington, D.C.; 11 Regional Offices of the National Office; 50 States, 3 territorial, and District of Columbia offices; and approximately 2,000 local offices. The location of local offices is determined primarily in relation to population, labor force and industry, and the need to serve workers reasonably near their homes and convenient to the places of business of employers.

Major metropolitan areas may require a number of local offices to serve their needs; in sparsely settled areas, a single office may serve workers in several counties.

Depending on the economic complexity of the area, local offices may be designated to serve concentrations of industrial or occupational workers. Thus, in some areas, there is an office to serve the large numbers of garment workers, clerical workers, professional workers, etc.

Full-time local offices may vary in size from those which are staffed by a single worker to those which have over 260 workers. About half the 2,023 full-time local offices of the employment security system had 10 or fewer personnel on July 31, 1965. (Size data are not available for the 1,974 year-round offices nor for ES and UI offices separately.) Most of the remaining local offices fell in the 11 to 50 size group (867 or 42.9 percent), with only 116 offices (5.7 percent) in the 51 to 100 size group and 17 (0.8 percent) in the over 100 size group. The latter group was concentrated in just a few States—New York with 7, Illinois 4, Missouri 2, and one each in Kentucky, Maryland, Washington and Wisconsin.

g. Few of the activities of the Employment Service, like those of any agency which deals largely in services to individuals, lend themselves to quantitative measurement in terms of dollars and costs.

How much has the Employment Service contributed to the GNP when it counsels a school drop-out to return to school . . . when it finds productive employment for an older worker who has many useful skills to contribute to the economy but who could not find work on his own . . . when it refers a youth without marketable skills to an apprenticeship opportunity or to the Job Corps or to vocational training . . . when it develops a job opening for a physically or mentally handicapped person?

(See also introduction to answer to Question 9.)

h. None.

10. *Economic classification of program expenditures.* (See table 2.)

Program: U.S. Employment Service and affiliated State employment services.
Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In thousands of dollars]

Federal Government:

Purchases of goods and services:

Wages and salaries.....	6,052
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Other	1,328
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Grants to State and local governments.....	166,914
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Total, Federal expenditures.....	174,294
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UNEMPLOYMENT INSURANCE PROGRAM

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

The overall objectives of the unemployment insurance program are to provide adequate income insurance for unemployed workers when suitable jobs are not available and, through this system, to help maintain purchasing power.

The program is designed to prevent the dispersal of the employers' trained labor force, the sacrifice of skills, and the breakdown of labor standards during temporary unemployment. To accomplish these general aims, the program has the following specific objectives:

- a. To cover so far as feasible all workers subject to the risk of involuntary unemployment;
- b. To disperse benefits to those workers who have demonstrated a recent and substantial attachment to the covered labor force;
- c. To provide to eligible claimants weekly income sufficient to meet their nondeferrable expenditures, replacing enough of wage loss so that most workers need not turn to other forms of aid, but not so much in relation to recent earnings as to weaken incentives to return to work;
- d. To provide income sufficient in duration to insure protection through temporary periods of unemployment;
- e. To limit the unemployment to be compensated to that due to lack of work, (1) by requiring claimants to be able to work and available for suitable work and (2) by temporarily disqualifying claimants who leave work voluntarily without good cause, who are discharged for misconduct connected with their work, who refuse suitable work without good cause, or who are unemployed because of direct participation in a stoppage of work due to a labor-management dispute at the establishment at which they were last employed, but without rigid requirements or harsh penalties;
- f. To help maintain desirable labor mobility by providing benefits for unemployed individuals who have worked in more than one State or who have moved to another State in search for work through interstate arrangements for combining wages, paying benefits, and holding benefit appeals;
- g. To provide financing for benefits that will yield funds sufficient to insure payment of adequate benefits, in bad years as well as good years, and to establish a tax structure that will encourage employers to stabilize employment without interfering with the overall objectives of the program;
- h. To provide benefits promptly when due and through appropriate administrative procedures;
- i. To assure that claimants and employers understand their rights and responsibilities, that misrepresentation by either claimants or employers is subject to suitable penalties, and that improper payments are avoided;
- j. To increase opportunities for reemployment of claimants through proper coordination with the Employment Service; and
- k. To provide public information on the number and characteristics of the unemployed and the contribution of the program to individuals and to the economy.

2. Operation

Unemployment Insurance operates under State laws, administered by State officials. Revenues to finance benefits to the unemployed are obtained through payroll taxes on employers in each State (and on workers in three States). Benefits are determined in accordance with the individual worker's previous employment and earnings. Claims are processed through public employment offices and claimants must

be registered for work. All costs of administration of Federally approved State laws are paid out of Federal appropriations under Title III of the Social Security Act, and funds are granted to the States by the Bureau of Employment Security. The Federal Unemployment Tax Act provides a payroll tax on employers of 3.1 percent of an employee's first \$3,000 of annual wages, but allows an offset to employers covered under Federally approved State unemployment insurance laws so that the net Federal tax is .4 percent. Proceeds are earmarked for the employment security program. Each State's unemployment funds are deposited in a separate account in the U.S. Treasury and may be withdrawn solely for payment of benefits by that State. A Federal loan fund may be drawn upon by a State whose fund is nearing exhaustion.

Benefits to unemployed Federal employees and ex-servicemen are provided out of Federal funds under Title XV of the Social Security Act. Benefits are determined for individuals on the terms provided under the respective State laws, and are administered by the States through formal agreements between the Secretary of Labor and the State governments.

3. History

The Social Security Act of 1935 established the framework for the Federal-State system of unemployment compensation. Prior to that Act only one State, Wisconsin, had enacted an unemployment insurance law. With the tax offset incentive provided in the Social Security Act, laws were quickly passed by all the remaining States and Alaska, Hawaii and the District of Columbia.

Coverage under the Federal law, initially applicable to employers with 8 or more employees in 20 weeks in a calendar year, was extended, effective for 1955 and subsequent years, to employers with 4 or more workers in 20 weeks. Effective January 1, 1961, the Federal law was extended to include Puerto Rico which had previously established an unemployment insurance system independent of the Federal-State system.

During the latter half of the 1950's, two programs of Federal benefits were added: unemployment compensation for Federal civilian employees (UCFE), effective January 1, 1955, and unemployment compensation for ex-servicemen (UCX), effective October 27, 1958. Benefits under these programs are paid in the same amount, on the same terms, and subject to the same conditions as the compensation that would be payable under the applicable State law.

The Federal-State UI organization has been utilized to administer the following temporary Federal programs of unemployment benefit payments: Servicemen's readjustment allowances, 1944-1950; reconversion unemployment benefits for seamen, 1947-1950, unemployment benefits for veterans with military service in the Korea period, 1952-1956; and temporary extended unemployment benefits during the recessions of 1958 and 1961.

The steady growth of the program can be illustrated by the following table showing some of the key statistics at 5 years intervals, beginning with 1939, the first year in which the program was fully operative in all States.

TABLE 1.—*Growth of the unemployment insurance program (calendar years)*

Item	1939	1944	1949	1954	1959	1964
Jobs covered under the Federal-State system (millions).....	21.4	30	31.7	35.4	144.5	148.2
Benefit payments (millions).....	\$429.3	\$62.4	\$1,736	\$2,206.9	\$2,409.8	\$2,669.8
Average weekly benefit.....	\$10.66	\$15.90	\$20.48	\$24.93	\$30.40	\$35.96
Contributions collected (millions).....	\$824.9	\$1,817	\$986.9	\$1,136.2	\$1,955.7	\$3,047.5
State reserves as of Dec. 31 (billions).....	\$1.5	\$6.1	\$7	\$8.2	\$6.9	\$7.3

¹ Includes Federal Government personnel, civilian and military.² Includes payments under title XV of the Social Security Act.4. *Level of operations.* (See table 2.)5. *Estimated magnitude of program in 1970.* (See table 2.)

Program: Unemployment insurance program.

Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 2.—*Level of operations or performance, fiscal years 1964-67 and 1970*

Measure and unit	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966, estimate	Fiscal year 1967, estimate	Fiscal year 1970, estimate ¹
(a) Magnitude of the program:					
1. Average monthly covered employment (total, thousands).....	48,812	49,508	50,327	41,227	56,027
State.....	43,576	44,300	45,100	46,000	50,800
Federal.....	5,236	5,208	5,227	5,227	5,227
2. Number of subject employers as of Dec. 31 (thousands).....	2,384	2,409	2,444	2,484	2,600
(b) Applicants or participants (thousands):					
Beneficiaries ² (total).....	6,057	5,297	4,952	5,152	5,752
State.....	5,754	5,042	4,700	4,900	5,500
Federal.....	303	255	252	252	252
(c) Federal finances (salaries and expenses):					
Unobligated appropriations available (thousands).....	0	\$30	0	0	0
Obligations incurred (thousands).....	\$3,671	\$3,981	\$4,643	\$4,751	\$5,034
Federal finances (State grants):					
Unobligated appropriations available (thousands).....	\$579	\$10,986	0	0	0
Obligations incurred (thousands).....	\$251,365	\$246,209	\$260,655	\$276,667	\$372,653
d) Not applicable.....					
e) Number of Federal Government employees ³	334	325	325	360	366
f) Non-Federal personnel employed in the program.....	33,513	31,424	29,667	30,436	35,174
g) State reserve funds as of June 30 (millions).....	\$6,754	\$7,643	\$8,250	\$8,400	\$9,000
Weeks of unemployment claimed (thousands).....	92,929	78,503	68,610	71,210	83,610
Average weeks duration of benefits.....	13.2	12.6	12.2	12.3	12.4
Benefit payments (total, millions).....	\$2,794	\$2,435	\$2,211	\$2,271	\$2,694
State.....	\$2,642	\$2,303	\$2,080	\$2,140	\$2,550
Federal.....	\$152	\$132	\$131	\$131	\$144

¹ Data estimated on the basis of existing laws.² First payments issued.³ (Role: Determine State compliance with requirements for Federal cooperation, determine amounts necessary for unemployment insurance administration, give technical assistance and leadership to States in program administration.)6. *Prospective changes in program orientation*

(a) Recommendations for comprehensive changes in the Federal-State UI program, transmitted to the Congress with the President's labor message on May 18, 1965, were embodied in identical bills S. 1991 and H.R. 8282 introduced on May 18 and 19, 1965, respectively, and are now pending in the Congress. Hearings on H.R. 8282 were held by the House Ways and Means Committee in August 1965. The bills provide:

a. A program of Federal unemployment adjustment benefits, effective July 1, 1966, for those of the long-term unemployed who have

had a long and strong labor-force attachment, payable for 26 weeks, within a 3 year period, in the same amount, on the same terms and basically subject to the same conditions as those provided by the applicable State law. Like the UCFE and UCX programs, this program would be administered by the State employment security agencies under agreements with the Secretary of Labor.

b. Effective January 1, 1967, Federal grants to States of $\frac{2}{3}$ of State benefit costs in excess of 2 percent of total wages.

c. Financing of programs described under *a* and *b* above, by:

1. an increase of .15 percent in employer tax, beginning July 1, 1966 (to be reduced to .10 percent when the Federal adjustment account reaches a specified level); and

2. An equal amount from general revenue.

d. Increase in FUTA tax base from \$3,000 to \$5,600 for calendar years 1967-1970 and to \$6,600 (same as that provided for OASDI) for 1971 and thereafter.

e. Repeal of the Federal standards for additional credit allowance for pooled-fund systems of experience rating (the only type currently in use in the States).

f. Extension of coverage, effective January 1, 1967, to:

1. Employees of employers of one or more workers at any time;

2. Employees of nonprofit religious, charitable and educational organizations (with specified exceptions, such as handicapped workers in sheltered work shops, ministers and members of religious orders, etc.), with a provision permitting a State to finance the benefits for this group in any way determined by the legislature;

3. Agricultural workers on farms using 300 man-days of hired farm labor in any calendar quarter;

4. Certain workers in agricultural processing;

5. Certain workers not now covered because they are not employees under the common-law master-servant test (such as agent or commission drivers, salesmen, etc.)

g. Federal standards, effective July 1, 1967 that States must meet as a condition for full tax credit for their employers, as follows:

1. No more than 20 weeks of employment (or equivalent) may be required to qualify for benefits;

2. All eligible claimants must receive weekly benefits equal to at least 50 percent of their average weekly wage up to the State maximum weekly benefit;

3. The maximum weekly benefit must be at least 50 percent of the Statewide average weekly wage, effective July 1, 1967; at least 60 percent, effective July 1, 1969; and at least 66 $\frac{2}{3}$ percent, effective July 1, 1971 and thereafter;

4. Any worker who has 20 weeks of employment (or equivalent) must be entitled to not less than 26 weeks of benefits.

(For States which do not meet these requirements, the Federal tax credit would be limited to the State's 4 year average benefit cost rate or 2.7 percent, whichever is lower.)

h. Federal standards, effective July 1, 1967, that States must meet as condition for *any* tax credit:

1. Benefits may not be denied or reduced by a State solely because an individual files a claim in or resides in another State or in Canada;

2. Benefits of an otherwise eligible individual may not be denied because he is taking approved training;

3. Period of disqualification, for all causes except fraud, labor disputes, and conviction of a work-connected crime, must be limited to 6 weeks postponement, with no cancellation or reduction of rights;

4. Benefits must be denied if claimant had no work since the beginning of his previous benefit year.

i. Denial of tax credit after 1966 to maritime employers for contributions to States which do not meet the requirement of equal treatment of maritime workers.

j. Appropriations for training State staff and potential staff, to increase effectiveness and efficiency of unemployment insurance administration.

k. Specific authorization for a continuing and comprehensive research program in unemployment insurance, and publication of results of studies.

l. Special Advisory Commission to review (commencing 3 years after enactment of bill) the operations of the program, with particular reference to changes made, and report to Secretary 2 years after its review commences.

m. Change in date of certification of State laws for tax credit purposes from December 31 to October 31, effective with 1966.

(b) None.

(c) See answer for same question under MDTA, Title II, Excluding Section 241.

7. *Coordination and cooperation*

a. *Within the Bureau of Employment Security.*—Within the BES the Unemployment Insurance Service operates in close coordination with the Employment Service. (See response of Employment Service.) Further, in almost all States, the same overall State agency which administers unemployment insurance also administers the Employment Service. Each State law requires that, as a condition of eligibility for unemployment insurance, all claimants must register for work at a public employment office and continue to report in accordance with the agency's regulations. Underlying this coordination of unemployment insurance and Employment Service activities is the expectation that jobs will be found for claimants whenever possible, and moreover, the offer of a job will often serve as a crucial test of the claimant's availability for work.

Procedures for coordination of unemployment insurance and Employment Service activities are spelled out in the Bureau's *Employment Security Manual* for the States' guidance.

b. *Within the Department of Labor.*—The activities of the unemployment insurance program are coordinated with other activities of the Department of Labor through the same means which are used for coordination of Employment Service activities. (See response for the Employment Service.)

c. *With Other Federal Agencies.*—The unemployment insurance program has long been coordinated with the Old Age and Survivors Insurance program. The history of close cooperation between these two programs dates from their common origin under the Social Secu-

rity Act and their initial administration by the former Social Security Board. The basic system for identification of covered workers through the Social Security account number is maintained by the Social Security Administration but is also used by all the States in the administration of unemployment insurance. Employment and payroll information in the files of the SSA is available to the States and is frequently used by them for verification of State records on claims, special studies, and research projects.

d. *With State Agencies* (See *a* above).—The Secretary of Labor has entered into formal agreements under which the State employment security agency acts as an agent of the Secretary in administering MDTA training allowances mentioned previously. Procedural guidelines are spelled out by the Bureau of Employment Security in the *MDTA Handbook*, and State operation are reviewed by the Bureau.

Temporary disability insurance (TDI) systems have been established in four States, insuring against the risk of short-term unemployment due to illness or accident not covered by workmen's compensation. Coordination between unemployment insurance and temporary disability insurance on the State level, is necessary to prevent duplication of benefits through fraud or error. In three of the States, temporary disability insurance and unemployment insurance are administered by the same agency. Also, there are operating advantages in the joint administration of the two programs. For example, a single tax return from the employer can suffice for both programs; also, a single wage record file can be used for both programs. In such areas of joint activity, the Bureau must determine a fair allocation of administrative costs between the two programs, since the unemployment insurance costs are paid out of Federal appropriations and temporary disability insurance costs are paid out of State funds. The four States supply temporary disability insurance program information to the Bureau on an informal reporting arrangement. The Bureau also furnishes technical assistance when requested in drafting proposals for TDI in States which have no TDI program.

e through i. *With Other Organizations*.—The unemployment insurance program does not entail coordination with other organizations although the BES does provide information to organizations requesting data for research and similar purposes.

8. Laws and regulations

Laws

1. P.L. 74-271, August 14, 1935. Social Security Act of 1935 (SSA).

2. P.L. 75-353, August 24, 1937. Payments authorized to each State Trust Fund which in 1937 enacted an approved UC law.

3. P.L. 75-722, June 25, 1938. Railroad Unemployment Insurance Act, established separate UC system for railroads and provided for the transfer of funds contributed previously by RR employers under Title IX of SSA.

4. P.L. 76-1, February 10, 1939. Taxing provisions in Title IX of SSA transferred to Internal Revenue Code, identified as Federal Unemployment Tax Act (FUTA).

5. P.L. 76-379, August 10, 1939. Tax base in FUTA limited to \$3,000 and definition of "employment" amended; SSA and FUTA amended to require State personnel merit system.

6. P.L. 78-235, February 25, 1944. Temporary modification of FUTA requirements affecting offset against Federal tax.

7. P.L. 78-346, June 22, 1944. Servicemen's Readjustment Act.

8. P.L. 78-458, October 3, 1944. Added Title XII to SSA for temporary system of advances to States with inadequate unemployment funds.

9. P.L. 79-201, October 23, 1945. Enabling legislation added to FUTA for State coverage of certain services for Bonneville Power Administrator (subsequently deleted by P.L. 83-767).

10. P.L. 79-291, December 29, 1945. Excluded from FUTA definition of "employment" the salaries of officers and employees of international organizations.

11. P.L. 79-719, August 10, 1946. Added Title XIII to SSA, setting up program of reconversion unemployment benefits for seamen: amended FUTA to permit States to cover maritime workers; amended SSA and FUTA to allow withdrawal of employee contributions from State unemployment funds for the payment of benefits under a temporary disability insurance program.

12. P.L. 80-226, July 24, 1947. Amended FUTA to permit voluntary contributions for experience-rating purposes.

13. P.L. 80-379, August 6, 1947. Amended SSA to extend termination date for Title XII advances.

14. P.L. 80-492, April 20, 1948. Amended FUTA definition of "employment" to exclude certain services in delivery or distribution of newspapers or magazines.

15. P.L. 80-642, June 14, 1948. Amended FUTA definition of "employee" to exclude independent contractors and any individual not an employee under common-law rules.

16. P.L. 81-174, July 16, 1949. Amended SSA to extend for one year the reconversion unemployment benefits for seamen program.

17. P.L. 81-734, August 28, 1950. Amended SSA to extend termination date for advances to State funds under Title XII; and prescribed additional procedural requirements before a finding can be made that State law does not conform with Federal requirements.

18. P.L. 82-550, July 16, 1952. Title IV of Veterans' Readjustment Assistance Act of 1952 provided unemployment compensation for veterans of Korean conflict. (Provisions subsequently expired and were repealed by P.L. 87-675.)

19. P.L. 83-196, August 5, 1953. Amended FUTA to permit State UI coverage of seamen employed on certain vessels operated by the United States.

20. P.L. 83-567, August 5, 1954. Amended SSA and FUTA to provide that excess of Federal unemployment tax collections over employment security administrative expenses be used to establish interest-free advances to States with depleted reserves and to transfer to States' accounts any further surplus over first \$200 million.

21. P.L. 83-767, September 1, 1954. Amended FUTA to extend coverage to employers of 4 or more workers in 20 weeks and to permit States to extend experience rating to employers with one year of experience. Amended SSA to add Title XV to establish the program of unemployment insurance for Federal civilian employees (UCFE).

22. P.L. 83-591, August 16, 1954. Technical changes in FUTA incidental to adoption of Internal Revenue Code of 1954.

23. P.L. 84-56, June 1, 1955. Empowered Governor of Alaska to obtain advances from Federal unemployment fund.

24. P.L. 84-176, July 26, 1955. P.L. 82-550 amended to provide 3 year limit on payment to Korean veterans.

25. P.L. 85-441, June 4, 1958. Temporary Unemployment Compensation Act of 1958.

26. P.L. 85-457, June 13, 1958. Excepts, from the sums to be returned to the Treasury under TUC Act of 1958, administrative costs of paying TUC to exhaustees under UCFE and UCX programs.

27. P.L. 85-840, August 28, 1958. Internal Revenue Code amended to exempt unemployment benefits from income tax.

28. P.L. 85-848, August 28, 1958. Amended Title XV of SSA to establish permanent program of unemployment compensation for ex-servicemen.

29. P.L. 86-7, March 31, 1959. Extended TUC Act of 1958 for 3 months.

30. P.L. 86-70, June 25, 1959. Updated definition of "State" by deleting specific reference to "Alaska".

31. P.L. 86-442, April 22, 1960. Deleted provision in Title XV on treatment of accrued annual leave of UCFE claimants.

32. P.L. 86-624, July 12, 1960. Updated definition of "State" by deleting specific reference to "Hawaii."

33. P.L. 86-778, September 13, 1960. Narrowed the employment exclusion in FUTA to extend coverage to certain instrumentalities in which the U.S. has no ownership, employees serving on or in connection with American aircraft outside the U.S., "feeder" organizations, and certain tax-exempt organizations. Increased the net Federal tax to .4 percent and improved and tightened the provisions on advances to States. Brought Puerto Rico into the Federal-State system, effective January 1, 1961, and amended Title XV accordingly with respect to USFE and UCX claims after December 31, 1965.

34. P.L. 87-6, March 24, 1961. Temporary extended Unemployment Compensation Act of 1961.

35. P.L. 87-256, September 21, 1961. Excluded from FUTA definition of "employment" services performed by a nonresident alien while temporarily present in the U.S. as a nonimmigrant student or scholar.

36. P.L. 87-321, September 26, 1961. Amendment of Internal Revenue Code of 1954 to provide tax credit for successor employees.

37. P.L. 87-675, September 19, 1962. Repealed unemployment compensation provisions of Veterans' Readjustment Assistance Act of 1952.

38. P.L. 87-792, October 10, 1962. Amended the FUTA definition of "wages" in regard to exclusion of payments under an annuity plan or bond purchase plan.

39. P.L. 87-794, October 11, 1962. Trade Expansion Act of 1962.

40. P.L. 88-31, May 29, 1963. Extended period in which "Reed Act" credits might be used for administrative purposes; reduced TEUC tax on 1963 payrolls; set a ceiling on grants to States at 95% of net FUTA receipts.

41. P.L. 88-173, November 7, 1963. Amended TUC Act of 1958 and FUTA regarding XII loans to provide "stretch-out" of repayments.

42. P.L. 88-650, October 13, 1964. Amended FUTA definition of "wages" to exclude reimbursement of moving expenses if deductible for Federal income tax.

43. P.L. 89-283, October 21, 1965. Automotive Products Trade Act of 1965.

Regulations

1. Regulations to implement the Unemployment Compensation for Federal Civilian Employees Program under Title XV of the Social Security Act: Title 20, Chapter V, parts 609-611, CFR.

2. Regulations to implement the Temporary Unemployment Compensation Act of 1958; Responsibilities of Puerto Rico, Virgin Islands and State Agencies; Title 20, Chapter V, part 613.

3. Regulations to implement the ex-Servicemen's Unemployment Compensation Program under Title XV of the Social Security Act, as amended; Title 20, Chapter V, part 614.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. Economic effects

The Federal-State unemployment insurance program was designed by the Congress to have a direct and important effect upon the American economy and it has largely succeeded in its purpose. Its basic purpose is simple: to maintain some income to unemployed workers during the period of time they are seeking new employment. The conditions under which an unemployed worker may collect these benefits are precisely described in the unemployment insurance laws, and in the regulations and operating procedures of the State employment security agencies. Those who qualify for benefits, however, may be assured that some of their "lost" wages will be offset by their unemployment insurance benefits.

Through the payment of unemployment insurance benefits, the purchasing power of the unemployed is maintained to some extent with resulting economic benefits to the community in which he lives and to the nation's economy.

It is impossible to measure, with any degree of accuracy, the precise effects on the economy as a whole of the operations of the unemployment insurance laws. They are, however, clearly of great effect as an "economic stabilizer." Consequently, the system is properly considered as being one of the fastest and most effective devices developed for preventing recessions from becoming depressions and for alleviating the human suffering that occurs when the wage income of an individual ceases.

The very size of the program indicates the extent of its effectiveness.

In fiscal year 1965, which was a year of widespread economic expansion and of declining unemployment, unemployment insurance benefits paid under State unemployment insurance laws totaled more than \$2.3 billion. These payments were made to over 5 million unemployed individuals.

On the average, each unemployment insurance claimant during fiscal year 1965 drew benefits for slightly over 12 weeks and, if he was

totally unemployed, he received an average weekly benefit check of \$36.56.

In addition to the State unemployment insurance programs are two Federal unemployment insurance programs established by the Congress and operated by the Labor Department through the State employment security offices. These consist of a program of unemployment insurance benefits for unemployed civilian workers of the Federal Government and a similar program for ex-servicemen.

In fiscal year 1965 nearly 255,000 such unemployed workers received benefits under the two Federal programs and their total benefit payments amounted to over \$132 million.

The effectiveness of a program which distributes some \$2.4 to \$2.5 billion a year in direct payment to unemployed workers in alleviating the hardship to these individuals and in maintaining their purchasing power and the volume of business in their communities is clear. At the same time, it should be recognized that the qualifications for drawing these benefits are strict, that the number of weeks of qualification is limited, and that the average weekly benefit check represents only about 30 to 35 percent of the weekly wage loss suffered by the claimant. This is clearly an insurance program, not a welfare program.

It should be noted that unemployment insurance benefits under the State programs are paid from a fund built up from payroll taxes (which in fiscal year 1965 amounted to something over \$3 billion). These benefits, therefore, do not represent an expenditure by the Federal Government.

Obviously, the economic effect of the benefit payments, as far as gross national product is concerned, is in the area of "personal consumption expenditures." These, in turn, are largely dependent upon disposable personal income, which includes these "transfer payments."

In fiscal year 1965, transfer payments accounted for 8.6 percent of all disposable personal income, and unemployment insurance benefit payments accounts for about 6½ percent of all the transfer payments. While these percentages are low, the volumes involved are large and the unemployment insurance benefits provide some income for such basic necessities as food, housing, medical care, and the payment of bills for other goods and services.

The "stabilizing effect" of the State unemployment insurance system is more clearly demonstrated on a national basis during a period of recession. The most recent recession was that of fiscal year 1961 which, fortunately, was both shallow and short. Nevertheless, in fiscal year 1961 over \$3½ billion was paid out in unemployment insurance benefits to 7.7 million individuals. The speed with which this program operates is one of its strengths. Benefit payments in fiscal year 1961 were up by \$1.2 billion over payments in fiscal year 1960, a rise of 40 percent.

10. Economic classification of program expenditures. (See table 3.)

Program: Unemployment insurance program.

Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 3.—*Economic classification of expenditures for fiscal year 1965*

[In thousands of dollars]

Federal Government:

Purchase of goods and services:

Wages and salaries-----	2,845
Other-----	625

Transfer payments to individuals and non-profit organizations..	122,398
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Grants to state and local governments-----	233,638
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Total, Federal expenditures-----	359,506
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Non-Federal expenditures: From the unemployment trust fund ¹ -----	2,303,000
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Total, expenditures for program-----	2,662,506
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¹ In national income terminology, the benefit payments withdrawn by the States from the unemployment trust fund are classified as a Federal transfer payment to individuals even though these payments are financed by State-imposed payroll taxes deposited in State unemployment trust accounts in the unemployment trust fund. These payments are also included in the concept of Federal cash payments to the public.

FARM LABOR SERVICE

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The program objective of the Farm Labor Service is to provide a total manpower program for the agricultural sector of the Nation's economy. Through a wide variety of services performed in behalf of agricultural employers and workers the program seeks to:

Assist farm workers in their efforts to obtain employment, by means of a farm placement service. Efficient operation of the service provides an orderly, expeditious, seasonal movement of migrant farm workers to successive jobs through the Annual Worker Plan.

Assist growers in recruiting, on a timely basis, the numbers and types of qualified employees to fill both seasonal and year-round farm jobs, also by means of the farm placement service.

Improve the lot of agricultural workers by (a) assisting the workers individually by identifying their needs, interests and capabilities and in helping them obtain appropriate employment: frequently a wide diversity of counseling, educational vocational training, health, housing, job scheduling and transportation services are involved; (b) establishment of standards relating to housing, transportation, wages and other conditions to insure that services will be provided by the system in a fashion that will not further depress the lot of the workers; (c) keeping the Nation informed on the conditions of agricultural workers through the collection statistical data on employment and wages and through the publication of reports and the sponsorship and development of appropriate legislation.

To administer the Federal Farm Labor Contractor Act in order to eliminate the abuses found in the labor contractor system.

2. Operation

The program is operated through the nationwide Employment Service whose program is described in a separate section of the Department's response to the JEC questionnaire. In farming areas separate public employment offices are organized to serve only farm employers and workers; in other areas the services provided agriculture are provided by offices having both agricultural and non-agricultural responsibilities.

The program is for the most part financed with Federal funds obtained through the Federal Unemployment Insurance Tax Act, and then appropriated by the Congress. Some additional monies are obtained from Congressional appropriations from the general revenue for specific purposes such as the administration of the Farm Labor Contractor Registration Act.

3. History

The Federal Government has offered a program of employment services to farm workers and employers since the turn of this century, although not always under jurisdiction of the Department of Labor. The program in its present form dates from January 1948.

The employment service needs of agriculture and its workers have undergone a number of significant changes during this century, requiring changes in the direction and intensity of Federal assistance. The worker has evolved from an apprentice farmer to a day laborer to a skilled wage worker paralleling the evolution of the family farmer into the business farmer. As early as 1909, the Federal Government was considering means of obtaining annual employment for migrant agricultural workers, but the first active participation came in 1914 when Labor Department representatives furnished assistance to migrant workers, guiding them to jobs in the wheat harvest in the midwest and fruit harvest jobs in the northwest.

During the period between the two world wars, labor was abundant but jobs were less so. It was during this period, on July 1, 1933, that the Wagner-Peyser Act created the U.S. Employment Service, including a farm labor service, thus laying the groundwork for the development of a truly national program of employment services to agriculture.

The scarcity of all types of labor created by the Second World War further expanded the scope of employment services afforded agricultural employers, as the Federal Government entered negotiations with Mexico for the entry of Mexican workers to meet seasonal agricultural labor shortages in the United States.

From the International Agreement of August 4, 1942, until the termination of Public Law 78 on December 31, 1964, the Mexican supplemental labor program continued uninterrupted, rising to almost half a million workers in 1956, and changing only in the terms of the Agreement and legislation upon which it was based. During the same period smaller numbers of Bahamian and British West Indians, Canadians, Spanish Basques, Japanese and Filipinos also found temporary employment on United States farms and ranches.

Since World War II, several significant additions have been made to the farm labor service program to assure that a truly national employment service program is available to agriculture, and to assure that the farm worker, and particularly the seasonal farm worker, will share more fully in the abundance this country has to offer.

In 1954, an Annual Worker Plan was put into effect to coordinate the movement of migratory workers between crop areas, and to furnish continuous employment to such workers by scheduling them for a series of jobs prior to the start of their annual journey. The Annual Worker Plan was based upon the successful Eastern Seaboard Plan which had been developed in 1948.

The most significant actions taken by the Department of Labor to better adapt the farm labor service program to meet the needs of agricultural workers have come in the late 1950's and continued in the 1960's.

In December 1959, the Secretary of Labor sought to improve conditions for migrant agricultural workers by placing in effect a series of interstate recruitment regulations, governing the use of the public employment service facilities in recruiting migrant workers across State lines. The emphasis was upon improved wages, housing and transportation practices.

In 1958, the Secretary of Labor appointed several distinguished consultants to review the impact of the Mexican labor program upon our domestic work force and suggest whatever improvements appeared appropriate. A report by these consultants, published in October 1959, served to focus public attention upon the harmful effect of the program and resulted in significant changes in program operations and legislation. Legislative changes were made in 1961 to preclude employment of Mexican contract workers in year-round jobs and jobs operating machinery, and in 1963 the program was extended for the last time with definite termination scheduled for December 31, 1964.

Administrative changes involved an expansion and tightening of compliance responsibilities and the establishment in 1962 of wage standards required to be met as a condition for the authorization of Mexican workers. The wage standard approach was extended in 1963 to the responsibilities exercised by the Labor Department involving temporary foreign farm workers admitted under the Immigration and Nationality Act.

On the eve of the termination of Public Law 78 and the Mexican labor program, the Secretary of Labor announced new criteria for the entry of foreign agricultural workers under the Immigration and Nationality Act, further lessening the possibility of any adverse effect resulting from employment of foreign workers. The wage standards previously promulgated were substantially increased. The new levels varied from \$1.15 to \$1.40 per hour, compared to the former levels which ranged from \$0.60 to \$1.00 per hour.

During the year 1965, with foreign worker employment a fraction of what it had been a year earlier, a national program of employment services to domestic farm workers can be said to have been in operation for the first time in history. It was also in this year 1965 that the Farm Labor Contractor Registration Act went into effect, requiring that interstate crew leaders with crews of ten or more non-family workers register with the Department of Labor. The legislation was aimed at reducing abuses in the working relationship between crew members and certain crew leaders.

Pointing the way to the future of the farm labor service operation are programs begun in 1961 with the passage of the Area Redevelopment Act and in 1962 with the passage of the Manpower Development and Training Act. The need for highly trained workers in agriculture has grown and will continue to grow steadily as mechanization and other technological innovations exercise their influence.

The current farm placement program is becoming increasingly one which assesses the employment needs of farmers and workers and assists in filling those needs, where necessary recruiting labor over

large distances to meet the farmer's labor demands; and offering the worker support through counseling, training, and relocation opportunities, in addition to developing a job specifically tailored to his needs and capabilities.

4. Level of operations. (See table 1.)

Program: Farm Labor Service.

Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 1.—Level of operations or performance, fiscal years 1964–67

[Money amounts in thousands of dollars]

Measure and unit	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 (estimated)	Fiscal year 1967 (estimated)
(a) Magnitude of program (placements).....	7, 124, 420	6, 098, 750	5, 500, 000	6, 000, 000
(b) Applicants or participants—Placements.....	7, 124, 420	6, 098, 750	5, 500, 000	6, 000, 000
(c) Federal finances for grants to States: ¹				
Unobligated appropriations available ²	\$28	\$643		
Obligations incurred.....	\$12, 253	\$14, 053	\$17, 750	\$17, 136
(d) Matching or additional expenditures ³				
(e) Number of Federal Government employees administering, operating, or supervising the activity ³				
(f) Non-Federal personnel employed (posi- tions).....	1, 933	2, 037	2, 170	2, 107
Federal financing for Federal Government activities: ⁴				
Unobligated appropriations available.....		\$16, 847		
Obligations incurred.....	\$1, 475	\$1, 916	\$2, 353	\$2, 353
(d) Matching or additional expenditures ³				
(e) Number of Federal Government employees administering, operating, or supervising the activity (positions).....	136	205	207	204

¹ Trust fund financing.

² The unobligated balance was prorated to the Services (Employment Service, Unemployment Insurance Service, and Farm Labor Service) on the basis of expenditures. The unused contingency amount cannot be identified by Service.

³ Information not available.

⁴ Trust fund only.

5. Estimated magnitude of program in 1970

Enactment of legislative proposals affecting farm workers and farm operators (not part of the Administration legislative program) as well as the structural changes that the agricultural sector of the economy is undergoing, would require shifts in the program orientation of the Farm Labor Service. Another factor that may influence the program orientation is the war on poverty. Increased awareness and concern for the problems of the poor may require that public attention be directed more toward rural areas and not so predominantly to urban centers. As never before, the combined resources of many governmental agencies are being increasingly focused upon the task of identifying and solving the problems of economically depressed rural areas to provide for the effective utilization of the Nation's rural manpower resources.

Programs of the Farm Labor Service will be directed toward providing total manpower services to workers who are employed in agriculture, whether it be year-round or seasonal. Emphasis will be on human resource development rather than on the farm worker as an adjunct to farm production as has been the case. State employment service agencies will provide services to the individual worker, recog-

nizing that he may want to do a different kind of work and that his interests may be better served in an urban setting.

Counseling services will be made available to workers employed in agriculture, and each worker will be afforded the opportunity to realize his full potential. He will be exposed to all the jobs for which he is qualified, and he will not be limited to agricultural employment. Training programs will be developed to prepare him for higher skilled agricultural employment or for nonfarm jobs. Over 20,000 workers have been or are being trained nationwide in a wide variety of agricultural skills. Further, workers who are customarily employed in nonagricultural jobs will be exposed to farm employer requests.

A problem of continuing seriousness is the substantial number of rural youth to be absorbed by the economy. A great deal of Farm Labor Service time will be spent with the individual problems of rural and other youth who wish to work in agriculture and related industries. Again, fitting the individual to the particular job will in great measure be accomplished through appropriate training and other supporting services.

To service the worker as a human resource, it will be necessary to open additional local offices in rural areas—local offices that will serve as community manpower agencies, able to advise workers and employers alike. Available at these offices will be current information and projections of the manpower outlook for the immediate area and for the country. Some of the offices may be tied into a national automatic data processing communications network.

Rapid communication systems feeding worker availability and job inventory information to and drawing it from a central ADP storage point are now under development and should be operational by 1970. These systems will reduce many of the operational problems involved in moving large numbers of seasonal workers. Farm Labor Service personnel will thus be released from attention to seasonal worker problems and will be able to turn to worker employment problems brought on by greatly magnified skill demands in agriculture and the need for shifting much of our present agricultural work force to urban, industrial jobs.

In addition to dealing with the immediate suitability of an individual for a job, the Farm Labor Service will be increasingly involved with such peripheral but important issues as housing, transportation, health, and the mobility of individual workers.

A human resources approach to the individual worker will require program coordination between the Farm Labor Service and the employment service. This may lead to the assignment of a full-time agricultural employment advisor in each rural office, and to selected urban offices.

It will be necessary to expand the collection of data which reflect trends in employment, wages, and working conditions. The Farm Labor Service, or universities through research grants, will investigate subjects of particular interest to the agricultural community, such as productivity; farm labor costs; manpower requirements resulting from technological changes or employer innovations; economic impact of relocation; and economic effects of out-migration on rural communities.

6. Prospective changes in program orientation

a. See answers under programs for Unemployment Insurance and Minimum Wage. (The increased public interest in problems related to agricultural workers is reflected in a number of legislative proposals. These are listed here for information purposes and not as an indication of Labor Department endorsement. They include: S. 1866, 1868, 1869 and 1991, H.R. 972, 973, 2436, 2437, 7486, 8109, 8282, 8655, 9266, 9283, and 9285—all in the 89th Congress.)

b. None at present, however, see 6(c) below.

c. By 1970 American agricultural production and employment will be concentrated in fewer, larger establishments. This trend has been clearly evident in the past and is expected to continue; In 1959, commercial farms with sales in excess of \$10,000 accounted for 75 percent of total sales although these farms constituted less than 35 percent of all commercial producers. The displacement of farm operators and their families—from 1950 to 1960 the number of farms in the United States dropped from 5.4 million to 3.7 million—will continue with fewer but larger farms accounting for almost all agricultural production.

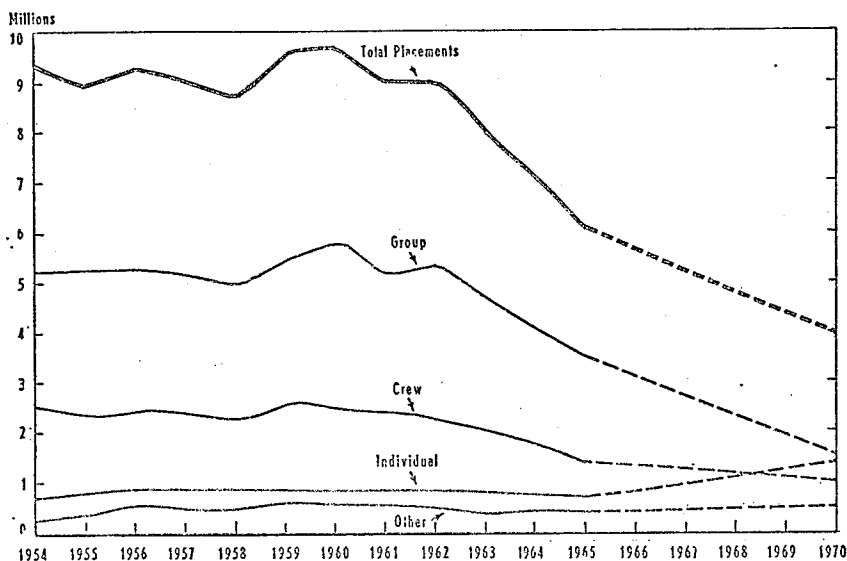
Average monthly agricultural hired worker employment will be about 1.2 million. In 1964, it was estimated at 1.6 million, a drop of about 10 percent from 1963. For the first nine months of 1965, employment averaged about 7 percent less than in 1964. The continuation of the present rate of decline would bring employment down to about one million by 1970. It is assumed that this trend will moderate so that employment in 1970 will be only about 25 percent less than in 1964.

Industrial farming—or agribusiness—built on heavy capitalization and extensive use of technological innovations is thus becoming increasingly characteristic of American agriculture. This development is bringing material changes in types and numbers of workers needed. Increasing dependence on machinery reflects only one aspect of these changes. Chemical, biological, financial, and management innovations are equally important.

At the present time, the entire cotton harvest is largely mechanized. Such other major labor-using harvest activities as tobacco, cannery tomatoes, apples, lettuce and other vegetables, and citrus are on the threshold of significant breakthroughs in mechanization. Preharvest activities are also being affected by the increased use of herbicides, improved seed, fertilizers, and cultivation techniques—all of which reduces seasonal labor demands.

Although there is, and will continue to be increased dependence on specialized and technically skilled workers, demand for seasonal workers at the peak of the harvest will not diminish significantly in some crops. Total man-months of employment for these types of workers, however, will be much less because they will be working for shorter periods.

Trend in Farm Labor Placements, by Type
Fiscal Years 1954-65 and Estimates for 1966-70



The impact of these basic social and economic changes in agriculture upon the volume of one measure of service by the public employment system, that of placements, is shown in the attached graph. This graph depicts, by fiscal year and type of placement, the volume of placements, 1954-1965 and an estimate of the placement volume in 1970. The total volume of placements by 1970 is expected to be down sharply. This change will be due to internal program orientation which will, by 1970, have been shifted from techniques devised primarily to identify and place masses of seasonal workers to that of attracting and preparing for ultimate employment workers whose individual problems are as numerous as their numbers. Seasonal placements, which account for the bulk of present activity, are inexpensive in terms of the effort required. Increased program emphasis on selection and job development for individuals is expected, however, to more than counterbalance the loss of the mass volume in terms of demands placed upon the resources of the employment security system.

By 1970, the principal role of the Farm Labor Service is expected to be that of training, recruitment and placement of greatly increased numbers of skilled agricultural workers on the one hand, and developing a dependable, stable seasonal work force with positive attachments to responsible employers on the other hand.

At the same time, the program will be one shaped to renew and make salable for agricultural or nonagricultural work the skills of the displaced rural day worker and the small marginal farmer.

7. Coordination and cooperation

The broad scope of the Farm Labor Service program involves other organizational units of the Bureau of Employment Security and many other Federal Government Departments and agencies. In most in-

stances, financing and formal cooperation and coordination of a program are not involved. Usually there is a request for technical services or information. The Farm Labor Service also represents the Department of Labor on governmental committees and at conferences concerned with agricultural problems.

In accordance with the format suggested by the questionnaire, a descriptive listing of organizational units with which the Farm Labor Service deals most frequently follows:

a. *Coordination with other units in the Bureau of Employment Security.*—The Farm Labor Service has a very close working relationship with the Employment Service. At the national office and the regional office levels there is coordination of both programs by the Administrator and Regional Administrators so as to provide total manpower services to workers.

Through joint conferences and executive staff meetings, in which all the services participate, program plans for the Bureau are developed. A specific example of intra-Bureau cooperation and coordination is the evaluation of regional and local office administration—evaluations are conducted on a team basis. Another example is the clearance by all services of United States Employment Service Program Letters which transmit information concerning Bureau programs, policies, and procedures to State agencies.

In most instances the formal coordination of programs is through the Office of the Administrator. But because the programs of Farm Labor Service and the Employment Service are so closely related, in many areas informed working arrangements have been established between staff units.

In connection with training programs for agricultural workers and occupations, the Farm Labor Service is charged with the responsibility of developing and planning such programs. Salary and expense appropriations finance preparation of training programs, recruitment and placement of trainees.

Another area of cooperation with the Employment Service which involves joint expenditure of funds is the development of human resources of rural areas—the Smaller Communities Program.

Enactment of pending legislation, which would extend unemployment insurance coverage to agricultural workers, would bring about a closer relationship between the Farm Labor Service and the Unemployment Insurance Service. A cooperative and coordinative arrangement would have to be established to insure full participation in the unemployment insurance program of farm workers recruited and placed by the Farm Labor Service.

Development of a Bureau automatic data processing system is a joint project involving all of the Services under the coordination of the Administrative and Management Service.

b. *Coordination with other Bureaus and Offices of the Department of Labor.*—

1. *Office of the Solicitor*—all proposed rules, regulations, and *ES Manual* requirements are cleared with the Solicitor. Legal opinions and interpretations are provided to the Farm Labor Service on request. All legislative proposals affecting agriculture are analyzed by the Farm Labor Service for the Solicitor's Office.

A review panel consisting of representatives of the Farm Labor Service and the Solicitor's Office prepares cases for presentation to the

Justice Department under the penalty provisions of the Farm Labor Contractor Registration Act.

2. Data on employment and wages of farm workers in the United States are reported to the *Bureau of Labor Statistics*, the *Wage and Hour and Public Contracts Divisions*, the *Bureau of Labor Standards*, and the *Office of Information*.

3. The Farm Labor Service receives periodic reports from the *Bureau of Labor Statistics* on prices of farm commodities.

4. The Farm Labor Service and the *Bureau of Labor Standards* cooperate in promoting improved working and living conditions, farm safety, and community programs for agricultural workers.

A Bureau of Labor Standards staff position is funded by the Farm Labor Contractor Registration Act appropriation for the purpose of working with State Labor Commissioners in an effort to prevent duplication of effort in those States that have crew leader registration laws and to assist other States interested in developing such laws.

5. The Office of Manpower Policy, Evaluation and Research (OMPER) and the Farm Labor Service participate in conferences on manpower research projects and coordinate research grants to finance academic studies of farm labor problems.

6. *Bureau of International Labor Affairs*—this Bureau provides policy guidance in connection with the administration of programs involving foreign nationals. Together with the Office of the Solicitor, ILAB and the Farm Labor Service have developed a program of on-the-farm work-training and institutional training for Japanese to be admitted as trainees under the Immigration and Nationality Act.

7. OMPER and BAT participate in the development and planning of farm training programs.

c. *Coordination with other Federal agencies.*—

1. *U.S. Department of Agriculture*—there is an extensive exchange of information concerned with all aspects of agriculture including: wages, employment, working and living conditions of farm workers, productivity of farm workers, crop acreage and production data, prices of farm commodities, characteristics of hired farm workers and their households, etc.

Rules and regulations providing for uniform enforcement of wage rate requirements applicable to workers employed in sugar cane and sugar beets have been developed by the Farm Labor Service and the Sugar Division of the U.S. Department of Agriculture.

Training programs for agricultural workers under MDTA are developed and planned in cooperation with the Rural Community Development Service and the Federal Extension Service.

2. *Department of Justice*

a. *Immigration and Naturalization Service*—regulations and procedures applicable to certification of employer requests for admission of foreign workers have been developed as a result of joint conferences. I&NS administrative procedures for temporary foreign farm worker programs and certain permanent immigrant programs require certifications from the Bureau of Employment Security. With the passage of the amended Immigration and Nationality Act, Department of Labor certification will be required for all permanent immigrants admitted for agricultural employment.

b. *Federal Bureau of Investigation*—a working arrangement has been established whereby the FBI receives fingerprint cards submitted

by applicants under the Farm Labor Contractor Registration Act, and the Farm Labor Service is furnished with copies of arrest records.

3. *Bureau of Indian Affairs*—there are cooperative arrangements at the national office level and throughout the country between BIA and the Farm Labor Service to coordinate the recruitment and placement of Indians residing on reservations.

4. *Office of Economic Opportunity*—the Farm Labor Service provides technical assistance in the development of programs affecting agricultural workers and their families. There is no formal arrangement or coordination of programs.

5. *U.S. Department of Health, Education, and Welfare*—extensive exchange of information and frequent consultation on programs affecting the health, education, and training of agricultural workers.

The Social Security Administration and the Farm Labor Service are cooperating in the development of a checklist of farm labor contractors to ensure payment of OASI deductions from the pay of farm workers and to identify unregistered crew leaders.

6. *Interstate Commerce Commission*—a form jointly developed by the ICC and the Farm Labor Service is used to determine whether vehicles used to transport migrant workers meet ICC standards. In addition, the ICC has cooperated with the Farm Labor Service in establishing check points for the purpose of inspecting vehicles of applicants for a certificate of registration.

d. *Coordination with State governments or their instrumentalities*.—State employment security agencies implement the program of the Farm Labor Service under a formal arrangement financed in accordance with Question 2, above. Policies and procedures are developed by the national office and transmitted to State agencies directly through Program Letters and Manual Transmittal Letters. Regional offices also provide program direction. A standing committee of State employment security officials advises the Bureau and the Farm Labor Service on agricultural labor programs and policies.

Twenty-four States have an official migratory labor committee, and ten other States have citizens advisory committees. National and regional office staff of the Farm Labor Service provide consultative assistance and technical information to such committees, and participate in the development of program plans and policies.

State universities and colleges engage in research on problems affecting farm labor under contract grants.

State employment security agencies have established cooperative arrangements with other State agencies such as the Board of Health, Department of Education, and Welfare Department, to provide services to agricultural workers.

Under the Farm Labor Contract Registration Act, applications are distributed and completed applications for a certificate of registration are filed with State employment security agencies. This has meant close cooperation to establish procedures for carrying out these responsibilities. In some States, this activity is carried out through a State Labor Commissioner's Office. In these cases, procedures have been developed to coordinate Farm Labor Service activities with State Labor Commissioners in order to avoid duplication with State Labor Commissioners who enforce State registration laws. Lists of contrac-

tors have been exchanged and meetings have been held to advance the administration of both Federal and State laws.

e. *Coordination with local governments or communities.*—At the local level the program of the Farm Labor Service is implemented by local employment service offices. Primarily in rural areas, these offices in many instances establish cooperative arrangements with county agencies which provide health, education and welfare services to agricultural workers. A specific example of such arrangements is referral by welfare agencies of able-bodied applicants to local employment service offices for farm work.

Local groups representing community interests serve as advisory committees to the Employment Service in connection with the development of farm training programs.

f. *Coordination with foreign governments or international organizations.*—No formal arrangements with foreign governments or international organizations are now in effect. There were extensive dealings and coordinated administration of the Mexican labor program operated under Public Law 78 until its termination December 31, 1964.

Technical assistance is provided, and there is periodic consultation, with representatives of other governments in connection with the admission of temporary foreign agricultural workers. Meetings have been held to discuss importation of workers from Mexico, Canada, the British West Indies and Bahamas, Japan, the Philippines, and Spain.

Most recently, the Farm Labor Service and the Bureau of International Labor Affairs assisted in the development of a special program to provide institutional training and on-the-farm work-training experience to Japanese admitted under Section 101(a) (15) of the Immigration and Nationality Act.

g. *Coordination with non-profit organizations or institutions.*—During 1965, three groups—Emergency Committee To Aid Farm Workers, National Sharecroppers' Fund, and Tennessee A&I State College—operated training projects under contract with the Office of Manpower Policy, Evaluation and Research. A cooperative arrangement was established whereby the Farm Labor Service agreed to provide farm employment to workers referred by these groups.

There are frequent contacts and exchanges of information between the Farm Labor Service and citizens' groups concerned with agricultural manpower such as the National Advisory Committee on Farm Labor, Mexican-American Political Association, American Friends' Society, National Farm Bureau Federation, Farmer's Union, National Catholic Rural Life Conference, Migrant Ministry of the National Council of Churches. Frequent conferences are held with groups such as those listed above, and full consideration is given to their views in the development of the Farm Labor Service program.

Funds for research concerning the employment and income of hired farm workers are provided to academic institutions on a contract basis. In addition, the Farm Labor Service receives and reviews scholarly works in this area.

h. *Coordination with business enterprises.*—The provisions of the Farm Labor Contractor Registration Act require registered crew leaders who transport workers to obtain insurance or to satisfy the Secretary of Labor as to their financial responsibility. In this connection, the Farm Labor Service has been working closely with the in-

surance industry to develop an endorsement to the standard automobile policy which will make that policy conform to the requirements of the Act.

Business enterprises such as manufacturers, and distributors of agricultural machines, equipment, chemicals, and other products having a relationship to farm manpower frequently call upon the Farm Labor Service to provide current information on employment and wage levels and for explanatory material regarding different aspects of the Farm Labor Service program. Data are supplied on request to newspapers, periodicals, television and other communications media.

8. Laws and regulations

The Farm Labor Service program operates under the laws and regulations governing the United States Employment Service, with the addition of the Farm Labor Contractor Registration Act of 1963 (Public Law 88-582, September 7, 1964).

The "appropriation authorizations" for the Office of Farm Labor Service are included in the appropriation for the Bureau of Employment Security.

The additional legislation referred to above—the Farm Labor Contractor Registration Act of 1963, which became effective January 1, 1965—requires the Secretary of Labor to issue certificates of registration to farm labor contractors and identification to regular or full-time employees who meet specified requirements. Authority to administer the Act was delegated by the Secretary to the Manpower Administrator. Operational responsibilities are assigned to the Bureau of Employment Security. Pursuant to Section 14 of the Act, on December 22, the Secretary issued regulations establishing requirements for obtaining certificates of registration (29 CFR, Part 40). On March 6, 1965, the Secretary issued a new Part 41 of Title 29 CFR which sets forth interpretations adopted by the Department for the guidance of those who are or may become subject to the Act and the regulations established to implement its provisions.

The appropriation authorization to carry out the Crew Leader Registration Act in fiscal 1965 amounted to \$350,000. Appropriations for operations under the Act in fiscal 1966 are \$458,000.

For fiscal 1966, supplementary appropriations in the amount of \$1,615,900 were made for implementing the Secretary's Regulations (Title 20 CFR 602.10) relating to the admission and employment in agriculture of nonimmigrant aliens under the Immigration and Nationality Act, as amended.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. Economic effects

Assigning quantitative values to the economic effects resulting from operation of the Farm Labor Service's program is not possible.

A complex industrial organization has developed to produce and market farm products. At the levels concerned with the actual production of food and fiber, as well as processing many of these products, the program of the Farm Labor Service functions to provide employers with qualified workers at the time they are needed. Producers depend on the Farm Labor Service to meet their needs for farm

workers. Because of the seasonality which characterizes most employment in the agricultural sector of the economy, the program of the Farm Labor Service is vital to the economic activity and growth of this sector.

Growers heavily dependent upon large numbers of seasonal workers to meet their peak needs must, in effect, reconstruct the bulk of their labor force from time to time. In the aggregate, for the Nation as a whole, this involves the expansion in seasonal employment of over one million workers, many of whom will work in many different jobs for many different employers. The resources of farm employers are such that they could not themselves provide for any semblance of a rational, orderly recruitment program of this magnitude, although the recruitment and placement of seasonal farm workers is by no means an orderly process; what order it does have is the result of activities of the public employment service.

Referral to and placement of workers in farm jobs, the primary function of the Farm Labor Service, is an integral part of the farm economy. The number of farm workers and employers who look to the Employment Service for assistance each year is an indication of the value of the services provided. In fiscal year 1965, six million placements were made.

The big cotton producing States in the south-central section of the country accounted for over one-third of total placements by Farm Labor Service in 1964. Mississippi led the area and the country with its 1,071,900 placements. Tennessee placed 528,000 farm workers; Texas, 354,800; Missouri, 135,900; and Oklahoma, 112,000.

Placement activities of the Farm Labor Service are conducted in all 50 States plus Puerto Rico and the Virgin Islands. In calendar year 1964, placements ranged from a total of five in the Virgin Islands to 1,071,900 in Mississippi. States having 100,000 or more placements in 1964 were concentrated on the east coast, the west coast, and in the south-central section of the country.

On the east coast, the leading States in placements were North Carolina (445,800), Pennsylvania (327,900), Florida (166,500). Other important States were New York, Maryland, and New Jersey.

Arizona topped the western States with 883,000 placements in 1964. Oregon had 310,000; California, 250,700; Washington, 195,600; and Idaho, 129,500.

There are approximately 3.6 million farms in the United States, of which about 1.7 million use some hired farm labor. In 1964, average monthly hired farm worker employment was less than 1.6 million, approximately ten percent below the comparable figure for 1963, a trend which is expected to continue. About 3.4 million individuals did some farm work during 1964. However, 1.4 million were employed for less than 25 days of farm wage work. Over half of the farm labor force, primarily housewives and students, were not in the labor force most of the year. Earnings of hired farm workers averaged about \$7.15 a day. As a group, hired farm workers averaged 80 days of farm employment and earned \$578 per year. Seasonal farm workers, those employed 25 to 149 days per year, averaged 64 days of work and earned approximately \$400 from farm employment. There were approximately 300,000 workers who were employed from 150 to 249 days, and these regular workers averaged 198 days and

earned \$1,432. Year-round farm workers, those with more than 250 days of farm employment, earned \$2,560 for an average of 321 days of work, and in 1964 there were about 300,000 such workers. One other significant group was made up of migratory farm workers. Numbering approximately 386,000, they had average daily earnings of \$8.95, and yearly earnings of \$782 for 87 days work. Significantly, of the total farm labor force of 3.4 million, about 40 percent did both farm and nonfarm work, averaging 98 days of nonfarm wage work, 49 days of farm wage work, and total earnings of \$1,379. Those workers who did farm work only were employed about 100 days and earned \$698.

This capsule summary of the hired farm work force describes a very heterogeneous group which has varying degrees of affiliation with the agricultural sector of the economy. The data listed above also clearly indicate the extremely low income of farm workers.

Each placement made by the Farm Labor Service has a direct effect on the personal income of the persons served. Migratory farm workers, a group that has been described as *the forgotten people*, are aided directly by Farm Labor Service programs. In addition to the Annual Worker Plan, which is primarily concerned with providing continuity of employment, the Farm Labor Service, through regulations issued by the Secretary of Labor, provides some assurance that the jobs in which workers are placed through the interstate clearance process of the Employment Service meet certain minimum standards. These workers receive almost no protection under the social welfare legislation applicable to nonfarm workers. But they are not referred to jobs unless farm employers offer wage rates at least as high as those prevailing in the area of employment. And employers are required to provide decent housing, and free transportation if this is the prevailing practice in the area. The interstate clearance regulations issued by the Secretary of Labor are one of the few Government programs that afford some protection to migratory workers, and indirectly the wages and working conditions of all hired farm workers are improved.

During the summer months the Farm Labor Service operates special job programs for youth on school vacations. This is a service of extreme importance to these young people because farm employment in many instances is the only possible source of income in the local area for them. Some out-of-area youth programs are also administered by the Farm Labor Service. High school juniors and seniors and college youth are recruited for employment away from home, for jobs that meet certain minimal standards.

Farm training programs that upgrade the job skills of agricultural workers have a significant effect on both their personal incomes and the overall distribution of personal income. Increasingly, agriculture is becoming more mechanized. Entire crops in some States are harvested by machines and the use of herbicides, improved seeds and fertilizers have intensified the demand for skilled workers, although in smaller numbers. Training programs provide farm workers with the skills that will be increasingly in demand in future years.

The policy of the Department to cut back employment of foreign farm laborers (a policy originating in the Congressional action to terminate the Mexican labor importation program) has had the very

direct effect of expanding seasonal domestic employment and increasing wage rates through creation of a competitive labor market.

Employers as well as workers benefit from the programs of the Farm Labor Service. Availability of a stable productive labor force is a factor that enters into decisions about levels of production, location, expansion, etc., made by entrepreneurs. Information about farm labor supply and demand that is furnished to businessmen assists them in making management decisions. This is particularly important in rural communities that are attempting to stabilize or if possible reverse out-migration by attracting new industries to the area. The Farm Labor Service and other elements of the Employment Service cooperate fully in these efforts. In addition to providing information about the labor force and supplementing it with workers from other areas, the Employment Service facilitates the establishment of training programs which will develop workers with job skills in short supply. The net effect of these activities is a more viable economic atmosphere.

10. *Economic classification of program expenditure.* (See table 2.)

Program: Farm Labor Service.

Department or agency, and office or bureau: Department of Labor; Bureau of Employment Security.

TABLE 2.—*Economic classification of expenditures for fiscal year 1965*

[In thousands of dollars]

Federal Government:	
Purchases of goods and services:	
Wages and salaries	1,316
Other	415
Grants to state and local governments	13,335
Total, Federal expenditures	15,066

Bureau of Labor Standards

FAIR LABOR STANDARDS

PART I. DESCRIPTION OF THE PROGRAM

1. *Objectives*

To safeguard the health, safety and welfare of workers through the development and promotion of sound labor standards.

2. *Operation*

The Bureau provides, through its national and regional offices, technical assistance to State labor agencies, State legislative committees, management and labor organizations, civic and church groups, colleges, and other interested groups in developing better labor laws and working conditions in such areas as occupational safety and health, workmen's compensation, agricultural labor, child labor and youth employment standards, wages and hours, and discrimination in employment. One of the Bureau's techniques of operation is to sponsor, in cooperation with interested groups, Statewide seminars on protective labor legislation. Regional and national conferences on labor legislation are also sponsored. A number of major technical bulletins

on labor laws and programs, together with fact sheets and leaflets, are issued by the Bureau as part of its promotional program.

To assist States in strengthening and improving the administration of their labor laws, the Bureau sponsors regional workshops for key personnel of State labor agencies, conducts training courses for State safety inspectors and general labor law inspectors, and develops inspection manuals as a guide for use by the States.

3. History

The Bureau was established in 1934 by the Secretary of Labor as a service agency for the States. One of the major interests of the Bureau from the beginning was the problem of occupational safety and occupational diseases. Wages and hours, workmen's compensation, strengthening of State labor agencies, and protective laws for migratory farmworkers were other major areas of concern to the Bureau. Later the child labor and youth employment standards functions of the Industrial Division of the Children's Bureau were transferred to the Bureau of Labor Standards. During World War II, the Bureau gave special emphasis to safeguarding sound labor standards and exercised leadership in developing and promoting acceptance of recommended wartime labor standards. In 1950 the Bureau expanded its safety services to cover longshoring and harbor work.

Over the years, the Bureau has concentrated its efforts on developing sound Federal-State relationships and on giving technical assistance in labor legislation to all who ask. From Bureau experience in promoting labor standards has emerged a pattern of conference, field consultation, technical assistance, training in occupational safety and labor law administration, and publications, which has broadened over the years into a trademark of service.

4. Level of operations. (See table 1.)

Program: Fair Labor Standards.

Department or agency, and office or bureau: Department of Labor; Bureau of Labor Standards.

TABLE 1.—Level of operations or performance, fiscal years 1965, 1966, and 1967¹

Measure ^{2 3}	Fiscal year 1965	Fiscal year 1966 (estimates)	Fiscal year 1967 (estimates)
(a) and (b) Magnitude and participants:			
State safety program:			
Engineering and programing services.....	170	165	160
Training courses.....	62	57	50
Training sessions.....	11	9	6
Meetings.....	42	39	30
Training aids issued.....	68,500	68,000	65,000
Students trained.....	2,835	2,775	2,100
States serviced.....	25	23	23
Federal safety program:			
Engineering and programing services.....	174	190	200
Training courses.....	136	148	170
Training sessions.....	8	12	20
Training aids issued.....	102,900	104,000	112,000
Students trained.....	3,795	4,175	5,900
Meetings.....	172	225	235
Field councils services.....	92	95	120
Number agencies serviced.....	39	42	50
Union safety program:			
Engineering and programing services.....	30	30	35
Training courses.....	41	41	43
Training sessions.....	15	15	17
Meetings.....	13	13	15
Students trained.....	1,964	1,964	2,100
Training aids issued.....	23,528	23,528	24,000

See footnotes at end of table, p. 443.

TABLE 1.—*Level of operations or performance, fiscal years 1965, 1966, and 1967*¹—Continued

Measure 2 3	Fiscal year 1965	Fiscal year 1966 (estimates)	Fiscal year 1967 (estimates)
(a) and (b) Magnitude and participants—Continued			
Maritime safety program:			
Regulatory activities:			
Inspections.....	20,788	21,000	21,000
Violations.....	2,905	2,945	2,945
Investigations.....	840	855	900
Legal actions instituted.....	15	20	30
Gear certification:			
Certificates issued.....	5	21	10
Certificates in force.....	32	32	35
Certificates examined.....	5,300	5,380	5,500
Engineering and programing services.....	12,961	13,500	14,000
Research and development:			
Regulations developed.....	36	36	38
Public hearings held.....	27	30	35
Technical publications developed.....	108	121	130
Training:			
Courses.....	101	110	115
Sessions.....	850	875	910
Students.....	21,118	21,293	25,000
Training aids issued.....	71,787	71,900	75,000
Meetings.....	752	775	780
Programing and research:			
Standards developed.....	3	3	3
Codes developed.....	4	4	4
Code comparison studies.....	2	3	4
Technical bulletins developed.....	6	6	8
Standards boards and committees served.....	55	57	57
Abstracts.....	133	120	(4)
Training material developed.....	1,871	1,900	2,000
Technical assistance specialized training (new).....		3	4
Improvement of working conditions:			
Technical services given 5	2,523	2,615	2,500
State bills and laws:			
Bills reviewed.....	4,500	2,300	4,500
Bills summarized.....	600	400	600
Laws reviewed.....	350	140	350
Laws summarized.....	300	100	300
Federal bills and laws reviewed.....	40	20	20
Informational material prepared.....	267	309	300
Foreign visitors serviced.....	29	39	25
Conferences serviced or organized.....	289	319	300
States given personal consultations 6	43	45	45
State farm labor committees serviced 7	36	30	30
State legislative backgrounds developed.....	12	9	10
Research projects or reports prepared or reviewed.....	14	17	10
Hazardous occupations investigations.....	4	8	8
Number of States reporting on employment certificates issued.....	50	50	50
Number of States reporting work injuries to minors under 18.....	28	15	15
(c) Federal finances:			
Unobligated.....			(4)
Obligations incurred.....	\$ 3,280,000	\$3,270,000	\$3,349,000
Allotments.....	\$ 3,675,000	\$3,282,000	(4)
(d) Matching or additional expenditures.....	(4)	(4)	(4)
(e) Number of Federal employees.....	10 274	265	11 264
(f) Non-Federal personnel.....	(4)	(4)	(4)
(g) Other.....	(4)	(4)	(4)

¹ Because of changes in the data collection process, data for 1964 are not readily available in the categories shown in this table.

² For a more coherent presentation of LSB activities, data are grouped according to "subprogram".

³ The unit is embodied in the measure for all the "subprograms."

⁴ Information not available.

⁵ To State and Federal agencies, international organizations, State and national labor organizations, management associations, Council of State Governments, civic, and other interested groups and individuals.

⁶ Covers number of States given personal consultations through field visits to States or participation in regional conferences. Groups or organizations given such consultation would include those listed under footnote 5.

⁷ Includes number of Governor's or official and unofficial State committees on seasonal agricultural labor given technical assistance.

⁸ For fiscal year 1964: \$3,176,000.

⁹ For fiscal year 1964: \$3,470,000.

¹⁰ For fiscal year 1964: 282.

¹¹ In man-years: 275. Prior fiscal year man-years are: 1964, 263; 1965, 252; 1966, 250.

5. *Estimated magnitude of program in 1970*

Meaningful estimates for 1970 cannot be made at this time. In general, our current plans are to maintain present level of performance as indicated for Question No. 4.

6. *Prospective changes in program orientation*

a. None

b. None

c. See reply to this question in section "MDTA Title II, Excluding Section 241" for a general description of the changing program environment. In addition, it is possible that such factors as the renewed emphasis on joint Federal-State cooperation, the importance of the role of labor standards in the war on poverty, and the growing use of atomic energy for peaceful purposes will lead to program changes of emphasis in 1970.

7. *Coordination and cooperation*

a. *Within the Bureau of Labor Standards.*—Internal coordination of the Bureau is accomplished through meetings, circulation of correspondence and literature, and the normal day-to-day contact which Bureau employees maintain with one another.

b. *Within the Department of Labor.*—The LSB takes part in both formal and informal meetings with representatives of other Bureaus.

c. *With Other Federal Agencies.*—The LSB works informally with a variety of other agencies on safety matters, such as with the Atomic Energy Commission concerning peaceful uses of atomic energy.

d. *With State Agencies.*—One of the major functions of the Bureau is to promote close working relationships between the State labor agencies and the Federal Department of Labor in order to avoid duplication of activities and to strengthen and supplement the State and Federal program. Specific examples of such cooperation are the agreements negotiated by the Bureau with 45 States whereby the State employment certificates are accepted as proof of age under the Fair Labor Standards Act.

e through i. *With Other Groups.*—The LSB cooperates with a variety of organizations including the following: Labor unions, management groups, universities, civic and church groups, and the International Labor Organization.

8. *Laws and regulations*

The appropriation authorization for the Bureau's program in fiscal 1966 is P.L. 89-156, approved August 23, 1965.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. *Economic effects*

A program of this nature does have positive effect on the economy of the nation but it cannot be traced and broken down according to the categories requested. The economic effects of the Bureau's program are to provide a more adequate income for the wage earner under safer working conditions and to enable him to maintain a decent standard of living for himself and his family. These benefits are outcomes of the Bureau's promotion of adequate standards relating to minimum wages, wage payment and wage collection, workmen's compensation,

occupational safety, and the coverage of agricultural labor under protective labor legislation. They also stem from the Bureau's efforts to increase protection against injuries on the job and secure adequate income maintenance and rehabilitation for workers when injured.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Fair labor standards.

Department or agency, and office or bureau: Department of Labor; Bureau of Labor Standards.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

[In millions of dollars]	
Federal Government:	
Purchases of goods and services:	
Wages and salaries	2.4
Other	1.1
Total, Federal expenditures	3.5
Non-Federal expenditures	(¹)

¹ Not available.

Women's Bureau

WOMANPOWER DEVELOPMENT PROGRAM

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The primary objective of the womanpower development program is to improve women's economic status and opportunities for full participation and utilization in the woman work force. By stimulating greater community understanding of the special problems women face, particularly in relation to training and employment opportunities, and by strengthening labor standards and practices, the aim of the program is to remove all types of discrimination against women workers and enable them to increase their contribution to the national economy and to attain greater personal fulfillment.

2. Operation

The womanpower development program is administered by the Women's Bureau of the U.S. Department of Labor. It is conducted in Washington, D.C. and five regional offices, with headquarters supervision in Washington, D.C. The Women's Bureau staff assembles and makes available to the public up-to-date information about major aspects of women's employment, and provides coordination and leadership in the collection and dissemination of pertinent information relating to women workers and in the adoption of policies and practices designed to achieve greater realization of their potentialities. Groups and organizations with which the Women's Bureau works toward its objectives include other Federal and State agencies, universities and colleges, professional associations, private organizations, employers, unions, individuals, and Governors' Commissions on the Status of Women, which have been established in 45 States.

3. History

The Women's Bureau was established by the U.S. Congress in 1920 with widespread support from many women's, civic, and labor organi-

zations. While there has been no legislative change in its enabling act, the focus of its concern and activities has changed somewhat over the years. Early emphasis was on means for improving the working conditions, wages, and hours of work of women factory workers. This continuing goal has been further expanded and intensified to stimulate the fuller development of women's skills and to enlarge the contribution of women to the economy. The rapidly changing role of women in modern society also requires greater emphasis on guidance and counseling to prepare young women for the dual role of homemaker and paid worker and on expanding training and employment opportunities for all women.

In December 1961 President Kennedy created the President's Commission on the Status of Women, requesting a depth study of women's status in every aspect of national life and recommendations of ways to improve their status. After the Commission presented its report in October 1963, the Interdepartmental Committee and the Citizens' Advisory Council on the Status of Women were set up to follow through on implementation of the Commission's recommendations.

Implementation of the Commission's goals is also being carried on at the State and local level by the Governors' Commissions on the Status of Women established in 45 States and by the field service operations of the Women's Bureau.

4. *Level of operations.* (See table 1.)

Program: Womanpower development program.

Department or agency, and office or bureau: Department of Labor; Women's Bureau.

TABLE 1.—*Level of operations or performance, fiscal years 1964-67*

(Thousands of dollars)

Measure and unit ¹	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 (estimated)	Fiscal year 1967 (estimated)
(c) Federal finances:				
Unobligated appropriation available....	\$5	\$8		
Obligations incurred.....	\$778	\$791	\$871	\$888
(e) Number of Federal Government employees, man-years.....	72	72	72	72

¹ (a, b, d, f, and g): not pertinent or none.

5. *Estimated magnitude of program in 1970*

There is evidence of increasing need through 1970 for an expanded program of womanpower development. Such evidence assumes that there will be a continuation of the upward trend in labor-force participation by the rising number of women in the population; an acceleration of economic growth, with many new job opportunities emerging for women as well as men; further impact on women's employment caused by technological advances; intensified efforts to improve the economic and social status of disadvantaged women in the work force; and continuing efforts to eliminate job discrimination based on sex. The forecast is that the number of women workers will increase 17 percent between 1964 and 1970, as compared with a 9 percent increase for men.

6. Prospective changes in program orientation

a. None by the Department of Labor. (Proposed changes in Federal minimum-wage legislation [see answer for 6(a) in section on the Minimum Wage Program] and anticipated enactments and improvements in State protective labor laws could have particular pertinence to Women's Bureau program emphasis because of the long-standing concern of the Bureau about low-wage disadvantaged groups and the long-range goal of developing programs to improve their wages and working conditions. The Bureau will intensify its program of providing consultative and technical services to organizations seeking to raise labor standards through legislative enactments.)

b. No pending or proposed changes.

c. With the rising need and demand for information about the expanding woman work force, the program emphasis of the Women's Bureau has been directed increasingly toward providing coordination and leadership for other agencies, organizations, and individuals in encouraging the collection of pertinent information and the adoption of employment practices which prohibit sex discrimination, strengthen labor standards, and advance women's economic position. Interest in the activities and problems of women workers has been stimulated immensely by the recommendations of the President's Commission on the Status of Women, the followup activities of the State Commissions on the Status of Women, passage of the Equal Pay Act of 1963, and the prohibition of job discrimination based on sex by Title VII of the Civil Rights Act of 1964. It is anticipated that by 1970 the Women's Bureau will primarily exercise a leadership and coordination role and provide consultative and technical services. (See answer for question 6(c) in section on MDTA, Title II, Excluding Section 241.)

7. Coordination and cooperation

a. Internal coordination is achieved through staff meetings, circulation of correspondence, etc.

b. The Women's Bureau is represented on and participates in numerous interbureau committees operating within the Department of Labor.

c. The President established on November 1, 1963 the Interdepartmental Committee on the Status of Women in order to stimulate pertinent programs, exchange information, and evaluate progress of Federal departments and agencies in advancing the status of women. Chaired by the Secretary of Labor, the Interdepartmental Committee is composed of cabinet officers and agency heads specifically designated because of their agencies' major responsibilities and interests in areas of special concern to women. The Director of the Women's Bureau serves as Executive Vice-Chairman of the Committee and is an ex-officio member thereof.

d. In order to help advance the status of women at State and local levels, 45 States have established a Commission on the Status of Women. These Commissions and their subsidiary committees are studying and working to improve the status of women of their State in relation to such aspects as employment, education, labor legislation, civil and political rights, and home and community services. The Women's Bureau cooperates with the State Commissions by providing background information on the economic and legal status of women and also technical and consultative assistance.

f. International organizations concerned with the importance of attaining equality of rights for women throughout the world include the United Nations Commission on the Status of Women, the Inter-American Commission of Women, the International Labor Organization, and the ILO Panel of Consultants on Problems of Women Workers. Cooperation by the Women's Bureau with these organizations has included participation in international meetings, exchange of background information, and consultative services on a mutually advantageous basis.

e. g. h. and i. The Citizens' Advisory Council on the Status of Women, established by Executive Order in November 1963, serves as the primary means for stimulating action with private institutions, organizations, and individuals working for improvement of conditions of special concern to women workers. The regional staff of the Women's Bureau also work directly with many groups, such as women's organizations, employer groups, unions, educational and vocational institutions, and individuals. The regional staff provide information, technical assistance, and consultative services at the State and local level to further the mutual goal of improved status for women.

8. *Laws and regulations*

- a. Women's Bureau enabling act, P.L. 259 (66th Congress).
- b. Executive Order establishing the President's Commission on the Status of Women, E.O. 10980.
- c. Executive Order establishing a committee and a council relating to the status of women, E.O. 11126.

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. *Economic effects*

The program promotes the better use of the Nation's labor force, thus contributing to increased productivity and higher levels of consumption. By helping to motivate and enable each woman to develop her maximum potential, the program seeks to give her an opportunity to use this potential fully in her own and the national interest. Women's current contribution to our economy is exceedingly important. For example, in 1964 women earned \$57,700,000,000 in wages and salaries—almost one-fifth of the national total. Further development of the fullest possible opportunities for and utilization of the women work force are essential to continued economic growth.

10. *Economic classification of program expenditures.* (See table 2.)

Program: Womanpower development program.

Department or agency, and office or bureau: Department of Labor; Women's Bureau.

TABLE 2.—*Economic classification of program expenditures for fiscal year 1965*

Federal Government:

Purchases of goods and services:

Wages and salaries.....	\$614, 890
Other	189, 100

Total, Federal expenditures.....	804, 000
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Wage and Hour and Public Contracts Divisions

MINIMUM WAGE PROGRAM

PART I. DESCRIPTION OF THE PROGRAM

1. Objectives

The purpose of the program of the Wage and Hour and Public Contracts Divisions (WHPC) is to alleviate sub-standard working conditions as prescribed by the Fair Labor Standards Act, the Walsh-Healey Public Contracts Act, and the Service Contract Act of 1965.¹ These statutes are directed towards elimination of sub-minimum wages, excessive hours, discrimination in rates of pay among men and women doing equal work, unsafe or hazardous employment conditions, the use of child labor, and other conditions which are detrimental to the maintenance of a minimum standard of living necessary for the health, efficiency and general well-being of workers.

In accordance with their responsibilities under the above Acts, the WHPC Divisions seek to—

- a. Obtain through education and investigation, compliance with standards respecting wages, hours, child labor, and other conditions of employment regulated by statute.

- b. Plan and conduct economic research and analyses of the wage, hour and other provisions of the Acts it administers and make recommendations for further legislation in connection with matters covered by the Acts.

- c. Provide for the employment of learners, apprentices, full-time students and handicapped workers at special minimum wages authorized by certificate to prevent curtailment of employment opportunities.

- d. Enforce statutory provisions relating to the age and occupations in which minors may be employed.

2. Operation

A major part of the bureau's program involves investigations for compliance which are carried out in regional and field offices with national office supervision. In addition to providing supervision and administrative support, the national office fulfills a major role involving economic research and analysis and regulation and wage determination activities.

3. History

Cornerstone of the program is the Fair Labor Standards Act of 1938 which for the first time provided national minimum wage and maximum hours standards and prohibited oppressive child labor. Effective October 24, 1938 the Act required payment to employees engaged in interstate commerce or the production of goods for interstate commerce a minimum wage of 25¢ per hour and overtime wages at time and one-half the regular rate of pay for hours of work in excess of 44 per week. The original legislation provided for increase of the minimum wage to 40¢ per hour and reduction of the weekly

¹ Also, all responsibilities of the Secretary of Labor as provided in Section 5(j) of the National Foundation on the Arts and Humanities Act of 1965. This statute establishes minimum wage standards applicable to all professional performers and related or supporting professional personnel employed on projects or productions financed in whole or in part through grants of funds under the Act and provides that such projects and productions must be performed under safe and sanitary conditions.

hours standard to 40 in steps over several ensuing years. Initially the Act applied to 12 to 14 million workers, but as the result of an expanding workforce and extension of coverage to employees in certain large enterprises by the 1961 amendments to the Act there are now 29.6 million workers subject to the Act's provisions. The 40¢ per hour minimum wage was increased to 75¢ effective January 25, 1950 and to \$1.00 per hour March 1, 1956. The 1961 amendments increased the minimum wage by steps to \$1.25 per hour and that rate is currently applicable to all covered employment. The statutory non-overtime workweek is 40 hours. The most recent amendment to the FLSA was enactment of the Equal Pay Act which prohibits wage discrimination on the basis of sex. This provision was generally effective on June 11, 1964.

Another important part of the program is based on the Walsh-Healey Public Contracts Act enacted in 1936 which establishes minimum wage, hours of work, child labor, safety and health standards and forbids convict labor. Application of this act is limited to workers on Government supply contracts amounting to more than \$10,000.

Also included in the program is the Service Contract Act of 1965 which, effective January 20, 1966, requires payment of the minimum wage provided in section 6(a)(1) of the Fair Labor Standards Act to employees working on all Government service contracts and where such contracts are in excess of \$2,500 the minimum wage determined by the Secretary of Labor to be prevailing for such employees in the locality, fringe benefits found by the Secretary to be prevailing for such employees in the locality, and compliance by contractors with statutory safety and health provisions.

Since the inception of the program there has been great emphasis on obtaining voluntary compliance through the issuance of comprehensive interpretative bulletins and regulations, where rule making authority was granted in the statute. These publications plus the issuance of informational pamphlets in non-technical language and intensive use of the mass media of communication have resulted in an informed business community and a high level of compliance which makes possible an enforcement program geared to reach annually only a small fraction of the 1.1 million establishments in the country to which the Fair Labor Standards Act applies. In investigations emphasis has been given to obtaining voluntary agreement for future compliance and correction of past violations through payment of back wages found due employees.

Litigation has been necessary in only slightly over 2% of the cases investigated. Such litigation includes criminal actions where willful violations are found, civil actions to restrain employers from future violation and from further withholding of wages due employees, and actions on behalf of employees to recover unpaid wages to which they are legally entitled.

With the expansion and diversification of industry over the years and the extension of coverage by amendments to the Act it has been necessary to develop improved investigative techniques and better methods of directing the enforcement effort to those areas and industries in which violations are occurring. At present wide dispersal of field staff stationed in approximately 300 towns and cities across the country contributes largely to the latter objective and makes it possible for the public to easily obtain answers to specific inquiries.

Historically, the goal in administering the program has been to obtain the maximum in benefits to the workers of the nation with the least possible expenditure of public funds. This will continue to be the guiding principle of the program in future operations.

4. *Level of operations.* (See table 1.)

Program : Minimum Wage Program.

Department or agency, and office or bureau : Department of Labor ; Wage and Hour and Public Contracts Divisions.

TABLE 1.—*Level of operations or performance, fiscal years 1964–67*

Measure and unit	Fiscal year 1964	Fiscal year 1965	Fiscal year 1966 (estimate)	Fiscal year 1967 (estimate)
(a) Magnitude of program: ¹				
Investigations—Establishments.....	56, 370	59, 625	57, 000	57, 000
Investigations—Covered employees in investigated establishments.....	1, 710, 850	2, 998, 913	1, 800, 000	1, 800, 000
Amount of underpayments (millions)....	\$59. 7	\$74. 5	\$75. 0	\$75. 0
Minimum wages (millions).....	\$24. 2	\$28. 1	\$28. 5	\$28. 5
Overtime (millions).....	\$35. 5	\$46. 2	\$46. 5	\$46. 5
Amount of payment agreed to (mil- lions).....	\$22. 7	\$24. 0	\$24. 5	\$24. 5
Employees underpaid (number).....	364, 000	406, 333	410, 000	410, 000
Employees whom employers agreed to pay (number).....	189, 048	195, 882	200, 000	210, 000
Safety and health inspections (number of establishments).....	2, 243	1, 577	1, 600	1, 625
Safety and health violations (number of establishments).....	1, 963	1, 480	1, 500	1, 500
Minors illegally employed (number)....	21, 006	18, 605	19, 000	19, 000
Agriculture (number).....	7, 972	7, 076	7, 000	7, 000
Nonagriculture (number).....	13, 034	11, 529	12, 000	12, 000
Complaints (number received).....	23, 120	21, 173	23, 000	23, 000
Litigation filed (cases).....	1, 642	1, 462	1, 675	1, 675
(b) Not applicable.				
(c) Federal finances:				
Unobligated appropriation available (thousands).....	\$19, 279	\$20, 952	² \$21, 594	22, 972
Obligations incurred (thousands)....	\$19, 143	\$20, 444	² \$21, 594	22, 972
(d) Matching or additional expenditures ³				
(e) Federal government personnel operating the program (number employees).....	1, 774	1, 768	² 1, 828	1, 992
(f) and (g) None.				

¹ No workload data available on the newly enacted Service Contract Act, or Arts and Humanities Act.

² Covers only partial year of operations under Service Contract Act, and contains no estimates for Arts and Humanities Act.

³ Information not available.

5. *Estimated magnitude of program in 1970*

The probable level of the bureau's programs in 1970 will depend upon the extent of legislative changes with regard to coverage, minimum wage, overtime and other standards. It is estimated that with the changes which are anticipated, a total of approximately 2,950 personnel and \$36 million will be required.

6. *Prospective changes in program orientation*

a. None at present. During fiscal year 1965, however, the Administration proposed that coverage under the Fair Labor Standards Act be extended to an additional 4.6 million workers primarily in hotel, restaurant, laundry, hospital and agricultural processing and that the \$1.25 minimum wage be applied to these workers. The Administration proposal also included a provision that double-time pay be required for all overtime work beyond 48 hours in a week for employees covered by the law prior to September 1961, being gradually reduced to 45 hours a week, over a three-year period. The proposal

also eliminated various exemptions now contained in the act and modified others. No amendments to the FLSA were enacted in FY 1965.

(A number of bills to amend the Fair Labor Standards Act were submitted in the previous session of the 89th Congress; their mention in this response should not be interpreted as reflecting endorsement by the Department of Labor. They include: S. 1864 and 1865; H.R. 8109, 9283, and 9284.)

b. None

c. See answer for 6(c) under MDTA, "Title II, Excluding Section 241."

7. Coordination and cooperation

a. The Wage and Hour and Public Contracts Divisions under the Administrator is organized into four offices, each directed by an Assistant Administrator. The four offices are Compliance and Enforcement, Wage Determinations and Regulations, Research and Legislative Analysis, and Planning and Management. The field organization reports to the Administrator through Regional Directors in eleven regional areas in the continental United States and one at Santurce, Puerto Rico. Coordination and cooperation between the four major offices and between these offices and the field is on a continuing hour-by-hour and day-by-day basis with frequent meetings with the Administrator providing overall guidance. Also field contact is maintained through frequent visits by national office personnel to attend conferences in the regions, by regularly scheduled visits by four Administrator's Field Representatives and a constant flow of correspondence and reports between the national office and the regions. Administration and enforcement are decentralized to the maximum degree and this fact places a premium on maintaining coordination and cooperation at all times.

b. As an integral part of the Department of Labor WHPC, maintains coordination and cooperates with all other Administrations, Bureaus and Offices of the Department. The Administrator reports to the Secretary through the Assistant Secretary for Labor Management Relations and must insure adherence to departmental policy. The Office of the Solicitor executes litigation actions under the FLSA and PCA, provides legal interpretations, opinions and advice and works closely with the staff of WHPC on legislation in the labor standards area. Both at the national office and in the regions there is continuous coordination and cooperation with the Solicitor's attorneys at all staff levels. There is constant contact with the Office of the Assistant Secretary for Administration with reference to budgetary and fiscal matters, personnel operations, management improvement and management services. The Bureau of Labor Statistics furnishes much data used in research and study carried on by the Office of Research and Legislative Analysis. The Bureau of Labor Standards makes studies on the basis of which the Secretary declares certain occupations hazardous for the employment of persons under 18 years of age, prohibited under Section 12 of the FLSA.

c. The Department of Justice executes criminal prosecutions under the FLSA. Consultation with respect to such cases is carried out at the national level and through the offices of the U.S. Attorneys through-

out the country. There is a constant exchange of information and data between WHPC and other Federal departments and agencies, particularly with Census, Agriculture, HEW, Commerce and numerous other Federal agencies with respect to matters of mutual interest.

d. Field personnel maintain a continuing liaison with State Labor Commissioners and officials occupying equivalent positions. There is a constant referral of inquiries from State agencies with respect to applicable Federal standards in order that Federal action may be taken when appropriate. Similarly, WHPC makes referrals to the States where certain employment subject to State law is not covered or exempt under the FLSA. In a number of States copies of employment permits issued to minors are furnished to WHPC for review for indicated violations of the child labor provisions of the FLSA. This interchange of information within the framework of any State or Federal statutory limitation is encouraged in all possible ways for mutual benefit in executing State or Federal responsibilities.

e. None.

f. None.

g. None.

h. All informational programs are designed to provide maximum information to employers subject to the provisions of the various statutes which form the basis for the program.

i. Trade associations and labor unions are brought within the framework of all informational activities in order to encourage opportunities for voluntary compliance. By invitation, national office and field personnel of WHPC regularly participate in meetings of labor leaders of business and professional groups.

8. *Laws and regulations*

1. P.L. 74-846, June 30, 1936. Public Contracts Act, as amended.

2. P.L. 75-718, June 25, 1938. Fair Labor Standards Act of 1938.

3. P.L. 76-344, Act of August 9, 1939. Provided a minimum wage and overtime exemption for switchboard operators in telephone exchanges having less than 500 stations.

4. Public Res. 88, Act of June 26, 1940. Provided for appointment of special industry committees for Puerto Rico and the Virgin Islands and power to set lower rates by wage order pursuant to their recommendations.

5. P.L. 77-283, Act of October 29, 1941. Broadened the overtime exemption in cases of employment on an annual basis.

6. P.L. 80-49, May 14, 1947. The Portal-to-Portal Act of 1947.

7. P.L. 81-177, Act of July 20, 1949. Provided a clearer definition of "regular rate" for purposes of computing overtime.

8. P.L. 81-393, October 26, 1949. Fair Labor Standards Amendments of 1949. Provided an increase in minimum wage rate to \$0.75 an hour, extension of child labor coverage, clarification of basic definitions, authorization to sue for back wages and added many new exemptions.

9. P.L. 84-381, August 12, 1955. Fair Labor Standards Amendments of 1955. Provided an increase in minimum wage rate to \$1.00 an hour effective March 1, 1956, changed the procedures for determining minimum wages in Puerto Rico and the Virgin Islands, and added the 4(d) report requirement.

10. P.L. 84-1023, August 8, 1956. American Samoa Labor Standards Amendments of 1956. Provided the same industry committee procedure for American Samoa as for the Virgin Islands and Puerto Rico.

11. P.L. 85-23, Act of August 30, 1957. Removed various overseas bases and possessions from coverage.

12. P.L. 85-750, Act of August 25, 1958. Provided that minimum wage rates in Puerto Rico, the Virgin Islands and American Samoa be reviewed by an industry committee at least once every 2 years.

13. P.L. 85-791, Act of August 28, 1958. Modified court review procedures of minimum wage rates established by industry committees.

14. P.L. 87-30, May 5, 1961. Fair Labor Standards Amendments of 1961. Provided a gradual increase in minimum wage to \$1.25 and brought additional workers under the Act especially in retail trade and service enterprises.

15. P.L. 88-38, June 10, 1963. Equal Pay Act of 1963.

16. (a) P.L. 89-286, October 22, 1965. Service Contract Act of 1965.

(b) P.L. 89-209, September 29, 1965. National Foundation on the Arts and Humanities Act of 1965.

17. Appropriation Authorization: For FY 1965, P.L. 88-605 (\$20,-378,000); for FY 1966, P.L. 89-156 (\$20,905,000).

PART II. DATA BEARING ON ECONOMIC ASPECTS AND IMPACTS OF THE PROGRAM

9. Economic effects

The Fair Labor Standards Act requires that the Secretary of Labor submit annually in January a report to the Congress including an evaluation and appraisal of the minimum wages established by the act together with recommendations for changes in the Act. The Act specifies that in making the evaluation and appraisal changes in cost of living, productivity, the level of wages in manufacturing, ability of employers to absorb wage increases, and other factors be taken into account.

This provision was added to the FLSA in 1955. However, even prior to that time studies were carried through each time a significant change in the Act was made in order to measure the economic effects of the change and to determine the feasibility of further improvement in the act.

The first report on the effects of minimum wage legislation related to the increase in the minimum wage from 40 cents to 75 cents an hour in January 1950. More comprehensive reports have measured the economic effects of the increase to \$1.00 an hour in 1956 and to \$1.15 and \$1.25 in 1961 and 1963. The reports have also evaluated the first major extension of coverage (1961) which brought under the act large enterprises, predominantly in retail trade. These reports include analyses of the effects of changes in the law measured in terms of increases in wages, employment, prices, productivity, etc. In addition to the "effects" studies, feasibility studies are sent to the Congress. These evaluate the feasibility of extending minimum wage and overtime coverage to nonprotected employees in various low wage segments of the economy who constitute the "working poor."

The report submitted to the Congress in January 1965 included an evaluation of the 1961 amendments to the FLSA and a preliminary evaluation of the 1963 amendment to the act which broadened the act to include a provision to prohibit discrimination in pay because of sex.

Most recently the feasibility studies have been completed for the restaurant, hotel, laundry industries, as well as for hospitals, small logging establishments and hired farm workers.

In 1965 reports were sent to the Congress indicating in detail the wage structure in manufacturing and wholesale trade. These studies made it possible to evaluate the effects of proposed increases in the minimum wage in industries and areas throughout the country and to insure that changes will be proposed which will eliminate substandard conditions as rapidly as possible "without substantially curtailing employment or earning power."

Attached are a series of tables which show (1) the estimated number of employees covered under the FLSA by industry division and type of activity, (2) the extent to which employees who are not covered by the Fair Labor Standards Act are covered by State minimum wage laws, and (3) the extent to which employees under the Act were required to receive wage increases each time that the minimum wage has been adjusted and the magnitude of these increases. There is also attached a bibliography of the various effects and feasibility reports, issued since 1960.

10. Economic classification of program expenditures. (See table 2.)

Program: Minimum Wage Program.

Department or agency, and office or bureau: Department of Labor; Wage and Hours and Public Contracts Divisions.

TABLE 2.—Economic classification of program expenditures for fiscal year 1965

Federal Government:

Purchases of goods and services:

Wages and salaries.....	\$15, 731, 401
Other	4, 712, 827

Total, Federal expenditures.....	20, 444, 228
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Non-Federal expenditures.....	(¹)
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¹ Not available.

[Attachment 1]

Estimated distribution of nonsupervisory employees in private industry according to status under the Fair Labor Standards Act, as amended, 1964¹

[In thousands]

Category	All non-supervisory employees	Employees subject to minimum wage provisions of the FLSA	Employees not subject to minimum wage provisions of the FLSA
All nonsupervisory employees.....	47,260	29,593	17,667
Employees in categories in which minimum wage exemptions apply.....	² 15,791	2,910	12,881
Outside salesmen 13(a)(1).....	1,757		1,757
Retail trade 13(a)(2), 13(a)(4), (19), (20).....	6,153	2,586	3,567
Restaurants 13(a)(2).....	1,780	7	1,753
Hotels 13(a)(2).....	549		549
Motion picture theaters 13(a)(2).....	114		114
Hospitals 13(a)(2).....	826		826
Nonprofit.....	759		759
Proprietary.....	67		67
Miscellaneous services 13(a)(2).....	³ 1,827	299	1,528
Laundries and cleaning plants 13(a)(3).....	523	18	505
Fisheries 13(a)(5).....	420		20
Agriculture 13(a)(6).....	1,895		1,895
Small newspapers 13(a)(8).....	16		16
Transit systems 13(a)(9).....	15		15
Processing within area of production 13(a)(10).....	90		90
Small telephone companies 13(a)(11).....	3		3
Taxicabs 13(a)(12).....	122		122
Small logging operations 13(a)(15).....	87		87
Cotton ginning 13(a)(18).....	34		34
All other employees classified by industry division.....	31,469	26,683	4,786
Manufacturing.....	15,270	15,207	63
Mining.....	559	554	5
Wholesale trade.....	2,262	2,092	170
Contract construction.....	2,994	2,413	581
Finance, insurance, real estate.....	2,020	1,869	151
Transportation, communication, utilities.....	3,516	3,474	42
Business services.....	742	600	142
Nonprofit organizations, NEC.....	1,134	246	888
Professional and educational services.....	468	228	240
Domestic service.....	2,504		2,504

¹ Estimates represent employment in September 1964 except retail trade and restaurants which relate to June 1964. Estimates are for the 50 States and the District of Columbia. All employees are included except executive, administrative and professional employees, and government workers.

² For purposes of this table employees who fall into more than 1 category are classified under the 1st category shown.

³ Includes agricultural services, personal services, repair services, amusements and recreation, and medical and health services.

⁴ Excludes fishermen paid on a "share of the catch" basis.

[Attachment 2]

Estimated number of nonsupervisory employees covered under the Fair Labor Standards Act, as amended, and under State minimum wage laws or orders, by industry—1964¹

[In thousands]

Industry	Total number of employees	Number of employees covered by FLSA	Number of employees not covered or exempt from FLSA	Number of employees covered by State laws only	Number of employees not covered by FLSA or State law
Total.....	47,260	29,593	17,667	4,937	12,730
Agriculture and fisheries.....	1,882	1,882	56	1,826	
Mining.....	559	554	5	1	4
Contract construction.....	3,029	2,413	616	168	448
Manufacturing.....	15,851	15,207	644	106	538
Transportation, communications, utilities.....	3,664	3,474	190	34	156
Wholesale trade.....	3,015	2,092	923	105	818
Retail trade.....	7,988	2,593	5,395	2,256	3,139
Finance, insurance, real estate.....	2,515	1,869	646	94	552
Services (excluding domestic service).....	6,253	1,391	4,862	2,117	2,745
Domestic service ²	2,504	2,504	2,504	(2)	2,504

¹ Estimates represent employment in September 1964 except for retail trade, which relates to June 1964. Estimates are for the 50 States and the District of Columbia. Estimates for employees covered only under State minimum wage laws or orders reflect only such laws or orders enacted or revised from 1955 and through Jan. 1, 1965. All employees are included except executive, administrative, and professional employees and government workers.

² Coverage of domestic workers is provided by very few State laws, and the language of these laws is such that virtually all domestic workers are excluded from the coverage provisions.

[Attachment 3]

Estimated number and percent distribution of employees earning less than specified rates and estimated amounts and percent increases in wage bills to raise minimum rates to specified levels under the FLSA and amendments thereto from 1938 to 1965

Year and minimum wage rate	Estimated number of employees earning less than specified rates		Estimated annual wage bill increase	
	Number (thousands)	Percent	Amount (millions)	Percent
1938: To 25 cents.....	300	2.7	(4)	(4)
1939: To 30 cents.....	650	5.2	(4)	(4)
1949: To 75 cents.....	1,500	6.6	(4)	0.9
1955: To \$1.....	2,100	8.7	\$500	.7
1961: To—				
\$1 ¹	663	18.3	200	1.5
\$1.15 ¹	1,093	30.2	460	3.6
\$1.25 ¹	1,330	36.7	700	5.5
\$1.15 ²	1,906	8.0	336	.3
\$1.25 ²	3,021	12.7	836	.8
1965: To \$1.25: ³				
Cash wages.....	1,572	34.0	809	5.1
With allowance for tips.....	1,406	31.0	656	4.1

¹ New coverage as of September 1961.

² Old coverage as of September 1961.

³ Proposed coverage.

⁴ Not available.

Source: Wage and Hour and Public Contracts Divisions, Office of Research and Legislative Analysis, June 10, 1965.

[Attachment 4]

Bibliography

WHPC effects and feasibility studies	Year	Page
Effects studies:		
In Puerto Rico.....	1960	76
Of extending coverage and raising the minimum wage.....	1960	37
In shellfish processing.....	1962	80
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In retail trade and selected areas.....	1964	23
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