

work norms and acquire skills. Both instruction and models of worker behavior are present. Since there are adults present with non-supervisory status, the enrollee sees the authority structure involving others besides himself. He soon understands that relationships of authority exist outside the public school and are common to all structured adult work groups. Membership in the adult work groups may also provide opportunity for identification with adult roles rather than with the special world of the adolescent.

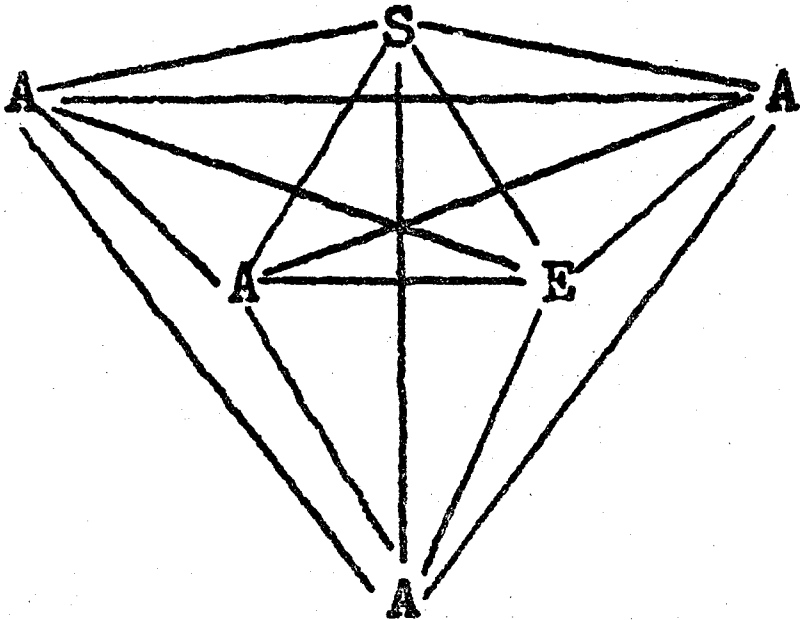


FIGURE 5. The Adult Form

Obviously the actual interaction patterns of each of these forms is highly dependent upon factors other than the form itself, including idiographic characteristics of supervisors, adult workers and enrollees. Nevertheless each form has certain likely structural limits. Teen and team forms would appear to be inherently the most unstable. Adult and multiple supervisor forms would appear to be the most stable. Teen forms almost always involve unskilled labor. The other forms usually involve semi-skilled enrollee work roles and more opportunity for experience with the adult world of work.

These forms have implications for social learning, and thus for increased employability. If we assume that work habits are the result of a conditioning process involving rewards for correct behavior while incorrect behavior is either ignored or else punished, and if we also assume that the frequency of correct behavior will increase as it is rewarded, then it is possible to look on interaction forms as the moderating social structures for such reward systems.¹ Work experience presumably possesses no intrinsic characteristics which by themselves lead to increased employability. Work experience will lead to increased employability only as correct work behaviors are rewarded, and thus the frequency of appropriate work habits will increase, and many may be generalized to other situations. The question is whether certain interaction forms possess a structured reward system for appropriate work habits more effective and generalized than other interaction forms. We would hypothesize, other things being equal, that multiple

¹ Our point of view here involves an integration of interaction theory with learning theory, and in regard to the latter is similar to that of Albert Bandura and Richard H. Walters, *Social Learning and Personality Development* (New York, 1963).

supervisor, teen-adult, and adult interaction forms are more likely to possess structured reward systems, and thus that increased employability as a result of work experience will be greater for enrollees within such forms than within teen or team forms. Teen forms where the interaction is almost entirely among adolescents seem to us most unlikely to possess such structured reward patterns, especially when, as is often the case, they are composed of out-of-school youngsters many of whom lack any work norm socialization, and who are in many cases otherwise seriously disturbed. In such cases it seems highly likely that inappropriate rather than appropriate behavior will be rewarded. In the team form while appropriate behavior may be rewarded, the reward system may be highly idiosyncratic. Furthermore in such forms the highly intricate division of labor and authority present in most work situations today is not likely to be present, and thus the enrollee has no conditioning into the work system which he is most likely to confront as a working adult. While we believe many other factors are involved, including factors in the enrollee's own background, factors in the enrollee work role, and in the supervisory role, it would appear that work crew ideas dating from the thirties should be discarded in favor of work experience in adult work groups where reward systems leading to adult work behavior are present.

Mr. HOWARD. I might point out one more thing, if I may. We are using observational analysts, which I think is an interesting technique. The technique is to retain a professional—usually from a university or college—and put him on as a part-time or temporary employee. We will place him in the location of the project, with complete access to the records, to data, to enrollees, and so forth. Thus, we will have a direct professional analysis report come in to us as an outside, fresh professional look.

One example of this is that a sociologist, or an anthropologist, will take up residence on the Navajo Reservation and analyze our massive program there in terms of its usefulness, its impact, and what it needs to be more effective.

We have these analysts going on a number of projects in Atlanta, Los Angeles, and Minnesota.

Mr. QUIE. Do you have interim reports on some of these studies which you have indicated will not be completed until next year? If so, are any available to us so that we will be able to make a judgment of the program?

Mr. HOWARD. We expect an interim report from our new inschool study in October. Any others we have and this one we will be glad to make available to the committee.

Mr. QUIE. If you will do that, we will appreciate it.

I understand on the Nelson program that you have one completed which was an outside contracted one. Isn't that right? Isn't there an outside contract completed on the Nelson program?

Mr. HOWARD. It might have been done by OEO prior to the deligation. To my knowledge we have not received it. We have contracted under our new delegated authority for an outside evaluation of a Nelson program, but we have not received anything.

Mr. QUIE. Will you check with OEO and see if there is one available?

Lastly, have you done a study of the title V programs which have been operated by the Welfare Department now. Under the amendment last year you were given jurisdiction for the section of manpower development and training.

I am under the impression that the title V program in St. Paul is an excellent one, with a good training component in it.

Secretary WIRTZ. We are just in the process of completing that transfer. But, I understand from OEO that it has not undertaken a comprehensive evaluation of Nelson projects.

(The following material was submitted for the record:)

NELSON PROJECTS

TEXAS (WEBB COUNTY) V-330.A-67

This project operates in Laredo, Texas. The manpower problems in this area are typical of those found in any border town. Enrollees to date come primarily from the Latin-American segment of the population. Over one-half of the trainees enrolled to date have had less than a fifth grade education. The primary weaknesses in the program to date have been the lack of adequate work experience sites, duplication of training which could be offered through other manpower programs and the absence of vocational counseling.

The following changes were made in the project renewal as a result of full Labor Department participation:

1. Four full-time vocational counselors will be outstationed in the project.
2. The work experience component will be broadened to provide a wide variety of work experiences for the Title V enrollees.
3. There will be a substantial increase in the adult basic education and institutional vocational instruction components.
4. The adult basic education resources of the adult migrant worker program will be made available to the Title V project.
5. The Labor mobility component has been added to the project.

VIRGINIA (CASWELL COUNTY) V-321

This project operates in an area where employment has been reduced by some 50 percent in the last 10 years, largely due to mechanization of coal mining and agriculture. Of the trainees enrolled to date, the great majority have been male heads of households with little formal education. Almost one-half of them have been forty years of age or over.

To date this project has operated primarily as a work relief program with little or no vocational instruction offered. The following changes were made in the project renewal as a result of Employment Service participation:

1. Two full-time vocational counselors will be outstationed in the project.
2. Work experience will be used for purposes of occupational exploration as well as skill training.
3. There will be a substantial increase in the adult basic education and institutional vocational instruction components.
4. A labor mobility component has been added to the project.

ARKANSAS (PULASKI COUNTY) V-150

Originally the project covered only Lonoke and Prairie Counties. Pulaski County was added in fiscal 1966 and the present project covers only Pulaski County, the other two counties being dropped at the State's request. The trainees enrolled to date have been primarily female heads of household with little formal education.

Almost one-third of the funds approved in fiscal year 1966 were unexpended due primarily to difficulties in enrolling the projected number of participants.

With the participation of the Employment Service in this year's project, it is hoped that the proportion of male heads of household enrolled in the project will be increased and that project enrollment figures will be reached. The proposed level of operations for the year beginning July 1, 1967 is 140 persons at any one time, for whom 60% will be actual welfare recipients (group I) and 40% other needy persons (group II).

The basic weaknesses of this project have been the limited number of occupations offered in work experience, the lack of vocational counseling, and the lack of coordination with other manpower programs operating in the area.

The following changes were made in the project renewal as a result of full Labor Department participation:

1. Two full-time vocational counselors will be outstationed in the project.
2. The work experience component will be broadened to provide a wider variety of work experiences for the Title V enrollees and will include all of the job sites now being utilized in other Labor Department programs.

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3. There will be a substantial increase in the adult basic education and institutional vocational instruction components.

4. A labor mobility component has been added to the project.

MISSISSIPPI (NEWTON COUNTY) V-325.A-67

The Newton County Project proposal calls for training of 90 needy persons who require supportive social services, basic education, constructive work experience and vocational instruction in order to secure and hold regular employment in a competitive labor market. The Employment Service is expected to plan and execute the manpower aspects of the training program and a request for relocation assistance for those who cannot be expected to secure full-time employment locally is anticipated.

Enrollees in this project to date have been among the most severely disadvantaged found in any Title V project. Over 60 percent of the trainees enrolled have less than a fifth grade education.

Services offered to the enrollees have consisted of three hours of basic education per week with almost all of the skill training being in the form of work experience. Coordination with other manpower programs in the area while attempted has not succeeded when measured in terms of enrollment of Title V trainees in other programs.

The individual employability plans have not reflected an assessment of the individual's occupational capabilities. While there was a cooperative agreement with the local employment service to provide some vocational counseling and testing services, the degree to which these services are required could not be met, it was found without out-stationing ES personnel at the project site. This could not be done without additional financing.

The following changes were made in the project renewal as a result of employment service participation.

1. One full-time vocational counselor will be out-stationed in the project.
2. Work experience will be used for purposes of occupational exploration as well as skill training.
3. There will be a substantial increase in the adult basic education and institutional vocational instruction components.
4. Provision will be made to provide labor mobility services to this project.

MASSACHUSETTS (CITY OF BOSTON) V-132.A

This proposal was designed to involve in work experience, training and education over a one-year period 2,200 adults between 22 and 64 years of age. These persons, more than 80% of whom are family heads, will be helped through vocational training, education and work experience to upgrade skills for employment, to conserve their work habits and skills and to attain or retain capability for self-support and personal independence.

The Department of Labor agreed that this project should be renewed by the Department of HEW beginning July 1, 1967 without specific Department of Labor inputs of manpower activities. This action was taken because of insufficient time to carry out a joint evaluation that could be the basis for determining DOL inputs. However, such a joint evaluation by Department of Labor and Welfare Administration staff will be conducted in the near future to determine the possibility for improving the manpower components of the project.

CALIFORNIA (SAN JOAQUIN COUNTY) V-148

This proposal was developed to train a total of 280 AFDC mothers and AFDC-U fathers. At least 50% of the participants are expected to be unemployed fathers. Training methods will include one or a combination of the following: work experience in public agencies, adult basic education courses, vocational instruction in public and private schools, and specialized individual and group counseling.

The Department of Labor concurred that this project should be renewed by the Department of Health, Education, and Welfare beginning July 1, 1967 without any specific involvement of Department of Labor activities. A review of the project proposal and supplemental information relating thereto indicated that this project was operating satisfactorily.

Dr. ALLER. After Thanksgiving, we began a series of joint Labor-HEW visits to determine how the Department of Labor resources could merge most effectively with welfare capability.

On projects to be funded out of the fiscal year 1967 appropriations, under the provisions of the 1966 amendments, we have been working closely with the welfare administration, both in Washington and in the field, to determine which projects would have Manpower Administration involvement.

We will furnish you information on how we arrived at these decisions and some specific examples of Department of Labor inputs into projects.

Mr. QUIE. I visited that one, and I have seen the operation. I am also interested in receiving from you the results of the evaluation you began at Thanksgiving, so that we can make our judgment.

Mr. MEEDS. If you will yield, I would like to point out that a title V program, which I also visited, in Bellingham, Wash., has been conducted by the county people and has been a tremendous success.

I would ask unanimous consent to put in the record, right after what you have asked for, the results of their findings on this program.

Mr. DENT. I understand, then, you will make available all of the reports of your analyses that you have made of various projects for the benefit of the committee?

Secretary WIRTZ. Of course, we will. I assume the best procedure will be to work with the representatives of the committee and find out just exactly what it is you want in this area. It will, of course, all be made available.

Mr. QUIE. That is satisfactory with me.

Secretary WIRTZ. I don't know what shape that title V report is in.

Mr. DENT. At this time the Chair would like to announce that we have permission to sit this afternoon.

I would like to recess until 1:30, if it is convenient for the Secretary.

Secretary WIRTZ. Sure.

Mr. DENT. We stand in recess until 1:30.

(Whereupon, at 12:15 p.m. the subcommittee recessed, to reconvene at 1:30 p.m. that same day.)

AFTERNOON SESSION

Chairman PERKINS. The committee will come to order.

A quorum is present.

Mr. Goodell?

Mr. GOODELL. First of all, Mr. Wirtz, what study is it that you are referring to on page 11 of your statement? You say, "A recent study of our school enrollees," and so forth.

Secretary WIRTZ. Mr. Howard will be back in a minute. He spoke to this matter this morning.

It is a recently conducted, independent, privately contracted study, and the complete study will be made available to the committee.

Chairman PERKINS. What towns does it cover? What areas of the country?

Secretary WIRTZ. I will ask Mr. Howard as to that.

Mr. HOWARD. Mr. Chairman, I will have to get for the record the complete list.

It was a scientifically designed cross section of our urban-rural, about 26 to 35 projects, and 30 different projects with selected sample, interviews, followup, and urban-rural mix, and a mix of I believe a half dozen or so different States.

But I will get it for the record, and we will submit, if the committee desires, the study itself, which will show precisely the locations and the interviews and everything else.

Chairman PERKINS. I want to take this opportunity to compliment you and the Secretary.

I am mighty proud personally of the NYC, its present operation, and the very effective way it has assisted youngsters throughout the country.

I know it has been really effective in the area that I represent, and I just wish that we had had more money for that particular program, because in my area alone I know that we could well utilize and efficiently utilize three times the present funding.

So I do know that you are doing tremendous good throughout the Appalachian area, and I think throughout the Nation, and I do know, without any other studies being made, in my particular area, hundreds of youngsters are being held in school that otherwise would have dropped out.

It is a terrific program. I want to congratulate you gentlemen for the way in which this has been conducted.

Mr. GOODELL. Mr. Secretary, you refer to the combined total of work training or work experience programs that you are administering at this point, as referred to on page 5 of your statement.

When did you delegate authority for each of these programs from the OEO?

Secretary WIRTZ. The Neighborhood Youth Corps in late 1964, and it was in effect January 1, 1965.

With respect to the other three programs, the consideration of the delegation, in a very meaningful sense, started about November of 1966.

There were a series of discussions about that. The delegation included the issuance of the regulations. It was completed in mid-March of this year.

Mr. GOODELL. Each of these programs had funds earmarked for them. Could you tell me how much was earmarked for each of the programs, and how much of that which was earmarked you actually received in the Department of Labor?

Secretary WIRTZ. The Nelson program was \$36,500,000. The Scheuer program was \$36,500,000. The special impact program was \$25 million, I think. The total, \$98 million.

At the time of the transfer, commitments had been made against the total of \$98 million. Commitments had been made in the amount of \$33 million.

Mr. GOODELL. In other words, it was \$98 million that was authorized. Do you know how much of that was appropriated?

Secretary WIRTZ. All of it.

Mr. GOODELL. All of it. Of that \$98 million, you have only had—what did you say—\$36 million?

Secretary WIRTZ. It comes to \$65 million; \$98 million authorized, \$98 million appropriated. During the period that OEO was administering it, there were undertakings which amounted to \$33 million, so

that the total of our authorization for this period and appropriation has been \$65 million since the transfer.

Mr. GOODELL. It appears you were given responsibility for these programs without being given all the money that we had in mind for it.

Secretary WIRTZ. One correction. The \$25 million appropriation on the special impact program was against an authorization of \$75 million, so I should correct my previous statement there.

On your point about being given the responsibility without the whole of the funds, I don't conceive of it that way, but rather as the steps which had already been taken by OEO at the time that transfer was completed.

Mr. GOODELL. Let me, if I may, for a moment, discuss your concentrated employment program.

I have before me a table which outlines the various programs, the titles and sections of various programs, that apparently have been combined, in funding the concentrated employment program, and I would like to determine if it is an accurate summation of what you have done.

Running down the list for fiscal 1967, the amount of moneys from each of these programs that have now been combined: title V, \$20 million.

Secretary WIRTZ. I don't believe that is right. That is not included in this program at all.

I can give you that breakdown, if you want it.

Mr. GOODELL. All right.

Secretary WIRTZ. That program has been made up in present form in such a manner that it totals, or will by the end of June—not all of the allocations have been made, but we are working with \$103 million there, of which we are using \$48 million of MDTA money, \$23 million of Nelson-Scheuer moneys, \$14 million for the Neighborhood Youth Corps, and \$18 million Special Impact.

Mr. GOODELL. Mr. Shriver apparently gave this information out some time ago to a third party, and I merely wish to confirm it. Perhaps it is just a definition of terms, but what he gave out shows a total of \$603 million being drawn from various categories and listed programs. It included a rundown of title V, Neighborhood Youth Corps, which he marked \$143 million plus for this program, Project Headstart, basic education, title I of the Education Act, title III, Work-Study, MDTA; \$50 million, MDGA program, \$35 million, and so on.

Does that sound at all familiar to you?

Secretary WIRTZ. We have been trying to check, and I am not sure, but I believe a figure of about that amount has been identified in connection with the special summer programs for this year, which is a quite different thing.

I will check that for the record, but that is the only figure I can identify it with at the moment, and prefer Mr. Shriver provide the reply.

Mr. GOODELL. I think that might be right, because the memo that I have, also refers to summer programs and erroneously, I believe, refers as well to CEP.

From the reports which have reached us, then, in reference to the summer programs, we understand that the Labor Department is taking a major responsibility in studying these programs.

Secretary WIRTZ. The answer is "yes."

In terms of its being a large responsibility, I want to be sure again about our keeping a distinction in mind between two things.

There are two parts to the summer program. A very major part of the summer program is the encouragement of private employers to employ people whom they might not otherwise employ. This is an informal function, which is being exercised by the Department of Labor, but probably more significantly by the Department of Commerce, for example, which is working with the employers on that. It is simply an encouragement of private employment.

In addition to that, there is another significant factor in the summer employment program, which includes a variety of things, all of them Government employment of one kind or another.

It includes a Neighborhood Youth Corps component with—about 275,000 boys and girls who will be employed this summer or in work training programs.

Mr. GOODELL. That is in addition to your regular Neighborhood Youth Corps employment? This is an increment for summer?

Secretary WIRTZ. No, the Neighborhood Youth Corps program is broken down into three parts, the in-school program, the out-of-school program, which is a continuing year-round type of thing, and then a series of just summer employment programs.

Mr. GOODELL. I understand that.

Secretary WIRTZ. Now, the 275,000 covers them all.

Mr. Howard advises me it is 275,000 for the summer, in addition to the regular out-of-school program, which keeps on.

So it is definitely just a summer program.

Now, in addition to that, there is also employment of boys and girls during the summer by the Government, as employer, just as other private employers are involved.

So that in answer to your question, as to the Department of Labor's participation in it, if you take just the employment part of it—and it includes a good deal more—then we work with the Department of Labor, and through the Vice President's office, with the mayors and the Governors of the States, to try to stimulate private employment.

Mr. GOODELL. I recognize, Mr. Secretary, that in the early stages of the program we had to throw together some crash programs and try to meet a crisis. It has troubled a great many of us, however, that people who are obviously completely sympathetic to the war on poverty have been so critical of the manner in which the summer programs are being thrown together for the summer of 1967. I would like your comments, after I give you two or three quotes, and identify the individual involved, because after almost 3 years since we started the war on poverty, it does not seem to me that this kind of situation should continue.

James Banks, former UPO Director here in Washington, says that the Government's whole method of approaching summer "is a crazy, illogical, emotional response to a problem that deserves more serious consideration. There is something rather immoral about it."

Secretary WIRTZ. Immoral?

Mr. GOODELL. Immoral.

The Government's response is, "Let's keep down riots and violence," rather than, "Let's eliminate the causes of riots and violence."

It is a hell of a way to run a public program. It is unhealthy. What it does is inform people that the way to get some money is to have a riot or threaten one.

I notice in a story out of Los Angeles, Urban Matsye, of the County Federation of Labor, on the intercounty agency program there, criticized the summer crash program on the whole on the basis that many people will be trained for work in connection with the already high unemployment level.

Then there is a quote attributed to him:

I think the whole thing is going to be a failure. All we are doing is spending \$8 million to put poor people in competition with other people already out of jobs.

Dr. Frank Reisman of NYC, professor of educational psychology and coauthor of "New Careers for the Poor," warns of a poverty war switch in emphasis. He says:

It creates an enormous danger that we will have just another make-work, antiriot, keep-summer-cool program.

Given these, and I have other quotes here from people who not only are outstanding authorities and not only are very sympathetic to the whole poverty program, but who are in the frontlines of the war on poverty—I am concerned.

I understand from your initial statements your basic philosophy. You do not approve of programs that are simply antiriot programs. You made that very clear in your initial statement.

And I think we are in complete agreement that what must be done is attack the causes, and not just try to respond to the symptoms and maybe cool it off through the summer.

As a matter of fact, you can be quoted, and I like this quote very much. I quote you:

The summer patriots in the war against poverty turn away from the inevitable winter campaign in any war that is worth fighting.

I hope that is an accurate quote. It is attributed to you in this paper.

My concern is that we hear these comments from very well informed, sympathetic people at this point, who say it is a crash program thrown together without very much planning, and is going to fail, and attributing to it the character of being more antiriot and panicky than well constructed and aimed at the causes.

Chairman PERKINS. Will the gentleman yield?

I think the gentleman's question is too general. Why don't you narrow it to something specific?

Mr. GOODELL. Mr. Chairman, these are some very specific comments that I have quoted. I will quote them again, if you like. I would like to have his defense on this.

Chairman PERKINS. The program is what I think these should be directed to.

Mr. GOODELL. I am sorry, Mr. Chairman, but if you don't think it is a proper question to ask Mr. Wirtz to respond to a charge that we have a crazy, illogical, emotional setup on summer programs, and that it is a hell of a way to run a public program, then there is something wrong.

Chairman PERKINS. I just think the question ought to be directed to the programs that are being administered by the witness.

Mr. GOODELL. I prefaced the question by asking him if he does not run some of the summer programs, and he said yes.

Secretary WIRTZ. No, let me explain.

Mr. GOODELL. Then if that is part of your answer, I would be glad to hear it.

Secretary WIRTZ. There are several elements.

First I want to straighten the record out, as I am sure it should be, that your inquiry started from the concentrated program, but we have recognized that we are not talking about that at all.

Is that right?

Mr. GOODELL. You are absolutely right. I am talking about the summer program, although it is my understanding there has been some serious criticism of the way the concentrated employment program is being rushed to try to get it underway prior to the summer.

It is not a summer program, and I understand that.

Secretary WIRTZ. I would be delighted to talk about that separately. It has no relationship to the summer.

There are several elements with respect to the rest of your statement.

Out of context, those statements are hogwash.

I think the record should, Mr. Chairman, be completed. We will find the context as to what those statements are, because I know Jim Banks and his associates. I know the dedication of their purpose in this.

So that is out of context.

Beyond that, Mr. Goodell, I agree with you completely, and whatever implication there is in those statements about doing anything in order to stop a summer riot—and I agree with you completely in your suggestion, which I would paraphrase in my own words, that the worst mistake is to think that the slum is a cause, or the ghetto is a cause, or the riots are a cause. We have to go clear behind them.

I have no sympathy at all for any program that really demeans the person who lives in a ghetto or slum by suggesting that what has been burning up inside of him through 10 generations can be put out with a single dose of summer medicine.

I would resent that, if I lived in a slum. I would just resent it all the way through.

There is no justification for any statements with these implications.

Now, you come to the matter of crash——

Chairman PERKINS. I regret to interrupt you, but we are going to recess for about 12 minutes in answer to a quorum call.

(Short recess.)

Chairman PERKINS. The committee will come to order.

Mr. Scherle?

Mr. SCHERLE. Thank you, Mr. Chairman.

Mr. Wirtz, in May 1966, you stated there were 1.2 million youths from 16 to 21 who needed part-time work "to stay in school or to return to school."

Now, could you tell me how this judgment is made, or was made?

Secretary WIRTZ. No. I will have to check it, Mr. Scherle. I don't remember the particular statement, and I don't remember the worksheet background on the statement.

The statement is about right, from my judgment, but I would be glad to supplement the record with a backup on that particular statement.

What we are talking about is roughly this: We have made determinations of the number of people who drop out of school at various points along the line, and then have made studies of the extent to which that is an economic difficulty, and from what you say of that figure, I expect it comes from those calculations.

There would be about that many million, about that many boys and girls, who are in school, in high school, and hanging on by the skin of their teeth, economically.

Mr. SCHERLE. But you will furnish the record with this information?

Secretary WIRTZ. Yes. That was May of 1966.

(Information to be furnished follows:)

UNIVERSE FOR IN-SCHOOL NYC PROGRAMS

Last year in May 1966, the potential universe for the NYC in-school program included high school students aged 16-21, from low income families. At that time there were an estimated 3 million poor youth, of whom 1.2 were in school. These figures were developed by the Office of Economic Opportunity in conjunction with HEW.

The amendment to the EOA last year extending the eligibility for the in-school program to those in grades 9 through 12 had the effect of adding poor youth aged 14 and 15 to the total universe.

For FY 1968, it is estimated that there will be about 2.6 million poor youth,¹ 14-21 years of age enrolled in school. Some 1.2 million are 14-15 years old and 1.4 million, 16 to 21 years old. Not all of the 16 to 21 year old poor youths will be in high school—some will be in college. No estimates are available for the proportion of poor 16-21 year olds who are in college. Of all youths in this age group in October 1965, 36.7 percent were in college.² This would be the outside limit since college opportunities are more limited for poor youth. We then estimate that 500,000 will be in college. This results in a potential universe for NYC in-school programs of 2.1 million youth.

Mr. SCHERLE. My other question is: Is the OEO diverting funds from the regular in and out of school Neighborhood Youth Corps programs in order to pump more money into keeping these kids off the street this summer?

Secretary WIRTZ. No. That is not being done. Not at all.

Mr. SCHERLE. Is this an appropriation for a particular allotment to allow for these programs?

Secretary WIRTZ. I am grateful for this opportunity to complete my response both to this question and to Mr. Goodell's, because there is one other very important element in this situation.

That was an additional \$75 million which was made available by appropriation only very recently.

The background of that is this: The authorization for OEO programs was only partly appropriated.

Several weeks ago, on May 2, 1967, the President sent up a supplemental appropriation request for another \$75 million of that authorized but unappropriated amount, and the Congress acted on that at this point.

¹ Report of the Inter-Agency Task Force on determination of the Universe of need for Manpower Development program. Nov. 29, 1966—O.M.P.E.R.

² Bureau of the Census, Current Population Reports, Series P-20, No. 162, Mar. 24, 1967.

And so that additional funds, Neighborhood Youth Corps funds, which have been available for summer programs at this late date, are in the amount of \$47 million, and they come out of that additional \$75 million of appropriation.

Mr. SCHERLE. But none of this money is diverted from the regular OEO in and out of school Neighborhood Youth Corps programs?

Secretary WIRTZ. It is not. That is correct.

Mr. SCHERLE. How many Youth Corps graduates have you had?

Secretary WIRTZ. The total participating is 900,000, and I will insert in the record a statement on the graduates.

(The statement referred to follows:)

The graduate concept is not applicable to the Neighborhood Youth Corps because there is no fixed period of time for an individual to remain in the program. There are fixed upper limits for enrollment. A person may remain in an in-school project until graduation from high school. A person may remain in an out-of-school project for two years. But within these fixed limits, individuals move on for a variety of reasons that do not correspond to the usual interpretation of the word "graduate."

Up to June 1967, approximately 450,000 enrollees have moved out of the in-school program. Some of these left because their economic status changed and they were no longer eligible for enrollment. Some left for health reasons or because they could not successfully combine work activities with school responsibilities. Many left because they graduated from high school.

Of the out-of-school enrollees 250,000 have moved on for a variety of reasons. The latest study of NYC enrollees interviewed 3 to 12 months after completing NYC enrollment shows that 35% were in full-time jobs; 9% had returned to school; 4% in vocational training; 5% in school part time and working part time and 6% in military service. Within the two-year limit on enrollment in out-of-school projects, there is no fixed term of enrollment or concept of graduation. The plan is to provide enrollees with work experience, counseling and training that will enable them to move on as they are ready.

Mr. SCHERLE. My other question along that same line is: What is the total percent of these young people who now hold down nongovernment jobs and/or seats in the classroom?

Secretary WIRTZ. Thirty-five percent of the graduates have gotten full-time jobs. Nine percent of them have gone back to school.

I guess the answer to your question is the 35 percent full time.

Now, there are other routes where some of them have gone, into other training programs, into the military, and so forth.

The next answer is that 59 percent of them are what Mr. Howard calls positively accounted for.

We recognize that it means another 41 percent who have not met with success yet, and I point out, as he did, that we start in this case with a very particular group, and we are not proud of the 59 percent recovery rate, but we take some satisfaction in it.

Mr. SCHERLE. What efforts are being made to develop a set of statistics on the participants of this program, so that we can better evaluate its success?

Secretary WIRTZ. Mr. Howard has developed quite an extent—I answer only because he could only answer with a certain amount of modesty.

There has been with respect to the Neighborhood Youth Corps program a quite intensive evaluation program put into effect, and the record also contains a reference to that in answer to some similar questions early in the history.

We are supplying the committee with a quite comprehensive set of evaluations of the Neighborhood Youth Corps that do include both in-house and independent evaluations.

Mr. SCHERLE. That will cover this question, too?

Secretary WIRTZ. Yes, sir; and will go into such detail, and I mean specific detail, about who they are, and where they are coming from, what is happening to them, where they are going, how many have supportive services now—a much higher number than before—how many of the military rejectees we are picking up—a larger number than before.

It is a detailing.

Mr. SCHERLE. Do you feel the OEO is better qualified to handle this portion of the War on Poverty—talking of the in-school portion, now—than the Office of Education?

Secretary WIRTZ. I speak in complete support of the present program, which does make it part of the OEO, which does provide for its delegation to the Department of Labor. And that is the basis on which it is presently done.

Your question is in terms of a comparison with HEW's operation of it. I would speak, rather, not to the Department of Labor as against the Department of HEW, but to the desirability of keeping all of these programs for the time being tied together by somebody whose responsibility is poverty and the elimination of poverty as such.

I have said in my statement, and would want to reaffirm it, that you have got to answer the question of why the established agencies, including the Department of Labor, did not do these things before. We should never have let it be necessary that this be done.

There are institutional forces at work which explain that.

I don't think that the 3-year program so far has in any way dissipated those forces, so I am strongly in favor of keeping a central responsibility in the Office of Economic Opportunity, delegating the operating program to whatever extent appears appropriate, but not breaking it up.

Mr. SCHERLE. Doesn't it seem reasonable, though, that programs dealing in the field of education should be the responsibility of those that are trained in this field?

Secretary WIRTZ. I couldn't argue with that general proposition, and I would think of it a little in the terms of the parable of the elephant.

We are talking about the same individual, but just as the three seers touched different parts of the elephant and reported it differently, I suppose when I look at an individual, I say, "He is unemployed," and when Secretary Gardner looks at the individual, he says, "He is uneducated." When Mr. Shriver looks at the individual, the same individual, he says, "He is poor." And then someone else, in the Equal Opportunities Commission or somewhere, will look at the individual and say, "He is a Negro."

My answer to your question is that in the long run there can only be one answer to that, and that is the education ought to be done through the established agencies.

It isn't just the HEW. It is the State boards of education.

I think we have a time question, Mr. Scherle, and my point would be that as of now it is still very important to keep that pressure on the elimination of the situation of poverty.

Mr. SCHERLE. Well, now, you have brought up a question that was real interesting, where you said that you and perhaps Mr. Shriver and somebody else would look upon an individual as being deprived in different areas, even culturally deprived, such as race.

Who is to sit in final judgment as to what action should be taken to proceed in the right area, if all three of you decide he is deprived for different reasons?

Secretary WIRTZ. It is a key provision in H.R. 8311, contained in title VI, part B, that there be a much stronger function exercised by the Economic Opportunity Council.

It is a council made up of the Director of OEO, as chairman, with other agency heads as members, and I think that the genesis, the history of title VI, part B, recognizes that there must be a rerouting of things, a growth factor, and my answer would be that that is the place that that should be done.

Mr. SCHERLE. Is each one of these applicants screened individually, then, to take the proper perspective and hope the end result will be correct with respect to the channel into which you direct this person?

Secretary WIRTZ. We have been doing it on a screening basis so that in the Neighborhood Youth Corps one of our problems, and one of Mr. Howard's problems, has been that we have taken even a tighter, hard-core standard than even some of the State and local Youth Corps sponsors recommend.

But we are moving on beyond that now, because a large group of those who are left are those who do not fall through any screen that you can design.

At this point, with respect to the remaining hard core, it is not a matter of screening them to see whether one thing works, or another. It is a matter of taking them as individuals and staying with them until they get routed into the most suitable program, or into a job.

So I would say yes, that screening has been a careful principle of the program so far, that as of now we have moved on to the person-to-person.

Mr. SCHERLE. Can you distinguish for me the Job Corps and the Neighborhood Youth Corps?

Secretary WIRTZ. Yes, sir.

The basic distinction is that the Job Corps is a program which is conducted at a separate camp. Or it may be urban. It is more typically in the country, or in the parks, or in the forests. One of the key differences is that the individual involved, the trainee, lives at that camp.

Under the Neighborhood Youth Corps program, the enrollee lives at home.

Now there are other differences. The Job Corps includes a much more fully developed program of various supportive service.

The Neighborhood Youth Corps program has to be divided into two parts. The in-school Neighborhood Youth Corps program involves an individual in school, living at home, working part time, primarily or at least in part staying in school.

The out-of-school Neighborhood Youth Corps program, which is for the dropout, usually, is more like the Job Corps program, and the principal difference there is that the Job Corps trainees live at the camp; the Neighborhood Youth Corps out-of-school trainees live at home.

Mr. SCHERLE. Have you made any comparisons between the success of those that live at the Job Corps centers and those that live at home?

Secretary WIRTZ. We can now put side by side the evaluations which have been made of the Job Corps experience alumni and the Neighborhood Youth Corps out-of-school alumni.

My impression is that those figures probably statistically come out in the same pattern now.

So that if statistics were any guide, my impression is that the Job Corps results parallel those to which I referred earlier.

But I should go on to say that I don't have confidence in the statistics available yet on a comparative basis between these two, for this reason, Mr. Scherle: There is no question about the fact that the Job Corps took right from the beginning the very hardest cases that there were to take, and the figures on their accomplishments are therefore going to be in some ways more discouraging than ours.

Of course, if you take the in-school Neighborhood Youth Corps, the number of in-the-neighborhood youths who have stayed in school is very high. But that is not a fair comparison.

On the out of school and the Job Corps, I think the recovery rate is probably somewhat higher for the Neighborhood Youth Corps, but I don't think those figures permit a comparison.

Mr. SCHERLE. Would you feel that the dropout rate would be about the same in both the Job Corps and the Neighborhood Youth Corps?

Secretary WIRTZ. I don't know, on that. I just don't know.

Mr. SCHERLE. Let me ask you this then: Do you feel maybe in another year you will be in a better position to make this comparable appraisal of dropouts?

Secretary WIRTZ. I am quite clear at this point, Mr. Scherle, that both programs are essential, and that there are young people in the country with respect to whom we can do more good with their living at home, and there are those others with respect to whom we can do more good if they are taken out of that environment and put at camp.

Mr. SCHERLE. Can you tell me why 45 percent of those in the Job Corps are military rejects?

Secretary WIRTZ. Well, it is really the part I referred to before. The military rejection results showed up, I believe, more graphically than any other figures the failure in this country with respect to that group.

That is the hardest—what we have called the hard-core group.

And the Job Corps did right from the beginning take that hard-core group.

Mr. SCHERLE. If my memory serves me correctly, even after Job Corps training this has only been heightened by about 10 percent.

Secretary WIRTZ. Their employability?

Mr. SCHERLE. No; their acceptance in the military service.

Secretary WIRTZ. Oh, their return and acceptance?

I don't know. I don't have that figure.

We have conducted several programs designed either directly or indirectly for exactly that group.

I should interrupt to say that we measure one of the gains, one of the improvements in our program, in terms of the number of those boys we pick up, because I think we all have the feeling that that is a very

bad situation, and that we should try to salvage as much as that group as possible.

The latest study on enrollee characteristics shows that more than half of the enrollees in out-of-school projects were military rejects. Of the out-of-school youths enrolled in the Neighborhood Youth Corps during the period of September 1966 through February 1967, 53.3 percent were classified either 4-F or 1-Y. This represents an increase over the period from September 1965 through August 1966 when 45.3 percent of the out-of-school enrollees had draft classifications of 4-F or 1-Y at the time they were enrolled. This increase represents NYC's increased capability in reaching the youths most in need of the kind of services offered by the Neighborhood Youth Corps.

The Department's pilot program for military rejectees was reported on page 66 of the Manpower Report of the President transmitted to Congress April 1967. Here we reported that a followup study shows that 20 percent of them subsequently qualified for military service.

Mr. SCHERLE. My other question, Secretary Wirtz—

Secretary WIRTZ. I should add to that one other thing.

Some of those rejection situations are for medical reasons, and that is a separate problem.

Mr. SCHERLE. When they made application—when they do make application and are accepted, do they automatically have military deferments?

Secretary WIRTZ. No; they do not. Not at all.

Mr. SCHERLE. Mr. Secretary, I have one question left here, and, of course, not knowing in depth—and I don't know whether I will ever have the time to find out all that is involved in the OEO—so much of our information has to be gleaned from newspapers, and, of course, when we run across these different things, we clip them out and bring them to someone's attention to try to find out the basic foundation in the various instances.

Now, my question is: I have seen in the paper where there is an OEO program in New York which consists of the formation of a grocery co-op under the direction of OEO personnel.

Now, if this be true, can you justify using taxpayers' dollars to put the Government in direct competition with the neighborhood grocery stores or supermarkets?

Secretary WIRTZ. I am not familiar with the program. I will be glad to inquire of the OEO people.

It is not a program with which we have any connection. Mr. Berry of OEO testified on this subject before the committee on June 20, 1967.

Mr. SCHERLE. The reason I have asked you this question is because I think the other day when I tried to approach it, it was hard for me, and the members of this committee, to sift the various questions and fit them into their proper category, because we don't really know how many programs you have.

About the only way we could do this would be to take our questions, give them to Mr. Shriver, have him assign these questions to different committees, and then give them back to us and say, "This one belongs here," and "This one belongs there."

It is unfortunate, because I am sure there are many questions we would like to ask the heads of your various departments, where we are not sure exactly where your Department responsibility stops, and

you have got us just a little confused, maybe more so than some of the Department heads. I don't know.

Secretary WIRTZ. I appreciate that point. It is at this point comparatively easy to identify the Department of Labor responsibility.

It includes now, except for the Job Corps, all those programs which involve employment, work training, work experience, any kind of employment or training in connection with employment.

Mr. SCHERLE. I thank you, Mr. Secretary.

And, Mr. Chairman, thank you, too.

Mr. GOODELL. Mr. Secretary, the quotations that I gave you I will not pursue further, except to say what is quoted in the Chicago Sun-Times was part of a series of articles that were very understanding and I think quite constructive in their approach to these problems of poverty, some of the programs that are doing well, and some that are not, and I would not have expected them to quote from out of context.

With that, I will give you the references to the quotations and have you check it out for these people.

Secretary WIRTZ. I have checked it out. I have in the interim checked it out.

I would be glad to add to the record. I would be very grateful if Mr. Sviridoff, Mr. Banks, Mr. Riessman—if arrangements could be made to have their full position added to this record, either by their own testimony or anybody else's, because I know what it is.

I don't think there is any point in exchanging quotations. That just does not give a fair picture, Mr. Goodell, of their views.

(The letter referring to quotations appear in hearings of June 12, 1967.)

Mr. GOODELL. We obviously would be delighted to have their positions on the matter.

It would appear that unless they are inaccurate quotations, there at least is some unhappiness and disgruntledness at what has been set up.

You were quoted, Mr. Secretary, last night, on making the statement, "We are spending money in the war on poverty as rapidly as it can be responsibly spent."

Is that statement in context with our present considerations?

Secretary WIRTZ. It is.

May I modify it only to the extent—you will think this is coincidence, and I suppose it has elements of coincidence in it, but it has more than that.

The new budget is up from \$1,600 million, to \$2.06 billion, and I think probably that change is just about in line with the increased competence that comes with that much more experience, because my statement in December was that it just takes increasing know-how to do this job right.

So I would stand with that statement, subject only to change in the budget.

Mr. GOODELL. In other words, you are basically in accord with the budget figures on this point; \$2.06 is about the right figure now—

Secretary WIRTZ. Surely, with no pretense of being able to reduce it to a particular dollar, but on the general reaction of knowing how much we have in these particular programs, knowing how hard we are pressed to do the right thing with that much money.

I have the feeling we are about at the right pace.

Mr. GOODELL. I am not trying to pin you to specific amounts, but I take it that it is a fair statement that you are not among those who think that we should double the amount of money, from \$2 to \$4 billion, or something like that, in the war on poverty.

Secretary WIRTZ. No, sir; I am not.

Mr. GOODELL. You also were quoted:

If I were to make a choice, I would rather have 50 to 100 more administrators, competent administrators, in the War on Poverty than another \$100 million for it.

Is that an accurate quote?

Secretary WIRTZ. It is still accurate.

Mr. GOODELL. I take it this refers to the latter part of your comment, on the difficulties of administration and the need to work out better ways of doing what we all want to accomplish.

Secretary WIRTZ. Difficulties, yes, in the sense that we are trying, Mr. Goodell, a great many things. Some of them work, and some of them don't, and there is a certain amount of that that is inevitable.

There just is a point of usefulness, a ratio of usefulness, and I think we have just about reached it.

There is no question in anybody's mind but that we could usefully spend more money on the Neighborhood Youth Corps, because that one has worked out well, and yet you raised this morning some aspects of that program with respect to which we still think there is more reason to investigate.

The whole area of supportive services needs more experimentation.

I don't mean to embroider the answer. That is my judgment of the comparative values at this point in connection with the antipoverty program and the whole manpower program.

Mr. GOODELL. I would be interested in how many programs you have underway now, and what your plans are to evaluate the results of the Neighborhood Youth Corps in a qualitative sense, and perhaps a longer term sense.

Secretary WIRTZ. Do you want Mr. Howard's answer on that?

Mr. HOWARD. I outlined earlier a list of the various evaluation studies and contracts that we have undertaken. I will submit our proposed fiscal year 1968 evaluation research contracts.

(The information referred to follows:)

PROPOSED FISCAL YEAR 1968 EVALUATION RESEARCH CONTRACTS—SUBJECT TO APPROVAL

1. Proposed Study: Follow-up Survey of NYC Out-of-School Terminees.

Objectives of Study: To determine the effect of program completion on successful adjustment to post-enrollment experiences; to determine the relationship between NYC service and post-enrollment experiences; and to develop guidelines and recommendations regarding the length of service eligibility requirements on NYC enrollees.

Cost: \$260,000.

2. Proposed Study: Follow-up Survey of Nelson Project Terminees.

Objectives of Study: Determine the post-enrollment experience of a representative sampling of 1,000 Nelson terminees; critically analyze the capability of Nelson programs to improve the employability of older unemployed workers; and develop guidelines for improving job development and placement components of Nelson projects.

Cost: \$130,000.

3. Proposed Study: Follow-up Survey of Special Impact (CEP) Terminees.

Objectives of Study: To determine the post-enrollment experience of 200 SI terminees; and measure the effectiveness of job placement machinery.

Cost: \$26,000.

4. Proposed Study: Follow-up Survey of BWP On-the-Job Terminees.

Objectives of Study: To determine the post-enrollment experience of 150 NYC Work-Training in Industry terminees; to assess the correlation of ultimate job placement with WTI graduation; and to develop specific guidelines and recommendations regarding the Work-Training in Industry Program.

Cost: \$25,000.

5. Proposed Study: Follow-up Survey of BWP Title V Terminees.

Objectives of Study: To determine the post-enrollment experiences of 1,000 Title V terminees; to comparatively analyze and evaluate the pre- and post-enrollment experiences to measure the effectiveness of Title V program participation examining such factors as welfare status, employment status, educational accreditation, etc.

Cost: \$130,000.

6. Proposed Study: Additional Follow-up Survey of Scheuer Terminees.

Objectives of Study: To determine the post-enrollment status of 800 Scheuer terminees; to critically analyze the job ingredients of a selected number of terminees in specific semi-professional categories.

Cost: \$95,000.

7. Proposed Study: Additional Follow-up Survey of NYC In-School Terminees.

Objectives of Study: To continue to assess and measure the impact of NYC program participation on 1,000 NYC in-school terminees; to correlate the experience of an additional 200 control group never enrolled in NYC.

Cost: \$130,000.

8. Proposed Study: Additional Nelson/Scheuer Program Evaluation Design.

Objectives of Study: To formulate, develop and test effective evaluative tools and instruments designed to assess Nelson/Scheuer programs and to evaluate a representative sampling of Nelson/Scheuer projects.

Cost: \$130,000.

9. Proposed Study: Evaluative Design for NYC Out-of-School Programs, Concentrated Employment Programs and Title V Programs.

Objectives of Study: To determine the interrelationship between the above three programs in selected metropolitan areas; to develop an evaluation design which can be used effectively to evaluate the three programs.

Cost: \$95,000.

10. Proposed Study: Survey of Title V On-Going Programs.

Objectives of Study: To determine the effectiveness of Title V programs on unemployed welfare recipients in both rural and urban areas; to assess and evaluate the effectiveness of program linkages and mutual cooperation existing between Title V programs and other manpower work experience and training programs in the same area.

Cost: \$95,000.

11. Proposed Study: Evaluation Design for BWP Programs in Metropolitan Areas.

Objectives of Study: To determine those problems in metropolitan areas which are common to all cities as they relate to the operation of BWP programs; to evaluate a sample selection of BWP programs in metropolitan areas; and on the basis of these findings develop an evaluation design which can be effectively used by BWP personnel in the evaluation of programs operating in metropolitan areas.

Cost: \$30,000.

12. Proposed Study: Survey of the Participation and Involvement of Minority Groups in BWP Programs.

Objectives of Study: To determine the impact BWP programs have on reducing the effects of poverty-impacted, high density, minority areas; to evaluate the reactions and attitudes of the community at large towards BWP programs primarily serving minority groups.

Cost: \$220,000.

13. Proposed Study: Evaluation Design for BWP Programs in Rural Areas.

Objectives of Study: To determine common characteristics in rural areas as they relate to the operation of BWP programs; evaluate a sample selection of BWP programs in rural areas; and on the basis of these findings develop an evaluation design which will permit an assessment of the effectiveness of rural programs by BWP personnel.

Cost: \$30,000.

Mr. GOODELL. Will you put that in the record?

Mr. HOWARD. Right. I would be glad to add to that, or repeat it, if you would like.

Basically, we used both in-house evaluations, within the Bureau, as well as the Manpower Administration, which looks at interbureau evaluations.

We also contract out to independent organizations to look at various aspects.

With regard to the Neighborhood Youth Corps, we have had several levels of contracted evaluations the most recent of which is reflected in the Secretary's testimony, and a copy of which will be provided.

We have also under contract an in-school study, and we have just recently let contracts for outside evaluations of the new programs that have been delegated.

In addition, then, a small staff will look at the remedial education components, will look at summer programs, and will investigate on a staff basis and evaluate these kinds of concerns.

Mr. GOODELL. My concerns arise from the articles and comments of some of our outstanding manpower experts with reference to the Neighborhood Youth Corps program and other programs.

It says here that, "Little is known about the effectiveness of dealing with employees."

It raises the questions that from experts' viewpoints we are having difficulty in getting data that should be produced, then to evaluate, and for us to evaluate, the general popularity of the Neighborhood Youth Corps. Amazement has been expressed that it has such general popularity without more data on its long-term effect as to employability.

Mr. HOWARD. The long-term effect, of course, is a little difficult to ascertain at this stage of the game. We are talking about the effect over a few years.

I think that the study that has been just completed, which measured the activity and achievement of youth who had been out of the Neighborhood Youth Program at least 3 to 12 months, shows the kind of hard data that can be useful to any serious student.

In addition to that, we are going into a cost-benefit analysis. The reports on placements, the reports on the reasons for terminating the program, the followup studies done by individual projects—I feel confident that there is an increasing body of data, and I believe that we have provided a great quantity to the person you quoted, and I am a little surprised that he finds there are not hard data, because we have been providing these data to various committees.

Mr. GOODELL. I just want to point out that I have before me, and I don't want to quote out of context, a good many comments.

From OEO 1243, the National Analyst, Inc., the report of Neighborhood Youth Corps and non-Neighborhood Youth Corps youth.

It is the tentative view that unless the boys participating in the Neighborhood Youth Corps had what they call emergent attitudes—that does not read very well, the last sentence in this particular evaluation section—it does not elicit any notable capacity to bring out upward striving behavior.

The tentative conclusion drawn was that if they have emergent attitudes, if they are prepared to strive and to succeed, the Neighbor-

hood Youth Corps can give them an assist that is very meaningful, but if they don't have it, the Neighborhood Youth Corps does not exhibit any noticeable capacity to create it.

I think it is this kind of a study whereby we see what kind of a function the Neighborhood Youth Corps has, and what adjuncts we may need.

Mr. HOWARD. Certainly we share with you the concern that the program deal not only with those who have emergent capabilities, but those who don't display them, and hence more work has to be done with them.

One of the factors which will assist the Neighborhood Youth Corps in doing a better job is the kind of measurements that was provided last year, and which is already going into effect: more supportive services, greater exposure to work and training and counseling and remedial education, and the opportunities to develop, on a carefully selected basis, the private sector exposure.

We have already seen in our program a greater participation rate. Our movement out of the program on the part of the out-of-school projects is slowing down. The youngsters are staying in longer. Hence they are exposed more to the kind of supporting services. As the program matures, I believe that its capability and its impact on the youth whom you describe will grow.

But certainly I think it is quite fair to say that a program that is not fully developed will not give as much help as is needed by a youth who is really in trouble.

I would point out, too, the fact, as cited by the Secretary, of this Tampa situation where the youths themselves provided a sense of order in the city. The fact that NYC, both former and present enrollees formed more than half of that group, I think makes some comment on the kinds of attitudes and the kinds of activities that can result in NYC exposure.

Mr. GOODELL. I have another question.

We are having a little difficulty with this quorum call, for which we all apologize.

But a question in line with what you have just indicated. Last year in the hearings it was indicated that the out-of-school Neighborhood Youth Corps program was providing training for 10 percent of the enrollees.

Do you have a figure as to that for this past year, and what it is at the moment?

Mr. HOWARD. I believe we were talking about remedial education.

Mr. GOODELL. Last year in the report that was given it was stated that only 10 percent received any remedial education or training.

Mr. HOWARD. By December of 1966, 50 percent of our out-of-school projects were providing remedial education.

The last figure we had was December.

Mr. GOODELL. Fifty percent of the projects—I don't know how many of the enrollees.

Mr. HOWARD. In the out-of-school projects, 50 percent of the projects were providing remedial training and education, and 30 percent of all out-of-school enrollees were receiving remedial education.

This compares to the 9.5 in January, which was part of the 10 percent that you were referring to. So that we have a tripling.

Mr. GOODELL. Your last figure, then, is 30 percent?

Mr. HOWARD. Thirty percent. That is correct.

Mr. GOODELL. That are receiving any training or education?

Mr. HOWARD. Remedial education.

And I should point out that this is only the portion provided by project-sponsored staff, the part that we are paying for. That is, it is the part that shows up on our budget figures.

In addition—and this area is a little more difficult to get reporting on, but we are improving that—in addition, we have many community action agencies using other funds or school systems coming in on their own, to provide these kinds of services.

Mr. GOODELL. Unless you have some hard data on that, I know that this does occur at times, but the Secretary last year expressed very honestly his concern that it was only 10 percent, and it was felt it should be higher.

Mr. HOWARD. It is now 30 percent.

Mr. GOODELL. The figure of 30 percent is a great deal better than last year, but I think all of us are concerned that it is only 30 percent, because one of the standards by which you judge whether a program is offering some kind of long-term assistance is whether they are getting some basic education to meet the hard-core problem that it presents.

This would, for instance, offhand, on a rule of thumb, mean that 70 percent are not getting the kind of help they will need for programs that have a long-term effect.

Secretary WIRTZ. May I interrupt to say that we interpret H.R. 8311, title I, part B, as requiring us to do more on that than we have been doing.

Mr. GOODELL. That is the way it was intended. You have interpreted it correctly. We did intend that.

I will yield for the moment.

Chairman PERKINS. The committee will recess for 10 minutes.

(A short recess was taken.)

Chairman PERKINS. The committee will come to order. A quorum is present.

Mr. SCHEUER. Mr. Secretary, we have heard this morning quite an interesting discussion about subsidy of private industry and reaching out to treat these structurally unemployed youth.

What has been the experience, would you say, with incentives in general to stimulate private industry to come into this business of training youths, giving them the special attention and the supporting services that Congressman Meeds discussed.

How do you think we can structure these incentives so that we won't be subsidizing business that should be doing the things anyway and training workers they would normally be training, how can we structure these incentives so that we are shooting with a high-powered rifle and not a shotgun and design these programs so that the operations are encouraged to reach out specifically to this group we all want to aim at?

How do we design these incentive programs to work?

Secretary WIRTZ. I am grateful to you for coming back, Mr. Scheuer, because following the discussion this morning with Mr. Goodell I made a special effort to check particularly on the proposal that is made in the alternative in H.R. 10682.

I think there are two or three things without developing the point in detail and recognizing that it needs further consideration. I want to make part of this record your question is more specifically in terms of what we can do to attract further participation by industry and to attract it on a basis which will mean that it is directed at the hardest case.

I would have these specific comments to make. I do not think it was done at all sufficiently in the first stages of the Manpower Development and Training Act when we were on an institutional basis.

That we are all quite clear about. I think there has been a very, very substantial gain in the development of on-the-job training program.

I don't mean just a little. You know this year we have moved almost half of our program into that area. That has evoked a much larger participation by employers. The current stage goes beyond that. The current stage is to a considerable extent an experimental stage.

It includes actual experiments with a very substantial degree of subsidization. But on a very restricted basis and not with our fingers crossed but with our guard up about that.

Now, I think it could be done on a very limited basis on just a case by case basis of that kind without danger of the kind that your question also implies.

I am not at all satisfied yet that it can go beyond that on a subsidy basis without running into a risk which was implicit in the discussion this morning although it did not come out clearly.

If there is to be in effect a dilution of the minimum wage law and that is the danger we are talking about here, we had better face up to that possibility very squarely because that will mean that this program will run into a rock or a fort.

It has run into plenty of pebbles, but we have been able to take care of it. If the price of the development of a training program is the dilution of a minimum wage law then we have a major issue on our hands and I hope that is not what is involved.

I had thought in the discussion this morning that the alternative proposal in H.R. 10682 was for a 25 percent, although I respect Mr. Goodell's suggestion that we would not be bound to that figure, I thought it was payment of a 25 percent on a subsidy basis on the theory that that would in some way meet roughly the training expenses that are involved here.

On rereading that proposal I am under the impression, but subject to correction, that it means 25 percent plus the payment of an on-the-job-training. If that is it, Mr. Scheuer, then that proposal simply brings us up to the question of doing the training that is necessary, plus adding a subsidy element, which, to the best of my knowledge and experience, could have no significant effect except to dilute the minimum wage law.

In trying to tie together the answer to your question, we have taken a very large step in the on-the-job training program. We are presently taking a variety of steps which include very active participation with employers in a community saying, "Here is our problem, here are these boys and girls who are not good community risks at this point, they are potential customers, they are potential employees, you have as large a stake in them as anybody else and larger; will you work with us in making jobs available for them."

And the answer has been, "Yes," in a very encouraging way. We assume that there is still more that we can do by way of experimentation in picking up the submarginal economic cost of that training. That I think we can do. I would like to express very strongly the view at this point that to go beyond that would be to invite real problems.

Mr. SCHEUER. Problems of both evading the minimum wage structure and also of simply wastage of money?

Secretary WIRTZ. Of spending Government money for training which ought to be done by the employer anyway. That training ought to be paid for by the company as is customary rather than the taxpayer.

Mr. SCHEUER. On this side of the aisle you know we are very economy minded. We like to see a big bang for a buck where Federal moneys are spent. We are concerned with the cost-benefit aspects of the training programs and we are eager to achieve maximum economy and maximum effectiveness in all of these manpower programs.

It seems to me that anything that would largely dilute the cost-benefit ratios and give us far less direct results per dollar of Federal money spent would offend our very highly developed sense of economy, thrift, and cost-effectiveness.

Secretary WIRTZ. It would mine.

Mr. SCHEUER. A few months ago, earlier this year, through a process of default and attrition I occupied the chair of the meeting of the Joint Economic Committee at the time you were testifying.

You gave us some remarkable figures on cost-benefit results at least to that point for on-the-job training programs. You stated, and placed some material in the record to the effect that the cost to the Government of these on-the-job training programs was returned in about 2 years from savings in welfare expenditures.

Secretary WIRTZ. That is true and in actual taxes paid.

Mr. SCHEUER. The Federal investment was returned again in the first 4 years from the additional tax that these folks paid. In other words, you got them off welfare. That saved the cost of the program in 2 years, and then as taxpayers, they returned the Federal investment in their training out of their taxes alone, during their first 4 years of employment.

Have you had any recent experience that would change this for better or worse?

Secretary WIRTZ. No, but it continues so that there is subsequent confirmation of this fact. There is no subsequent study but I appreciate your referring to and I emphasize it again.

It means that these on-the-job training programs cost no more, probably less than, a welfare payment which would be substituted for it, which would have to be, and then after that the whole thing comes back in tax money.

That is the on-the-job training cost. When you come to the institutional training programs and the other it takes a longer period. I have nothing to add to that.

Mr. SCHEUER. You mentioned this morning that the cost of the "Jobs Now" program, of training the worker, was approximately \$9,000.

Secretary WIRTZ. No, I was not referring to "Jobs Now," which costs are well under \$1,000. There were some proposals which we did not accept because even after discussions to reduce the costs, there still would have been a bill of \$8,000 to \$9,000 per trainee, which is beyond the level which we can undertake on any extensive basis.

Mr. SCHEUER. What is the possible cost of a 1-year Job Corps experience? How would you rate that in terms of cost-benefit comparability?

Secretary WIRTZ. I have some sensitivity on that point because it is a program we don't administer. Not only sensitivity as such, but I have limited information about it. I should point out again that the Job Corps is taking the hard cases. It has taken them from the beginning.

It is taking those cases in which it is almost essential to get the boy or girl out of the home environment or lack of home environment and into a camp environment or training center environment, where he lives there.

I don't know whether or not \$8,000 or \$9,000 on those terms is too high. I would not be prepared to say it was. There is a large capital investment however there.

If I knew that the \$8,000 or \$9,000 which a private company says it needs to hire this individual was going to be productive for that individual, I would not count it a loss because we are talking about youths who may otherwise need public assistance for the rest of their lives.

So it would be a pretty good investment. I am pretty sure, as far as the Job Corps is concerned, that you get value received for the amount of money spent.

I don't have any basis for believing the \$9,000 subsidy to an employer would produce that same result.

Mr. SCHEUER. If it were a large corporation that had a well-designed training program it might be justifiable but I would be a little bit dubious if this kind of subsidy were given to small corporations which don't have the capability of operating these programs, even if they wanted to.

Secretary WIRTZ. That is the real problem. If we knew in this country that we could cure every human fault, counting an individual fault in this situation, at \$9,000 apiece we would snap it up in a minute. So it is not a question of the cost in absolute figures. It is a question of whether that cost will do the job.

Mr. SCHEUER. Right. Also at that time you testified that in your opinion the present limiting factors on the scope and extent that we could expand these training programs—the New Careers programs, the on-the-job training programs—the limiting factors were two.

First, experience, which approach would really do the job, and second, manpower, personnel to run the programs. I suppose in the last 6 months there has not been a great deal of additional experience.

Do you have any suggestions as to how we can fill the manpower gap? How do we train the trainers? Do you have the present organization to do so or do you need additional legislation to set up programs to train the trainers assuming in the next year or two experience will prove that we are on the right track and that our underlying assumptions and the basic validity of our rationale is sound?

Secretary WIRTZ. No, sir. If your question had been about the other limiting factors, I would have replied optimistically. I think that the projects that Dr. Aller and his people are doing, the experimental and demonstration projects, projects of a comparable kind that are conducted by OEO and other agencies are giving us that know-how pretty rapidly so that we know that this kind of thing is likely to work and this kind of thing isn't.

But on the personnel we still face an exceedingly difficult problem of getting competent people to do the kind of job which is involved here. It is so difficult, Mr. Scheuer, that my own thinking is moving more and more in the direction of finding those ways of tapping the private community and the volunteer instinct in this country to do a large part of that job.

I am not talking about fuzzy, would it not be nice kind of thing. I am talking about this is being an additional reason for drafting the corporate interest and the employer interest, into this thing.

We are going to announce on Monday a new set of experiments along the lines of some previous experience in the Job Corps and other places. Under the Manpower Development and Training Act, we are making contracts with private companies to do on a limited, very carefully controlled basis, some of this job.

Part of the reason is that we may be able to find some of the answers to the problems you are talking about. We are not sure that it will work but we are doing what we can on it. Now, I should point out the fact that H.R. 8311 in section 128 does have a provision for the further development of a training program, training of the manpower, not just the manpower but the people involved in this whole effort.

We are doing that. We are also trying to work out a program through the employment service in the form of a proposed new act which would provide for various new training activities also at the State level because our problem at the Federal level is almost as nothing compared with the problem of getting competent people at the State or local level.

My answer on this one has to be that I don't know the answer on this much better than 6 months ago in spite of a very diligent effort.

Mr. SCHEUER. You would not have additional suggestions here for programs for training the trainers, for creating this cadre of personnel?

Secretary WIRTZ. None; except it is reflected in that provision in H.R. 8311 for additional training program and except for the further exploration of the possibility of getting private help.

Mr. SCHEUER. Let me ask just one last question. We have had some experience with these new career jobs in public service. We have about 125,000 education aids who are employed under the Elementary and Secondary Education Act. I might say that this New Careers Program has developed completely on a nonpartisan basis.

We have had complete cooperation from my Republican colleagues; one of whom—Congressman Steiger—introduced very constructive amendments to the Elementary and Secondary Education Act which implemented the New Careers concept there.

There are about 125,000 school aids financed by ESEA. And another 25,000 school aids are financed under the poverty program. But in other areas of public service there hasn't been much of a dent. They have more or less been frozen into the rigidities of the past, in

entry level and in the very large gaps between the steps on the ladder which makes the actuality of upward mobility on the job very difficult.

Can you think of any programs or any legislation that would solve the problem of the scarcity of public service talent in our Federal civil service and in our State civil service systems?

At the present time, as I understand it, we have about 500,000 public service jobs at State, county, and municipal levels which have been budgeted for and which haven't been filled. At the same time we have the paradox that it is very difficult for a low-income person to break into the civil service.

To be a charwoman you have to fill out a form 57 and list your graduate degrees, your European travel, your published papers and whatnot. The civil service agencies, Federal, State, and local, have not come of age, have not opened up their ranks, have not opened up the entry level at a point that would be meaningful.

Do you have any ideas how we can move these institutions to accommodate themselves to the realities of today's labor market, and in particular to gear their entry requirements and their promotion and advancement practices to the special needs of the structurally unemployed poor?

Secretary WIRTZ. I would be grateful for an opportunity to supplement the record on this point, Mr. Chairman, because my answer to the question right now will give you bits and pieces. They will include what I know to be the Civil Service Commission's efforts along this line. They will include our efforts, for example, in the concentrated employment program, to find in the indigenous group qualities of this kind which I don't think have been thoroughly explored.

My answer would include a reference to what we have in mind as far as this provision of H.R. 8311 is concerned. They would include a reference to the employment service bill and they would include, and this would be my point in asking for an opportunity to develop it more fully, this use of volunteer interests that are available in this country.

And it would include finally, Mr. Scheuer, despite what seems to be a pessimistic inventory, an optimistic note, because if I understand the youth in this country today, they are just waiting for an opportunity to do exactly the kind of thing we are talking about. They are willing to serve and they want to serve in those capacities in which there is an opportunity to be where the action is and they are talking about social action.

So that although I have responded in terms of not having worked this out yet, my understanding of these youths is that this is exactly the kind of thing they want to do and I think they can be tapped.

So, if I may supplement the record on that point, Mr. Chairman, I would be grateful.

Chairman PERKINS. Yes; without objection it is so ordered.

Mr. SCHEUER. I certainly appreciate your testimony very much, Mr. Secretary. I think we are all optimistic up here, mostly because of the thrust and leadership that you and your professional aids have given this program.

It is said that optimism is to a politician what courage is to a general. Maybe we have to be optimistic to survive. But I think from what we have learned in working with you and your staff people we have great reason to be optimistic.

Secretary WIRTZ. Thank you.

Mr. SCHEUER. I can only add in closing that if I could feel the kind of outreach, and inventiveness, and resourcefulness, and capacity for change which we have seen in you and your colleagues over the years were matched in other executive agencies and other branches of the Government I would not be so reluctant in seeing this withering away of the OEO take place. I wouldn't be so opposed to seeing these inventive new programs transferred from the OEO to the established departments of Government.

I hope that some of this will rub off on other agencies of government at all levels, Federal, State and local. But until it does I cannot help but agree with you that we need the Office of Economic Opportunity as a goad, a stimulus, as a change agent and when the time comes that other agencies are playing those roles just as effectively as your agency has then I think we will listen to the blandishments of the minority.

Until then, I congratulate you on what you are doing and look forward to working with you in the days ahead.

Chairman PERKINS. Mr. Quie.

Mr. QUIE. Mr. Secretary, in answer to Mr. Scheuer, you say that the Industry Youth Corps, the way you read it now would only dilute the minimum wage law? Is that what I understand you to say?

Secretary WIRTZ. No; it would not only do that, I think it would present that very real danger.

Mr. QUIE. First, why would it dilute the minimum wage law when each of the young people would receive the minimum wage similar to what they receive, as I understand, now in the Neighborhood Youth Corps from public and nonprivate agencies.

There the Federal Government pays 90 percent of the cost and it does not dilute it.

Why would the Industry Youth Corps dilute the minimum wage if it paid 25 percent to industry?

Secretary WIRTZ. With the possible exception of experimental efforts, it does not, in any case I know about, pay 90 percent of anybody's wages where that individual is engaged in private employment.

Mr. QUIE. I said in public and private nonprofit agencies in the Neighborhood Youth Corps.

Secretary WIRTZ. My answer would be that the minimum wage law does apply to those operations for profit and the proposal would seem to go into that area.

Mr. QUIE. If 90 percent is not diluting it in private, nonprofit, and public agencies, and if they are paid the minimum wage, why would paying the 25 percent dilute it in the private agency?

Secretary WIRTZ. I don't know where we stop along this line, but, of course, a person in school is paid, where it is public education. We always recognize in this country the distinction between the use of public funds for educational and training purposes on the one hand, where I think there has been no question, and on the other hand, private enterprise where we have felt that the minimum wage was applicable.

If I understand your question, it seems to me to involve what I should think of as a confusion or interlocking of two different things.

Putting it again, I don't believe the minimum wage law has ever been considered applicable to the payments for education in training.

Mr. QUIE. Not for education in training but in the Neighborhood Youth Corps the minimum wage does apply whether it is an in-school or out-of-school program.

Secretary WIRTZ. Taking that fact, that is right. I interpose no objection. In fact, to the contrary, as far as on-the-job training is concerned, where it is private employment, I think that is a good thing. My concern is not about picking up the tab. The public is picking up the tab as far as the training, the educational factor, is concerned. I think it should.

I am very much disturbed by the proposal that the public pick up that tab and also an additional 25 percent if I read that proposal correctly. I am not sure that I do.

Mr. QUIE. What is the difference if the Government picks up a portion of the tab of a private profitmaking organization or a private nonprofit.

Secretary WIRTZ. It would make no difference in support of the on-the-job training program. I feel it should be expanded and extended. It is when you go beyond that point that I raise the question.

I do suggest if you go beyond that point then it does present a problem of relationship to the minimum wage law.

Mr. QUIE. Haven't we already gone beyond that point in the Neighborhood Youth Corps in public and private nonprofit employment?

Secretary WIRTZ. Only with respect to payments for an educational or training element. On that it seems to me that we are over on the side where the case becomes clear it is not in the whole educational program.

I think this problem arises only when there are payments to employers for profit which are not identifiable with education or training.

Mr. QUIE. What about the youths I saw in a park in Chicago digging around some trees, raking some leaves and doing other work which I understand they do over and over again? Is all of that training a training component?

Secretary WIRTZ. No; the point is very well taken. In fact it would seem to me that your point requires an amendment of my statement. If we come to a conclusion in which there is a situation, in common terminology, there has to be an employer of last resort, particularly the Government, on a public works program then it seems to me we are in a third area.

In that area it has been recognized that full Government payment is appropriate. I dislike that area as much as I think all the members of the committee do and want to limit it as far as possible.

May I just add this. It has been very carefully provided in every one of those public works laws that money shall not be paid under any circumstances which results in private employment being reduced in what would otherwise be private employment.

Mr. QUIE. Do you feel that a public agency should be the only one that should be an employer of last resort, or do you think that private nonprofit agencies ought to be able to engage in this?

Secretary WIRTZ. I have such a complete lack of satisfaction with any public employment or not-for-profit kind of employment that I have to answer only having identified that position first and having

identified that position first my answer to you is that I see no difference between the two.

Mr. QUIN. I find myself coming to the point that if there is no difference between private nonprofit organizations, then I don't see that the private profitmaking organization makes that much difference.

Sometimes the difference between private nonprofit and private profitmaking determines whether you are paying it to patrons or to employees rather than to the stockholders.

Secretary WIRTZ. I would have no difficulty at all and don't have any difficulty at all with that in terms of logic. Let us take a specific case. Suppose there is an individual that is worth 50 cents an hour to an employer. The minimum wage is \$1.40 an hour. And the training which he gets will cost another, let us say, 50 cents an hour. It would make more sense theoretically to have the employer hire that man, and we help pay wages as well as training costs. That would be a better bargain than keeping that person on relief or it would be a better bargain than our picking up the whole of the training cost because it would be 50 cents an hour.

Theoretically, I don't think there is a thing wrong with that. If I could see a law, and I suppose that is what we are looking for in the tentative probing we are doing, if I could see a law limiting that general situation I would subscribe to it.

But I know of no law that would cover that situation without covering a lot of other situations, including particularly the situation in which the employer would traditionally have absorbed that *x* factor until this individual became a fully worthwhile employee.

I am afraid that the proposal which has been made would cover cases of that kind.

Mr. QUIN. I see that the philosophy and logic of the Secretary and myself are not very far apart. The question would be in the field of the industry youth corps and whether we have gone beyond what the Secretary—

Secretary WIRTZ. No, the closest piece of experience is our learner certificates under the minimum wage law as applied to handicapped people. We have spent a lot of time with the sheltered workshop kind of situation. In theory that ought to be right. We know that in practice it has led to some very, very unfortunate results. Exploitation is not too kind a word for some of what has been done there.

That is not the worst of it. It has meant that those people physically handicapped are today, by virtue of the exemptions we grant, doing terrible kinds of work. They are doing a repetitive, monotonous sort of thing that yields them about 25 cents an hour in some cases and can't help their ego, id, or whatever it is.

What we are talking about is another kind of disadvantaged person here. I am afraid it would lead to those same results.

Mr. QUIN. Let me get onto another area where I want to ask questions. That is the relationship of the Department of Labor with the Office of Economic Opportunity.

Now, the way this new bill is going to be written, title I, part B will incorporate, as I understand it, all the programs that will be delegated to the Department of Labor.

Secretary WIRTZ. All that have been and I assume that in the future, but there is nothing that they will be required to be delegated to the Department of Labor. The answer is "Yes."

Mr. QUIE. All of part B will not be dealt with by the Department of Labor? There will be some programs that will be operated under part B of title I which will not be delegated.

Secretary WIRTZ. I will check that out. The only thing that I can think of at the moment would be the foster grandparents program.

Mr. QUIE. That is the only one I can think of.

Secretary WIRTZ. That is all. We have talked about that. The OEO people's logic is that it should come to the Department of Labor but in any sense of reality it is pretty clear it is not a good place for it.

Mr. QUIE. Because of the people they are working with.

Secretary WIRTZ. Sure.

Mr. QUIE. What is the relationship and what will be the relationship between OEO and the Department of Labor in administering these programs. How do they look over your shoulder? What kind of conferences do you have? Why do you need them?

Secretary WIRTZ. I was thinking of that in connection with Mr. Goodell's question awhile ago about supportive services. That is a good illustration, supportive services in connection with the OEO. OEO has pressed us in the last few years to add more supportive services to the Neighborhood Youth Corps program.

I think that has been all to the good. I think that kind of emphasis is illustrative of what we need. Now, the answer to your question "Is this in operating effect," there are effective today delegation of authority and assignment of responsibility from OEO to the Department of Labor to administer these programs. For the delegation of the special impact, Nelson, Scheuer programs, Mr. Ruttenberg, Mr. Howard, Mr. Hardy, and others from the Office of Economic Opportunity sat down and worked through with sometimes painful detail what ought to be regulations, and they govern, among other things, the delegation.

That was a fairly arduous process. You would not want to go through it very often. They would not have to under this arrangement. But in answer to your question it does contemplate establishment of rules and regulations. It does contemplate continued pressure in connection with something like the need for increased supportive services. They may feel, from the standpoint of somebody whose whole job is to take poor people and pull them up permanently, that our program may be going too fast or too slow. I think it is a good function.

Mr. QUIE. If this is a good function then would it be wise to add this component to other manpower programs as you have in order that the outside force of people would also be made to bear on them?

Secretary WIRTZ. That is a very good question, if I may say so, and one that puts me very much to the test of the philosophy I am suggesting.

I would mention two things in connection with it and neither of them will be completely illogical because your question in this context presents exactly that possibility. The two points I mention are (1), title VI, part B. In supporting title VI, part B, I recognize that it presents exactly the possibility that you are raising with respect to the programs under the Manpower Development and Training Act.

I do go along with it, in fact, because I think there is enough justification in an affirmative answer to your question to warrant the kind of coordination required by title VI, part B.

The other point to which I refer is this, Mr. Quie. You recognize that in connection with the administration of the manpower program we deal with the Federal-State employment security system all over the country. We deal in a very meaningful way with a structure which is over 30 years old.

It has played a very large part in the administration of the Manpower Development and Training Act, together with the State vocational education system through which HEW works in administering the institutional training programs under the act.

I would be opposed to bringing that whole program into the kind of regulatory arrangement which I recognize as good sense with respect to these new programs.

I would be opposed to that. I would be in favor of bringing it in to the extent that it is contemplated by title VI, part B.

So I make a pragmatic distinction between those two, and find the rationalization in the fact that one is for new programs, the other is for old programs.

Mr. QUIE. Would you expect as time goes on and the new programs can no longer be called new, that you would shift then? Eventually you would see a phasing out of OEO's activities in supervising the problem?

Secretary WIRTZ. I see a phasing out of poverty in this country in the sense that we have it today. I don't think it is as far away as a lot of people believe or some people believe.

So, my answer would necessarily be "Yes, sir." I do see a future in which it is no longer necessary to set up a separate representation or institutional provision for the poor. I surely do see that.

Mr. QUIE. I hope that is right because if we continue on the road we are now, I think we will find a group of people segregated because of their economic level. This would be as degrading as the segregation of race that we have had for years and years in this country.

Secretary WIRTZ. May I say I think there is a pretty clear-cut time factor here. There is a slimmer possibility of clearing up poverty completely among those who are already through their education. I am quite sanguine about making the educational system work so that this will be a tapering problem from now on. I don't believe there will be many more poverty eligibles coming along in the country.

To put it affirmatively, I think the education system is at this point picking up so rapidly with respect to this problem that it is going to take care of most of the future.

Mr. QUIE. Let me ask you, then, about the Community Action agencies as an effective program. Let us take the Nelson program in particular which was funded under title II. When it was first financed I was under the impression that this would be an opportunity for local Community Action agencies to fund before an earmarking of the funds.

Now, the shift is out of title II to title I. To what extent will community action agencies relate to all the programs you will be operating and administering under title I, part B?

Secretary WIRTZ. To a considerable extent. In working practice, both with respect to OEO programs and with respect to an increasing number of MDTA programs, our operating rule is that if there is

an established Community Action agency we will do business with them as the contracting agency to the extent possible.

We have gone quite far in that direction. The same question comes up specifically today in connection with two programs: The neighborhood centers which are being established by HUD, and also under the Model Cities Act, the question which you raise will be very acute.

With respect to the non-OEO, and specifically with respect to MDTA programs, we are saying we want to work with their community action agency or whatever it may be, if there is a practical possibility of doing that, and usually there is.

There are some situations we feel, as a matter of practical common understanding, we are going to use some of the other agencies which are involved, too, and not shut them off.

Very frequently part of the program will go through the community action agency but that should not be fuzzy. An available clear-cut answer to your question is that in all of the OEO cases we write in a provision that all of the programs worked out are to be funded with and through the community action agency if at all possible.

My answer goes beyond that. With respect to other programs we want to use them.

Mr. QUIE. In other words, the neighborhood youth corps program could be funded one of two ways. Either you go to the local community action agencies and receive the money from the versatile funds, or you would take the money directly delegated to you, along with the authority from OEO, and apply to the youth corps; is that correct?

Secretary WIRTZ. I am not sure we are talking about exactly the same thing. With respect to the neighborhood youth corps, 73.5 percent of all fiscal year 1967 projects are related to Community Action agencies.

Mr. QUIE. And the proposed change, putting all these programs under part B, title I, will not change.

Secretary WIRTZ. No. On the contrary, the pattern is spelled out in the delegation even more specifically than it was before.

Mr. QUIE. Does the Community Action agency in any way—

Secretary WIRTZ. The record should be straight. It is spelled out in the proposed legislation to the same degree that it was before.

Mr. QUIE. Do the Community Action agencies have any voice—I know they wouldn't have directly, but indirectly in the activities of the local employment security offices?

Secretary WIRTZ. Yes. The words of your question are not just right, but, let me say this—there is developing an increasingly close working relationship between the Community Action agencies and the employment service. I don't mean that in overly general terms. Let me be specific about it. In this concentrated employment program specifically—and I mention that because it has been so much on our minds recently—I'll take the San Antonio situation. We are working out a concentrated employment program in San Antonio and the moving local agencies are the Community Action agencies there, the local employment service, SER, which is a group representing particularly the Latin American communities and FREE, which is a group representing the Negro minority groups.

In every one of these programs there is an increasing attempt to get the Community Action agencies and the employment services working together.

You have before you, too, you have had before you, too, another illustration of the same thing, the President's proposal for amendment to the Vocational Education Act this year include a provision for the development of, through the vocational agencies, programs like these work training programs in the neighborhood youth corps, with a specific provision that there be a working relationship develop between the vocational education and the employment service people.

We are trying very hard to make these programs an agency for developing coordination at the local level as well as national level.

Mr. QUIE. You object to having written into the legislation affecting the local office of employment security or MDTA, the requirement that money be allocated through local community action agencies so that you would have to have the same responsibility to work with them as you presently do with OEO programs?

Secretary WIRTZ. You ask, would I object. I would counsel very strongly against it. Because, among other things, that would put this whole thing in the cast of an antipoverty program. Now a good deal of the employment service program and a great deal of the Manpower Development and Training Program is directed at other needs than poverty needs.

We have talked about those here. To be illustrative, there is a shortage of nurses in this country right now. There are a number of Manpower Development and Training Act programs which we are working out with HEW to meet that problem.

It has nothing to do with poverty. You would also run into some exceedingly serious pragmatic practical problems in connection with employment service. You would have a political revolution on your hands if you tried that in connection with employment service. I would counsel very strongly against it.

Mr. QUIE. Even though it has nothing to do with poverty, the community action agencies have this possible aspect that it brings about an involvement in the plan of the people who have to be helped. These happen to be poverty individuals, but the concept of a greater role played by the people to be helped seems to me a wise one and may be the key to the poverty program. It is one that I want to make certain remains intact.

It is one that we call involvement of the poor.

Secretary WIRTZ. I agree with the fact of involvement completely. However, in effect, focus all these programs or to bring about the further development of all of these programs in terms of meeting poverty, which we just agreed a few minutes ago ought to be on its way out, seems to me to be an organizational mistake.

Mr. QUIE. I question whether Community Action agencies ought to go out with poverty.

Secretary WIRTZ. The concept surely should not.

Mr. QUIE. I should expect that they ought to continue.

Secretary WIRTZ. There is another point of relevance. If the point is the broad one you now make about the participation, the involvement of as many people as possible through, among other things, some Government agency which takes them into account, small "g" Government agency, I am a hundred percent for that.

I don't think there has been mentioned here a program which has recently been developed in the coordination area, we call the CAMPS, Cooperative Area of Manpower Planning System. I am against personally any agency which has an acronym. There has been reference to the concentrated employment program, Mr. Chairman. I am going to request that the record put that always in lower case because it is not another project and I am tired frankly of acronyms and this is one of mine.

(Brief discussion off the record.)

Secretary WIRTZ. This organization to which I referred is a reflection of exactly what you are talking about. It is a program in which there is cooperation by all the Federal agencies involved and there is the development at the local area of an interagency, including both Federal and the State agencies, and including clearly the community action agencies as one of the key factors to develop these various programs.

If your question is whether I think the whole of the employment area, the Manpower Development and Training Act, ought to be tied in with some local coordination program of that kind, it is very strongly affirmative.

If it were possible to coordinate the State boards of education, State vocational education agencies, employment service, those State services, I would be all for that, too, and would think that the employment area would be all part of that.

Mr. QUIE. Do you have something written up about what you call CAMPS?

Secretary WIRTZ. Yes. It is a very formal agreement. I would be glad to make the agreement between the agencies part of the record. It involves chairmanships and all that sort of thing.

Mr. QUIE. Will you send me a copy?

Secretary WIRTZ. Yes.

Chairman PERKINS. If you send one member a copy, let the other members likewise have a copy.

Secretary WIRTZ. Yes.

Mr. QUIE. Thirty-three.

Chairman PERKINS. Mr. Meeds.

Mr. MEEDS. No questions.

Chairman PERKINS. Mr. Goodell.

Mr. GOODELL. Mr. Secretary, what action have you taken in the Department of Labor to implement the directive issued in 1965, that each department undertake the planning and programing and budget system, "PPBS"?

Secretary WIRTZ. We have taken a great deal, Mr. Goodell. The Secretary of Defense won't mind my saying, I think, that although in much of the publicity that system has been identified with the Department of Defense, the system was developed not before but almost to an equal activity in the Department of Labor by our Office of Administrative Management, under the direction of Assistant Secretary Wertz, so that we have a development of that kind.

We had a roadblock thrown up by an appropriation committee a few weeks ago with denial of 10 jobs in that. But we have a thoroughly developed PPBS system.

Mr. GOODELL. Is it producing data to give us cost figures and results? Secretary WIRTZ. It varies from program to program. My answer to you would be quite specific and affirmative. If you ask me about the wage and hour program, it is the kind of program where it has been very easy to apply the PPBS approach.

It has been hardest to apply it in an area like the Bureau of Labor Standards. It is being applied to the manpower program to an extent that sometimes upsets the Assistant Secretary for Manpower.

It is hard to apply the PPBS system, say, to an experimental developmental program. Now, we do apply it, but Dr. Aller protests pretty vigorously that it is very hard to apply that kind of approach to an experimental and developmental program. As we learn more about the techniques, and as we build the necessary data reporting into the programs, it is being applied with increasing effectiveness.

(The following statement was submitted by Secretary Wirtz:)

The output of our PPBS work consists of two kinds of documents:

First, the annual program memorandum, which lays out the program budget for five years in advance, and its follow-up documents, the quarterly reviews and analyses. The latter represent our quarterly assessments of our activities, in terms of those we had planned, and also provide the opportunity for us to set forth program modifications and alternatives. These are the basic internal management documents.

Second, the analytic studies underlying the program proposals. These include, but are not limited to, the cost-effectiveness studies which have become very fashionable, and which in truth provide the foundations for the PPB system. We are developing a whole series of such studies within the Manpower Administration.

Some of these are what are called simulation models. In these, particularly applicable to new or experimental projects for which no data are available, we say, in effect, *if* the costs are such-and-such, and *if* the benefits are such-and-such, then the program will pay off, in terms of benefits to the economy, more (or less) than it costs. The hypothetical costs and benefits plugged into these studies are those that are reasonable (based on other information), but are not data actually reported on the program. The Employment Service has carried out a series of such studies:

- (1) Cost-benefit analysis of relocation assistance to unemployed workers.
- (2) Cost-benefit analysis of youth placements made by the Employment Service.
- (3) Cost-benefit analysis of services to older workers.

The other kind of cost-effectiveness study is based on data derived from the programs in question, and is designed to explore either alternative programs or alternative mixes of services within a program. We have a series of such studies under way, all of them of larger scope than the ones already mentioned, and all of them suffering from lack of data adequate for this kind of analysis. They include:

- (1) A comparison of on-the-job and institutional training.
- (2) A study of the mix of services provided by the Employment Service.
- (3) An evaluation of unemployment insurance as a counter-cyclical device.
- (4) A study of the mix of services in an Employment Service experimental project which provides special intensive service units for older workers.
- (5) Development of a model to relate the value of training from birth, to lifetime earnings, by race, sex, and major occupational category.
- (6) Cost-benefit analysis of a pilot project for training of prison inmates.
- (7) Cost-benefit study of services to slum populations.
- (8) The amount of money the government is "justified", on purely economic grounds, in investing in the training of a single individual.

In addition, there are some studies being carried out by State employment services, particularly New York, Nevada and California, as well as cost-benefit studies being carried on by university research units under contract with the Department.

Mr. SCHEUER. Will you yield for a brief question?

Mr. GOODELL. I am also interested in anything you have been able to develop with reference to the Neighborhood Youth Corps or any program we have been talking about here.

Yes, I will yield.

Mr. SCHEUER. Do you have any plans for running an on-going course of economic analyses for manpower programs?

Secretary WIRTZ. Yes, we do. We can tell you how many people are currently programed; we have never tried to give firm figures on future programs, since these are largely dependent upon budget and appropriation decisions. We have told you how many people were being trained in a particular time.

That we can give you. We can also give you figures about the number who are employed after training. But as I have indicated, when it comes to solid cost benefit analysis it would give a false impression to suggest that the data available for manpower programs are yet sufficient.

I hope in the future, and in the not too far distant future, we can tell you, because we are working on it, whether a dollar going in here will produce more than a dollar going in someplace else. We cannot do that yet with any assurance.

I would only like to add, Mr. Scheuer, that in full recognition of the desirability of cost-effectiveness analysis, when we are working with human development programs there is a large part of the benefits which are going to be very hard ever to get out of a computer.

As long as the manpower program is geared to meeting the needs of a system, namely employment, earnings, and the economic system as a whole, we think we can come up with quantifiable answers. But to the extent a human redevelopment program ought to be measured in terms of the utilization of the capacity which is in each individual, or his psychic satisfaction in a job, that is going to be hard, thank heavens, for a computer to measure. On the other hand, if the program pays off in quantifiable benefits, we may be sure that it will more than pay off when the non-quantifiable and unmeasurable human values are also added in.

Mr. SCHEUER. I agree with that. In terms of your suggestion that it might cost as much as \$9,000 to do the full job for one of these chaps, we might find, and I think we probably would find, that in terms of the decrease in welfare cost of that individual to society, coupled with an increase in taxes, earning power, contribution to society as a citizen, I think it would be a lot easier to convince Members of Congress on both sides of the aisle as well as the American public that these programs can meet every test of a hard-nosed accountant.

They meet the test of the balance sheet, the bookkeeping statement. It is just darn good economics apart from the obvious humanitarian implications of the programs.

Secretary WIRTZ. Mr. Ruttenberg reminded me that one of our contract consultants is making a comparative study of the benefits of on-the-job training and the institutional training programs. This is one of the studies I have already mentioned.

I should also like to answer an earlier question of Mr. Goodell's, in which he asked about studies of the Neighborhood Youth Corps or

other similar programs. We are undertaking to develop in the coming year (fiscal year 1968) an ongoing evaluation system, including cost-effectiveness analysis, of all the programs of the Bureau of Work programs.

Mr. SCHEUER. Of course, the second great advantage is that perhaps a year or 2 years hence we will look at the whole smorgasbord of programs and begin zeroing in on the programs which show a terrific return and drop some of the programs that have been marginal.

I think that is something the Members of Congress, from all points of view, would like to do. We need hard data in order to do that.

Secretary WIRTZ. I referred earlier in general terms, because the announcement does not come until Monday, to a series of 10 contracts that we are making with private organizations to do some of this training. We are starting right from the start on that, on a complete evaluation of the effects of these 10 different programs and we set them up on the basis of a different mix of various components largely so that we can find out what makes sense and what does not.

Mr. SCHEUER. That will be valuable to us a year hence.

Mr. GOODELL. Unfortunately, unless we in the Congress agree to do this, so long as the Secretary feels as he does at present, we won't be able to evaluate the idea of subsidizing wages in private employment with this kind of assessment very effectively.

The figure of \$9,000 I must say in all respects I regard as a scare figure in terms of the cost of this type of approach. But even if it turns out to be that, your second point was that, if you were sure it would pay off, you would say it was worth even that price.

When we tried to devise the language in our Industry Youth Corps proposal to accomplish it—

Secretary WIRTZ (interrupting). On an experimental basis?

Mr. GOODELL. Well, as far as we are concerned, when we talk about setting it up with 85,000 or so participants, it is not exactly an experimental program but posed in terms of a total need of a million drop-outs a year, it is a small group.

Perhaps we should start at a slower pace than that. But your existing programs for on-the-job training are now paying this kind of cost for the most difficult hard-core person. You would continue under our proposal exactly the same standards that you apply now in those areas. You just have the additional incentive of paying a quarter of the wage to the employer.

You say it would dilute the minimum wage. I don't think it serves much purpose for us to quarrel about whether it dilutes it or not. It certainly does not dilute it from the point of the individual who receives the wages.

In a sense, the Industry Youth Corps proposal is designed to help ease the transition to employment to the degree that the minimum wage makes it more difficult to get youngsters started in productive employment. We build a bridge for the transition here. They receive the minimum wage and I believe they should.

I believe the principle could well be extended beyond that. I did not mean by saying we did not want to belabor it to preclude your making any response, if you have one.

Secretary WIRTZ. I don't think there is much to add except two things. First, that we are talking about experimentation in this area. We are 100 percent for it. As a matter of fact, you should know that in the budget that we submitted this year for fiscal 1968 we included an identification in the E. & D. program, experimental and demonstration program, of an item for an expanded experimentation.

We would be in favor of the experimentation on it. There is no question about that. I would add only this: Regardless of what I may have said, if there is any situation in which an individual can be salvaged, recovered, redeveloped, at equal expense, (a) publicly, (b) privately, we will subscribe to the private doing it.

Mr. GOODELL. Of course, that assumes all the points about which we might differ. We are quarreling only about whether the programs as designed and proposed would accomplish certain agreed-upon objectives.

Secretary WIRTZ. Yes; that is right.

Mr. GOODELL. Have you had an opportunity to look over our suggestions contained in the opportunity crusade—title X of H.R. 10682—with reference to the beginning move toward quantifying job opportunity? As you well know, since the original bipartisan days of the Manpower Development and Training Act expansion, it is an area in which I have had great interest. I must say I am very discouraged over the lack of funding by Congress, or action by the Labor Department along this line. I recognize many of the hurdles we face. Nonetheless it seems to me we are still too far away from knowing the facts about skill requirements, occupational outlook, job opportunities, labor supply in various skills, and employment trends at the National, State, or local level, all of which, it seems to me, we are now developing the tools to obtain.

I would like your general comments about this. Perhaps we won't do this as part of the poverty legislation. We could put this directly under the Secretary of Labor, since it is a logical part of the manpower program. As you know, we wrote such provisions in the Manpower Act but they have not been fully implemented.

Secretary WIRTZ. We are not at all far apart on this one. You asked for my comment in general. Then I think it is of enough importance that some supplementation by Mr. Ruttenberg would be helpful. I am all in favor of getting more job availability data of one kind or another.

I am all in favor of putting the matching of that data on jobs and training opportunities with the individual available data on the most efficient basis possible.

I call attention to the fact that there was a recommendation along these lines by the National Commission on Technology, Automation, and Economic Progress, headed up by Dr. Howard Bowen.

I went out of my way in Japan last year to make as careful study and review as I could of what they had done there as far as this kind of proposal is concerned. They say that they have it on this basis.

They have put their information onto a telecommunication basis as far as the various parts of the country are concerned but it still falls short of this. There is a very high price tag on it. We are talking about, if you go all the way, if you computerized and put it on an

electronic communications basis all of the job, all of the employee availability, and job availability data we are talking about, a bill of \$200 million, for the whole job. I would like, if I may, to have this general statement supplemented by Mr. Ruttenberg's reference to some efforts we are already making in this direction.

Mr. GOODELL. May I ask, with reference to the \$200 million figure that you mentioned, is that an initial cost figure?

Are you talking about a total figure? Would there be an annual maintenance figure of less than that?

Secretary WIRTZ. That is the figure that the President's commission came up with as the annual cost of a computerized telecommunications employment and job vacancy service.

You may remember that they also proposed that it be on a private-not-for-profit basis. So they worked out in quite specific detail.

My recollection, subject to correction, is that that is the annual cost. It is a large bill.

Mr. SCHEUER. Will my colleague yield for a question on this point.

Mr. GOODELL. Surely.

Mr. SCHEUER. Has any cost-benefit analysis been done of this proposal, the \$200 million? It seems to me that in terms of lost manpower days, years, months, that we have been recouping, it might be a tremendously attractive investment.

Secretary WIRTZ. I know Mr. Ruttenberg's knowledge of this will give you more detail than I.

Mr. RUTTENBERG. We had, about 9 months or more ago, entered into a contract with a private corporation called the Auerbach Corp. and the Bureau of Employment Security specifically to look at the problem of how we might put all of the labor area information on an electronic data processing system, exchange it within and between States, and between the States and the Federal Government.

The Auerbach Corp. has come up with its first report. We have now contracted with them for a \$21½ million contract to help us install, on an experimental basis, a program in three States.

In addition, the program provides for the development of an area manpower system in the New York metropolitan area which includes parts of Connecticut and New Jersey. It includes provisions for developing a working relationship with State and local agencies engaged in manpower development and assistance functions. This effort increased the contract costs of \$3¼ million.

We will phase out over a period of time the development of moving to other States as these programs develop. We are engaged in the matching of jobs with men, for example. We are engaged specifically in this contract with the Auerbach Corp. of developing a computable occupational descriptor vocabulary, which is really one of the very difficult problems, of how do you identify the man and his skill and the job and the employer and his requirement, how do you match those with the vocabulary that the computer can use and be consistent between all areas?

This is one of the things that the Auerbach Corp. is helping us develop. While that is being developed simultaneously we are going to move in three States with an experimental electronic data processing

system that will begin to experiment with what limited information we have on occupational descriptor vocabulary now.

For example, we have had a program underway for some time called LINCS—(Labor Inventory Communications System)—out in the State of California which has just dealt with professional people.

It has developed a vocabulary of its own. We are going to move this along so that the proposal which is contained in your bill is something, which for now at least, for the last 9 to 10 months we have been moving quite vigorously with.

Mr. GOODELL. As you know the original mandate for something comparable to this is the Manpower Development and Training Act. We have strengthened and changed somewhat the focus in the opportunity crusade proposal we are making now. Out of what program did you fund this \$21½ million?

Mr. RUTTENBERG. We are funding this program out of the grants to States for unemployment compensation and employment service administration.

In other words, we will identify out of the next year's budget sufficient money in the grants program to handle this in three States.

Mr. GOODELL. I take it from what you have said generally we have no disagreement about the objective. You are in a better position to know what additional observation and money, obligation, or power you may need. I think we would appreciate it if you would provide for us any information along those lines, any suggestions you may have for implementing this basic idea that we have put into the Opportunity Crusade.

The committee might well, for instance, determine that we would like to move somewhat faster here and provide you the authority and the money in certain categories. I doubt very much if we will be interested in giving you \$200 million of this in fiscal 1968.

We might be interested in a significant fund. Most of us feel it will be a long term investment which will come back many times.

Secretary WIRTZ. There is no question about authority. There is no question about objective. I think there is simply a question on money.

Mr. GOODELL. The thing that concerns me here is this: As you know, sometimes you get buried digging through the center of the line but you can have an end run or a pass play which will bring you some results. Many of us are more than a little frustrated by the fact that we have felt you had the authority to do the job but the job has not been underway.

Maybe we can help in some way. I am aware of some of the reasons, not under your control why it has not been done. I respect your sincerity in this matter to see it done. Since we have a meeting of the minds on this particular point, maybe we can devise a way to get it underway—get it really working.

Secretary WIRTZ. In answer to your question whether there has been any cost-benefit analysis, that is part of the problem, I think the honest answer is "No." We have to face up to the question of whether under all the present circumstances this amount of money

or larger amount of money ought to go into a computerization of the system or into some of these concentrated hard-core problems.

Mr. SCHEUER. Those are exactly the kinds of decisions for which cost-benefit analyses are indispensable for making an intelligent answer.

Mr. GOODELL. Mr. Wirtz, you earlier affirmed your statement about spending money on war on poverty as rapidly as it can be responsibly spent, the billion and a half dollars in the OEO funded program at the time you made the statement and now you generally place it at the \$2 billion level that we budgeted for this year.

I am referring to the OEO poverty funds.

Secretary WIRTZ. I want to be sure there is not confusion. In the \$½ billion figure, are you referring to the previous Poverty Economic Opportunity Act program? The reason for my questioning is this.

The \$2.06 billion does not include the manpower development and training and it does not include the Federal-State employment service.

Mr. GOODELL. You were not referring to the manpower program as such. You were referring to the poverty programs that are funded through OEO?

Secretary WIRTZ. Yes. That is right. And I do so with that reservation which is necessary, because my part in this program is a limited part.

Mr. GOODELL. I think you were questioned when I was out on a point which the staff says to them is not too clear. On page 11 you cite the fact that nearly 35 percent of your out-of-school neighborhood youth corps is working in full-time jobs. What proportion of that 35 percent is working in private profitmaking enterprises?

Secretary WIRTZ. I will have to give you that for the record. We don't have it here. My understanding is that it is almost all of it.

Mr. GOODELL. I would be interested in how many of those 35 percent according to your data are working for private profitmaking enterprises and how many are working for public and how many are working for private nonprofit.

Have you have it broken down that way?

Secretary WIRTZ. All right.

(The information referred to follows:)

The study which provides the 35% figure does not show how many are working for private profit making enterprises and how many found jobs in the public sector. However, from data available on individual projects, discussions with sponsors and with our own field staff, we have estimated that approximately 28% are in private employment and 7% in public employment.

Mr. GOODELL. Thank you, Mr. Chairman.

Secretary WIRTZ. You will understand my not wanting to leave this part of the record unclear with respect to another point. That is simply that I don't want the record to show an implication, which is certainly not in your question, that that means that 65 percent aren't working because there is another group of 25 percent here whom we consider to be moving along.

Mr. GOODELL. Yes, I note that you have 9 percent in school, 4 percent in training, et cetera.

Secretary WIRTZ. That is correct. That is the study referred to in my prepared statement, which is inserted in the record.

Chairman PERKINS. Do you have any questions, Mr. Quie?

Mr. QUIE. I have one question.

On April 14 Sargent Shriver wrote me and told me he was going to give the information. One of the things he said was, "Your request relating to the Neighborhood Youth Programs A, B, C, D, in Boston, New Jersey, Rhode Island, Cleveland Neighborhood Youth Corps I referred to Jack Howard who will respond to your inquiry."

As I recall you were going to send this to me but I don't recall ever receiving it.

Secretary WIRTZ. Do you have Jack Howard's letter of May 18?

Mr. QUIE. Is that the one where he said he was going to make it available to me?

Secretary WIRTZ. I believe so.

Mr. QUIE. Let me look this over. If there is anything additional I will come back to Mr. Howard.

Chairman PERKINS. Mr. Secretary, all the members appreciate your coming. We feel that you have done an outstanding job. I think I am speaking for my minority colleagues trying to let them develop all the points in connection with the programs that they wanted to develop. We have a lot of new members. They want to probe into the various programs and it has taken a lot of time.

Mr. GOODELL. Mr. Chairman, there is one point that I did not finish. I think we would like to have the record clarified as to the funding of the summer program. You said the \$603 million total that I was talking about of the various combinations of programs sounded like the summer program. The breakdown I have shows in 1966 summer, a total of \$599 million in these various programs, and for this coming summer, 1967, a total of \$603 million. And then an additional \$75 million was authorized for appropriations by Congress this spring for this summer.

Is this an accurate figure?

Secretary WIRTZ. I would have to check that figure. I just don't know. It is a figure with which I am only vaguely familiar. It includes a good deal which is outside the responsibility of the Department.

Mr. GOODELL. Perhaps it would be more pertinent to ask Mr. Shriver that since it is all within his jurisdiction.

Secretary WIRTZ. I think all of it is. A good deal of that is being handled through the Vice President's office. I don't know that figure well enough, Mr. Goodell, to be helpful whether it is all OEO or not.

Mr. GOODELL. I think the significant point, from our viewpoint, is that if these figures are correct we have \$79 million more money available for this summer, 1967, than we had available for the summer of 1966.

I think all of us would be interested in knowing if that is accurate.

Secretary WIRTZ. I will arrange to have added at this point a statement with respect to those summer figures for both 1966 and 1967 indicating precisely that here. Would that be helpful?

Mr. GOODELL. Yes. Thank you, Mr. Secretary.

(The information requested follows:)

1282 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

[Dollars to nearest million]

	1964	1965	1966	1967	1967 (supple- mental)
OEO:					
Adult work training.....	0	0	0	\$20	-----
Neighborhood Youth Corps.....	0	\$73	\$118	143	\$47
Headstart.....	0	85	111	110	-----
Upward Bound.....	0	3	25	27	-----
CAP--Recreation, etc.....	0	2	20	20	28
Department of HEW:					
Title I, ESEA.....	0	0	236	157	-----
Title III, ESEA.....	0	0	2	9	-----
College work study.....	-----	19	25	32	-----
Department of Labor--MDTA.....	(1)	(1)	30	50	-----
Federal employment.....	0	22	32	35	-----
Total.....	0	204	599	603	75
Total, summer 1966.....			599		
Total, summer 1967.....			678		
Summer 1967, net increase.....			79		

¹ Not available.

Mr. QUIE. Mr. Chairman, on the ABCD Program in Boston you say the internal audit report at present is being reviewed and evaluated. Have you completed your review and evaluation of it?

Mr. HOWARD. No, sir. Basically what we do is that we get a preliminary or interim report on it. We take it back to the sponsors. Here are the suggestions. Just find out what can be done. This sponsor comes back with improvements, procedures, or adjustments.

We then run the final audit and close the situation. We are in the process now of backing and forwarding with ABCD to try to find out whether the preliminary comments are in fact valid. It is sort of like the first rough investigation. So, we do not have the final audit yet.

I know our office in Boston has almost daily conversations. As you know there were general problems both in community action and with our programs in Boston. The fact remains as was stated in the letter of May 18 with regard to Boston.

Mr. QUIE. In other words, you would want to wait until the final audit was completed before we get any more detail on it.

Secretary WIRTZ. I would be in favor I think of putting into the record at this point a full statement of that situation as of now, recognizing that it is incomplete. We know it has been one of our problems. We know there has been a complete change in leadership of it.

I think the committee ought to have a statement of everything we know of as of now which we will be glad to give you. It has not been one of our happiest hours.

Mr. QUIE. As I said before I will talk to you about it because I don't want to put anything in the record that will be embarrassing but I would like to see what happened there.

Secretary WIRTZ. We will arrange to have somebody come and talk to you about it and we will make a report to the chairman as to what seems advisable to put in the record.

Mr. QUIE. Thank you.

Chairman PERKINS. Mr. Secretary, I have a couple of questions.

First, let me compliment you on your patience and vigor, your endurance and your helpful contributions which you have made to this committee is work by your testimony.

I am quite mindful of all the programs and the good work that is flowing from all the programs under the Economic Opportunity Act, but I am still concerned about a group of individuals that prefer not to be on relief, chiefly in mining communities. They do not want to go back on relief.

There is nothing in many of these communities for these families. I am speaking about the hard core 45 years of age that because of age discrimination and so forth no employer is readily willing to hire.

I am wondering if you planned under the Nelson and Scheuer programs to pick up this type of individual that has really been overlooked until this poverty program came along. We have not gotten all of them that should be receiving some kind of training. Even though they are not likely to be gainfully employed by a private employer I am wondering if your planning takes into consideration programs to give this type of individual a program that will let him work instead of being on relief. Do we have sufficient funds to do that under the programs that are now in existence or is it going to take further expansion?

Secretary WIRTZ. I think it will eventually be a larger program. I don't know how much larger. I think we are improving our understanding of that situation. I find the situation this year much better than it was a year ago. I know the need is not yet fully met. I know that there are additional programs to be developed, additional understanding to be gained. I have to say to you that I think at the present point there is provision in terms of dollars about the maximum usefulness that we can put it on an assured responsibility basis.

I know that if we had more money we would spend it but I can't say to you how wisely or well we can spend it beyond the present rate.

We know the situation you are talking about. We have been greatly helped by your advice from time to time about the section of the country which presents this problem in perhaps its most acute form.

It is in our thinking all the time. I think we are reasonably well equipped to meet it. I can't say more than that.

Chairman PERKINS. I certainly am wholeheartedly in support of all your training programs because you are doing a great job, even in my area. We have so many applicants that should be gainfully employed but the funds are not available under all these programs to reach them.

I would like to see further expansion personally in that area. I know we are handicapped about funds. I know you are doing a great job, doing more than any other Secretary in the history of the country in my judgment, about getting people employed throughout the Nation.

I certainly want to cooperate as much as I can to see that we do something about this hard core because it is a problem that gives me great anxiety.

I think you have strengthened the case. I have given our opportunity crusade members all the opportunity that they needed today to interrogate the witness and I will continue to do that. I think we are

building a stronger case as we go along that this program, the Economic Opportunity Act, should be kept as is.

I thank you again for your appearance. If it is necessary to call you back, I know you will be ready.

Secretary WIRTZ. I could improve on what you said to this extent. You have been more than gracious in your comments on the Department's administration of this program. You will know that there are at this table, in this room, back at the office, people who have done a good deal more on it than I have. If it is all right with you, I would like to add my expression of appreciation to yours.

Chairman PERKINS. I want to add my expression of appreciation to all the members around the table. I know the great work and great contributions they have made. I would commend Jack Howard for an outstanding job of administration. We all know that the Director has zeroed in on certain target areas in this country and is doing a great job.

I would like to see us go further with this program and not tear it down.

Secretary WIRTZ. Thank you very much, Mr. Chairman.

(Whereupon, at 4:50 p.m. the committee recessed to reconvene at 9:45 a.m., Friday, June 23, 1967.)

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

FRIDAY, JUNE 23, 1967

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The committee met at 10:25 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Present: Representatives Perkins, Quie, Goodell, and Dellenback.

Also present: H. D. Reed, Jr., general counsel; Robert E. McCord, senior specialist; Louise Maxienne Dargans, research assistant; Benjamin F. Reeves, editor of committee publications; Austin Sullivan, investigator; Marian Wyman, special assistant to the chairman; Charles W. Radcliffe, minority counsel for education; John R. Buckley, chief minority investigator, and W. Phillips Rockefeller, minority research specialist.

Chairman PERKINS. The committee will come to order. A quorum is present.

Before we get started this morning, I have a letter before me from the Secretary of Health, Education, and Welfare, the Honorable John W. Gardner, which I will read into the record at this time.

DEAR MR. CHAIRMAN: I am sorry that my absence from Washington Prevents me from testifying before your Committee on the Economic Opportunity Amendments. Mr. Lisle C. Carter, Jr., Assistant Secretary for Individual and Family Services, will speak for the Department, but I would like to add my personal word of strong support for the Administration bill (H.R. 8311).

Though they began only a few years ago, the programs in the war on poverty have become an indispensable part of our nation's efforts to break the cycle of poverty and to reduce dependence. Without the leadership of the Office of Economic Opportunity, these programs would not be the strong force for social progress that they are today. This leadership must continue if we are to concentrate our efforts on the poor as the Congress has intended and as we have done in the past.

The Economic Opportunity Amendments of 1967 represent a series of carefully conceived proposals aimed at strengthening the programs under the Economic Opportunity Act. I strongly urge your support for the amendments.

Sincerely,

JOHN W. GARDNER,
Secretary.

We have with us this morning Mr. Lisle C. Carter, Jr., Assistant Secretary for Individual and Family Services, who will represent the Secretary. He is accompanied by Mr. Donald Slater, Deputy Assistant Secretary for Community Development; Mrs. Barbara Coughlan, Acting Assistant Commissioner for Social Services and Financial Assistance; and Dr. Nolan Estes, Associate Commissioner of Elementary and Secondary Education.

We welcome all of you this morning. I presume that Mr. Carter will prefer to read his statement.

Do you prefer to read your statement?

STATEMENT OF HON. LISLE C. CARTER, JR., ASSISTANT SECRETARY FOR INDIVIDUAL AND FAMILY SERVICES, U.S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, ACCOMPANIED BY DONALD SLATER, DEPUTY ASSISTANT SECRETARY FOR COMMUNITY DEVELOPMENT; MRS. BARBARA COUGHLAN, ACTING ASSISTANT COMMISSIONER FOR SOCIAL SERVICES AND FINANCIAL ASSISTANCE; AND DR. NOLAN ESTES, ASSOCIATE COMMISSIONER OF ELEMENTARY AND SECONDARY EDUCATION; AND ANDREW TRUELSON

Mr. CARTER. Yes, sir.

Chairman PERKINS. Go ahead, Mr. Carter.

Mr. CARTER. Mr. Chairman and members of the committee, I am pleased to appear before your committee to discuss H.R. 8311, the Economic Opportunity Amendments of 1967.

(The Economic Opportunity Program stands out as one of the major achievements of this administration. In three brief years, with a congressional mandate, the Office of Economic Opportunity has compiled a record of significant achievement on behalf of people and communities who do not share in the Nation's general affluence. This committee has been instrumental in shaping its capabilities and accomplishments during this time and can fully appreciate its contributions, both with respect to expanded resources and newly developed techniques in domestic programs.

The Office of Economic Opportunity has initiated and stimulated action on social problems and issues in communities across the country. I think it is abundantly clear that support of such innovations as community action agencies, neighborhood centers for health and social services, Headstart programs, the Neighborhood Youth Corps, VISTA, and the like have dramatically improved the quality and character of community life. These are new and invaluable tools that we could not depend upon in the past simply because they did not exist.

Some of these measures are especially significant for their contribution to educating people as to their rights and responsibilities.

VISTA, for example, has demonstrated what dedicated volunteers can do in such diverse settings as isolated migrant camps and inner-city slums. Volunteers show people how to take advantage of new or newly discovered opportunities. Aside from the poor—the most important beneficiaries of VISTA—many programs in social services, education, employment, and health have also been enriched by the competence and dedication of volunteers' work.

OEO is also responsible for the spread of legal services for the poor, services they badly need and cannot ordinarily afford. These services have helped poor people deal with public agencies and the society around them with new knowledge, confidence, and dignity.

The poverty program has helped to shape the course this Nation has chosen to follow in dealing with some of our toughest problems—

in education, in training for work, in urban and rural areas. The purpose and direction it provides to communities and individuals is inspiring in them hope and confidence in their ability to achieve the best this society has to offer.

The Department of Health, Education, and Welfare is deeply interested in this legislation. Not only have we been delegated responsibility for carrying out certain aspects of the legislation, our ongoing programs and activities have benefited from the innovations developed under OEO's leadership. For, while the primary purpose of the Office of Economic Opportunity is to improve service and programs for the poor and to provide a clear focus on their particular needs, much of what the poverty program has learned with respect to delivering services and involving people to act in their own interest, for example, has broad application for the enrichment of the rest of our society as well.

It is essential that the Office of Economic Opportunity maintain its integrity and identity if the problems of poverty—which are still very much with us—are to receive the undivided attention they require. While a variety of agencies deal with the subject matter of many OEO programs, particularly the Department of Health, Education, and Welfare, none focuses so directly on the needs of the poor and none has OEO's unique experience as a testing ground for new and imaginative concepts to serve individuals and groups of citizens. Both of these functions are of great importance if Government is to deal successfully with poverty and to test out concepts that may make significant progress toward meeting our social needs in a wide number of areas.

I want to express, therefore, HEW's strong support of Mr. Shriver's statement before this committee.

Now, I would like to discuss briefly, specific responsibilities that the Department of Health, Education, and Welfare has undertaken either by delegation from or other arrangements with OEO.

Title V—the work experience and training program of title V of the Economic Opportunity Act was delegated by the Office of Economic Opportunity to the Department of Health, Education, and Welfare. Through this program operated by the Welfare Administration, funds are provided for projects designed to enhance the employability of needy persons who otherwise would not have the opportunity for constructive work experience and other needed training. Work experience and training is combined with the provision of social services. Most of those in the program are, in addition to being undereducated, often functionally illiterate, with few, if any, marketable skills, are also heads of needy families with a range of problems associated with the extremes of economic, social, and educational deprivation.

Social services, including family support, medical care, child care, homemaker services, and counseling, are made available to assist such persons in overcoming serious and longstanding personal and family problems that interfere with their efforts to become self-supporting and independent.

To date, about 160,000 persons have participated in the program; of these, a conservatively estimated 52 percent has met the program's

objective of improved employability, as exhibited by their move on to jobs or more advanced training. Considering the handicaps and limitations of the group involved, we regard this record as one of more than passing marks.

The program has been quite successful in reaching its target group of nonaged, adult poor who are heads of families. It is worth noting that approximately 38 percent of the 66,000 enrollees in December 1966 were nonwhite; and that in keeping with the urban-rural distribution of the poor population, some 60 percent of all funded training spaces are in urban areas and 40 percent in rural areas. Between December 1964 and October 1966, more than \$41 million in title V funds went into projects in the 182 poorest counties of the Nation.

The 1966 Economic Opportunity Amendments provide for transferring substantial responsibility for the administration of title V to the Department of Labor, particularly in the areas of testing, employment and counseling services, work experience, on-the-job training, job development, and, where necessary, relocation assistance. Projects that come up for renewal will be jointly reviewed by HEW and Labor; those that are operating efficiently and economically will continue to be operated on the present basis through HEW. Specific responsibility for income maintenance and other supportive services to trainees will continue to rest with HEW.

Based on our experience with the variety of individual needs that directly affect a person's ability to become employable, title V funds for the coming fiscal year have been allocated as follows: 50 percent for income maintenance; 30 percent for work experience and vocational instruction; and 20 percent for work-connected expenses, basic education, child care and medical and social services.

To implement the 1966 amendments, representatives from HEW and Labor have been meeting regularly to develop policies and procedures in the areas of policy and program development, project review; and project organization, staffing, and financing. The mutual understandings reached at these meetings will be used in preparing the "interim" Federal policies to be issued this month.

The valuable lessons learned from the Work Experience and Training program will be built into the Community Work and Training program. The administration has proposed amendments to the Social Security Act which would develop the Community Work and Training program along the lines of the Work Experience and Training program and permit a gradual phasing out of the title V program.

Chairman PERKINS. Before you leave the matter of the Work Experience and Training program, the last statement that you made, "The administration has proposed amendments to the Social Security Act which would develop the Community Work and Training program along the lines of the Work Experience and Training program and permit a gradual phasing out of the title V program," do you mean that you are going to transfer for all intents and purposes the title V operations as they are presently operated to social security under the name of Community Work Training programs? And will that program be administered by HEW?

Mr. CARTER. Yes, sir; it will be basically the same kind of relationship with the Department of Labor with respect to the provision of work experience and training.

Chairman PERKINS. How long do you contemplate that is going to take place, over what period of time do you think you will phase out title V as presently administered and put it under Community Work and Training program under the Social Security Act? Will it take a few years to phase it out?

Mr. CARTER. It may take a few years.

Chairman PERKINS. It is not going to be as abrupt thing?

Mr. CARTER. We do not contemplate it as an immediate thing, necessarily, because there are some problems where States have differential policies with respect particularly to the Unemployed Parent program.

Chairman PERKINS. It will not be an abrupt change in administration? It will remain and be administered; even though the amendment is agreed to and approved by the House Committee on Ways and Means and the Congress, there will be no abrupt change in administration?

Mr. CARTER. There will not be an immediate change. I think we have to consider each case in the overall situation and proposing how to move forward from that. We would want to look toward the phasing out of title V as the Community Work and Training is able to build up.

Chairman PERKINS. Do you have any supplemental statement on that, Mrs. Coughlan?

Mrs. COUGHLAN. No.

Chairman PERKINS. Mr. Quie?

Mr. QUIE. Last year you know there were substantial amendments to title V of the Economic Opportunity Act. As far as I know, the Department of Labor has not implemented the transfer authority that was incorporated in those amendments. There has been a great deal of dialog with you, but it has not actually been implemented, as to their relations and how they will function in their new role as the amendments provide. Is that right?

Mr. CARTER. As I said in my statement, we are on the verge of issuing policies jointly agreed to, based on discussions. The program is supposed to go into effect on the 1st of July. Any action on projects after the 1st of July would be under the new program.

What they have been doing jointly with the Welfare Administration is review of existing projects to determine how they will be carried on. Some will continue to be run altogether by HEW, some will be run by HEW with some supplementation by Labor, and some will go fully effective with the Labor taking over the kinds of component activities that I have described in my statement.

Mr. QUIE. Will there be any change in the role of Labor in the new amendments proposed by the administration for the phase out of title V as compared to the language adopted in last year's act?

Mr. CARTER. The role is fundamentally the same.

Mr. QUIE. Do we have a copy of the proposed change in title V?

Chairman PERKINS. We do not. All I have is a statement that is made here. You and I know that the language was in the conference report last year. But I am uncertain at this point to know whether any agreements have been reached that would have the effect of cutting off people that are working under the Work Experience and Training program under title V and would interfere—in other words, would cut them off.

Have any agreements been made along that line by HEW with Labor that would deprive the people under title V of continuing to work after July 1, the commencement of the new fiscal year?

Mr. CARTER. No, sir; no agreements have been reached to change the program in that respect. The point I want to make is that we have \$70 million in the program.

Chairman PERKINS. Are there any changes in the program contemplated that are on the way, would they displace workers now involved under title V of the Work Experience and Training program commencing July 1?

Mr. CARTER. I will let Mrs. Coughlan supplement my answer. The only thing that is playing is that we have \$70 million in the budget this year as opposed to in the neighborhood of a hundred million dollars last year. So, some projects will be phased out this year. We are in the process of identifying which projects they will be. I will ask Mrs. Coughlan to supplement it.

Chairman PERKINS. Mrs. Coughlan?

Mrs. COUGHLAN. I think, Mr. Chairman, maybe you are referring to the possibility that the criteria for selection of participants in the program might be changed after July 1. Because there was mention in the 1966 amendments that projects with high training potential would have priority.

We have reached agreement with the Department of Labor that substantially the same group of participants will be served after July 1 as have been in the past. This is in accordance with the intent of the committee, as we read the report.

The way of interpretation of a high training potential has been made is that this is the way a project should be structured in order to permit upward mobility in training for participants, but not to keep out those who perhaps in the beginning appear not to be employable.

Chairman PERKINS. Now we have so many in my area that it is very evident to me that they are not considered employable by most employers because of age and because of their lack of basic education and training. As you know, many of them were automated out of their jobs in the coal mines and that is all those people knew—how to mine coal. These people prefer to work and try to obtain some useful work and training, even though the employers don't want them.

Ford Motor Co., as you know, came into the area and recruiting and screening persons for employment and placed maybe 200 or 300, but they took mostly young people.

In other words, they took the easiest to train. Even though there were many elderly people who would have liked to go with Ford, because of their age and educational background they were not wanted. Now I am talking about this particular group, the hard core, whether useful work experience and training programs, whether it be a cleanup job or beautifying the area, or any of those programs—it is not just leaf raking—where the Government can wisely expend funds and they will be expended for good purposes—has training of this type and programs of this type been thought out and planned by HEW for this type of individual?

Will you address yourself to that point?

Mrs. COUGHLAN. It is definitely the intent to continue to serve that group after July 1. There is not to be any change in the criteria for selection of trainees after July 1.

I think that it should be pointed out that despite the characteristics you pointed out of the people in eastern Kentucky, under the title V project that some 32 percent of those who have terminated have gone into employment, and a number of them were placed with private employers for on-the-job training and they result in employment. And we also have a labor mobility demonstration project there where the people are being moved from the eastern Kentucky counties into other parts of Kentucky and nearby States, and finding employment at very good wages.

Chairman PERKINS. Now there is another question that I have on the way you can judge a program aside from your own personal investigation. Since there have been a lot of transfers to the Nelson-Scheuer type of program, from MDTA, from work and experience, is it contemplated that these people will receive food stamps—I am talking about the real hard core—and medical services?

Who makes that determination?

Mrs. COUGHLAN. That determination is made by the State department of economic security. It is my understanding that the title V trainees who were transferred to Nelson-Scheuer will receive food stamps. I believe there is some discussion about their eligibility for the medical benefits under title 19. But if it would seem that they are still unemployed parents, that they would remain eligible for medical benefits.

Chairman PERKINS. Would that be left up to the State departments to make that determination for medical services under title 19?

Mrs. COUGHLAN. Yes; it would be made by them, although some interpretation of the nature of the Nelson-Scheuer program might be made to definitely establish that these men are not employed but in training just as they were under the title V program, and therefore you would assume that their eligibility would continue for medical services.

Chairman PERKINS. Do you have any further questions at this point?

Mr. QUIE. Yes, I would like to ask this question.

On page 7 you mention 50 percent of the money will go for maintenance, which will be your responsibility, Welfare's responsibility.

Mr. CARTER. Yes.

Mr. QUIE. Thirty percent will be work experience and vocational training, which will be all Labor's responsibility, is that right?

Mr. CARTER. Yes.

Mr. QUIE. And 20 percent for work-connected expense, basic education, child care, medical, and social services. I mean the child care medical and social services will be your responsibility. Whose responsibility will be basic education and work-connected expenses?

Mr. CARTER. I will ask Mrs. Coughlan to supplement this, but I want to make clear that the category of income maintenance, of course, is being provided by the Welfare Administration. As I attempted to outline in an earlier answer to the chairman, some of the work experience and instruction will be continued to be carried on a jointly determined basis between Labor and HEW, some of those projects. So that will mean that some of the 20 percent for work-connected expenses will fall in that category.

Do you want to supplement this?

Mrs. COUGHLAN. Adult basic and child care would remain with HEW.

Mr. QUIE. What about the so-called work-connected expenses? Are they the ones that Labor would undoubtedly pick up?

Mr. COUGHLAN. No, they would not. That is connected to the maintenance payment primarily. There is an increase to the payment for work-connected expenses.

Mr. CARTER. Travel and work clothes, and the like.

Chairman PERKINS. It includes schools and things of that nature?

Mr. COUGHLAN. Yes. The tools might be provided through the project, itself, or tools might be made available to the individual trainee; yes.

Mr. QUIE. Under the amendments proposed this year, will the basic responsibility for work experience that had been the title V program be with Welfare rather than the Department of Labor, or will the basic responsibility be with Labor?

Mr. CARTER. The basic responsibility remains with the Welfare Administration by delegation from the Office of Economic Opportunity.

Mr. QUIE. Will the 30 percent of the money for work experience be Labor's money, or will it be your money which will be delegated, the responsibility delegated?

Mr. CARTER. I want to reemphasize, Mr. Quie, that only part of the 30 percent will be utilized by Labor. It will depend on a project-by-project basis where the Labor Department is providing the work experience and training. That money, based on estimates, will be transferred from time to time to the Department of Labor in the advances of other forms of transfer.

Chairman PERKINS. If that be the case, you are not going to have the \$70 million to spend. If you are going to transfer part of this \$70 million to Labor under the work experience and training program, you are going to have considerably less than \$70 million to spend, if that is the case, if you are going to transfer part of that to Labor.

Mr. CARTER. But that transfer is being made to carry out functions which have heretofore been carried out by HEW. So, it is just a question of who is spending the money on any given project. It does not lessen the amount of money that is available for that project.

Mr. GOODELL. Will the gentleman yield on that point?

Chairman PERKINS. Yes.

Mr. GOODELL. Are you talking about your agreement with the Labor Department under present law, or are you talking about the proposal that is pending now in the Ways and Means Committee as a part of the social security bill?

Mr. CARTER. The testimony relates to the relation between HEW and Labor under title V of the Economic Opportunity Act.

Mr. GOODELL. The present law?

Mr. CARTER. Yes.

Mr. GOODELL. And the agreement that you negotiated with the Labor Department?

Mr. CARTER. That is right.

Mr. GOODELL. I think Mr. Quie was referring to the proposal of the administration that is now pending as part of the social security

law to transfer work experience into the social security law. Is it not part of the proposal to transfer responsibility to the Labor Department under this program?

Mr. CARTER. No. There are people here from the Welfare Administration that can explain this more clearly than I, but this is still money that is appropriated to HEW in the public assistance program and transfers are—

Mr. GOODELL. What would the proposal now pending in the social security bill before the Ways and Means Committee do to the present situation?

Chairman PERKINS. Mr. Truelson, can you answer that question?

Mr. TRUELSON. H.R. 5710, which is in the Ways and Means Committee, proposes that the community work and training program will be modified to authorize the Secretary of Labor to provide work and training programs for individuals over the age of 16 who are receiving AFDC, will provide programs to be operated by the States, if the Secretary of Labor did not operate a program, found it impracticable to do so throughout a State. Project grants will be available to persons in need who do not meet other State requirements for AFDC. Participation will be available for cost and supervision.

Training centers limited to \$20 per week paid by the Secretary of Labor could be provided and disregarded in determining the amount of assistance payable to a family. Plans for aid to dependent children would have to include provisions for referral for all appropriate individuals who have attained age 16 the programs existing areas in which such individuals live.

There is a provision that the Department of Health, Education, and Welfare transfer funds to the Secretary of Labor to meet the cost of programs authorized by him or his delegate.

This is section 204 of H.R. 5710 in the Ways and Means Committee.

Mr. GOODELL. I interpret the Administration's proposal as an attempt to take jurisdiction of the work experience program, title V, away from this committee. That was not included, as I understand, as part of the poverty bill this year; it was put in as part of the social security bill and therefore is pending in Ways and Means. Is this not correct?

Mr. CARTER. May I speak to that, please?

Mr. GOODELL. Yes.

Mr. CARTER. There has always been, since 1962, in fact, a provision for community work and training in the Social Security Act. This antedated the poverty program that was enacted in 1964. This is an optional program with the States. It had certain disabilities in that it did not pay for supervision costs, did not authorize matching certain costs and provision of materials, and the like. Only a limited number of States found it profitable to embark on that program. This was passed at the same time when the unemployed parent authorization was passed, which offered the State that opportunity as well.

In 1964 one of the parts of the Economic Opportunity Act, so-called title V, was enacted under authority from this committee, but the committee amended the Social Security Act in effect in order to permit the title V type of program to be carried on. And specifically amended the demonstration part of the act to allow for flexibility in

trying out new ways of making public assistance persons self-dependent. That is what has been going on for the last few years.

Now what the administration is trying to do, sir, is to take the best that they have learned under title V and build it in, which was a demonstration by definition, and build it into the ongoing social security public assistance program.

Mr. GOODELL. Then the answer to my question is yes?

Mr. CARTER. The question, as I understood it, sir, was that we were attempting in some fashion to oust this committee from jurisdiction with respect to this matter. I was trying to explain what in fact was being undertaken.

Mr. GOODELL. Whether you say "oust"—you are being overly defensive about it—what I want to know is whether you have anything in this bill with reference to the extension of title V work and experience program?

Mr. CARTER. The answer is "Yes," there is an extension in the pending 8311 for extension of title V.

Mr. GOODELL. So, you are not proposing full transfer of title V over into the Ways and Means under the social security bill?

Mr. CARTER. No. In my testimony I said we looked forward to the phasing out of the title V program as the program was built up.

Mr. GOODELL. Where in the bill do you propose the extension? Will somebody check it out?

Mr. TRUELSON. There is an authorization for \$70 million for title V.

Chairman PERKINS. Where is that in the bill? I want to raise the same question, because I have been through the bill and I have overlooked it if it is in there.

Mr. CARTER. We will attempt to identify it.

Mr. QUIE. While you are looking for it, you talk in your testimony about the cooperation between HEW and Labor, but you don't mention anything about OEO. What relation does OEO have with you in the operation of your title V program?

Mr. CARTER. OEO, to begin with, approves all of the overall guidelines—this operates as a delegated program. OEO approves all of the regulations and guidelines that are put into effect under this delegated program as any other. It controls the budget of the program, pays over the money, authorizes paying over money from time to time. It evaluates the project and makes recommendations on the basis of that. We work with OEO to see the extent to which our activities can be coordinated with other local antipoverty programs.

Referring under authorization of appropriation, on page 2 of the bill, 8311, line 7.

Mr. QUIE. In other words, the authorization for title V to be carried on except for the money, so we have money in this bill?

Mr. CARTER. As I understand it, Mr. Congressman, there are a group of amendments. The only thing it was felt necessary to spell out were those parts of the Economic Opportunity Act which you propose to amend substantively. Otherwise, all that was required for title V was an extension of authorization.

Mr. GOODELL. Just to clarify that point, the only reference to title V in the bill, I understand, is on page 2, line 7, in which we authorize the \$70 million for the purpose of carrying out title V.

Mr. CARTER. That is correct.

Mr. GOODELL. But in the bill that is pending, the social security bill before Ways and Means, there are specific provisions for changing the title V program?

Mr. CARTER. There are no provisions in the social security bill for changing title V. There are provisions in the social security bill for changing section 409 of the Social Security Act, which is the community work and training program.

Mr. GOODELL. We are going to have to get this clarified because it was advertised that you were transferring the title V program over into the social security law and that you were going to transfer jurisdiction of this program completely to the Labor Department.

From what you say, you do not believe this is true.

Mr. CARTER. I will be delighted to clarify it if I understand the issues that are troubling you, Mr. Congressman. I will do my best either in person or in writing to clarify it.

Mr. GOODELL. It is that simple. You are transferring title V programs into the social security law and transferring the jurisdiction over to the Department of Labor.

Mr. CARTER. All I can say is that that is not what either title V provides or section 409 as the proposed amendment provides. Mr. Truelson has read to you from the fact sheet which in effect states what we propose in the social security amendment. We will be happy to supply the section of our amendments, the section-by-section analysis, and any other information you want for the committee.

Mr. QUIE. Mr. Carter, I think part of this can be cleaned up by the language in section 504, title V, Economic Opportunity Act, where it says "The Director shall carry out the programs provided in this title during the fiscal year ending June 30, 1967, and the 3 succeeding fiscal years. For each such fiscal year only such sums may be appropriated as the Congress may authorize by law."

As I understand, H.R. 8311 authorizes the money for the program that has already been authorized for not only the year ending June 30, 1968, which is ahead of us, but for 2 more fiscal years beyond that.

And, therefore, that is all the language that is necessary in 8311 to get the job done.

Mr. CARTER. That is correct.

Mr. QUIE. But title V will remain in the Economic Opportunity Act for some time. You are asking for \$70 million for title V. How much money will be asked for in section 409 of H.R. 5710?

Mr. CARTER. My recollection is that there is approximately \$30 million in the budget.

Mr. TRUELSON. \$20 million.

Mr. QUIE. We are talking then about a \$90 million program either in title V or comparable to it, in section 409. Now how long a period of time do you plan to take to phase from title V into section 409?

Mr. CARTER. I think it is difficult to answer that question until we can begin to identify the capacity of the States to pick up the program under section 409 as amended, assuming that the Congress enacts such amendments.

Mr. QUIE. But you must have some idea.

Mr. CARTER. We would certainly think that we could do it within the period authorized, of the present authorization.

Mr. QUIE. So that by June 30, 1970, title V will be completely phased out and there is no necessity to extend it?

Mr. CARTER. That is the present judgment. That is the best I can say.

Mr. QUIE. Then you would no longer need OEO to look over your shoulder as you have evidently needed it today?

Mr. CARTER. I would certainly hope that the Office of Economic Opportunity would continue to exercise the same kind of interest in the title V or community work and training program that it does in the delegated programs.

The Office of Economic Opportunity attempts to look at the whole range of poverty and not simply the programs that happen to be in its administration. As they are able to build them successfully into administration by other ongoing programs, this does not in any way detract from the importance that OEO has and the responsibility to report to the President, the Congress, and also to use its various authorities under the act to make sure that the funds that are being spent for poverty are——

Mr. QUIE. The \$70 million, OEO does have some leverage or muscle because it delegates the money to you.

Mr. CARTER. Right.

Mr. QUIE. If you don't operate the way it sees fit, you don't get the money. Isn't it that simple, in title V?

Mr. CARTER. I think that is stating it rather broad, but there is no question that the money flows through OEO and they do have budgetary control.

Mr. QUIE. The \$40 million in section 409, the OEO has no jurisdiction, and if there is disagreement in the way the money is spent, it will have no voice?

Mr. CARTER. I would not say it has no voice. I have tried to indicate that OEO has a role that goes beyond the program.

Mr. QUIE. If you agree with the role?

Mr. CARTER. Well, it has a role within the administration. We are all responsible to the President of the United States, as far as the administration of the executive branch.

Mr. QUIE. That is kind of far-fetched, though. In every program run by HEW, the President has the responsibility. But what other programs in HEW does OEO actually exercise the same kind of responsibility and jurisdiction that it does through its delegated programs?

Mr. CARTER. I am not suggesting it is the same kind. I am trying to make clear it is a different relationship. OEO has the responsibility to look at the whole range of poverty in the United States and what is being done through existing Federal programs, as well as other programs, to bring about the elimination of that poverty. That is the kind of role that we need for an agency in the administration to play.

Mr. QUIE. How did you play that role in other activities in title V?

Mr. CARTER. I would say, for example, that one of the things I will be coming to testify about in the field of neighborhood health centers, here is an effort to——

Mr. QUIE. Neighborhood health centers are Community Action programs run by OEO.

Mr. CARTER. I am attempting to answer your question.

Mr. QUIE. I was asking a question about programs that were not funded or delegated by OEO.

Mr. CARTER. I am giving you an example. I will get to that, if you will give me an opportunity.

Mr. QUIE. All right.

Mr. CARTER. The neighborhood health center is fundamentally a mechanism for the delivery of health services. Now we have a number of programs in HEW which provide support for health services. We have crippled children's programs, maternity infant care, youth project, title 19, and so on and on. The important thing though is to see that these programs get to the people for whom they are intended and somebody concentrates on that problem, of how do we get the services to the people who need them most.

Now OEO has come to HEW and we have worked out with them an agreement between the Secretary of HEW and the Director of the Office of Economic Opportunity, which provides for our making a maximum effort to help put our money and program, integrate them with the health services in the center. They are playing a definite role there in terms of delivering services to the poor and assuring that the poor get the kind of help they need even though they have no control over the programs I have mentioned.

Mr. QUIE. They do have control over the neighborhood health centers.

Mr. CARTER. They have control over neighborhood health centers, but we are talking about providing the kind of health support for a comprehensive health program. They would not be able with the funds available from the neighborhood health center to support it by themselves, in addition to which it is obviously most desirable to get all of the various kinds of programs into this kind of mechanism that it is possible.

Mr. QUIE. Do you feel that all of the programs that HEW is involved in to help people come out of poverty are more extensive than OEO is involved in and amount of money?

Mr. CARTER. So far as the amount of money.

Mr. QUIE. Do you feel that OEO ought to move in and give that same kind, assume the primary responsibility over those programs?

Mr. CARTER. I interpret this, anything I have said as far as the kind of relationship between OEO and HEW on health services, as assuming the primary responsibility. What they are assuming the primary responsibility for is identifying the particular problems we have in meeting the needs of the poor and then trying to devise the mechanisms through which those needs can be better met, and then seeking the participation of other Federal programs in meeting those needs.

I think in the regard I have mentioned they have played this role adequately; I think they need to continue to play it.

Mr. QUIE. Does Welfare have other responsibilities than helping the poor?

Mr. CARTER. When you say "Welfare," do you mean the Welfare Administration?

Mr. QUIE. Yes, that is right.

Mr. CARTER. Yes, they do.

Mr. QUIE. What is the other role it plays than helping the poor?

Mr. CARTER. I will be glad to let Mrs. Coughlan talk to that, but the Children's Bureau is not solely just for the poor, for example. This is certainly an important part of the Welfare Administration.

Chairman PERKINS. Go ahead, Mrs. Coughlan.

Mrs. COUGHLAN. Certainly child welfare services are available without regard to any financial eligibility. I think that is perhaps the major function that we carry.

Mr. QUIE. You mean that is the only program for the nonpoor?

Mrs. COUGHLAN. No. There are a number of other services in the area of community organization, community planning, neighborhood service centers that we are involved in now, where we feel that public welfare takes the leadership in developing new resources and services in the community to meet needs beyond those of the actual poor.

There is a preventive role actually in the Welfare Administration's program.

Chairman PERKINS. Does Public Health Service want to address itself to this point?

Mr. QUIE. I know that the Public Health Service has a role outside of poverty, but it is surely news to me that the welfare department operates not primarily for the help of the poor but for the rest of the people.

As I understand, at least if there is any agency in the Federal Government, other than OEO, who has primary responsibility for the poor, it is being helped by the welfare agency; their purpose is to help the poor, I understand.

Mr. CARTER. Let me say, I was trying to be responsive when you asked did they have any other responsibility. There is no question that the primary role of the welfare program is to help the poor, but this is overwhelmingly in the income maintenance field. The bulk of the money, as you know, a very large Federal contribution, goes to income maintenance. That is, goes to the public assistance programs in the categories in which we support health.

Of course, we have additional funds that go to the medical assistance to the medically indigent, as well, who are not always—depending on the way the State determines it—those people are not necessarily poor, by the way, the medically indigent are not necessarily poor.

Mr. QUIE. The medically indigent are not necessarily poor? They are not necessarily poor based on old-age assistance?

Mr. CARTER. They are poor based on the base line we are talking of roughly \$3,000 for a family of four. They are not necessarily indigent. I am only trying to point out.

Chairman PERKINS. I think at that point you ought to make clear that the indigent receive medical assistance. They are certainly in a different category from the social security retired, regardless of their income, who are eligible for medical assistance.

Mr. CARTER. That is true. I was only talking about the programs run by the Welfare Administration. I agree with you.

Mr. QUIE. The word "indigent" is synonymous with poverty. Let us get on to another question.

Since the primary responsibility of both OEO and the welfare agency is to people in poverty, why is it that you need OEO to look over your shoulder to see that you do an adequate job? As I understand your plea here, it is to continue OEO.

Mr. CARTER. That is right. The OEO, I want to repeat the principal role of the Welfare Administration is in the provision of funds for people who are financially really at the lowest economic rung. Of the 30 million-odd that are identified as poor, only 8 million people are supported under the public assistance programs. In addition, there are many people who are working every day, a very significant proportion of the poor, who are poor, are working every day, but simply cannot earn enough money to live, nonetheless.

And this is a condition that has existed for years. This is nothing new. Now OEO was called into existence because we recognized that we have this problem despite our growing prosperity, in spite of our falling unemployment rate we have this continuing problem of poverty. We need to seek new answers and find new ways of addressing it. There are many programs that make a contribution to doing something about poverty. But we need an agency that has the flexibility and the mandate to test out and search for new ways of getting at the problem, not that it is going to run everything itself. That would be like saying that because there are education programs that are conducted in many agencies around the Government, they ought to be all in the Office of Education.

We don't take that position. The same thing can be said of health. We are saying that what we have here is an agency whose mandate and charge is to find new ways and then try to get the existing agencies and organizations to adopt those new ways and to build them into their ongoing programs. That is the role and function of OEO, as I see it.

Mr. QUIE. If this function were given to you, would you be capable of administering it?

Mr. CARTER. I think that that is a question that portrays a departure on the basic assumption. I don't see any reason to speculate on that. We have an agency that is doing a fine job. Why would we even think about just turning that over to somebody else? We have somebody that is ongoing, it is making a contribution, it works. Why should we even get into the speculation about whether X agency or Y agency can do the job?

Mr. QUIE. You are proposing a gradual phasing out of title V, which assumes that you will at least have the role of any flexibility and innovation in the title V type programs in the future. If you can do it there, why can't you do it in other areas of helping the poor as well?

Mr. CARTER. What we have said, I think in the administration proposal is that we undertook a demonstration in 1964 with respect to title V primarily through, in fact virtually exclusively through, existing organizations. We have tested this out. We have found some things that are valuable. We are building it into an ongoing mechanism which exists. We are not taking something which exists and creating an altogether new mechanism to deal with it.

This is a program, we are trying to search out new ways to deal with this problem in relation to an existing mechanism for public welfare assistance. We have found, we think, ways in which that can be made effective. We are trying to build those ways into the existing section 409.

Mr. QUIE. How many people are no longer on welfare roles now? When were they taken off the welfare roles through the title V program?

Mr. CARTER. I will let Mrs. Coughlan answer that, because there is a little complication in the sense that we have some people who are involved in the project who would be eligible for welfare if the State had all of the authorities which are provided for under Federal law.

Mrs. COUGHLAN. We have 100,000 persons who are no longer in the program, out of the 161,100 that have been or were enrolled at the beginning. Of the 100,000 who left, 35,700 have obtained jobs.

Of those who are employed there are some 17 percent that are still receiving public assistance because their earnings are insufficient.

For example: in the case of a mother who, because of a child, is limited to only taking part-time employment, there is need to continue public assistance in those cases.

Another 4,600 persons have left to enter advanced training. Of that number, approximately a third are still receiving public assistance because the training allowance is not sufficient to provide their support or, in some instances, there isn't a training allowance available.

Mr. GOODELL. Will you yield for clarification?

Mr. QUIE. Yes, sir.

Mr. GOODELL. You said that out of the 161,000, 100,000 have left. How would you characterize the other 61,000? Are these individuals mainly income maintenance cases who will not leave?

Mrs. COUGHLAN. The 61,000 I referred to are currently assigned to projects.

Mr. QUIE. That is, the 61,000 who have not left are assigned to projects. But 35,000 are presently on jobs. Then there is another 65,000 that have left, but are not on jobs.

Mr. GOODELL. Are all of them assigned to projects?

Mrs. COUGHLAN. Pardon?

Mr. GOODELL. Are all recipients of aid in this program assigned to projects?

Mrs. COUGHLAN. Yes.

Mr. GOODELL. You talk about your division, 50 percent being for income maintenance. As Mr. Perkins referred to it earlier, there are a great many individuals who cannot make a transition to jobs. Is that group in the 61,000?

Mrs. COUGHLAN. The 61,000 currently assigned; yes. This includes some individuals who have not moved into employment. Is that your question?

Mr. GOODELL. It is a little hard to make it clear. Basically, we recognize you are dealing here, as we want you to, with a hard-core group. This means that a good many of them probably cannot qualify to go out and support themselves with work. They are, in effect, participating in the income maintenance program at this stage, with perhaps some supporting service assistance to the family. What you are doing now for the family or the children may not make any impact until the next generation. I am interested in how many and what proportion of the 61,000 figure represent a hard-core, unemployed category.

Mrs. COUGHLAN. Let me give you the list of the categories. Of those who have left the project, some 12,000 have completed their training but were not immediately employed.

Mr. CARTER. If I may try to respond, I think, as I understand the question, you are referring to the characteristics of the 61,000 who will remain in training.

Mr. GOODELL. Yes; the character.

Mr. CARTER. I think that the thing about title V is that it is a tailor-made, individual case-by-case program based on analysis of the needs of the individual and his or her prospects. There isn't any one answer that can cut right across the board.

Some people can be brought to employability in a very short time.

Chairman PERKINS. Let me interrupt you.

We are talking about a hard-core group here that in all probability will not be employed in the future. How many do we have in that category who are presently taking advantage of the program under title V?

Mr. CARTER. Of the 61,000, do we have any measure of the ones that we don't think—

Mrs. COUGHLAN. Actually there has to be some eventual objective of employment before anyone is on title V. It is true that due to the prevailing labor market condition in certain areas, like Appalachia, that the prospects of employment are not too good locally.

Chairman PERKINS. Do you have estimates of the number involved in those areas?

Mrs. COUGHLAN. We can give you in terms of the characteristics this kind of figure.

Forty percent of the trainees have eighth-grade education or less. One-third of the title V trainees have never worked 6 consecutive months in their lives before coming into the program.

But, as you know, it depends on the general economy. If the economy becomes very good, all of those people become employable.

It is very difficult to tell you flatly that a certain percentage are not employable.

Mr. GOODELL. Let me clarify that. We are having difficulty with terms here.

Out of 161,000 total, 100,000 have passed through, as you put it—as I put it, they are no longer in the program—and 35,000 have jobs. Is that right?

Mrs. COUGHLAN. Yes.

Mr. GOODELL. Some of the 35,000 are still getting supportive help of some nature. You mentioned the two categories, the 17 percent of the 35,000 employed whose earnings are inadequate, and then the balance of the 65,000 that went back on public welfare or are not working?

Mrs. COUGHLAN. Some of them went back on public welfare. In other instances these people were not on a public-assistance program, because they didn't have, for example, the problem of unemployed parents.

Mr. GOODELL. Let me put it this way. Do you have information as to the other 65,000, what they are doing, if they are going to school or doing other things.

Mrs. COUGHLAN. We have those that have entered advanced vocational training as 4,600. Again, of this group about a third are still receiving public assistance.

Mr. GOODELL. That is in addition to the 35,000?

Mrs. COUGHLAN. In addition; right.

Mr. GOODELL. Then you have in round numbers about 40,000 and 100,000 that are either working or getting advanced training?

Mrs. COUGHLAN. Right.

Mr. GOODELL. Is there another category?

Mr. TRUELSON. There is a group of about 16 percent, Mr. Congressman, where the educational level, the educational skill, has been increased. Their chances of getting jobs are much better. But we do not include these persons in this group.

So you can add that 16 percent to your 40 percent. This is in terms of improving the employability.

Mr. GOODELL. Is that 16 percent of the 60,000?

Mr. TRUELSON. Yes.

Mr. GOODELL. Just to sum it up, the 100,000 that have gone through includes 35,000 that have jobs and another 4,600 that are in advanced training of some kind. You have in round numbers 40,000 who either have jobs or are getting additional training and 60,000 who have not gotten jobs and who are not in any kind of further training program.

Of that 60,000, 16 percent by your evaluation procedure have improved their skills enough so that there is much greater hope that they will get jobs. Is that right?

Mr. TRUELSON. I think that is a fair approximation of the situation.

Mr. GOODELL. Thank you.

Mr. QUIE. Those 60,000, except perhaps the ones that have improved their skills, includes how many who were in a work experience program but had no training component when they were under title V, that is, the existing title V?

This seems to be the criticism of the Department of Labor. So many of the title V programs had no training component.

Mr. TRUELSON. About 39 percent of the trainees are engaged in adult basic education. It varies considerably from project to project.

The national average is about 39 percent. In Kentucky it is 85 percent. We endeavor to link with the adult basic education experience.

Now, where we have been lacking in some projects, not having enough vocational instruction, this again varies from project to project. This is an area in which we have been endeavoring to improve title V.

I am sure that in working with the Department of Labor we will be able to build in more vocational instruction.

Mr. QUIE. You don't know, of that 60,000, who neither have jobs or completed the program, whether there was a training component involved in their activities under title V or not?

Mr. TRUELSON. There is only one project that I recall that we now have work experience combined. It is in Holmes County, Miss. The project is being phased out because we do not have work experience combined with the adult basic education.

Mr. QUIE. I had gained the impression from the Department of Labor that you could count at least on two hands the ones that did have—maybe they were talking about the quality of it.

Mr. TRUELSON. We place special emphasis on the importance of work experience in developing good work habits.

Mr. QUIE. That is the greatest emphasis, rather than work training?

Mr. TRUELSON. Yes.

Mr. GOODELL. Will the gentleman yield?

Mr. QUIE. Yes.

Mr. GOODELL. Do you have a category which you might call "employable recipients in public assistance"?

Mrs. COUGHLAN. Yes. That is the so-called "unemployed parent" segment of the aid to families with dependent children program, where the family is in need because of the unemployment of a parent.

Mr. GOODELL. I mention this because criticism has been made that we must put the 35 percent who get jobs, after going through work experience, into perspective and realize that a significant percentage of these people probably would have gotten jobs anyway.

I am trying to get a little perspective on the significance of that 35 percent. For instance, the statement has been made that in the category of employable recipients of public assistance—now, we all know there are unemployable categories, the elderly, the sick, and the children, and so forth—that the average time on relief rolls is less than 9 months.

If that is a true statistic, you could expect over a period of 9 months that virtually all of that group would be getting a job—

Mrs. COUGHLAN. Not with an average—

Mr. GOODELL (continuing). With or without work experience.

Mrs. COUGHLAN. Not with an average of 9 months. You know that takes in those who are on for a very long time as well as some very short-time cases.

For example, as a result of seasonal employment—

Mr. GOODELL. Is that an accurate statement, that employable recipients of public assistance remain on the relief rolls for an average of less than 9 months?

Mrs. COUGHLAN. Yes, it is.

Mr. GOODELL. Then the only point I am making is that we must try to get into perspective here what 35 percent getting jobs means. A certain number of those, it is hard to say how many, would have gotten jobs without any program.

Mrs. COUGHLAN. Title V is not strictly comparable with this under the employed-parent program, because in title V we have taken a good many of the AFDC mothers, who do not come into the unemployed-parent part of the program, as well as another small percentage of the other needy persons that are not, in other words, unemployed parents.

Therefore, it is not strictly comparable to the unemployed-parent program.

Mr. GOODELL. I understand that. Whatever the figure is, a certain percentage of this 35,000 would doubtless have gotten jobs over a period of 6 to 9 months without any aid at all. We just don't know how many.

Mrs. COUGHLAN. That is true. We do have a comparison that you might be interested in, with the Department of Labor, which is a report on MDTA training of public assistance recipients.

Mr. CARTER. May I make one or two additional points on this?

Chairman PERKINS. Before you leave this point, I think we ought to make it clear that when we wrote the Economic Opportunity Act and title V in 1964, just a few of the States had taken advantage of the jobless-parent category in the Social Security Act. For example, I know that Kentucky had not taken advantage of that category.

For that reason it was necessary to have a program of this type. There is no duplication here anywhere involved. Am I correct?

Mrs. COUGHLAN. There is no duplication, no. If the State does have the unemployed-parent program, they are required to continue their public assistance payments and services.

Title V only will supplement and add to what they already get under their regular program.

Chairman PERKINS. In the Appalachia area, some States took advantage of the additional category of jobless parents under the Social Security Act before the enactment of title V.

Mrs. COUGHLAN. There is a total of 22 States in the United States and in Appalachia West Virginia is the only one.

Chairman PERKINS. Title V came along, and West Virginia abandoned that category or approach, if I recall correctly. Is that correct?

Mrs. COUGHLAN. No, they didn't abandon it. They used title V to enrich, really, the community work and training program by providing for supervision and vocational instruction and adult basic education, as well as a number of services that they had not provided under the community work training program.

Chairman PERKINS. Of all the figures that have been quoted here, we have about 11,000, to the best of your judgment, or about 17 percent of the 60,000 that are presently taking advantage of the work experience and training program that you feel will be unemployable in the future?

Mr. GOODELL. No, that was not it.

Chairman PERKINS. How many thousand?

Mrs. COUGHLAN. I don't understand the question.

Chairman PERKINS. How many of this hard-core do you feel will be unemployable after they take the work experience and training and stay for the length of time permitted under the act?

Mrs. COUGHLAN. Again, I think this is really determined by the labor market condition in those localities where they live.

Mr. QUIE. Would you say, ethically, that all of them are employable by the mere fact they are under title V?

Mrs. COUGHLAN. Yes, if there is a tight labor market—for example, in St. Paul, Minn., we have a group of unemployed fathers where the placement rate is 70 percent. In eastern Kentucky, with a comparable group of unemployed fathers, the placement rate is 32 percent.

Now, approximately the same services are given to those two groups. But because of the difference in labor market conditions you don't get the same success rate. If the labor market is tight enough, you can get a much higher placement rate.

Chairman PERKINS. Getting back to the criticism of your administration because of the lack of supervision and adequate training components, I think I understood you to tell Mr. Quie that you only had one project where you did not have some work experience or training component. Is that correct?

Mr. TRUELSON. That is correct.

Mr. GOODELL. Mr. Chairman, I think we ought to clarify the figure. You used the figure "17 percent" again. I would like to have it straight.

In talking about 100,000 who have gone through, there was a total of 40,000 who were either working or pursuing additional training. Then you had 17 percent of the additional 60,000 that you said had shown marked signs of improvement in terms of job skills, which, by figuring 17 percent of the 60,000, would be another 10,000.

So, in round numbers, of the 100,000 you have 50,000 who have gone through and have shown no marked increase in their potential for getting jobs or have not gotten jobs. Therefore, 50,000 who have gotten jobs have gone on to increased training or have shown marked improvement. Is that an accurate statement?

Mr. TRUELSON. I would say it is. From the inception of the program in December 1964 to April 30—

Mr. GOODELL. I want to clarify one thing. The tenor of my questions might indicate a critical viewpoint. I recognize we are dealing here with these very hard-core people. These are very hard-core problems. I think it is a program that is at least attempting to focus on the difficulty, in contrast to our manpower development and training programs which tend to take marginal people who are ready to move

Most of the people you are dealing with are not in that category. They need more than a little boost. The figures you recite may be a little discouraging, but you can look at it the other way. Fifty percent is a pretty good success rate among this kind of hard-core people.

I think also, though, we have to keep in mind that the 35,000 is really not a firm, hard figure of success in the sense that many of them might have gotten jobs without any program. So, maybe the 50 percent is a little high in terms of the success rate.

I won't pursue it here, but I would like to pursue later my concern that perhaps we are not setting up the evaluation procedures, or getting full data on how they are responding to these programs and the success of them that we should have.

I have read a number of comments from manpower experts who are critical of the work experience program along these lines.

Mr. CARTER. May I make a comment? I don't want to get back into figures again, but I do want to say, first, that we do have a study, which was made by our Office of Program Coordination, which is run by the Assistant Secretary engaged in program analysis and planning, and we would like to submit that for the record. This is a study of the title V program.

Chairman PERKINS. Without objection, it will be received.

Mr. GOODELL. Do you have copies of it?

Mr. CARTER. We have copies here.

Mr. GOODELL. If you could give us copies here, that would be helpful. (The document referred to follows:)

STUDY OF TITLE V PROGRAM—SUMMARY

I. To be successful, Title V must overcome a number of barriers to improved earning power. Among these are:

- The maldistribution of workers in relation to jobs.
- Lack of occupational skills and job experience.
- Lack of basic education and requirements for jobs.
- Poor attitudes toward self and work.
- Health and medical problems.
- Lack of child care services.
- Police and bad debt records.
- Lack of income.

II. In response to the variety of individual needs, in FY 1968 the distribution of Title V funds has been programmed as follows:

- 50 percent for income maintenance.
- 16 percent for work experience.
- 14 percent for vocational instruction.

- 7 percent for work connected expenses.
- 4 percent for child care.
- 4 percent for other social services.
- 2 percent for adult basic education.
- 1 percent for medical care.

III. The primary objective of Title V has been to increase the employability and earning power of the hard-core poverty population not to produce highly skilled production workers and technicians. In particular, the Program has been focused primarily on heads of families who are unemployed, and actual or potential recipients of public assistance.

In 1965, this group numbered approximately 1.3 million poor households.

IV. Evaluations of Title V have been hampered by the lack of baseline data with which Program performance can be compared. For this reason, aggregative measures of "success" such as placement rates are practically meaningless for evaluative purposes.

V. Aggregative analyses also overlook the wide variations in the effectiveness of individual projects. Approximately 50 percent of this variations is attributable to differences in prevailing economic conditions, and social and demographic characteristics of participants.

These factors operate independently of any particular administering agency.

VI. Progress is being made to raise the average level of Program effectiveness through:

A project rating system which will identify the most successful of projects faced with essentially the same exogenous factors and the ingredients of success which can be duplicated in similar projects.

Expanded opportunities for training and vocational instruction made possible by the 1966 Amendments to the Economic Opportunity Act.

Implementation of the Cooperative Area Manpower Planning System (CAMPS) to improve Program coordination and close gaps in present job and skill training programs.

WORK EXPERIENCE AND TRAINING PROGRAM

Introduction

The conventional wisdom regarding the solution to poverty among the adult non-aged groups in the population is a variation of what Secretary Gardner has termed the vending machine concept of social change. You simply put a nickel in the training machine and out comes the production worker, neatly cleaned and pressed and self-supporting.

Economists and other practical men are the most notoriously strong adherents of this view. One is not entirely unsympathetic with the approach; there is a certain tidiness in the logic which observes that skilled workers are not poor, the poor are not skilled; ergo, enrolling the poor in MDTA programs will solve the poverty problem. One must hasten to add that this view is not entirely attributable to the training program syndrome; it is also related to the desire to declare an enterprise a success or failure on the basis of the number of nickels returned for each nickel deposited in the machine.

The intelligence reports which have been received from the War on Poverty indicate, however, that the problem is much more complex than those who offer training as a panacea would have us believe. It is simply not a straight forward uncomplicated job to alter the effects of a lifetime of deprivation and discrimination, of little success and frequent failure, of little education, lack of skill, and ill health, and the attitudes which such conditions foster. At present, the consensus seems to be that poverty will probably yield to treatment for some who are poor. Success, if it comes, will hinge on our ability to stage a comprehensive and coordinated set of programs which are designed to overcome a combination of impediments. The most important barriers to improved earning power are described below.

Barriers to improved earning power

In most cases, poverty is the result of a geographic mismatch between labor supply and labor demand. Situations of this sort arise because the primary employer in an area moves out, suffers a severe and sustained reduction in the demand for his product, or adapts a method of production which uses relatively more machines than men. The Appalachian Region is a prime example of this sort of phenomenon. The economic status of those who live in this Region de-

pended primarily on the demand for coal and the primacy of the coal miner as the principal instrument of production. Increasing production costs, the competitive situation, and technological change in the mining industry combined to force many men out of the mines. The new equipment made it possible to mine coal more cheaply with less labor and the demand for coal and other products produced in that Region did not expand sufficiently to absorb the men who were displaced.

Superficially, the solution to such a problem within the market economy seems simple. You attempt to locate new or growing industry in such areas, or you attempt to move workers to areas where labor is scarce. Since programs to motivate private employers to locate in geographically depressed areas are not under the purview of DHEW, we will duck discussing the problems involved in that approach.

Moving workers from areas of labor surplus to areas of labor scarcity is beset with difficulties which stem from strong ties to present locations, however, bad they may be, and the uncertainty surrounding the kind of life which is possible in a new location. The problem is rather accurately defined by the old political adage, "A known devil is better than an unknown one."

Second, individuals may be barred from jobs available within a community because they lack the occupational skills required for satisfactory job performance. Often times, this difficulty is compounded by a lack of basic reading, writing, and computational skills which are necessary to profit from training programs designed to up-grade unskilled workers. For example, in the Eastern Kentucky Title V Program, 86 percent of all trainees are enrolled in Adult Basic Education classes because of the high illiteracy rate among participants. Moreover, some individuals are unable to obtain even very low-level jobs because they have had no previous employment experience. In a situation where there are few low-level jobs and many people who qualify for and seek such jobs, those who have worked before are likely to receive preference over those who have not. It is important to note in this respect that over one-third of all Title V trainees have had less than six months work experience prior to enrollment.

Third, alleviating poverty via the investment approach is often complicated by the presence of more subtle factors having a direct bearing on the employability and productivity of the poor. Often times, good work habits have been lost over long periods of unemployment. In comparison to past jobs, working conditions in the available jobs may require a dramatic adjustment on the part of workers in terms of routine, hours of employment, regular working days, strict adherence to reporting on time, etc. In addition, some individuals have poor attitudes towards work and towards themselves. They may have had a long history of failures in school or in the labor market and may lack the confidence that they can get and hold decent jobs. For some, living on welfare may have become a way of life, and given the wages in the jobs available to them there may be no incentive to seek work as a solution to economic problems.

Poor health and uncorrected disabilities also frequently complicate the problem. For example, in the Cleveland Title V project, a medical program started in May 1966 revealed that approximately 40 percent of those examined had health problems that needed attention before work training could be started.

Fourth, one of the most serious impediments to improved income and employment for female headed families is the availability of adequate child care facilities. In the Title V Program for example, an estimated 5 to 10 percent of the female trainees fail to finish their assignments because of the lack of day care services. In the April 1967 *Manpower Report of the President*, it was reported that "almost one out of every five of the slum residents who were not in the labor force but wanted a regular job gave inability to arrange for child care as the principal reason for not looking for work." According to a national survey sponsored jointly by the Children's Bureau of the Department of Health, Education, and Welfare and the Department of Labor, 20 percent of working mothers from families with incomes of less than \$3,000 were combining work with looking after their children. The great scarcity of day care centers was also evident from the survey. It showed that only 3 percent of the working mothers were using group care arrangements for their children. Moreover, these mothers were mostly from the middle income brackets because the cost of such care (estimated by the Children's Bureau at about \$1,000 a year per child) is prohibitively high for poor families.

Fifth, police and bad debt records frequently constitute a serious barrier to employment and better earnings for those who are genuinely motivated to improve their capabilities for self-support. According to a special analysis made by the Employment Service in late 1966, records of arrests, garnishments or similar troubles were identified as the major barrier to employment for about one out of every ten unemployed job applicants in slum areas.

Finally, the system in which programs are to be carried out may be imperfect. The criteria by which the performance of those who are actually carrying out programs is judged, may be quite different than that which should be used to judge the success or failure of a program. Misinformed though it is, the image which most people have of public welfare recipients, particularly the non-aged, is indolence, lack of energy and ambition, in general, good-for-nothings and ne'er-do-wells feeding at the public trough. In the welfare area, as in others, program decisions may be made which are inconsistent with a successful program because administrators and staff genuinely share this public sentiment. One sometimes encounters sincere expressions of disbelief that anything really can be accomplished with "those people." It should be noted that no single agency has a monopoly on such sentiments.

From this brief review, it is clear that improving the earning power of the poor is a tough, complex problem. Training is one input in the process of rehabilitation and upgrading but it is not obviously the most important one. However, the basic point is that the population at risk suffers multiple handicaps and that overcoming these requires a combination of services tailored to individual needs.

These problems will not change with an interdepartmental shift in the locus of a program like Work Experience and Training. The success of this and similar programs depends on bringing together a variety of services to serve those in need. The substantive issue in any jurisdictional issue is whether an administrative transfer of ultimate responsibility will enhance the chance of accomplishing this goal.

Making a judgment on such a question requires a knowledge of the programs which are focused on the poverty group and its problems, an evaluation of how successful these programs are under existing and alternative administrative arrangements in achieving program potential and a decision as to who among the poor shall be served since with limited resources, not all can be.

Poverty, welfare, and title V priorities

The target group of the Work Experience and Training Program is the adult non-aged poor. Their number bulks large among those who are poor. As a group, there were, in 1965, 11.5 million households accounting for 32.7 million persons in poverty. Of these:

- 4.2 million households, accounting for 5.4 million persons, were aged;
- 7.3 million households, accounting for 27.3 million persons, were non-aged.

It is this group of 7.3 million poor households accounting for 27.3 million persons which is the prime target group of the Title V Program.

Of the non-aged households:

- 5.1 million households, accounting for 25.2 million persons were family units;
- 2.2 million households, accounting for 2.2 million persons were unrelated individuals.

Of the 5.1 million non-aged family units:

- 3.6 million households, accounting for 18.5 million persons were in male headed families;
- 1.5 million poor households, accounting for 6.8 million persons were headed by females.

In view of the extremely limited resources available through Title V to serve the population of non-aged, adult poor persons, it is necessary to establish some priorities for deciding who will be served. The underlying criteria which have been used in the Title V Program are family responsibilities and employment status. Priority has been given to the heads of families over those who are living alone with no family responsibilities and those who are unemployed over those who are employed.

Such a system of priorities narrows the target group considerably. In 1965, only 500 thousand of the 3.6 million male heads of families and 800 thousand of the 1.5 million female heads of families did not work. It is essentially from this group

of 1.3 million persons that the participants of Title V have been selected. It is safe to say that nearly all such persons are actual or potential recipients of Federally aided public assistance.

If the Title V Program had been confined exclusively to public assistance recipients, the large proportion of participants would have been females. It was extended beyond this group to include potential recipients—primarily unemployed fathers in States which had not yet adopted the unemployed parents segment of AFDC—in accordance with Congressional intent. The scope of the Program was further broadened to include a limited number of unrelated individuals and the necessity for doing so has been demonstrated by the disturbances in Watts and other places.

This carefully reasoned set of priorities is, of course, reflected in the composition of Title V participants that are actually in the Program. There is heavy emphasis on heads of families, on females as well as males, on those who are dependent wholly or in part on public assistance for support and who are unemployed (see Table 1). In contrast to some programs, there is little doubt of the success of Title V in reaching the target group it was intended to serve.

TABLE 1.—*Work experience and training: Enrollee characteristics, December 1965–December 1966*

Characteristics	December 1965	June 1966	December 1966
Total.....	51, 017	57, 549	66, 893
Heads of household (percent).....	91.6	91.0	91.8
Dependent children per trainee.....	3.4	3.4	3.2
Percent males ¹	61.1	54.2	47.6
Percent Negro ¹	35.0	35.6	37.5
Median age (all trainees).....	35.8	35.8	34.0
Age distribution, males (percent):			
20 years and under.....	2.1	2.4	3.0
21 to 39.....	52.0	52.3	58.0
40 to 49.....	26.4	26.1	23.9
50 to 64.....	19.2	18.9	14.8
65 and over.....	.3	.3	.3
Age distribution, females (percent):			
20 years and under.....	4.7	5.2	4.6
21 to 39.....	67.3	66.5	70.1
40 to 49.....	20.6	20.7	19.3
50 to 64.....	7.3	7.5	6.0
65 and over.....	.1	.1	
Educational attainment (percent):			
Total:			
8 years or less.....	56.4	51.3	40.7
9 to 11.....	28.7	28.6	38.4
12.....	13.2	13.3	18.6
Over 12.....	1.7	1.8	2.3
White:			
8 years or less.....	62.3	61.4	44.5
9 to 11.....	23.8	24.6	34.3
12.....	12.1	12.3	18.9
Over 12.....	1.8	1.7	2.3
Negro:			
8 years or less.....	35.7	35.2	34.7
9 to 11.....	43.6	43.5	43.8
12.....	18.8	19.2	19.2
Over 12.....	1.9	2.1	2.3
6 months of continuous work experience.....	71.3	69.7	66.8

¹ Excludes Puerto Rico and Virgin Islands.

Source: Based on data prepared by the Welfare Administration, Department of Health, Education, and Welfare.

It is worth noting that:

The Program has been successful in reaching minority groups—approximately 38 percent of the 66,000 enrollees on board in December 1966, were non-white.

The Program is reaching the urban as well as the rural poor—some 60 percent of all funded training spaces are in urban areas and 40 percent in rural areas; this conforms almost exactly to the estimated urban/rural distribution of the poor population.

The Program is reaching the hard-core poverty areas—between the inception of the Program in December 1964 and October 1966, more than \$41 million in Title V funds went into projects in the 182 poorest counties of the Nation; i.e., those with an average per capita income below \$800. Although other programs under other titles of the Economic Opportunity Act have larger budgets, the Title V Program has invested more funds in these counties than any other Economic Opportunity program.

Services for the poor: The title V program

The vast majority of services which must be brought together under Title V if a solution to poverty among this group is to be found, have been provided at the Federal level by the Department of Health, Education, and Welfare. For example, in the 1968 President's budget, it is estimated that more than two-thirds of all the Federal funds for programs assisting the poor are funnelled through the Department of Health, Education, and Welfare. A significant proportion of these funds are for the adult poor and their families.

What are the required services? First, Title V trainees, being among the poorest of the poor, require income support. This item generally bulks largest in most Federally supported programs aimed at improving the self-sufficiency of the poor. Title V is little different than other such programs in this respect. In FY 1968, 50 percent of total funds are programmed for income maintenance (see Table 2). This compares favorably with MDTA programs which serve a less disadvantaged population where the figure is 70 percent. These payments are made through the Federal-State system of public assistance and are set at 100 percent of what each State defines as "need."

TABLE 2.—*Work experience and training program, estimated average cost per trainee, fiscal years 1966, 1967, and 1968*

Expenditure item	Estimated average cost per trainee ¹					
	Fiscal year 1966		Fiscal year 1967		Fiscal year 1968	
	Dollars	Percent	Dollars	Percent	Dollars	Percent
Total costs.....	1, 100	100	1, 225	100	1, 390	100
Cash payments:						
Maintenance (average).....	676	61	683	55	690	50
Group I ²	(326)		(329)		(332)	
Group II.....	(1, 493)		(1, 510)		(1, 527)	
Work-connected expenses (average).....	104	9	104	8	104	7
Group I.....	(110)		(110)		(110)	
Group II.....	(90)		(90)		(90)	
Total services cost.....	290	26	406	33	563	41
Adult basic education.....	20	2	25	2	25	2
Vocational instruction.....	25	2	112	9	196	14
Child care.....	40	4	50	4	50	4
Medical.....	10	1	12	1	14	1
Work experience.....	150	14	160	13	228	16
Other social services.....	45	4	47	4	50	4
Agency administration.....	30	3	32	3	33	2

¹ Does not include services provided without charge from other sources; e.g., adult basic, vocational instruction, public assistance already paid. Fiscal year 1966 based on 9 months per trainee, fiscal years 1967 and 1968 on 7 months.

² Group I trainees receive only supplementary assistance payments from title V funds; group II receive total payments from title V.

NOTE.—Totals may not add because of rounding.

Source: Based on data prepared by the Welfare Administration, Department of Health, Education, and Welfare.

Where a State meets 100 percent of "need," no additional Federal funds are expended for the income support of Title V trainees. For participants in those States meeting less than 100 percent of need or who are ineligible for public assistance (chiefly male heads of families residing in States which have not

adopted the AFDC-UP Program), the Federal Government makes up the difference.

Second, many trainees require basic education or literacy training. Since its inception, 60,700, or 39 percent, of all participants have been enrolled in Adult Basic Education. In some areas, Eastern Kentucky for example, the percentage of trainees enrolled in Adult Basic Education exceeds 85 percent. In FY 1968, nearly 5 percent of Title V funds exclusive of cash payments and agency administration, are programmed for Adult Basic Education (see Table 2). But this understates the total effort being made to overcome the educational deficiency of Title V participants. It is estimated that in 1966, funds made available under Title II.B. of the Economic Opportunity Act on the initiative of Title V directors (now transferred to the Department of Health, Education, and Welfare) added \$2.7 million of additional resources for basic educational instruction.

Third, the provision of child care services is, for all practical purposes, a necessary condition of Title V participation for most female headed families. It is estimated, for example, that during FY 1967, over 42,000 female trainees on Title V need day care facilities during their assignment. These women, on the average, have three children, at least one of which requires child or day care facilities. At any one time, approximately 24,500 of these women will be assigned, and thus child care facilities for approximately 24,500 children are needed. In FY 1968, 9 percent of total services costs (see Table 2) are programmed for child care. It should be recognized, however, that funds can only be used to purchase day care services when they are available. The shortage of such facilities is endemic to nearly all Title V projects and is one of the principal reasons for the voluntary termination of female participants. For example, during FY 1967, an estimated 2,700 women will have to drop out of training due to inability to find day care services.

In addition to Title V funds, some Title V directors have had considerable success in drawing on existing community resources and developing new resources for child care. In Cleveland, for example, seven churches in the areas of greatest need have donated their facilities for use as in-and-out day care centers for young school age children of parents enrolled in the Title V Program.

Fourth, many trainees require a wide range of pre-conditioning activities for improving self-image and acquiring self-confidence. These activities may involve group sessions in such areas as grooming, consumer education, home management, child care, acculturation, use of community resources and public transportation services, as well as individual counselling and casework to help overcome serious and longstanding personal and family problems that interfere with efforts to become self-supporting. In FY 1968, more than 9 percent of total service costs are programmed for such social services.

Fifth, medical examinations, referral, treatment, and rehabilitation are integral parts of the total package of services provided to those who are selected for Title V participation. About 3 percent of Title V funds are programmed in FY 1968 for this purpose. These funds are supplemented by outside resources as well. It was estimated that in 1966 about \$436,000 in medical care and vocational rehabilitation services was made available to Work Experience and Training projects which was not charged to Title V funds.

Finally, Title V trainees require vocational instruction and work experience. These two components account respectively for about 35 percent and 41 percent of total funds programed for services in FY 1968. Additional resources are also made available to title IV in these areas. Excluding the contributions made by sponsors, it was estimated that in FY 1966 nearly \$3 million of vocational instruction was provided to Work Experience and Training projects but not charged to Title V funds. In addition, nearly three-quarters of a million dollars worth of services for counselling, testing, and guidance were also provided free to the Program, primarily by the Bureau of Employment Security.

All levels of Government and private sponsors contribute to the Title V Program. The success or failure of each individual project depends on how effectively the great diversity of programs and sources of funds are brought at to bear on the problems of the poor.

In the health field, cooperation has been enlisted from many sources including three Federal agencies: the Division of Hospitals and the Division of Indian Health in the Public Health Service, and the Veterans' Administration. For ex-

ample, the Title V Program in health occupations provided through the Detroit Public Health Service hospital has been highly successful and demonstrates the accomplishments possible with full cooperation of a well qualified public hospital. The hospital has trained 32 Title V participants in 10 different health service occupations, 31 of whom have already secured employment with an average weekly income of \$85.00. Thirty-two are currently in training in 21 different occupations.

In the education and welfare areas, the Program has also drawn on a variety of resources in developing work experience and training opportunities. For example, the Program is conducting 35 projects in 29 States for teachers' aides, five projects in one State for nursery school aides, 19 projects in 11 States for home-maker aides, 14 projects in seven States for recreational aides, three projects in three States for neighborhood aides, 19 projects in 13 States for child and day care aides, and four projects in four States for social work case aides.

In some cases, the need to develop meaningful work experience and training opportunities has also led to programs which help to overcome critical shortages of services essential to a successful Title V project. For example, policy has recently been approved by the Welfare Administration which has the two-fold purpose of providing employment for AFDC and other low-income groups as neighborhood family day care mothers and at the same time opening up new resources for the day care of children whose mothers receive social services and job training from public welfare agencies or are former recipients who are employed. These day care services will be provided in private homes located in low-income neighborhoods for the most part, that will be furnished, equipped, supplied, and supervised by local public welfare agencies to meet licensing standards.

While Title V has made maximum use of public resources available through its inter-relationships with many other Department of Health, Education, and Welfare programs. It has not overlooked the private sector. Use of private employers as sponsors to provide a wide variety of kinds of training in a real work environment has offered a very constructive resource to trainees in most communities. The results of such placements have been most successful in terms of job placements. A recent informal survey indicates that over 4,500 trainees have been or are currently assigned to private employers. Of these, 1,103 trainees have completed their assignments with 644 trainees obtaining employment with their sponsors and 459 obtaining other employment as a result of this experience. Placement with private employers for on-the-job training has served as a "door opener" as it were for welfare recipients since many of these employers would not have considered welfare recipients for employment except as a "civic duty" to try them out without cost and without obligations.

Program effectiveness

Before launching into the complex subject of Title V effectiveness, some undertaking of the precise mission of the Program is indispensable.

When the Economic Opportunity Act was passed in 1964, the express purpose of Title V was "to expand the opportunities for constructive work experience and other needed training available to persons who are unable to support or care for themselves or their families, so as to stimulate the adoption of programs designed to help unemployed fathers and other needy persons to secure and retain employment or to attain capability for self-support or personal independence. . . ." Thus, as originally conceived by Congress, the purpose of Title V was to stimulate the adoption of programs leading not only to employment, but also leading to the attainment or retention of capability for self-support or personal independence. However, because funds were limited in relation to the potential target group, it was administratively determined that the thrust of the Program be directed toward the goal of employment rather than personal independence. Later in 1966, the reference to "self-support and personal independence" was dropped from the law.

The initial administrative decision concerning employability versus self-support and personal independence as well as the subsequent change in legislative intent is extremely important. If the stress had been put on personal independence, the Program would have been focused primarily on those who had the greatest potential for achieving self-sufficiency in the shortest period of time. Instead, the policy decisions went against "creaming" the target group. An

understanding of this emphasis is crucial in judging how well the Program has succeeded.

Evaluating the effectiveness of the Work Experience and Training Program has been seriously hampered by the almost complete lack of any baseline or normative data with which actual Title V results can be compared. In essence, we have very little information on which to base an estimate of how participants in the Program would have fared in its absence. As a result, claims of success or failure based on the same facts have been rampant. The truth of the matter is that no one knows whether an overall placement rate of 50 percent is good or bad. On an absolute scale, it does not, perhaps, look good. But that standard is clearly not the relevant one. What is required is an estimate of how the lives of participants have been *changed* by the Title V Program.

Unfortunately, we have, at present, partial data on only one side of this calculation; that is, we have some knowledge about what happened to participants after completing the Program, but we are quite ignorant of what would have been the experience of the group of participants as a whole had they not been in Work Experience and Training. As a result, any aggregative analysis, such as how many participants are employed or unemployed, is practically meaningless for evaluative purposes. It is for this reason that so-called anecdotal or individual case records have frequently been used in demonstrating Program success. The main advantage of such examples is that they give a subjective notion of what the future for an individual could reasonably be expected to have been if the opportunity to participate in Title V had not been available and how this future has been changed by the fact of participation.

Individual case histories tell a dramatic story and it is safe to say that such examples of success can be found in every project throughout the country. We will cite only one.

The following is the statement of Mrs. Virginia Mix who participated in a Title V project in Arkansas during 1966. The statement was written in its entirety by Mrs. Mix without any assistance from the Title V staff or facility and she has given her consent to having it reproduced here:

"When I was sixteen I married; therefore, my school days were over. During my thirteen years of marriage, homemaking, and raising my three children was a full time job until my husband and I separated. What I was trained to do was of no use to me in trying to earn a living. Waitress work at \$26 a week or clerk in a five-and-dime was all I could ever hope to get; wherever I looked for work, the first question ended the interview. 'Have you had any experience?' The more I searched, the more hopeless and defeated I felt.

"How could I ever hope to make enough money to support myself and three children? My parents were wonderful. They were willing to help all they could, but they were in no position financially to help for any extended length of time.

"I was working as a waitress and one of my customers told me she was going to school. She told me about the work program, where I could go to inquire about it. The whole thing sounded too good to be true. There had to be a catch to it somewhere. People just don't get something worthwhile for nothing. My next day off I went to our local welfare office. I was excited and full of plans, but the man soon burst my bubble of happiness. They could not pay me anything because we lived with my parents, and my divorce wasn't final. After my divorce was final, I went for my second interview with a less optimistic view than I had on my first visit. The man told me I had come on a good day. The Supervisor of the program was in the office. He talked with me and took me completely by surprise by asking me if I could begin school in two days. My answers to his questions were very satisfactory, I am sure. When he asked me what course I wanted to take, I was at a loss. What did I want to do? I did not have the faintest idea what a job in public was like. In fact, the whole idea was terrifying. I shuddered at the idea of having the responsibility of making a decision on my own. How had I ever gone through with my divorce? Really, I was so unsure of myself, no wonder no one had considered me as an employee. Could I be an asset to any company?

"My first two months of school I was a complete wreck, physically and mentally. My mother talked with me, tried to calm and console me, finally resorting to threats. She told me if I did not stop worrying so about it I wouldn't be able to attend school. So I had a heart-to-heart talk with myself. Surely they did not

expect me to know all they were trying to cram into me. After all, I wouldn't be going to school if I had known all the answers already. So I made up my mind to learn all I could. To do my best was all they could expect of me. I began to relax and really enjoy learning. The more I learned, the more I wanted to learn. But as the time drew near for me to graduate, once again the old fears began to gnaw at me. What if I hadn't really learned all that I needed to know? What if the confidence I had felt was just false security? But the training I had received saw me through. I could look and sound confident, even though I was scared stiff.

"This schooling gave me an opportunity I never dreamed I would have. In my job I have to make decisions on my own. No one does it for me, and you know what? I can do it!

"My training has offered many open doors before me. All I have to do is walk through. The going was rough. My parents, my children, and myself sacrificed many things for me to be able to continue; but it was worth it all. Even to being forced, because of finances, to live away from my children will be rewarding. Since last November they have lived with my folks, and I have lived here—45 miles away, five days a week. But now, I have a good job with a good company, and when the school years ends my children will join me here. We will make Texarkana home—a far cry from our position 18 months ago."

In addition to the lack of baseline data for measuring program achievements, aggregative analyses of the Title V Program frequently ignore what might be called secondary gains. For example, the beneficial effect on school attendance of children of Title V trainees has been widely noted. This is particularly noticeable in areas like Eastern Kentucky where the parents themselves are attending classes and gaining, perhaps for the first time in their lives, an appreciation of the benefits of education. A related objective is the strengthening of family relationships as a result of the children seeing the father as an employed person working to improve the family's standard of living. Educational objectives are supported by the Title V projects in tangible ways such as the building of bridges so that children can get to school, repair of dilapidated classrooms and renovation of school ground play areas.

Title V projects have contributed substantially to community development and improvement on Indian reservations and other economically depressed areas. For example, in Wolfe County, Kentucky, rated the second poorest county in the United States, some 150 unemployed fathers in the Title V Program have constructed an estimated \$1 million worth of flood control work in the Red River Valley. Trainees in Wolfe County also constructed a public garbage dump (on land donated by a private citizen), the first such facility to be established in the township. This resulted in the community designating April 13, 1967, as "Clean-Up Day" with Title V trainees manning borrowed trucks to pick up the trash collected by the local residents.

The Title V project played a major role in the economic development of at least one Indian reservation—the Rosebud Reservation in South Dakota. The project, in cooperation with a private computer manufacturer, conducted an experiment to see if Indians could perform acceptable job functions in this type of industry. Previous attempts by influential Indian Tribal leaders and Bureau of Indian Affairs officials to obtain necessary support and funds to conduct such an experiment had failed. The evaluation of the results of this experiment showed that the attention span of the Rosebud trainees was far superior to that of the average trainee or worker in the Fabritek industry. In comparison to the 30 minute attention span of the average trainee in building core memory stacks, that of the Rosebud trainee was two hours. It was also determined that the quality of work was comparably equal or superior. As a consequence of this experiment, the company is moving ahead to build a plant on the Reservation.

The third major defect in an aggregative evaluation of the Title V Program is that it disregards the extremely wide variation in the effectiveness of individual projects. For example, taking the percent of project trainees employed as a criterion, Table 3 shows for three of the more than 250 Title V projects the following results:

[Percent of Trainees employed]

Eastern Kentucky.....	33
Cleveland, Ohio.....	45
St. Paul, Minn.....	70

TABLE 3.—Selected data on title V trainees in Cleveland, eastern Kentucky, and St. Paul projects

	Cleveland	Eastern Kentucky	St. Paul
Total terminations to September 1966.....	1,613	1,036	¹ 471
Employment:			
Total trainees employed.....	734	640	330
Percent employed.....	45.5	33.1	70.1
Local labor market conditions: Unemployment rate (percent)...	² 2.8-3.5	³ 7.2-31.4	2
Participant characteristics: ⁴			
Percent male.....	71.6	100.0	100.0
Percent white.....	20.0	99.5	87.9
Average age (median):			
Male.....	⁵ 36	39	35
Female.....	⁵ 31		
Services:			
Percent in adult basic education.....	22.5	86.0	13.5
Percent in high school equivalency.....	12.5	8.0	33.0
Percent in vocational instruction.....	25.5	2.5	63.5
Average health expenditures per case month.....	\$10.46	\$7.17	\$6.18
Total day care expenditures.....	\$70,537	0	0

¹ Group II male trainees only for period Oct. 1, 1965, to Oct. 31, 1966.² Range from low of 2.8 percent unemployment rate in April 1965 to high of 3.5 percent in July 1966.³ 1966 annual average unemployment rates for 19 eastern Kentucky counties:

Bell.....	15.5	Letcher.....	11.4	Martin.....	20.4
Breathitt.....	31.3	Knott.....	18.3	Morgan.....	8.0
Clay.....	15.6	Harlan.....	12.6	Owsley.....	31.4
Floyd.....	14.2	Knox.....	20.7	Perry.....	18.3
Elliott.....	7.2	Magoffin.....	23.9	Pike.....	14.5
Jackson.....	29.4	Manifer.....	7.5	Wolfe.....	18.3
Leslie.....					

⁴ Data on participant characteristics and services derived on basis of average number enrolled: (1) in Cleveland project from Mar. 1, 1965, to Aug. 31, 1966; (2) in eastern Kentucky project from July 1, 1966, to Dec. 31, 1966; (3) in St. Paul project from Oct. 1, 1965, to Oct. 31, 1966.⁵ Mean age in years.

Source: Based on data prepared by the Welfare Administration, Department of Health, Education, and Welfare.

Percent employed is a relatively narrow criterion because some proportion of trainees go on to other training at the time of Title V termination and others, who may not be employed immediately, have typically upgraded their education level and job skills and hence their capability.

Analyses over the past year have shown that nearly 50 percent of the variation in project effectiveness from place to place, when measured in terms of the proportion of trainees employed, can be explained by differences in the prevailing economic conditions and characteristics of the group served in terms of age, educational level, sex, race, previous work experience, and so on. Assuming that the target population is not to be "creamed" and that high, as well as low, unemployment areas are to be served, these factors are beyond the control of the particular agency responsible for program administration and content.

The importance of these factors, which operate independently of Program management, is illustrated in Table 3 which shows a comparison between one of the largest rural projects (19 counties in Eastern Kentucky) and one of the largest urban projects (Cleveland, Cuyahoga County, Ohio). Also included are data on 471 Group II males terminated from the Ramsey County (St. Paul), Minnesota, project from November 1965 through October 1966. These afforded comparisons of an all-male group in an urban area with a low unemployment rate and the Eastern Kentucky all-male group located in a rural economically depressed area. The men in both localities are unemployed heads of families not receiving assistance under the AFDC Program (Group II cases).

Other things equal, projects operating in areas of high unemployment would be expected to be less successful than those operating in areas of high labor demand. Similarly, projects in which participants have a higher proportion of females, a lower average level of educational attainment, a higher proportion of non-whites, and a higher average age will probably be less successful in ultimately achieving the objectives of greater earnings of its trainees. We know this *a priori* from studies of the labor force participation, employment, and earnings history of females in relation to males, whites in relation to non-whites,

the more highly educated in relation to the lower educated, and the older persons in relation to those who are younger.

These assumptions are borne out by the facts. As Table 3 shows, local labor market conditions, as measured by the area unemployment rate, range from a high of 31.4 percent in Owsley County, Kentucky, to a low of 2 percent in Ramsey County (St. Paul), Minnesota. The average age is highest in Eastern Kentucky standing at 39 years and lowest (for males) in St. Paul. Relatively, the Cleveland project has a high proportion of women and also a higher proportion of non-white participants. An image of the differences in average education level becomes clear by comparing enrollments in Adult Basic Education: 86 percent in Eastern Kentucky, 23 percent in Cleveland, and 17 percent in St. Paul.

These facts make the wide variation in the effectiveness of these three projects understandable. Nevertheless, some projects are still more "successful" than others, although they are faced with essentially the same labor market conditions and type of trainees. The central issue which emerges, therefore, is what can be done to raise the average level of Program performance?

Improving program effectiveness

There are three major areas in which the Department is actively engaged which promise real improvements in Program effectiveness. These are: the development of a system for rating the effectiveness of Title V projects; the enrichment of the present Program with greater resources for vocational training and instruction; and the launching of the Cooperative Area Manpower Planning System (CAMPS) for insuring that coordination and cooperation among the many programs and resources necessary for effective earning power programs is more reality than myth.

Title V rating system.—At the present time, the Department of Health, Education, and Welfare and the Office of Economic Opportunity are jointly developing a system for rating individual Title V projects which will take into account the many complex factors discussed above. Projects will first be classified according to labor market area, characteristic of trainees, and other relevant factors effecting the success of Title V projects but operating independently of Program management. All projects falling within a given classification will be ranked according to various measures of success such as proportion employed, proportion going on to advanced training, proportion receiving high school equivalency diplomas, etc. In effect, each project will be scored in relation to all others, and on the basis of the ranking which these scores yield, the factors which are associated with the operation of successful projects will be identified and incorporated in those which are less successful but face essentially the same set of outside conditions. This system will become part of the regular reporting system, and as such will permit a routine and rapid assessment of the status of individual projects once a month. The specifications for this system are now being developed in the Department of Health, Education, and Welfare and within the next month a sample of 25 projects will be selected for a trial run.

Enriching Title V.—The 1966 Amendments to Title V of the Economic Opportunity Act and Title II of the Manpower Development and Training Act provide the vehicle for closer coordination between the Department of Health, Education, and Welfare and the Department of Labor. The purpose of this legislation was to open up greater opportunities for training and vocational instruction for Title V trainees. This will be accomplished after July 1, 1967, by the joint evaluation and approval of the training and work experience aspects of each Title V project. The Amendments include provision for reimbursing the Department of Labor for testing, counselling services, work experience, on-the-job training, classroom instruction, job development, and, where necessary, relocation assistance. Responsibility for providing basic maintenance, pre-training services, personal counselling, health, family, and day care services, and other necessary supportive services will continue to rest with the Department of Health, Education, and Welfare.

To implement the new Amendments, a task force composed of representatives from the Department of Health, Education, and Welfare and the Department of Labor has been meeting regularly to develop policies and procedures for Program development, project review, project organization, staffing, and financing. The task force recently met with an advisory group consisting of State and local welfare officials and State and local officials representing the Department of Labor.

Area Manpower Planning System.—The Title V Program is participating in a

five-department effort to coordinate various Federal manpower programs that are the responsibility of Health, Education, and Welfare, Labor, Office of Economic Opportunity, Housing and Urban Development, and Commerce. This effort (CAMPS) is the Cooperative Area Manpower Planning System. CAMPS is intended to improve coordination and close gaps in existing job and skill-training programs.

Certain cities and depressed areas have been designated as targets for the first organization of coordinating committees. Surveys are made of local needs in the field of manpower training and coordinated plans developed to make the most effective utilization of available resources. State coordinating committees are responsible for review and approval of the plans and for insuring that there is State-wide planning in addition to that for the target areas. Each region will review the CAMPS State plans and provide technical assistance. A national committee is responsible for development of overall Program goals, guidelines, linkages, and general leadership.

Since the system is just beginning (the first State plans become effective July 1, 1967), its effectiveness cannot yet be measured. However, such simple, yet significant, benefits as the sharing of Program information of the various agencies, have already been obtained and the system seems to hold out the prospect for a more efficient deployment of resources.

Mr. QUIE. Could I also ask whether somebody in your office can go through the testimony this morning where we have cited figures again and again and do a recap, because it will be difficult to read the whole record?

Mr. CARTER. We will try to set it out in one table. Most of it appears in this study.

Chairman PERKINS. Have you had a chance to read the study that has been made in the upper Kentucky River counties of the work experience and training program?

Mr. CARTER. I have not looked at that personally, but I know Mrs. Coughlan and Mr. Bateman are here from the Office of Program Coordination.

Chairman PERKINS. I glanced at the report briefly last night. I have some doubt about how thorough and accurate the report may be.

Would you care to comment on that, Mrs. Coughlan?

Mr. GOODELL. Which report are you talking about?

Chairman PERKINS. It is a report that Senator Clark ordered in connection with the work experience and training program in the upper Kentucky River counties.

Mr. QUIE. Do we have access to it?

Chairman PERKINS. I doubt it. It was just delivered to me yesterday.

I feel we should go into the training components of title V programs and see what type of programs they have been operating.

Perhaps you, Mrs. Coughlan, and Mr. Truelson may want to comment on this report this morning.

Mrs. COUGHLAN. We would be very interested in seeing the report. We have not seen it. I might state that with regard to supervision we are requiring the State, we have given them until the end of September to meet a standard of having one work experienced training specialist for each 60 trainees. At present they only have one such staff person for each hundred trainees. We do not feel that is adequate.

Chairman PERKINS. I wish you would secure a copy of the report and let me have your detailed comments on it.

Mr. QUIE. Could we get a copy of the report and the rebuttal, if you want to call it that, that they will prepare?

Chairman PERKINS. Yes, I will see that you get a copy of this report.

Mr. QUIE. Now we are talking about something that nobody else has read but you. It sounds interesting.

Mrs. COUGHLAN. I would like to read into the record the actual situation with regard to the 100,000 persons who have left the projects.

Mr. QUIE. Is that in here? Can we follow what you are going to read out of this document?

Mrs. COUGHLAN. No. This particular table is not in there.

We got up to about 52,400, as you recall. The 35,700 went to jobs, 4,600 went into advanced training, 12,100 completed their assignment but did not immediately find employment, and this totals 52,400.

Now, of the remaining 47,700, approximately 17,363 left for what would be classified as "good cause." They were disabled or medically unqualified for the program. Some 10,000 fell into that category. Also, 3,721 had to leave the project because of child care problems; 1,900 became ineligible, technically ineligible, because they had increased resources or some other reason that they were no longer in need.

Also, 190 left because of hours of work that were impossible for them to meet, 1,000 left because of transportation problems, 525 left because of educational limitations.

In other words, these were people who were not able to benefit. They lacked the capacity to benefit from any type of education.

Now, that leaves those who left for what would be called not good cause.

Before I leave the others, there are 2,814 trainees who were terminated because the projects in which they were enrolled were phased out. This leaves about 15,400 who were what you might call dropouts, who left for "not good cause."

One of the reasons was poor attendance. They were dropped from the project, some 8,825, since they were absent too much. Also, 3,339 were dissatisfied with the assignment, 1,955 did not make any progress and were dropped by the project, 906 were dropped for misconduct, and 382 refused to take an assignment.

Mr. QUIE. May I ask one question on that? Would an alcoholic who was one of the 17,000 who left for "good cause" be in the category of one who left for medical reasons or dropped because he did not show up on a job?

Mrs. COUGHLAN. That would really depend on the circumstances. I think the project I know has worked with alcoholics, particularly in St. Paul, do give them every opportunity. But probably after, you know, a reasonable period of time, he could be dropped.

It would depend, I guess, on how the project classified, whether this was for medical reasons or whether this was due to absenteeism.

Mr. QUIE. Because alcoholism is a pretty serious disease.

Chairman PERKINS. Is your agency making plans to keep this 40,000 or 50,000, whatever the number may be, that in all probability will not obtain jobs in the foreseeable future, to keep this hard-core group in employment by what you feel is some useful work and training experience without shoving them back in relief?

Are you making plans to carry on this program even though it is phased out and taken over under section 409 of the Social Security Act?

Mrs. COUGHLAN. Actually, the responsibility for this will rest with

the States, as you know. All we can do is lend them encouragement and offer leadership in trying to make appropriate plans.

Chairman PERKINS. You are planning, though, through 1970?

Mrs. COUGHLAN. Right.

Mr. QUIE. Mr. Chairman, could I finish with this last question here? I understand in talking about St. Paul that they are dealing with a much more hard-core group than they expected to be working with in 1964. Because of the increase in demand for labor they were able to secure jobs for part of this group that needed help in title V.

Do you find this to be the case around the country, or is it more the case in an area where the jobs are available? In Kentucky it would not be as much a figure, where 30 percent might find jobs?

Mrs. COUGHLAN. In the majority of the communities where the economy is good, we find that we are getting the really more disadvantaged people, because the others have been able to get into jobs.

Mr. QUIE. Also, I gain the impression that in title V in St. Paul they would probably work themselves out of a job out there in 2 years if it were not for the fact that the people come in.

If this is successful, why is it that the people on AFDC have increased by 14 percent between 1964 and 1967?

Mrs. COUGHLAN. Do you want to answer that, Elmer?

The major reason for the increase in AFDC there is legislation that has broadened the program coverage. Another thing is that the mothers on AFDC, the characteristics of the group on AFDC, are such that they are not affected, you know, by the economic condition.

In other words, you might have a very prosperous economy, but these women cannot work because they have to take care of their children.

Mr. QUIE. Do you break down this information on the 50,000, who either drop out or have left for good cause, on whether they are male or female?

Mrs. COUGHLAN. We don't have that breakdown. I think we might be able to get it.

Mr. QUIE. I think that would be interesting to have, if you would provide it for the record.

Mr. GOODELL. Will the gentleman yield?

Mr. QUIE. Yes.

Mr. GOODELL. Mrs. Coughlan, 3 years ago, Secretary Celebrezze testified before our committee. At that time, recalling the figures, I think it was estimated that we were spending around \$32 billion of Federal money for what he termed "poverty-oriented" programs.

I believe he included social security in that, all your old-age assistance, aid to dependent children, and a variety of others.

Do you have a total figure comparable to the one Mr. Celebrezze gave us 3 years ago that applies today?

Mr. CARTER. I am not familiar with that figure or what went into it. The best estimate that we have of funds for programs that are directly assisting the poor, in one way or another, is roughly \$26 billion.

Mr. GOODELL. Obviously they are using a little different category. I will check the hearings in 1964, because I think I asked the Secretary to put in a breakdown of categories he was talking about.

What is included in your \$26 billion?

Mr. CARTER. For example, if you take a heavy component like social security, we attempted to identify that portion which goes to actually keeping people out of poverty or helping people who are otherwise in poverty. That comes to around, for example, \$8.5 billion.

Mr. GOODELL. From a total of what in social security benefits?

Mr. CARTER. The estimate I have been given— and I would like to check this to be sure—is in the neighborhood of \$30 billion.

Mr. GOODELL. 8.4 you say?

Mr. CARTER. 8.5.

Mr. GOODELL. 8.5 billion of the \$30 billion social security benefits a year goes to keep families out of poverty?

Mr. CARTER. That would be the estimate that we have. I am not sure of that overall figure, because I am not sure whether that is both a combination of collections and disbursements, or simply disbursements.

That is why I said I want to check that.

Mr. GOODELL. Since the social security law, it self, freezes most people into poverty while they receive benefits from social security in terms of any earning supplemental, it seems low.

It is possible for most people who are living on social security to earn enough money to get above the \$3,000 poverty level without losing all their social security benefits on a dollar-for-dollar basis.

Mr. CARTER. I am not sure that is true of most people on social security.

Mr. GOODELL. Of course, there are a lot of people in social security who have savings, who have investments, other types of income, which is not counted, not deducted while they get their social security benefits.

I am talking about people who pride themselves on relying on their earning power plus social security benefits to sustain themselves. As the law is written now, it deprives them of all social security benefits on the average before they can get above \$3,000 total benefits and earnings.

Mr. CARTER. As you know, the administration has recommended some increase in the amount of money that may be earned.

In addition, we estimate that if the present social security amendments that are pending are passed, this will take 2 million people out of poverty. If the benefit increases that the administration has proposed are passed, this will take 2 million people out.

Mr. GOODELL. Of course, if we keep our poverty level at \$3,000, this becomes less and less meaningful. I recognize that this is a minimum increase you are talking about, a percentage increase. Many of us find it contradictory, however.

While we talk about the poverty level of \$3,000, we deny an individual the opportunity to get above the \$3,000 income level while he receives any social security benefits.

Mr. CARTER. As I say, that is one of the reasons that I think we are attempting to increase that dollar amount.

Mr. GOODELL. I would appreciate it if you would check the basis for the figure on "poverty-oriented" Federal spending. As I say, my memory is that it is \$32 billion that Secretary Celebrezze testified to 3 years ago. Check what was involved, what he was including in that

\$32 billion, and give me a comparable figure now for what we are spending in 1967 of Federal moneys that are poverty oriented.

Then, if you agree to refine these figures to arrive at the \$26 billion which you estimate now goes to poverty-oriented programs, please give us a breakdown for the record of the amount for each program that adds up to \$26 billion.

Will you do that?

Mr. CARTER. We will attempt to comply with that insofar as we can for the record.

Mr. GOODELL. I believe I now have here the estimate Secretary Celebrezze gave, which appears to be a total of \$44 billion.

Mr. CARTER. I can only assume he included a much higher percentage of the social security payments than we have included, because that is the only way that amount of money could come from.

Mr. GOODELL. If you would check it out, I would be interested in having it.

Mr. CARTER. Yes.

Mr. GOODELL. I have one other general question, and then perhaps we will give you a chance to finish your statement.

Of the estimated 32.7 million persons in poverty in the United States, by the present arbitrary standard of measurement, it is my understanding that 27.3 million are in the nonaged category, 27.3 of 32.17 million.

Given this situation we are talking about, 27.3 million people who are not aged, I presume within that 27.3 million people there are categories of people who will be extremely difficult, if not impossible, to reach because of health problems, disability, handicaps.

What is your general estimate, Mr. Carter, of the number or percentage of these people who can be reached and made self-sustaining through a program such as work experience or other programs?

Mr. CARTER. I don't pretend that I can answer that, but I would point out that a very significant portion of those who are poor are children, and they are children of either a mother who is taking care of them or, in a smaller number of cases, fathers who are unable to work, for one reason or another.

Mr. GOODELL. For the record the figures I have show that 6.8 million of those in poverty are family households headed by females. That is 6.8 of the 27.3.

Mr. CARTER. I point out that a substantial number of the figure which runs, probably half of the amount are children, that is, who are in poverty.

Then we have a significant portion who are people who are working every day and who have children as well, but are poor because they can't earn enough money.

Mr. GOODELL. Right. Let me ask you a question.

You are not saying that this significant portion, perhaps running up to half, who are children, cannot be helped, are you?

Mr. CARTER. On the contrary, I am trying to suggest—

Mr. GOODELL. You would reach, presumably, all of them if you reached the head of the household and got him a job where he could support his household, couldn't you?

Mr. CARTER. Yes, plus helping them to get the kind of education

and skills and cultural opportunities themselves. This will mean that they can move out of poverty, certainly, within their generation.

Mr. GOODELL. I take it from what you say that children are half of this total number of 27 million in the nonaged poor category. A more significant number would be the number of children who are in families where the head of the household is unreachable because of handicaps beyond our capability to overcome.

Mr. CARTER. What I am trying to indicate is that there are a number, as you say, of children who can be helped if their parents can be helped.

A number of the parents are persons who are employed either every day or a significant part of the week but still cannot earn enough money, particularly with larger families, to get out of poverty.

Then there are mothers who in many cases could be employable, particularly after the children grow beyond the very young period of their life.

Therefore, a combination of jobs and better income support for people who need income support, plus the other kind of programs which provide the education, the new opportunities, and so forth, stimulated by OEO—the combination of those things—would go a long way toward cutting very deeply in that poverty number.

Mr. GOODELL. I did not mean to ask you in an unfair way to give me a precise figure. I take it from your general answers that you are optimistic that we can reach a significant number in this group.

Mr. CARTER. I am optimistic that we can if we are willing to put the resources into it, that we can remove a lot of people, an awful high percentage of those we now classify as "poor," from poverty, yes.

Mr. GOODELL. Of course, removing poverty would mean a variety of ways, including just plain income maintenance.

Mr. CARTER. I included that as one of the tools. As you yourself said, there may be some people in this group who, because they are physically handicapped—we have already taken the aged out—or are mentally handicapped, or because in some transitional period they are poor, simply cannot—

Mr. GOODELL. Recognizing that the only point I am making is that I take it that you are optimistic that we can reach a significant number of this 27.3 million of nonaged poor and make them self-sustaining—

Mr. CARTER. The answer to that—

Chairman PERKINS. I am going to interrupt the colloquy, as valuable as it is, because Mr. Dellenback is going to leave, and I will ask you to yield to Mr. Dellenback for a few moments.

Mr. GOODELL. I understand. I think we have come to a very good interruption point, and I will yield.

Chairman PERKINS. Go ahead, Mr. Dellenback.

Mr. DELLENBACK. I apologize for having missed a portion of this while I was out. I have read the statement, and I caught the first part of what you gave. I have read your complete statement, Mr. Carter.

There are a couple of general questions that I am concerned about that don't become clear to me as I read the Secretary's or your constant backing of OEO.

Now, you favor the purposes and the programs that OEO is administering?

Mr. CARTER. Yes, sir.

Mr. DELLENBACK. You indicate also in your statement that you favor their administration. As I read your full statement, we find constant evidence of the strong interrelationship that exists between HEW and OEO now. Has this worked smoothly in your relationships with OEO? Have you been able to administer your joint programs effectively and well without friction?

Mr. CARTER. I would say we have developed very excellent working relationships with OEO.

Mr. DELLENBACK. You indicate, for example, that in child-parent centers, in Followthrough as you pick up what happened in Headstart and go beyond that, that there is more of what OEO has been doing shifting over to HEW. There are programs that you are picking up that either OEO has administered before or hasn't done before, and you are going to pick them up.

Do you anticipate any difficulty in continued strong, close association between HEW and OEO in these areas?

Mr. CARTER. No. I want to make clear that we have no problem. We are working these things through OEO. We are trying to affect institutions simply, not what we are doing here in Washington. We are also trying to effect institutional changes in the community.

I am not saying, by any means, that there are not problems that have to be worked through.

Mr. DELLENBACK. You are going to be primarily responsible for Followthrough?

Mr. CARTER. True.

Mr. DELLENBACK. Initially, I gather from your statement, OEO and HEW will check out the project. Then, as soon as it gets past the initial stage, HEW will be responsible for it. Is that correct?

Mr. CARTER. Primarily.

Mr. DELLENBACK. Would you feel that you could go further in this direction and, in the years that lie ahead, take over greater portions of what is involved either in Followthrough or in Headstart?

Mr. CARTER. I have to answer that by saying that as far as the future is concerned, we have to see what kind of progress we make in bringing about significant changes in the major institutions that have to adapt, such as the health institutions and the like.

What I am trying to say is that the thrust of our statement is that, right now and for the foreseeable future, we see a very desirable role for OEO to play of good in stimulating and innovating, and so forth.

As we find areas, we work together and find areas where that kind of adaptation has gone on in the principal organization or institution at the community level that can take over in responsibility.

There has been consideration of giving more and more responsibility in that area to our administration and to the institutions which we support.

Mr. DELLENBACK. Mr. Carter. I don't anticipate for 10 seconds that you would sit there and, in view of the administration position, say to us that you think OEO ought to be abolished or a great many more projects ought to be shifted to HEW.

I recognize your position. I don't accuse you of, in any wise, not stating that which you believe. But on the other hand, I do not expect you to say anything else along this particular line.

Let me ask you this question. What if the Congress were to determine that the Community Action Program should be placed in the hands of HEW, would you have the capacity to administer this program?

Mr. CARTER. Of course, that is an assumption. I would extremely regret it if the Congress made that decision, because I think it is a wrong decision.

Mr. DELLENBACK. Because of your incapacity to do the job?

Mr. CARTER. Because I think the best place to do the job is in OEO.

Mr. DELLENBACK. HEW would not have the capacity to do the job effectively and well?

Mr. CARTER. I think, sir, I would like to reiterate what I have said. The best place to do it—that is, stating the universe, including HEW—is in OEO.

Mr. DELLENBACK. Regardless of your opinion and evaluation as to where it could best be done, in your opinion, if the Community Action programs were to be placed in HEW, could you handle them effectively and well? Could you administer these programs in HEW effectively and well?

I don't ask for a comparative evaluation of whether you think somebody else can do the job better. Let me ask you whether you feel HEW could handle these programs effectively and well.

Mr. CARTER. I think that would present a very serious question. We have a major department administering many, many programs. We are engaged in our own efforts to bring our programs under the best possible administration.

Secretary Gardner is devoting an awful lot of attention to that, including the organization of the Department.

I think, leaving aside the issue, I think it would be really questionable whether the Congress in this present posture in time should undertake to transfer a major program, such as the Community Action program, to HEW.

Mr. DELLENBACK. Your answer is not responsive.

Chairman PERKINS. He is trying to answer it the best he can.

Mr. DELLENBACK. I recognize the difficulty of Mr. Carter's position. I stated that initially. He keeps giving me a comparative evaluation of whether or not he feels it could better be done——

Mr. CARTER. No, sir; I think my last answer was not comparative. I did not mention OEO in my last answer. I attempted to be responsive to your question. I said it would raise a serious question. We have not considered this kind of possibility.

You are asking me today—I am telling you one of the serious questions that would occur to us is if Congress were to transfer these programs.

I cannot conceive that Congress would transfer these programs. You are asking me an iffy, hypothetical question, and I am trying my best to respond.

Mr. DELLENBACK. Do you have in HEW and in other programs—and I don't need specific answers as to where, but in any of the programs that you are administering—the personnel and capacity to innovate and experiment?

Mr. CARTER. Certainly we have the capacity. We do it in a number of different areas.

Mr. DELLENBACK. Do you feel that in other branches of the department which are within your jurisdiction you then are able to do creative, forward-looking thinking instead of merely administering programs which have been created by others?

Mr. CARTER. Yes. I think, though, that what ought to be made clear is that we are talking about innovations. We fund and have funded a number of demonstration programs, as well as other programs which are insured of their value and are quite important. We will be doing more and more of this, I think.

But our main mission has been to support the principal institutions in the society that provide education and health and welfare, all such institutions. This is not any criticism of us or any criticism of the educational community.

All institutions have a tendency to be concerned primarily with those issues and those programs, that whole structure, which they have to construct in order to carry out their mission. It is extremely difficult to bring about change in those institutions from within.

This is not a new thought. This is something that sociologists and others who have observed political institutions have said for 50 years or more.

What OEO has contributed, and it seems to us has a real necessity for it to continue to contribute, is this kind of large-scale innovation, stimulation, focusing on needs of poor people. I think this is the distinction between what we may be doing, innovating in any particular kind of program area. And this is a very broad focusing, when we try to identify the needs of the whole population group in our society and try to see what is necessary to better their condition.

Mr. DELLENBACK. Do you really mean that HEW in its relatively short existence has already hardened so much bureaucratically that it cannot strike out into new fields effectively, that it has become so much a part of the establishment that it is locked into that it needs some outside stimulus—

Mr. CARTER. I am saying that the major institutions which we support—and I am talking about the institutions of education, health, and the like—are concerned primarily with the development of programs in their area and with the broad-scale development of those programs.

We are talking about a population which has not been served well by any of our programs. I am not simply talking about the programs in HEW. We are talking about a focus on doing something about their problems and a continuing attention to that, not simply attention among a number of other things which the people in education have to attend to, or the people in health have to attend to, and so forth. I mean the production of more doctors or other professionals, and all the other considerations that they have to look for in the whole field of health and research, and on and on.

We are talking about the focusing on the needs of poor people in this country who, by and large, have been shut out of the advancing of this society.

Mr. DELLENBACK. Are there other major groups like this that you feel ought to be also concentrated on by some other new branch of Government in order to give the proper emphasis to such groups existing in society at the present time?

Mr. CARTER. I think this is the most critical problem that we face. There are other population groups that have problems, but we are talking about one that touches perhaps every other group.

This is the most difficult problem, as the statistics that we have gone through around the work experience program, and the like, have shown. We are dealing with an extremely difficult problem, a very complex problem involving many kinds of programs, many services.

It is extremely difficult to point to any other single issue where the need is as critical as it is here, except perhaps in the field of civil rights.

Mr. DELLENBACK. Do you feel that we ought to establish a new department of some sort in order to take the pressing problems in the field of civil rights and to innovate and experiment where HEW, Justice, and other departments are not doing that job?

Mr. CARTER. We have something like that. Congress established the Civil Rights Commission in 1957, and they have been going ever since. They established the Equal Opportunity Commission.

I think this does not mean for a moment that HEW does not have to discharge its responsibility under civil rights, and it does not mean that HEW does not have to discharge its responsibility in poverty. But it also means that there needs to be somebody there who is concerned about these problems every day and is focusing on them and is trying to find the best way of doing something about them.

Mr. DELLENBACK. Do you mean that there are other branches or aspects with which HEW deals in its multitudinous subdivisions that it is not able to concentrate on effectively because they are lost in the general heterogeneity of what is involved in HEW?

Mr. CARTER. I am back to the comparative. I am talking about the best solution for one of our most pressing problems of the day. That is the problem of poverty in the United States.

Mr. DELLENBACK. We are being hypothetical, I recognize, and anything which presupposes a change in that which is must, to a degree, be hypothetical.

What if there had never been an OEO, would HEW be hesitant? Had Congress faced these responsibilities and decided initially to hand to you and your people in HEW the responsibility for innovating these programs and pushing them forward, would you have said you could not do it?

Mr. CARTER. It is quite clear that we always in the end undertake to do whatever the Congress asks us to do. But I am trying to say to you that I think Congress made the best decision when they put it in OEO.

Mr. DELLENBACK. You have cooperated with the Department of Labor in certain programs in the past, and at present you are still doing so, is that not right?

Mr. CARTER. Yes.

Mr. DELLENBACK. Is there any great friction in the cooperation?

Mr. CARTER. Like between all human institutions, we have our problems, but, by and large, we work well together.

Mr. DELLENBACK. Would you anticipate increased difficulty or major difficulty if a phase of the work which OEO is doing were to be placed in the Department of Labor so that some of your dealings would be directly with them, rather than with OEO? Would you anticipate

more friction in dealing with the Department of Labor than with OEO?

Mr. CARTER. That question is so hypothetical, I really don't follow that question.

It seems to me that the issue is not whether there is more friction one place or another, but whether just out of some notion of moving everything together, or whatever the rationale is, we should just disband something that is ongoing and working, and working well, and move it somewhere else.

To that, I have to say resoundingly, no, we ought not to do that.

Mr. DELLENBACK. That which is, is best?

Mr. CARTER. No.

In this particular case, OEO, which has been in existence and has been in operation since roughly the beginning of 1965, I think, as the testimony we have tried to give here and the testimony which has been given by Secretary Wirtz and others shows, has made an enormous impact on the institutions of this society.

It just seems inconceivable to me that it should be said that we ought to abandon that today.

Mr. DELLENBACK. Why should we put Followthrough in the hands of HEW instead of placing Followthrough completely in the hands of OEO, because that is dealing with the same group?

Mr. CARTER. Let me say from the beginning OEO has delegated programs. The Congress is not putting Followthrough in the hands of HEW. The Congress is putting Followthrough in the hands of OEO.

The Director of OEO is saying candidly to you how he expects to administer that program. He says he expects to administer it by delegating it to the Secretary of Health, Education, and Welfare.

Mr. DELLENBACK. I am aware of this technical point you make.

Mr. CARTER. I think it is more than technical.

Mr. DELLENBACK. I am interested in your prior statements where you say you feel the value lies in an organization which can concentrate essentially in this instance on the problems of the poor. That it can deliberately decide that a phase of its problem, a phase of its task and responsibility—instead of administering it directly itself—will be subcontracted out to HEW.

Now, if the value really lies in this complete concentration on this group, would it not be better to keep it within its own aegis rather than to pass it along to HEW?

Mr. CARTER. No. I say from the outset of the Economic Opportunity Act there have been delegations of programs.

I am trying to explain the rationale for that as I understand it. And I think I have some knowledge because I, in a general sense, was responsible for these, some of these delegations in the early days of OEO.

The rationale is that there are certain kinds of programs that could be best administered on a day-to-day basis by agencies within the Federal Government that have the contact with the institutions through which these programs will be run primarily.

However, there is need for OEO to maintain a supervisory role with respect to policy, a control over the budget, evaluation of the programming, and a constant capability of taking the programming back if it does

not work out in the way that they assume that it will at the time of delegation.

Mr. DELLENBACK. And you find on the basis of the criteria that you have just now expounded for us a major distinction between Headstart and Followthrough?

Mr. CARTER. Yes, sir.

Mr. DELLENBACK. That in the one instance—

Chairman PERKINS. Will the gentlemen yield to me at this point?

Mr. DELLENBACK. Yes, Mr. Chairman.

Chairman PERKINS. I think it should be pointed out that we have so many Headstart programs that are not connected with the school system, but Followthrough is altogether within the school system, the public school systems.

Go ahead.

Mr. CARTER. Public or whatever it may be, it is within the school system.

Mr. DELLENBACK. You had another criterion, as I read it.

Mr. Chairman, I appreciate very much this chance to question.

As I indicated to the chairman, I am already overdue at another meeting.

I welcome this chance to deal with Mr. Carter, who performs ably and well. Thank you.

Chairman PERKINS. We are going to recess and come back at 1:30. If you want to come back this afternoon, you will have an opportunity to follow up with your questioning.

Thank you very much.

(Whereupon, at 12:30 p.m. the committee recessed, to reconvene at 1:30 p.m. that same day.)

AFTER RECESS

(The committee reconvened at 1:30 p.m., Representative Carl D. Perkins, chairman of the committee, presiding.)

Chairman PERKINS. The committee will come to order.

Go ahead, Dr. Carter.

Mr. QUIE. Have you gone through foster grandparents?

Mr. CARTER. We are starting on foster grandparents.

Chairman PERKINS. But before we leave this: I just wonder if it is the intent—I think we ought to get it clearly in the record of the administration—to cut off what is involved within title V within a period of 36 months. When we are dealing with this hard core, just what construction do we place on this? If we place a 36-month cutoff, if you interpret it that the individual has been on the work experience and training program 36 months and is automatically cut off, I think we should do something about it.

I would like to have an explanation in that connection.

Mr. CARTER. I would like to turn now to the foster grandparent program. This unique program recruits, trains, and employs men and women, over age 60, whose incomes are below the poverty index to bring personal care to children in institutional settings who have been deprived of the attention of an interested adult.

Mr. QUIE. Would you supply that for the record?

Mr. CARTER. I am sorry. Did you ask us for an answer? I regret—

We will supply an answer for the record on the issue with respect to the link that people we have not been able to place in programs ran in the program. Do I state the issue? On the 36-month provision in the present title V?

Chairman PERKINS. In the areas of the country where you have not been able to place them in employment.

Go ahead.

Mr. CARTER. We will supply a statement for the record.

(The material referred to follows:)

AUGUST 10, 1967.

HON. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

DEAR MR. PERKINS: At the time I appeared before the House Education and Labor Committee on June 23, 1967 in connection with the authorization hearings for the Economic Opportunity Act, requests were made for the following:

(1) a breakdown by sex for Title V trainees who left projects for reasons other than employment, entered advanced training and completed assignment. This information is contained in the enclosed table providing data for the period December 1964 through April 1967.

(2) an interpretation of Section 503(b) of the Economic Opportunity Act regarding the 36-month limitation on an individual's participation in a Title V project. Enclosed is a copy of a memorandum dated July 11, 1967 from Mr. Joseph H. Myers, Acting Commissioner of Welfare, which incorporates the construction of this section by the Office of General Counsel of the Department of Health, Education, and Welfare.

(3) a "rebuttal" of the Community Associates, Inc. "Case Study of Leslie, Knott, Latcher, Perry (LKLP) Community Action Council, Eastern Kentucky prepared for U.S. Senate Committee on Employment, Manpower and Poverty." Enclosed are comments, as requested, from the viewpoint of the Title V, Work Experience and Training Program.

(4) comments on the staff paper entitled "Work Experience and Training" prepared by Dr. Sar Levitan for the Sub-Committee on Employment, Manpower and Poverty of the Senate Committee on Labor and Public Welfare. Enclosed is a general statement regarding Dr. Levitan's paper and specific comments on a number of items in the paper.

Sincerely yours,

LISLE C. CARTER, JR.,
Assistant Secretary for Individual and Family Services.

MEMORANDUM

DATE: JULY 11, 1967

To: Mr. Lisle C. Carter, Jr., Assistant Secretary for Individual and Family Services.

From: Joseph H. Meyers, Acting Commissioner of Welfare.

Subject: Interpretation of Section 503(b) of the Economic Opportunity Act.

I understand that when you testified before the House Education and Labor Committee in connection with authorizations under the Economic Opportunity Act, the Chairman, Congressman Carl D. Perkins, requested a construction of the 36-month limitation on participation in Title V projects. The following reply has been received from the Office of General Counsel:

"This is in response to your request for an interpretation of section 503(b) of the Economic Opportunity Act of 1964, as amended. Section 503(b) reads as follows:

"Work experience and training programs shall be so designed that participation of individuals in such programs will not ordinarily exceed 36 months, except that nothing in this subsection shall prevent the provision of necessary and appropriate follow-up services for a reasonable period after an individual has completed work experience and training."

"The provision in the House bill was identical to the one enacted except that the limit was 24 months. The House report, H. Rep. No. 1568, 89th Cong., 2d Sess., p. 22, contains the following statement:

"No individuals can participate in these programs for over 24 months, although followup services can be extended for a reasonable period after the completion of work experience and training."

"The Conference Report, H. Rep. 2298, 89th Cong., 2d Sess., p. 35, states:

"The conference substitute differed from the House provision by extending the limit on the duration of work experience and training programs from 24 to 36 months."

"It seems clear from the language of section 503(b) that the 36 months' limitation applies to individual participation in work experience and training programs and not to the programs or projects themselves. This is reinforced by the House Committee report. The language in the Conference Report suggests the contrary, but is directed to the length of the period rather than its effect, and in any event would not, in our opinion, override the clear language of the statute. Thus, it would be permissible to extend or review a project which has been in operation for three years or more.

"Although the 36 months' limitation is imposed on individual participation, the statute directs that it be achieved through project design. Accordingly, in the formulation and approval of projects—and especially in connection with grants for periods approaching or extending beyond the project's third birthday, as well as for periods thereafter—particular attention must be given to compliance with the statutory limitation.

"Section 503(b) allows some flexibility in directing that projects be designed so that individual participation will not *ordinarily* exceed 36 months. There is implicit recognition that, while participation in a work experience and training program for three years or less may be sufficient for most individuals, there may be some few (perhaps especially disadvantaged) individuals for whom a longer period is necessary.

"Also, in the carrying out of a project, there may be specific cases where an individual has been ill or for other good reason prevented from following his employment plans or training schedule, so that his participation in the program beyond 36 months would be warranted. Similarly, if a participant has fallen behind and can complete his schedule within a few weeks, an extension might be granted. These are only examples, and we do not attempt here to envisage all of the situations that would justify an extension.

"The House Committee report states that no individuals can participate in the programs for more than the specified limit. We do not view this statement as superseding the language of the statute, but it does indicate the Committee's intention with respect to section 503(b), and it suggests the need for restraint in allowing individuals to participate in projects beyond 36 months."

Mr. CARTER. The foster grandparent program is operated by the Department's Administration on Aging under contract with the Office of Economic Opportunity. The Administration on Aging ordinarily deals with the range of problems confronting the elderly, regardless of economic and social condition.

However, the combination of intimate knowledge of the problems of old age with a focus on poverty as it affects the aged, makes for an especially fruitful partnership between OEO and the Administration on Aging in the foster grandparent program.

At the present time, we have funded 48 projects with opportunities for over 3,000 foster grandparents. They serve in 108 institutions in 33 States and Puerto Rico. By the end of June, we anticipate 60 projects with 4,000 foster grandparents to serve 9,000 children.

The annual cost of these projects will be about \$10 million. Over 100 other communities, institutions, and organizations have expressed an interest in starting local foster grandparent programs.

The foster grandparents work in many different settings such as foundling hospitals, pediatric wards of general hospitals, institutions for retarded children, facilities for the physically handicapped, and in institutions for the emotionally disturbed. Experimental programs are also under way in special classes for the retarded, day care centers, and in correctional institutions.

The benefits are clearly manifest. The grandparents have almost unanimously reported that the program has added new dimensions and purpose to their lives. Over 70 percent of the children served have improved in social and emotional behavior or in health and physical conditions. Interest on the part of older people is high.

It has been estimated that there have been at least eight applicants for each position open. Many institutions report that the absentee rate for grandparents is lower than for regular employees.

This program has had a deep impact on the grandparents and children served. It is providing resources in child care and is giving us new knowledge about services to children. It is an opportunity program that is beneficial physically and mentally as well as economically to foster grandparents, children, and the total community.

I have touched on the health program relationships in colloquy this morning and I will pass over that to read the part of the statement dealing with Headstart and Followthrough.

MR. QUIE. Mr. Chairman, could I ask one question on foster grandparents?

When you talk about correctional institutions, are these correctional institutions wherever young children are incarcerated?

MR. CARTER. Yes. These would be.

MR. QUIE. How young would they be?

MR. CARTER. Mr. Nash is here from the Deputy Commissioner of Aging.

MR. NASH. (Robert Nash, Chief, Office of Equal Health Opportunities). The foster grandparents are serving in two correctional institutions at the present time, in a demonstration sense, to determine whether or not the older person can, in fact, supply the same kind of needs for these youngsters and assist them in overcoming the problems that they have that led to their being in the institution. This would be anyone up to 16 years of age.

MR. QUIE. Do you try and find a foster grandparent who has a record for himself or herself, so that they can talk from firsthand experience?

MR. NASH. No, sir; that has not been among the criteria. The emphasis is upon the ability of the person to give himself and to accept the kind of behavior that the youngster is displaying, so that a relationship can be formed and eventually the child can learn that this is the way they should behave themselves.

MR. CARTER. Going now to page 12, as to Headstart and Followthrough. As a result of the Headstart experience, it has become evident that the handicaps of poverty can be measurably reduced if well-planned, comprehensive programs are made available to poor children.

Chairman PERKINS. Before you get into the Headstart program, I would like to ask one question on the health activities in connection with the activities of the Office of Economic Opportunity.

How many States have now taken advantage of title XXIV of the Social Security Act? All the States will provide additional health services to the poor? Do you know?

Mr. CARTER. We have it here, Mr. Chairman. Twenty-eight States.

Chairman PERKINS. Twenty-eight States. I know my State of Kentucky has taken advantage, but still, even in the States where they take advantage of title XXIV, they take advantage of the community health services in addition to that, made available in 1961 by an act of Congress.

There is still a gap, and it is only through OEO that you are able to bridge this additional gap at the present time, through the Office of Economic Opportunity. Am I correct in that statement?

Mr. CARTER. I would say that the gap that OEO fills is the gap of delivery of services.

Chairman PERKINS. Through a community actions program.

Mr. CARTER. Yes, exactly. Through the comprehensive neighborhood health center.

Chairman PERKINS. Yes.

Mr. CARTER. This brings the services to where they can be made assessable and available to the people and provide the very important nucleus for sort of a conduit for title XXIV or other kinds of health programs to get to the people who need them most.

And that is one of the chief functions that the neighborhood health center does. It makes quality medical care available so that poor people can take advantage of it. And this is very important in rural areas as well as in the urban ghetto. Because in the rural areas, you know, there are many places where they just have not been able to get quality medical care, and it is through the exploration of this kind of device that the most hope is held out for that.

And it is in closing that gap between the availability of service from a financial point of view and the actual delivery of service to the person who needs the service, that the OEO health center plays a crucial role.

Chairman PERKINS. Go ahead.

Mr. CARTER. I was pointing out that Headstart has proved itself in a variety of settings, not only in schools but through other public agencies, in churches, and through nonprofit organizations as well.

If this year's budget request is met, nearly 750,000 poor children could benefit from Headstart. This is an outstanding goal.

Headstart has made very important contributions to the present well-being and future prospects of young children in poverty. Its programs have opened a new universe of experience that lie outside of the boundaries of poverty and its ghettos.

The Headstart experience has revealed to the community and its institutions that they can deal with the needs and problems of young children and their families with gratifying results.

The program has been a pioneer in early childhood development, and it continues to move into new areas. In this coming year for example, it is increasing the number of 3-year-old participants and exploring the effectiveness for even younger children.

Headstart has had profound impact on communities in their provision of child development services. It is influencing communities to

give support to a comprehensive range of services that can benefit young children and their families.

OEO is particularly suited for this trailblazing role because of its mandate for innovation and experimentation with new ideas and new combinations of resources to serve the poor. The Nation will be best served by maintaining and developing Headstart under the aegis of OEO.

If there has been one generally recognized problem rising out of the Headstart experience, it has been that some of the gains made by poor children as a result of this enterprise are lost once the children are absorbed into the school systems of disadvantaged communities.

In a further step to assure that the gains many young children make under Headstart are not reduced when formal schooling begins, \$120 million of the Headstart budget for next year will be used for the new Followthrough program.

This program, to be delegated to HEW by OEO and to be operated by the Office of Education, will focus on a wide range of remedial services to disadvantaged children in places where there is a high proportion of children who have been through the preschool programs of Headstart and title I.

The means that have made Headstart successful—specialized and remedial teachers and aids, individualized attention, medical and dental services—will be utilized in the early elementary grades to insure that the momentum gained in preschool programs is maintained.

Parents of educationally disadvantaged children will be involved in their children's early elementary education, for an informed and co-operating home can greatly facilitate a child's development. Initially, Followthrough will concentrate on programs in kindergarten and first grade; ultimately, Followthrough will extend through the early grades.

The \$120 million would enable 190,000 children to participate in the program when it is fully operational.

These projects will be jointly reviewed and approved by both OEO and HEW in the initial phase; thereafter, we will approve the projects in accordance with mutually agreed upon guidelines.

Both of these programs—Headstart and Followthrough—are complemented by activities under title I of the Elementary and Secondary Education Act. Title I has strengthened school programs for deprived children, some of whom have benefited from Headstart.

The Office of Education, of course, is intimately involved with the antipoverty effort. Title I of the Elementary and Secondary Education Act was formulated in the conviction that educational deprivation is ineluctably allied with economic deprivation and that concerted activities of offset that deprivation are an essential part of antipoverty activity.

Title I has encouraged school systems to consider support of preschool programs to augment Headstart. The Office of Education and OEO have developed procedures for program coordination at the local level between education agencies and community action agencies.

These procedures prevent duplication of projects and assure cooperative support of antipoverty activities for preschool children.

CHILD AND PARENTS CENTERS

A few months ago, the President in his message on children and youth stated that there was a critical need for services to very young disadvantaged children.

OEO will have the responsibility for organizing centers for children and parents to bring together existing services and offer new ones for this group. HEW has a variety of resources that can be brought to bear in this venture. We are already engaged in work with OEO in this new undertaking.

As this review of activities indicates, the Department's participation with OEO in the war on poverty is extensive, diverse, and valuable.

In closing, I want to reiterate our strong support of the work of the Office of Economic Opportunity. We look forward to further joint undertakings to achieve our common objectives of eliminating poverty from this Nation.

Mr. Chairman, that concludes my testimony.

As I have already indicated, I will be happy to answer any questions.

Chairman PERKINS. Let me first compliment you, Dr. Carter, and your associates who appeared here today with you. All have made an excellent presentation, and I think the committee will benefit tremendously from your presentation. You will be subjected to further questioning.

Mr. Quie has many questions on Headstart and Followthrough.

At this time I will call on Mr. Quie.

Mr. QUIE. Thank you, Mr. Chairman.

First I want to express the keen interest that I have had for a long time in Headstart and the idea of giving additional assistance to young people before they reach the first grade, or kindergarten, beginning at age 3. I have long been a strong supporter of this and have felt that the Congress should establish and commit itself to a policy, which hasn't been done. And I recognize that the Congress has not done this, but OEO has done it, and has provided a Headstart program, which has been necessary.

And proof that it is well accepted is the fact that in the first year in the summertime, as I recall, they were planning on a program of about 100,000 children, and it ended up with something over 500,000, to show the keen interest among the parents and the community itself.

So we have a program here that is well accepted. The responsibility of the Federal Government in this area and the community that it be done is clear, although there has been some foot dragging in some communities.

I noted that the Economic Opportunity Act had no mention of Headstart to begin with. However, the act now carries a brief section on Headstart, on section 211-1.

Now you are going to add a Followthrough program, which I think has proven, in the Headstart program, that you need to carry on with these services in the first grade and beyond, because many of the children that did get a headstart regressed again after they had reached the full school system.

Because we didn't know how to bring them along to make the most of their opportunities. It is extremely unfortunate when young people who innately have the ability to progress and develop as other children do, are as retarded as mentally retarded children, when they don't have this chance.

As for the mentally retarded, it is unfortunate, but they were not endowed with capacity; these people were.

As I understand it, Followthrough is presently in the law, where the word "Followthrough" shows. Is that correct? And there is nothing in 83-11 which carries through with "Followthrough."

Mr. CARTER. I would assume that is correct.

Mr. QUIE. So we then have the legal authority established for this program.

Now, I would like to find out how Followthrough would operate. I understand that it will be funded through this authority with OEO. But immediately, it will be delegated to HEW to run the program. And I would like to know how this actually will be functioning. I don't know if Dr. Estes is going to be handling this.

Mr. CARTER. I will make the comment: Dr. Estes should answer any questions of that nature.

We view this—and I want to make this clear—as OEO's program, and one which they propose to delegate to us, and one on which we have been having of course extensive discussions and negotiations and working through of various policy issues.

Fundamentally, the policies therefore are the policies which OEO wants considered in the program taken against what the Office of Education representing HEW raises as far as their operation of the program is concerned.

So we are at somewhat of a disadvantage in testifying on this before OEO. They have testified on really what is fundamentally their program. Within limitations we will try to go as far as we think we sensibly can.

Mr. QUIE. It is no more their program than title V was their program, was it?

Mr. CARTER. Well, it is their program in the same sense, but we are talking about something where the policies have not finally been absolutely approved by all parties, all the necessary parties, and have not been issued or promulgated.

So, in that sense it is still something which we were talking about in a sort of conceptual way, without being absolutely firm about every aspect of it necessarily. And I know that Mr. Estes planned to be back here Monday to testify with OEO on the legislation as far as it involves Followthrough.

And for that reason, I am just saying that it seemed to me that would be a more orderly way of presenting it. We don't want to get into too much detail. We are here at your pleasure, and don't want to preclude you from anything. I just wanted to explain our posture here.

Mr. QUIE. Let's get a clear picture today of how HEW is going to handle Followthrough. Because I imagine all of these discussions have already been conducted between OEO and HEW, and at least we have a clear picture as to how it will be conducted, though all the guidelines may not have been completely written.

Mr. CARTER. We certainly will be pleased to discuss that. But I just want to indicate that we cannot speak with absolute authority with respect to a program that has not yet been delegated to us. That is the only point I am making.

Chairman PERKINS. Dr. Carter, what you are telling the committee is that the Director, Sargent Shriver, will be the true administrator. I am using the word "true." The true administrator of Followthrough; except as he delegates it to the Office of Education; but that he will be on top with the program at all times, and maybe at times there may be further understanding or further delegation of authority.

But the point is at this time, as I see it, that at this time there is no variance in opinion between Sargent Shriver and the Office of Education or HEW on how Followthrough will operate. It is agreed that Sargent Shriver will be the Director, and you people will cooperate under delegated authority. That is what you are doing.

Mr. CARTER. That is exactly right. And I was saying, moreover, Mr. Chairman, that the delegation has not yet been made, and to that extent this is still even more limited, in the sense that we don't have the program at this time.

Chairman PERKINS. And you are professing, or you are making a confession, that since the delegation of authority has not actually taken place, the true administrator is Sargent Shriver at the present time.

Mr. CARTER. That is right.

Chairman PERKINS. Any more details along that line will have to come from Sargent Shriver, when he comes here on Monday to make the explanation.

Mr. CARTER. It just seems to me that would be the most appropriate way for the testimony to be presented.

Mr. QUIE. Well, confession is good for the soul, I guess. But it seems to me that you know pretty well how a program is going to be functioning. It will be delegated as completely as title V, in my understanding.

If we passed 8311, the Congress won't have any additional voice in Followthrough at all, as we could in our Opportunity Crusade. There are only two or three words in the existing act under which it could have been done before.

And yet we see thick documents on other parts of the legislation where the Congress effectively establishes policy.

So Sargent Shriver is not only going to be the true administrator who will act like other administrators have done in the past, and delegate his responsibility to somebody else. He is also going to be the Congress, establishing broad Federal policy for Followthrough.

Now, I think we ought to find out today how some of that is going to function, just to the extent of who is going to handle it once it gets to the Office of Education. The Office of Education traditionally has either dealt directly with local school districts or institutions of higher learning, or else they have dealt through State departments of education, who in turn deal with the local school boards, who are the governing authority.

The Headstart program has functioned through community action agencies or else directly with agencies when no community action

agency existed, in some case, even was the forerunner of the community action agency. This has the effect of reaching children faster than if we had done it through the traditional method of going through the local school board, and brought in other groups than public schools to a great extent.

In fact, I understand that less than half—what is it, 35 percent—of the Headstart now is administered through public schools, for instance, and other groups, private groups.

I would like to find out how this is going to be done with the Follow-through program.

Mr. CARTER. I am going to let Mr. Estes speak to that in a moment.

The point I was trying to make: I want to reiterate it, because I think it is important, and I am just hoping we can set some boundaries to the inquiry today, since on Monday we are hearing this very person who will be responsible to the Congress for the administration of the program, since the delegation has not yet been signed, and since Dr. Estes is going to come back here on Monday to jointly appear with Office of Economic Opportunity representatives to describe to the Congress how the program will be operated.

So even though there may be only a few words in the act as to the Followthrough, there will be a complete and ample record, which will provide a legislative history with respect to how this program should be operated.

While, in the broad outline, there wouldn't seem any possible objection to Dr. Estes giving his understandings as to how the program is going to operate, I would really hope that you could forebear from pursuing this in detail this afternoon. That is the only issue that I am raising with you.

Mr. QUIE. We will forebear pursuing it, unless necessity entails.

Mr. ESTES. I would be hesitant to talk at length on the memorandum and the delegation of authority, inasmuch as they are still undergoing revision at this time.

Mr. QUIE. Between now and Monday?

Mr. ESTES. Yes. In fact, there are sessions going on this afternoon. We hope by Monday we will be prepared to talk about some of the details that you discussed.

Mr. QUIE. And OEO has already made its presentation in the Senate.

Is that not correct?

Mr. ESTES. I am going to appear with them in the Senate.

Mr. QUIE. Then they ask questions in the Senate prior to their actually getting on that subject.

Mr. ESTES. I will say that our working relationship with OEO has been most cooperative and effective so far as we are concerned, and we look forward to working with them.

But Mr. Carter, I believe at this particular time it would be most inappropriate to talk about some of the details in this memorandum of understanding without the Office of Economic Opportunity being here to join with us in this discussion.

Mr. QUIE. I know the Russians don't like to be around talking without somebody else next to them, but I think in this country you ought to be able to give your expression without OEO judging everything you say.

Mr. CARTER. It isn't a question of OEO judging. Obviously, when the guidelines, the policies, for the program are finally determined, and all the necessary signatories to the delegation have affixed their signatures, this is a matter absolutely available to all concerned, unless there is some decision about doing it at all, before this committee is finished its work on this legislation. That is just my judgment. I shouldn't say "certainly." My judgment is that.

Mr. QUIE. Are you going to sign by Monday?

Mr. CARTER. The point I am going to make is that on Monday it seemed appropriate to have the agency that is proposing to delegate—we have no authority with respect to this. This is an act. It is OEO's bill, to be considered by the Congress. The Congress is given authority to OEO to do something. OEO should explain how it is going to spend the money.

We have been in negotiation with them about part of this that they want to administer. But this is their legislation that is involved here, and it seems appropriate for them to testify as to what they plan to do, and then Mr. Estes will be here to respond as to how he sees that, in view of his responsibilities in running the major part of the Office of Education.

Mr. QUIE. Did you come up here this morning intending not to answer any questions about Headstart and Followthrough, or is this something that happened over the noon hour?

Mr. CARTER. I think that what we are attempting to respond to is any issues or relationships, and so forth. But as far as the questions and the detail, I am only trying to put forward what I consider to be, respectfully, a sensible way of proceeding, in view of the situation as it developed in the testimony.

Mr. QUIE. I yield.

Mr. GOODELL. Is there a bill to provide for Followthrough to implement the recommendation.

Mr. CARTER. I think Mr. Quie pointed to some words that occur in the discussion of Headstart in the act, in the legislation, in referring to Followthrough activity.

Mr. GOODELL. There was a separate message, as I understand or recollect, from the President, that there was going to be—what is it—\$150 million allocated for Followthrough?

Mr. CARTER. \$120 million.

Mr. GOODELL. I am interested in knowing whether this is coming up as separate legislation and you expect this to be authorized as part of the poverty program?

Mr. CARTER. My understanding is that the authority for carrying this on rests within the authority which the Office of Economic Opportunity has with respect to Headstart.

Mr. GOODELL. In other words, you expect this is going to be a delegation to the Office of Education from OEO?

Mr. CARTER. Yes. That is our expectation.

Mr. QUIE. Let me ask a few questions, anyway, so that we might get some understanding before Monday. I am getting more and more curious, you know, about this program. I have been wondering since it was first discussed. I thought then it was a great idea and still think it is.

Mr. CARTER. So do we.

Mr. QUIE. I don't think it should be so dangerous to speak about it. There must be some areas on which you have made some agreement. You don't have to feel that you are endangering a compact between the two agencies if you speak out here on the record, or that it would bind somebody and you might have to renege on what you have said.

Is the Office of Education going to administer it, or will it be somebody in HEW or another agency?

Mr. ESTES. It is our understanding that the Office of Education will administer this program, and it will be the Bureau of Elementary and Secondary Education.

Mr. QUIE. And will community action agencies be able to request a grant for Followthrough?

Mr. ESTES. This is under consideration at the present time, and I hope by Monday we will be able to give you more details.

Mr. QUIE. That is one of those certain areas.

Will there be an allocation by State?

Mr. ESTES. I am not sure how the formula works with regard to allocation of OEO funds.

Mr. CARTER. No. I assume the allocation that applies here will be the allocation that would apply to this general title of the act in which the funds are found. I understand there is an allocation formula there.

Chairman PERKINS. You mean the general allocation fund as to Community Action?

Mr. CARTER. Yes, sir.

Mr. QUIE. The \$120 million, here, would have to, in some way or the other, be fairly distributed around the country.

Will only those who have been in the Headstart program be able to take part in the Followthrough program, or will the Followthrough program be able to be used for any child as he starts off in kindergarten and first grade who needs additional help that would be made available in these types of Followthrough projects?

Mr. ESTES. We would anticipate that the Followthrough program would serve children who had had Headstart experience or other preschool or kindergarten schooling of high quality.

That is, we would propose that there be a concentration of children who had been through, who are "graduates of," the Headstart program or other programs of high quality.

Mr. QUIE. Have there been any Followthrough programs funded with title I money, which could be considered Followthrough programs? I know preschool programs have been funded which have been identical to Headstart, because some of them have been partially funded with Headstart money and partially funded with title I money. Therefore you could call them identical moneys since the money came from both places.

Of course, I think title I always gives them money first, and you have to wait for OEO. That is to the credit of you people sitting in front of us.

Mr. ESTES. Sixty-five percent of our funds in title I went to kindergarten and through six grade. There was a major focus. In fact, we are continuing to emphasize elementary and secondary education. We

have no program, to my knowledge, that concentrates in a comprehensive fashion, in a manner that we are proposing under the Follow-through program.

The average expenditures range from \$25 to some \$250 in our title I program.

Mr. QUIE. I didn't get this last.

Mr. ESTES. \$25 to \$250 in title I. This is the average expenditure per pupil.

You see, as you well know, title I focuses on educational, deprivation, and it is my understanding that Headstart focuses on all areas of cultural deprivation. So it is a much more comprehensive approach that we are attempting to capitalize on in the early years.

Mr. QUIE. But title I has not been limited entirely to educational programs only?

Mr. ESTES. No. That is right. We spent 2 percent of our funds, 2.3 percent of our funds, on health services; 2.2 percent on nutritional services. But this is a small percentage when you compare it to what Headstart programs have done.

Mr. QUIE. Now, what percentage of the money has gone for programs prekindergarten?

Mr. ESTES. Prekindergarten?

Mr. QUIE. Prekindergarten.

Mr. ESTES. We have served about 85,000 children in preschool programs. I would not have the exact figure.

Do you?

Mr. HUGHES (John F. Hughes, Director, Division of Program Operations). The figures given were pupil participation, not dollar participation. In other words, 75 percent were prekindergarten through grade six. We assume the dollars followed the same pattern.

Mr. QUIE. I wouldn't say necessarily it would be, because it is more expensive to work with educationally deprived children after the sixth grade than before the sixth grade. So I would think the money would go to more pupils, the earlier you reach them.

Mr. HUGHES. Relatively speaking that is true.

Mr. GOODELL. What percentage?

Mr. HUGHES. 4.6 percent were for kindergarten; 1.2 percent prekindergarten; so a combination of 5.8 percent, almost 6 percent, were either kindergarten or prekindergarten.

Mr. QUIE. How do you account for such a low percentage of title I money being used for kindergarten? Don't the public schools recognize the need in the ghetto of receiving these children?

Mr. ESTES. At the local school level, we always have difficulty trying to establish priorities with the resources that are available to us. Most of the time, our funds that we have for our regular school program, that is, first grade through the 12th—our funds are limited. And it is difficult to find resources to add additional responsibilities to this already overburdened program.

Therefore, local school districts find it very difficult, in light of the needs of the existing on-going program, to reserve a portion of these funds for prekindergarten, kindergarten, if they don't already have it, or for postschool activities.

There is just not enough money to go around. The local school board has to make a decision with regard to how it is going to use these funds.

And for the most part, they feel—I have always felt—that you need to concentrate on what you have got with the limited resources available.

Mr. QUIE. And of course the decision here is up to the local school board plus the State Departments of Education.

Mr. ESTES. That is right. These are projects that are developed by local school districts and approved by the State Department of Education.

Mr. QUIE. Now, in Headstart, a number of these children would go to a private school, rather than to a public school. Because they are in poverty, doesn't mean they all go to public schools.

For example, in New York City, a substantial number of children in the ghetto go to the parochial school, because the parochial schools want to serve some people of the community rather than just people from the suburbs driving back and forth to the parochial school, because they are located in the center city.

Have you determined how these children will be served with Followthrough?

Mr. ESTES. We want to make sure that these children have equal opportunities and equal services under this program. The details as to how these will be provided are still in the negotiating stage.

Mr. QUIE. Now, you will make grants to public schools. There isn't any problem there.

Mr. ESTES. We assume that for the most part we will make grants to local educational agencies.

Mr. QUIE. For the most part. Does that mean that you would make some grants to private educational agencies?

Mr. ESTES. This is yet to be determined, and we hope that on Monday we will be able to go into detail with you on this.

Chairman PERKINS. Make grants to Community Action.

Mr. ESTES. It is entirely possible, so that grants can be made to Community Action, or Headstart agencies, for the conduct of these programs, where a local educational agency is unable, for some reason, to provide these.

Mr. QUIE. It is a good thing we didn't hold the hearings in the earlier years, isn't it?

I feel kind of stymied here. I have some good questions but I guess I will wait, Mr. Chairman, and let the gentleman from New York and the gentleman from Kentucky ask the questions.

Chairman PERKINS. Mr. Goodell.

Mr. GOODSELL. Mr. Carter, will you submit for the record a list of the programs presently administered by HEW that you recommend be transferred to OEO, so that we can get some innovation into them?

Mr. CARTER. I think that the point that we have been trying to make all day is not that the programs have to be shifted from OEO to HEW or HEW to OEO or any other agency. The point we have been trying to make is that OEO is playing a particular kind of role with respect to focusing on poverty and providing an innovation about poverty and having an impact on the other major institutions that are engaged in one way or another, either directly, peripherally, or in some measure, with the problems of the poor.

It is not so much one program or another, as it is that kind of focus. And the ability to stimulate these new programs and to make judg-

ments about the circumstances and the timing in which they can be built on, built into, the major institutions of our society.

Mr. GOODELL. Title I of the Elementary and Secondary Education Act is aimed toward the youngster. Why shouldn't this be administered through OEO, so that they can give you that focus and that coordination?

Mr. CARTER. Title I is a program that deals with one of our principal institutions in our society, in our community. That is the educational community.

Mr. GOODELL. Headstart doesn't? And Followthrough doesn't?

Mr. CARTER. Just a moment, if I may. This is a program that goes on a very broad basis, with wide distribution, right across the board, touching the overwhelming majority of school districts in the country, in some measure. And that is a different program altogether from a program like OEO, which attempts to start some new programs that might have and do have implications for education, for example. But they are not developed in a way that says that is going to run through every school district that meet certain criteria.

Mr. GOODELL. Headstart and Followthrough? You do not conceive that is the way they will be operating?

Mr. CARTER. That is not the way they are operating today.

Mr. GOODELL. You do not have Headstart generally across the country in every community that sees the need?

Mr. CARTER. Pretty far from 27,000 school districts, I believe. I am not sure, but I doubt it is even a quarter of that, in terms of number of projects.

Mr. GOODELL. So your criterion is the proportion of school systems that are affected?

Mr. CARTER. I am just trying to make what I consider to be a major distinction between the broad support of educational institutions or health institutions or welfare institutions and the kind of targeted innovative thrust that is the responsibility and focus of OEO in dealing with poor people.

Mr. GOODELL. I understand the discipline you are under. You must support whatever the administration proposal is. But it is kind of sad to a number of us to see you submitting to intellectual emasculation, which in effect you do, by coming up here saying the only way these things can be coordinated is to have this separate agency, OEO.

And I happen to believe there are a great many fine administrators in HEW who have a great deal of background and wisdom and experience in these fields. They don't need to have somebody looking over their shoulder every minute to tell them how to make some new approaches and advance in this area.

Mr. CARTER. If you gathered that to be the burden of my testimony, I regret it. Because I don't think I have said that. I have merely tried to point out some of the important contributions that OEO has made and say that I think it is the best way of administering these programs. The word "only" is a different universe. My universe was within the framework of "best."

Mr. GOODELL. All right. Given the fact that you think it is best that OEO now administers these areas, presumably that philosophy, that concept, would carry through in other areas. You must be spending

more, for instance, than any other agency of Government in the field of health care, are you not?

Mr. CARTER. I would presume that is true.

Mr. GOODELL. Do you feel you are incapable of setting up health centers across the country that can meet the needs of the Corps?

Mr. CARTER. As I attempted, in answering similar questions from Mr. Dellenback earlier, sir, I tried to point out the difference between a mission which is oriented toward supporting the broad health institutions of this country, towards developing our hospital system, building up our medical profession, toward carrying on medical research and all the other things that go into the provision and development of methods for health care, and a focused day in day out concentration on the problems of the Corps, and finding ways of getting the benefits of these very programs and services administered in HEW to the poor.

Mr. GOODELL. You are writing off your responsibility for finding ways of making programs to help the poor more effectively and focusing on the needs of the poor?

Mr. CARTER. No, I don't agree with that.

Mr. GOODELL. That was the criterion I thought you just expressed.

Mr. CARTER. No. I said there is a distinction between having that responsibility along with several responsibilities, and having an agency that has this responsibility day in day out, and that can raise to us and to other agencies of the Government and to nongovernmental agencies the problems and needs, and suggest and try out some new techniques for moving our programs and services, and so forth, to poor people wherever they are, and so that they can take advantage of them to their ultimate benefit and to the benefit of the whole society.

Mr. GOODELL. You can't do that in HEW?

Mr. CARTER. The best way to do it is the way that we are proposing to do it and have done it in the past 2½ years, under the leadership of the Office of Economic Opportunity.

Mr. GOODELL. It is better than to have you do it?

Mr. CARTER. Yes sir; it is better.

Mr. GOODELL. OEO can give more leadership and focus to these programs than HEW can.

Mr. CARTER. On the question of focusing on the problems of the poor. That is the mission of OEO. You are extending this to talk about the missions of all these other programs. That is why I have tried to indicate there are many other missions these programs have.

Mr. GOODELL. Isn't one of the missions of the program, that of a large number of agencies, to focus on the needs of the poor?

Mr. CARTER. No question about it. Many institutions in our society. But the point is, as I have tried to indicate before in my testimony, that we have institutions that are carrying on and providing programs and meeting the needs of people. And as the population changes, what do we find? We found that these programs were serving the needs of the majority of the people very well. But there was a very significant proportion that were not being well served; whether it be in education or health or what have you.

And that is why Congress, I assume, passed, in 1964, a law which created an agency that was going to target in on this group that

somehow was shut out of our society and not able to take advantage of the opportunities extended by its institutions, be they public, private, profitmaking, or nonprofit.

Mr. GOODELL. It is your opinion, then, that OEO can better administer a Headstart program than HEW?

Mr. CARTER. That is correct. I think that is the best place for Headstart at this time.

Mr. GOODELL. It is your position that OEO can better administer Job Corps than HEW?

Mr. CARTER. Better administer Job Corps, you say? Yes. The point I want to make about Job Corps is that here is an effort that has just been started, is beginning to work out the problems and find new approaches to dealing with the very difficult needs of these youngsters between 16 and 21. And it seems to me that it would be a complete waste to say that we are now going to do something else with that, even before we have had an opportunity to get the full benefits from this particular program.

Mr. GOODELL. Have you read the Residential Skill Center section in the Opportunity Crusade?

Mr. CARTER. I have read it, sir.

Mr. GOODELL. You know we are not just saying we are going to stop the Job Corps camps. But apparently you oppose a phasing over of the job of administration of the Job Corps to HEW.

Mr. CARTER. What I oppose is the radically altering a program that is just beginning to show its impact, and before we can get the real benefits from this program.

Mr. GOODELL. Do you define phasing the Job Corps camps over to administration by vocational education as "radically altering?"

Mr. CARTER. I think I do. For example, you eliminate completely the experimentations being carried on with the various corporations and others.

Mr. GOODELL. Not at all. You haven't read it carefully enough. You are about the umpteenth spokesman for the administration who reads into our program only what you want to find. Would you want to continue to have this program administered under contract with private corporations?

Mr. CARTER. As far as the administration in Washington, I don't read it that way.

Mr. GOODELL. It is very clear in our proposal that they could continue in this way if they wished. This would be a decision to be made by the vocational education people in your department, in cooperation with the State vocational education people in the phase-out period. They will continue to have full authority to fund 100 percent of the cost of the Job Corps centers under vocational education for the next 3 years. They are not put under the requirement of matching funds that is contained in most of the vocational education programs.

Recognized here is the need for a special focus—federally 100 percent funded—to be coordinated with your other training facilities which are run by vocational men.

Let me ask you another question. Did you want to comment? Excuse me.

Mr. CARTER. I just wanted to make clear I may have misread that part of your draft. I just didn't see that in there. But I wanted to make

clear it would not make any fundamental difference in my position, because the position I am trying to put forward is that this kind of demonstration and undertaking which the Job Corps is, trying out new ways of providing the kind of training which is really going to pull these youngsters through a large number, and compress into just a short time, the educational and other deprivations—I think that the Job Corps in the present setting, the way it is operating, is the best way to undertake that.

Mr. GOODELL. And you are saying the vocational educators can't do it as well or better?

Mr. CARTER. I can only say I think this is the best way. I can only say that I don't know on any large-scale undertaking that vocational education has undertaken this. Why are we going off into another untried effort when we have something that is working.

Mr. GOODELL. There is a question of the degree to which it is working. But you are saying: If it is best to administer it under OEO, then apparently they can administer it better than the vocational administrators could.

Mr. CARTER. We know this is working. We certainly don't have any significant experience that I am aware of which shows vocational education doing this kind of job. And I realize I am here to answer and not to ask, but I certainly don't see why we should therefore disrupt this program in order to shift it over to some other untried means.

Mr. GOODELL. There is one very good answer in simple terms, namely, that there are a good many people, including experts in the field, who question whether the Job Corps is working, and how effectively it is working.

Look at the results that we have—and we have to look at results based upon a polling service, because that is the kind of follow-through they have had with their graduates. They have to hire a polling service to go out and find out what the results have been with these graduates. Go out to community after community and see the way the Job Corps graduates have been dumped at the end of the line. Discover the failure to get them tied into work for which they have been presumably trained in the Job Corps camps, learn about the cost per enrollee. Take note of the fact that you are stigmatizing them and separating them as rejects, rather than integrating them into a facility for all types. All of these things are deeply questioned, you must know, by educators who are thinking on these problems down the line.

It is very easy to come forward and say, "This is the best; it is working great."

We have spent a large amount of money on the Job Corps camps, \$400 million plus. True, it has helped some youngsters. I am basically very much in agreement with the concept of residential skill centers for people of this nature.

That isn't the question. The question is: Is it helping them as effectively as we could help them? Isn't there a better way? And I happen to believe very deeply in the experience of the vocational educators who have shown us a better way.

We have had statements made here which seem to indicate you want to come to the aid of unemployed, undereducated youngsters. We have

had statements made that vocational educators have been ignoring this need; that all they are doing is meeting the needs of the skilled people, the potentially skilled people.

I don't believe that for a minute. Do you?

Mr. CARTER. The vocational educators, it seems to me, by and large have programs focused in the way that they have developed in the schools. And by and large they are not for youngsters who are at the eighth grade of education. They are for youngsters who at least have moved to a level within high school where they can be reached by the kind of comprehensive skilled training over a long period of time which vocational training offers.

Moreover, vocational education is giving even greater emphasis to post high school education and to technical school education, and this is all extremely important. It is what we need in this Nation, in terms of developing the kinds of skill we need.

But there is a need to deal with these youngsters who have left school in the eighth grade at the age of 16, or who have left school even after the eighth grade but are functionally below an eighth grade level.

And by and large that has not been defined as the role of vocational educators. I am not blaming vocational educators. That has not been defined as their role. I think it is absolutely wrong to expect that the vocational education should become a dumping ground, as you would say, in a different context, for people who have failed academically. That should not be the role of vocational education. These youngsters need additional help.

Mr. GOODELL. You people are the ones who used the term "dumping ground." I never would use that term.

Mr. CARTER. You were suggesting that about the Job Corps, and I was just translating it over to vocational education.

Mr. GOODELL. I was saying that the approach we have taken in the Job Corps is to say we need a special facility for rejects who have failed where we can put them all together. I have suggested rather that we should integrate them into a community facility where we give special attention to those who have failed, along with the attention we are giving to others.

Now, you have used some very adroit phrases, that by and large vocational education has been directed at those who have skill potential and are above the eighth grade. No dispute exists that vocational education has other functions such as post high school training; no question about that.

But the key point is: Haven't vocational educators been for years focusing on the programs of those who are at below eighth grade level who particularly need this special help, and who are poor? And are they not capable now of running a program based upon the experience they had for years and years in this field, as well as or better than OEO?

Chairman PERKINS. Would the gentleman yield to me?

Mr. GOODELL. I would like an answer. Then I will yield.

Mr. CARTER. I would like to say that I do not feel that what you have defined in your last sentence is defined by vocational educators as their primary mission.

Mr. GOODELL. Primary mission?

Mr. CARTER. Well, I think that is a very important consideration here. That is what we are talking about. That is what this whole hearing is about today.

Mr. GOODELL. You don't think it is a significant part of their mission?

Mr. CARTER. I would not say it is.

Mr. GOODELL. A significant part of the mission of vocational educators—

Mr. CARTER. Is to do what?

Mr. GOODELL. To reach these people who need help, that we are talking about at the Job Corps level.

Mr. CARTER. I would say that the vocational education program, if you take it on a dollar for dollar basis, is not significant. I would not say there were not vocational educators who do not think this is a very important part of their mission.

But I am trying to say that I do not look on that as the primary part or significant part, in the sense of a dollar-for-dollar investment, because the schools all the way along the line have failed these youngsters.

Now, why should the vocational educator be called upon to undo all the damage that has been done to these youngsters over the term? These youngsters need an additional special kind of help.

Mr. GOODELL. No question. Nobody disputes that.

Mr. CARTER. And the vocational administrators have the primary mission of providing our skilled worker force of this country. And what the Job Corps is trying to do is to find a way.

I am not saying the Job Corps is perfect. I am not saying the Job Corps is at 100 percent or anything approaching it. I am saying they are engaged on an important undertaking here. They have made mistakes, like everybody else makes mistakes.

But on the other hand, to say that we ought to abandon this where we are beginning to learn something and to try to develop—

Mr. GOODELL. Why use the word "abandon"?

Mr. CARTER. I am talking about the Job Corps. You are turning it over into a different kind of operation.

Mr. GOODELL. We are going to phase it over so that the people who have been working in this field for years and years, given the tools, given the money that we have put into the Job Corps, can do a better job of it. There are many of us not quite as complacent as you are about the inadequacy of the job the Job Corps has done.

And we think that there are many vocational schools across the country doing a better job today. And they can help two or three youngsters for the same price the Job Corps is paying to help one. And they are getting better jobs for their trainees at the end of the line, productive and meaningful jobs, with dignity.

We are not disputing the objective. We are not disputing the fact that many of these people need this extra effort. The question is: Who can do it best?

Mr. CARTER. There is no question that you can point to cases that are excellent in terms of what vocational education is doing in this field. I am only attempting, sir—and I am sure other people would point to cases where that is not the case, where many people graduating

from vocational education schools are in the same plight as you describe for people graduating from the Job Corps.

But it seems to me that isn't the issue here. It seems to me the vocational educators are doing a tremendous job with what they have in providing the skilled manpower for this country. That is their primary mission.

The primary mission of OEO is to do something about those who are most depressed and deprived in our society.

Mr. GOODELL. The implication of what you say is that the Job Corps enrollee cannot be trained to provide the skilled manpower of this country.

Mr. CARTER. No, I didn't say that.

Mr. GOODELL. You said that they provide skilled manpower I consider this one of the missions of the Job Corps.

Mr. CARTER. It is.

Mr. GOODELL. It is one of the missions of the Job Corps.

Mr. CARTER. We have a chain there. I am trying to emphasize what I have been saying, that we have been repeatedly talking about the question of priority and focus and emphasis.

And priority and focus and emphasis say to us that, given the variety of responsibilities which various institutions have, whether it is in education or health or wherever it is, manpower or health or whatever, we need an agency like OEO to focus on this particular segment of our population, to keep us all reminded of it, to influence our programs and institutions with regard to this segment, to increase their opportunities, to participate in the full life of this society.

And that is really the basic difference between us. It is not a question of one program or another.

Chairman PERKINS. Will the gentleman yield to me? I can certainly appreciate that the witness is answering forthrightly. We have run, here, as long as anybody wants to remain. But the gentleman from New York will have all the time he wants. It might be from 6 to 8 or 9. But I don't want him to argue with the witness. I am more or less objecting to his arguing with the witness.

Mr. GOODELL. Mr. Chairman, I am sorry. I thought that was more or less the purpose of the hearing, to bring out the points of view and facts of witnesses.

Chairman PERKINS. Go ahead. All your questions are very pertinent, but it seems to me—

Mr. GOODELL. Let me draw you an analogy, Mr. Carter. If you had a choice, would you prefer that a Job Corps enrollee be offered an opportunity to get the special kind of help he needs in a facility such as the Job Corps today, where all enrollees are in the same status as the individuals that we are talking about. Or would you prefer to see the enrollee placed in a facility that combined other types of training, other types of individual—people who had higher educational levels and skills—an integrated community training facility? Which would you prefer?

Mr. CARTER. I think that when you pose hypothetical questions, they sound very reasonable in tone. But I think what we are dealing with, Mr. Goodell, is reality. And reality says that the poor don't get that kind of opportunity that you are talking about. They don't get into

high quality programs integrated with other youngsters of our community by and large. They get educated in schools that are in the ghetto, where for a variety of reasons less money is spent on their education.

Mr. GOODELL. I agree completely with what you are saying, but it is irrelevant to the point I am making.

Mr. CARTER. You are posing a hypothetical question, and I am only saying when you are talking hypothetically it sounds fine, but—

Mr. GOODELL. It is not hypothetical. I am asking you what kind of a program can best serve the needs of these youngsters. I don't think it is hypothetical at all. I think it is a very key question. We are spending a lot of money to set up facilities for these youngsters. It isn't hypothetical money. And they aren't hypothetical Job Corps centers. And what we enact in this bill isn't going to be hypothetical. We have a choice here.

We can choose to set up facilities that are fully integrated with area residential vocational skill centers that provide the special program for the youngster out of the ghetto—along with the provision of services for a variety of others—in an area skill training center.

Or we can continue along the route that we are on now, to have special facilities for the rejects. And I am asking you which you would prefer.

Mr. CARTER. I can only talk on the basis of experience. I can't talk about what might be proposed by somebody, because I don't know where that has worked.

Mr. GOODELL. Since 1961 I have recognized and a lot of us have recognized that the schools aren't meeting this problem and we need something special. But we didn't propose the Job Corps, where you take just poor youth and isolate them and stigmatize them. The result is they have the mark of failure on them.

We said: Let's set up residential centers for those who have to change their residence and their environment in order to respond. And let's at the same time combine these centers with community skill centers for the others, so that the poor youngster can mix with the others, and they can graduate from an institution that has some prestige and stature; and so that if they advance a little bit faster than the next guy down the line, they can get into another course provided for those who come with greater skill from the community.

Now, don't you think this is a preferable way to do it?

Mr. CARTER. Well, first let me say this. I am going to come to your question directly but first let me say this. I want to make it clear I don't agree with your characterization of the Job Corps, and that is part of the assumption with which we are working.

Secondly, I want to say that we are still talking about something as far as I know has not been demonstrated to work.

Mr. GOODELL. I will come back to that, because there are a number of facilities like this being run very successfully across the country. I am sorry to hear you don't know about them. But they are the examples by which we set up our proposal.

There are many vocational educational schools and technical institutes doing precisely what I described, very successfully. But go ahead. Excuse me.

MR. CARTER. I thought you were talking about a residential program.

MR. GOODELL. Residential schools combining those youth at a Job Corps level of performance and attitudes with those at higher levels.

MR. CARTER. I am trying to say, and I am trying to emphasize only this point, that the youngster who is in a kind of academic, cultural, and so forth background, needs special attention, and while you may be able to point to individual cases where this has been obtained, by and large that is not what happens in those settings.

MR. GOODELL. Mr. Carter, may I just at this point emphasize to you that they are going to get the special attention under the approach I am talking about and have been talking about since 1961? In addition, it is 100 percent federally funded, as contrasted with your other vocational education programs.

The requirement is: We will give you the money. You set up this special program as a part of your area residential school, of your residential skill center, of your community training center, and we are going to see that there is special emphasis for these youngsters by the very fact that we have put the money in this—100 percent Federal money—for construction and for equipment and for taking care of these youngsters, which we don't do for the other "voc ed" programs.

So there is no quarrel about the fact that you need some special emphasis. That will happen under our program. The question is, Do they need the special emphasis in an integrated atmosphere, a skill-integrated atmosphere, to define it even more closely, where they are mixing with those of higher potential and higher development, based upon their background? Or do you want them all together, in Job Corps camps?

I don't care that you accept my characterization of Job Corps camps. The question is, Should they all be together in Job Corps camps, or should they be part of a skill integrated center, ideally?

MR. CARTER. You are pursuing this. You have given it a good deal of study and thought. And you are really pursuing it beyond areas of my particular competence. And I don't see what more I can contribute to the remarks I have made.

MR. GOODELL. Well, let me give you a little example of the type of thing, aside from the evidence, which I won't again discuss with you here, as to the problems of the Job Corps.

We have done that with Mr. Shriver, and that is his primary responsibility rather than yours. I have seen the articles by Mr. Raspberry locally here, the problem of Job Corps kids coming back and not getting jobs.

Here is a quote from an article in the Washington Star appearing the weekend of June 9. One of the Job Corps enrollees: "You go to some places, and they laugh when you pull out a Job Corps certificate." That comes from a young man of 18, a graduate of a Job Corps camp.

We can cite instances for almost anything. But this is an example of a very predominant sentiment. It is a very real problem, not a hypothetical problem, for these Job Corps camps. The youngsters at the Job Corps enrollee level who have been able to go to integrated facilities, skill-integrated facilities, run by "voc ed" people, don't have that problem.

They graduate from an institution that has a name, that has some stature and prestige. They have been able to advance as fast as their capabilities permit them to advance.

They have been able to take other courses not open to the Job Corps enrollee, when they advance rapidly in a particular area. And they come out with a potential for a job much greater than if they are all stuck in a single facility, all of the same category.

This is a very real question. I think that almost unanimously your vocational education people will disagree with what you say here. They feel that they have been moving in this direction, have been doing a great deal in these areas though nowhere near enough, and given the tools they could do a great deal more, and would like to.

And I have yet to talk to anybody in vocational education who doesn't feel they could do a much better job than they are doing in the Job Corps.

Mr. CARTER. I will only comment on that by saying I am sure the vocational education people can do more, and I am sure they will do more. And the whole purpose of the various undertakings as far as I have understood them, was the Office of Economic Opportunity, is to move toward a time when the agencies and the institutions that have primary responsibilities for providing various services can undertake and will undertake to provide the same, to meet the needs of the poor people in the same way that they have met the needs of those who are not poor.

Mr. GOODELL. You know, I must use the analogy. What you are saying to me is comparable to someone saying that you don't need to have the schools and the community on a pattern of mixing those from the poverty areas and those from the better areas. You don't need to integrate them, don't have to worry about them at all, but just carry on with your present pattern of education.

I know you don't mean it that way, and I know you wouldn't take that view of the matter. It rings very much like the approach that so many have in trying to change our urban school systems today.

It seems to me what we need, here, is a new and imaginative approach that will offer vistas unlimited to these youngsters, will offer them the kind of opportunity they can get only if they go to an institution that is designed to take care of the broad spectrum of needs of the community, and not just the needs of a reject.

Mr. CARTER. I suppose what I am saying, and I thought I had made it clear from my formal testimony all through the answers I have given to an overwhelming number of questions here—

Chairman PERKINS. Will the gentleman yield to me?

Mr. GOODELL. Let the gentleman complete his sentence, and then I will be glad to yield.

Chairman PERKINS. I want to make a comment. The witness has been most forthright. He has responded, to my way of thinking, to the point. There is contrariety of opinion between the witness and the gentleman from New York, Mr. Goodell. And the witness has, to my way of thinking, put in an excellent response, here. I certainly want to compliment him for his forthrightness. He has just stated that he believes the Job Corps has a certain purpose and that it needs a Director and that it takes care of a group of youngsters unskilled, and con-

stituting a large segment of the hard-core unemployed, the youngster that has been overlooked in the past.

And his testimony is so clear along that line that I feel that he has made an excellent contribution here to this committee.

Mr. GOODELL. Mr Chairman, I would be the last one to be critical of the witness. I think he has done a superb job, given the disabilities of his assignment here. I kind of have the feeling that if he and I could sit down over a cup of coffee, we wouldn't have any difference of opinion.

If he has to express the erroneous view of the administration, he has done a very good job, and I respect him for it. I don't think anybody could have done a better job.

But nonetheless, I will say to the gentleman that I very, very strongly disagree with the view that he has expressed.

I will yield to my colleagues for any questions they have.

Mr. QUIE. On Headstart: Do you have evaluation studies now of Headstart that have been completed? I know Dr. Meredith Wilson's National Advisory Committee on Exceptional Children did some looking into Headstart, and I imagine that some of the work the staff has now completed would be valuable to us.

There have been studies, I know, of the summer program. Some have been very critical of them, especially when the parents were not involved sufficiently, looking at it as merely a babysitter service.

I was wondering what evaluation studies now have been completed and on what ones reports have been received.

Mr. ESTES. I have not received any of these materials. I am sure some have been completed, at least interim reports.

Mr. QUIE. You haven't seen any of the studies?

Mr. ESTES. With regard to your Headstart evaluation programs?

Mr. QUIE. That is so peculiar, that the Office of Education surely should have the interest, the development, of these young people, so that they can adequately pursue a course of study. Or do you have to go to the library of OEO?

Mr. ESTES. Not at all.

Mr. QUIE. You do not get the same treatment that Members of Congress did prior to this hearing.

It makes me wonder, since you have not seen any of the evaluation studies yet.

Mr. ESTES. Let me call on Mr. Hughes. I am sure he might be aware of some of these reports.

Mr. HUGHES. Yes, we have received some, including the one done by Mr. Max Wilson of New York City, who entered into the New York City programs—the kindergarten programs.

However, I want to make clear that I don't feel the National Advisory Council on Disadvantaged Children under Mr. Meredith Wilson has made any specific studies in evaluations of Headstart projects.

They have done such reviews of title I, but they have not looked at Headstart programs, to the best of my knowledge, at least.

Mr. QUIE. They have looked at Headstart. Whether the report has found its way into print so that any of us can see it is another question.

But could you provide first a listing of some of these? I haven't seen them, but I would like to see some of those reports and I would like

to have Monday, when you come back again, with the information that you will be able to divulge at that time.

Mr. ESTES. Yes. Let me say this: We do have a number of evaluation reports with regard to several of the early childhood programs. But so far as I know, we do not have the one from the Meridith Wilson committee.

Mr. QUIE. Can you submit to the committee some of the studies that you do have?

Mr. ESTES. We will be glad to do so.

Chairman PERKINS. Getting back to the work experience and training program, as I understand the program as presently constituted, you have about 70 percent on public assistance and residuals and 30 percent that are nonpublic assistance recipients.

Now, in States like Kentucky, where we do not have the program of aid to dependent children with unemployed parents, and assuming that the bill pending before the House Committee on Ways and Means was approved; that is, H.R. 5710, under section 204 of H.R. 5710, Kentucky, for instance, would only be able to have a program like title V by establishing an AFDCUP program.

It would take the General Assembly of Kentucky to do that. And it is doubtful, to my way of thinking, that this would be done in Kentucky, because of the lack of resources.

Assuming this to be true, then, in order for the needy people to benefit, since we have, under title V, a definition that includes other needy people in addition to the public assistance categories, then it would be necessary to have a title V program in the poverty bill in the future, if those States that did not have the categorical programs take advantage of it. Am I correct?

Mrs. COUGHLAN. You are correct. My understanding of the 5710 provision is that States are expected to move toward the adoption of AFDCUP. And the only reason that the persons not on public assistance were helped under title V is that it was a time-limited experimental demonstration program.

Now, as part of the transition, there is provision under H.R. 5710 for the Secretary to make grants in order to stimulate the adoption of programs designed to help unemployed parents and related members of the same household.

But, as was mentioned this morning, the total amount available in the next fiscal year is estimated at around \$20 million. So this wouldn't be a very substantial program.

Chairman PERKINS. It is contemplated at the present time, assuming that the bill before the Ways and Means Committee is approved, and this program—title V—is phased out by 1969, that the States that did not enact an AFDCUP program—and Kentucky does not have one at the present time—all needy people would be excluded and could not participate in programs similar to title V at the present time. Am I correct in that statement?

Mrs. COUGHLAN. That is correct, except for these very small projects that might be continued.

Chairman PERKINS. Then it is necessary, if you are going to look after the 30 percent that are not on public assistance—the real needy people in the country, at the poverty level, and the real hard core—

that we have a program similar to what we have at the present time under title V. Is that correct?

Mrs. COUGHLAN. That is correct. Of course, there is the position of the States that have moved to adopt the unemployed parents segment of the AFDCUP program where they are putting up State and local financial participation, and I think that there is a question of equity that comes into this, if we continue indefinitely the funding at 100-percent Federal funds under a program like title V.

Mr. CARTER. I think, Mr. Chairman, that I will have to say that the administration's position on this, as I understand it—and it should be clear—is the one that Mrs. Coughlan touched on originally, and that is that title V was fundamentally a demonstration and experimental program, not a permanent program.

Now, Congress is being asked to provide, under AFDCUP, an opportunity for the States to come into that program, and to the extent they would do that they would be able to use the new community work and training programs to take up the population where title V has demonstrated its effectiveness.

Now, I would admit that if a State does not choose or is unable to come into the AFDCUP program, this poses a problem. But the permanent program—

Chairman PERKINS. And at that point, we would be discriminating in the instances where we only require 90-10. The 10 percent may be put up in kind. And you have a group of people, here, that acquire a stage of an active program before these poor people could take advantage, and had to put up 30 or 40 percent in some States. I don't feel that we could afford to leave this gap unbridged. I think we have to do something about that in the interest of the community.

Mr. CARTER. In the wisdom of Congress, you would have, of course, to take such action as you see fit. But this title V is a program related to the social security amendments. And it would seem incongruous to continue that at the same time that we are developing a permanent program.

Chairman PERKINS. I agree. We put as much as \$50 million in it in 1 year, even though it was supposedly a demonstration project. But after we found out the value of it, and then were trying to phase it out and not make any arrangements for the poor that are not fortunate enough to be in States where they do come along and adopt the AFDCUP legislation, we should not blame that poor person.

It is the duty of this committee to act and do something. And that is my point of view on this problem.

Mr. CARTER. I understand that.

Chairman PERKINS. There is one further question. You have been interrogated here considerably, Dr. Carter. But isn't it the crux of what you have been saying in all these questions about the Job Corps, Headstart, and so forth, that the basic educational and other institutions in our society function just as we expect them to: to serve the large majority of people; and if the social and political forces operate as we expect them to, these institutions would continue to do that, and not focus specifically on the needs of the poor. That is just about what you say; is it not?

Mr. CARTER. Yes; I have said the equivalent of that on several occasions.

Mr. QUIE. In H.R. 5710, section 410, the community work and training programs by the Secretary of Labor: Does this take any responsibility away from the Secretary of Health, Education, and Welfare that he presently has, or is this only additional authority?

Mr. CARTER. Well, it is a little bit of both.

Community work and training as it presently stands is a program administered entirely by welfare departments. It does not contain, in present law, without amendment, many of the kinds of support for activities that we pay for in title V, say, in the work and training area.

What this act would be, would be to provide that the Secretary of Labor should have the primary responsibility for providing all of the things that are presently done under community work and training as far as work experience and the like, plus those additional things that we are building in from title V in this general field.

Primary responsibility: If he does not exercise that responsibility, then this may be done directly by the welfare agencies in the State.

Mr. QUIE. It was my understanding earlier that the new language in the Social Security Act would give the responsibility to the Secretary of HEW so that he could delegate a portion of that responsibility to the Secretary of Labor, which fits into the work training aspect.

But as I read it, it also gives the responsibility directly to the Secretary of Labor, under section 410.

Mr. CARTER. The authority is given initially to the Secretary of Labor, although the appropriation is made to the Secretary of HEW.

Mr. QUIE. All the appropriations for the operation of section 410 would have to come through HEW.

Mr. CARTER. Yes.

Chairman PERKINS. Section 204 makes it very clear that States that do not take advantage of the AFDCUP would have no assistance whatsoever for the 30 percent of the people who are now on the work experience and training program in that hard core group, and those States that do would have to at least put up one-third of the funding.

And I personally feel that the committee somewhere along the line will make a correction and not relinquish control over title V. We can put something in this bill that will be of benefit to the 30 percent that are going to be ignored under section 204 of 5710, in the States that have not and may not take advantage of the AFDCUP programs on or before 1967, where 5710 proposes to phase out title V.

Would you or Dr. Carter care to offer this committee some language along that line that could give some assistance to the people in these States that fail to take advantage of the AFDCUP, so that the 30 percent that are presently at work in the experience and training program—if we can put something about that group of people, and if you could see the people coming up with some new language for this bill—

Mr. CARTER. I can only say that obviously we are supportive of the administration's position. We are certainly always glad to provide what technical assistance we can to the committee. And I am sure we would be glad to work with the committee in carrying out its wishes.

But it is difficult for me to offer language to the committee with respect to any amendment.

Chairman PERKINS. This called-for language is for the committee.

Could you come up with some language? Would you suggest that we continue this program beyond 1970?

Mr. CARTER. Do I understand that you are asking us for technical assistance in this regard, Mr. Chairman?

Chairman PERKINS. Yes. Language to leave it in the Economic Opportunities Act making it applicable in those States that have not taken advantage of the AFDCUP field.

Mr. CARTER. We will attempt to get together with your staff to see exactly what you have in mind in an effort to be responsive to that. But as I say, it is difficult for us to formulate policy for the committee in the amendment of the act.

Chairman PERKINS. I want to thank Dr. Carter and the others for coming here to appear before the committee today.

Mr. CARTER. Thank you, Mr. Chairman.

Chairman PERKINS. Come around, Mr. Boutin, please.

We have copies of your statement, I believe.

Chairman PERKINS. We have with us the Honorable Bernard L. Boutin, Administrator of the Small Business Administration, who has been before this committee several times.

Again let me welcome you here. Do you want to read your statement or insert it in the record at this point?

Mr. BOUTIN. With the permission of the chairman and the members of the committee, I would like to read the statement at this time, and would be glad to have you interrupt at any time.

Chairman PERKINS. You go ahead.

STATEMENT OF BERNARD L. BOUTIN, ADMINISTRATOR, SMALL BUSINESS ADMINISTRATION

Mr. BOUTIN. Mr. Chairman, I very much appreciate the opportunity to appear before you this afternoon to discuss title IV as amended of the Economic Opportunity Act—the economic opportunity loan program. This, I believe, is a program which has the ingredients to make a substantial contribution to what President Johnson has called an America in which every citizen shares all the opportunities of his society, in which every man has a chance to advance his welfare to the limit of his capabilities.

We, as a nation, have always proudly identified small business as the backbone of our free enterprise system. It has been characteristic of America that the little man with an idea, or a talent, or an ambition, could enter the stream of small business and, by his talent and his ambition, grow and prosper.

Unfortunately, Mr. Chairman, this opportunity has not always been uniformly open to all of our citizens.

Opportunity in the business world has been denied, for example, to some because of race or environment, or poverty, or physical handicap. This unfortunate condition title IV of the Economic Opportunity Act seeks to overcome.

The EOL program was not new to me when I assumed my duties as Administrator of SBA 13 months ago. As you know, I previously served as Deputy Director of the Office of Economic Opportunity and during that time I became thoroughly familiar with this program.

All the members of this committee appreciate this was an experimental program, with no precedent to follow.

The loan approval portion of the program was delegated to SBA by the Director of OEO, while the Office of Economic Opportunity retained the responsibility for the part of the program dealing with Small Business Development Centers. These nonprofit organizations, most of which were funded by OEO, were intended to assist the Federal Government to carry out the mandate of title IV of the act.

When I assumed my duties as Administrator of SBA, in the spring of 1966, I initiated a thorough review of the program. Although OEO, SBA, and EDA, were making conscientious efforts to make the program work, there were several inherent problems which, in my opinion, indicated a need for certain basic changes in both the substance and administration of the EOL program.

First and perhaps foremost, as the committee knows, the program was available in only the 44 communities where Small Business Development Centers were authorized and operating. Thus, we had the paradox of a program that was aimed at ending discrimination in small business, yet its benefits were available in portions of only 24 States.

For example, the constituents of more than two-thirds of the members of this committee were denied the opportunity to apply for EOL assistance. Literally thousands of additional communities were left out of the program. Many Members of Congress were rightfully asking why it was not available to their constituents.

And yet, according to the best information available to us, for fiscal year 1966 the funding for administrative expenses for 37 SBDC's amounted to \$3,404,474. It was obvious that it would take many millions of additional dollars to make the program available nationwide, using the SBDC format.

Also it became evident that the eligibility criteria, based solely on an applicant's family income, was still shutting out many existing and potential entrepreneurs whose incomes were just above the poverty level, but who still suffered economic and social barriers.

Moreover, there were certain administrative difficulties. SBA, in the person of the Administrator, bears full responsibility for all Government funds that are made available in the form of loans through all of our loan programs, including title IV. However, SBDC employees who were processing our applications were under the authority of OEO.

This division of management control resulted sometimes in delays in the processing of applications. Frequently our professional loan specialists were forced to do extra work due to the inexperience of some SBDC employees.

In short, Mr. Chairman, the old system was expensive, and it was limited in scope.

Last October, the Congress amended title IV of the Economic Opportunity Act to give SBA authority over the entire loan function of this program.

Just 1 month later, in November, based upon our thorough review, I announced a new concept for the economic opportunity loan program.

First, it was to be immediately available nationwide. I instructed each of our 81 field offices that this program was to receive high priority. New directives were issued; allocations for loans were increased, and the program was divided into two sections.

The first of these is the EOL I, with loans up to \$15,000 and a term of up to 15 years, under which we provide assistance to those with marginal and submarginal incomes who need our help to expand or strengthen established businesses and those who have the necessary talent, motivation, and hopefully, experience to establish new businesses.

The second, the EOL II program, with loans up to \$25,000 and a term of up to 15 years, is designed to assist those who, although having incomes which may be above the marginal level, are unable to qualify under our regular loan programs, have been disadvantaged by factors beyond their control and have been denied the opportunity to compete in business on equal terms.

In other words, we have substantially expanded our role and the Government effort to implement title IV. We are, in fact, pushing harder than ever to help the disadvantaged through both loans and counseling.

We are attempting, in addition, to stimulate the growth of businesses which will have a beneficial economic impact on the communities in which they have established. Hopefully, these businesses will help not only the disadvantaged person who has an existing or new enterprise but will also help to raise the entire level of living within a given poverty area.

In this vein, I would like to stress that in SBA we do not accept the idea that a man in a given neighborhood, or a merchant of a given minority, is confined to doing business with people of his own kind. Wherever possible, we want to help struggling merchants break down such arbitrary barriers and expand their markets.

SBA also quickly saw that our program could never succeed if our employees sat behind their desks and waited for the people who needed help to come to them.

Two things were obvious: first, we had to go out in the field and identify these people. Second, we had to do a lot more than just make loans; we had to make the full range of our services available.

Today, Mr. Chairman, we are pursuing what we call an outreach program.

We are trying to meet the needs of people in the large metropolitan areas, the ghettos that are all too prevalent in our large urban areas; we are getting out into the smaller cities and towns; we are reaching into the backwoods and truly rural areas where some of the Nation's most severe poverty conditions exist; we are attempting to help all those who we can identify as needing help.

Our outreach program, Mr. Chairman, has shown substantial early success.

In New York State, for example, we were able, for the first time, to carry the program to the people in the upstate areas. As a result of our initial contacts, we now have regularly scheduled circuit riders from our Syracuse office visiting Rochester, Binghamton, Elmire, Utica, Ameterdam, Batavia, and Jamestown. In the last 6 months we processed 43 EOL loans and approved 37 for a total of \$500,000 in this area alone.

At the same time we have established regular visits from our New York City office to Newburgh, Poughkeepsie, Kingston, Ellenville, Albany, Queensbury, and Staten Island, while maintaining 11 full-

time EOL loan specialists in New York City proper to care for the needs of the urban area.

Before November, in the eight-State SBA Rocky Mountain area with a population of nearly 9 million people, only 7,752 people in a limited area of only 1 State could participate in the EOL program. There was only one SBDC, on an Indian reservation in South Dakota. Now our program is available in all eight States and we have approved 109 EOL loans thus far this fiscal year.

The Orlando, Fla., Negro Chamber of Commerce provided SBA with office space so that our representative could bring the program to the needy in that city. Mr. Z. L. Riley, executive secretary-manager of the Chamber, wrote us: "We shall continue to boost the work and get more prospects as time goes by."

Puerto Rico did not have an SBDC. As our new program went into effect, the regional director and State director of the Farmers Home Administration joined forces to identify those needing assistance and by May SBA had approved 90 loans.

I could cite many other examples. These simply typify the pattern. We are making similar headway in other States.

In November of last year, Mr. Chairman, we approved 113 EOL loans. Since that time the number of loans approved has increased each month. In May of this year we approved 338 EOL loans. During the first 6 months of the new program, we have approved 1,946 loans—compared with the slightly more than 2,500 loans in the whole previous history of the program, covering a period of 23 months.

I am including month-by-month loan statistics, which graphically portray the trend toward a program of larger and wider scope.

(The table follows:)

EOL history—44-community SBDC program

Month	Number of applications	Number of loans approved	Value of loans approved
January 1965.....	4	4	\$25,000
February.....	17	2	14,000
March.....	39	13	149,000
April.....	51	34	345,000
May.....	69	31	343,000
June.....	120	68	819,000
July.....	178	65	990,000
August.....	196	150	2,028,000
September.....	244	134	1,730,000
October.....	198	65	662,000
November.....	178	174	2,085,000
December.....	180	123	1,337,000
Total.....	1,474	863	10,527,000
Monthly average.....	123	72	877,300
January 1966.....	80	111	1,125,000
February.....	180	117	1,038,000
March.....	195	149	1,339,000
April.....	296	157	1,359,000
May.....	280	210	1,828,000
June.....	312	234	2,164,000
July.....	266	139	1,393,000
August.....	246	160	1,529,000
September.....	240	148	1,271,000
October.....	296	177	1,653,000
November.....	281	113	1,018,000
Total.....	2,672	1,715	15,657,000
Monthly average.....	243	156	1,423,000

Nationwide SBA program

Month	Number of applications	Number of loans approved	Value of loans approved
December 1966.....	623	285	\$2,856,000
January 1967.....	531	298	3,218,000
February.....	540	297	3,281,000
March.....	453	328	3,015,000
April.....	557	400	4,523,000
May.....	507	338	3,021,000
Total.....	3,211	1,946	21,114,000
Monthly average.....	535	324	3,519,000

Mr. BOUTIN. These figures show that—for the first 6 months our new EOL program has been in operation—we are, on a monthly average, processing and approving over twice as many loans, and the dollar volume of these loans is 147 percent greater than it was last year.

We have a network of 81 offices throughout the country and every one of SBA's employees has been instilled with the importance and urgency of doing the job the Congress wants and the Nation's economically disadvantaged deserve.

The full force of our trained professional staff is being brought to bear. Our financial experts are at work and, perhaps more importantly, our trained professional management counseling team is lending its support to the program.

We have a responsibility to the applicants, many of whom have little management skill or training, to see to it that they have every opportunity to secure guidance that they need in managing their businesses. By providing management training we can, in many instances, upgrade the ability of a unqualified applicant to a point where he can qualify for a loan.

Today, every Economic Opportunity loan application accepted by SBA is examined by a management assistance officer, as well as a financial specialist.

The management assistance officer:

(1) Determines whether or not the applicant has a sufficient management capability to operate profitably the business he presently owns or wants to establish—and thus be able to repay his loan.

(2) Determines if a course in management training would qualify an otherwise ineligible candidate for a loan, and

(3) Determines what management counseling steps should be taken after a loan has been granted, including periodic reviews of progress and special guidance services through SCORE (Service Corps of Retired Executives).

The average EOL applicant needs this special help, and we are determined to provide it.

But it is obvious that we cannot do the job that Congress has entrusted to us to do with our staff alone. I would like to cite to the committee what we are doing to carry out the responsibilities Congress gave us in the fall of 1966 through the amendments to the act.

We have enlisted the help of literally thousands of people. Whereas a year ago, we were able to help people in only 44 cities in 24 States, we now have contacts in 3,000 counties—nearly every county in the

Nation—through assistance of members of the technical action panels of the Farmers Home Administration.

We are working with the Bureau of Indian Affairs of the Department of Interior and its representatives to help us identify those who need our help in areas in which they have major responsibility.

We are working with the Vocational Rehabilitation Administration, and only recently concluded an agreement which makes our economic opportunity loan program more readily available to the handicapped.

We are anxious to work with any group that will help us, whether it be other government agencies at any level, the urban league, chambers of commerce, neighborhood service centers, or any other community-based organization. We work closely with community action agencies and we will continue to work with SBDC's wherever they are authorized and funded by OEO or any other agency.

In addition to our staff of 4,200 employees, we are utilizing the services of our 3,000-member Service Corps of Retired Executives. We plan to expand SCORE to 5,000 members in fiscal year 1968. Just last week I sent a letter to each one of our more than 1,600 advisory council members soliciting their assistance in identifying people who need help and asking the council members to help us expand our Outreach efforts.

We also are looking to the future, Mr. Chairman.

We are currently engaged in intensive studies and evaluations which we believe will increase the effectiveness of the program. Among these are studies (1) evaluating results of the EOL program to date and seeking ways to improve its operation with particular emphasis on the effectiveness of management training efforts, and (2) examining the socioeconomic conditions in declining neighborhoods in our metropolitan areas. In this second study, we are looking for ways in which SBA's programs can contribute to a reversal of the decline in many neighborhoods in metropolitan areas.

As President Johnson counseled me when I took the oath of the office, "Let's tell the country that the Small Business Administration has reopened doors that were closed too long." In immediate context, his words referred to lifting the moratorium on loans.

But in the broader view, I saw in them a directive that the agency get down to the business of reopening still more economic doors: doors that the trends of the last few decades—the urbanization, the automation, the explosions in population and knowledge—have tended to close to many ambitious but less fortunate citizens.

Certainly this stands high among the domestic challenges of our time, and we at SBA are proud to have a central role in meeting it. Thanks specifically to the improvements voted by the Congress last October to title IV, I believe SBA has the tools needed to meet the challenge. I believe the gains we have made since November show we are making strong progress in that direction. Further, the administration and the Congress have joined together to provide a larger EOL loan program for SBA to administer in fiscal year 1968. The planned \$60 million program next year will allow the agency to further extend the coverage of this essential program.

Mr. Chairman, I, of course, endorse the content of H.R. 8311 and I

stand ready to answer any questions that you or the committee want to direct.

Chairman PERKINS. You have given the committee a very forthright statement. I do have a few questions, Mr. Boutin. You think this program in the next fiscal year will be operated independently. Is that correct?

Mr. BOUTIN. As I understand it, Mr. Chairman, since the amendments voted last October by the Congress the loan function itself is performed exclusively by SBA. The question of the SBDC's remains a function of OEO. As I look at H.R. 8311 there are no proposed amendments which would transfer that function, nor would I recommend to the committee that these functions be transferred. I think they should remain the function of OEO. We have gotten along extremely well with OEO, or EDA, for that matter, on performing the program with the amendments of last October.

Chairman PERKINS. Do you cooperate on making a loan with EDA on the same loan occasionally?

Mr. BOUTIN. We have and we can, Mr. Chairman. EDA's program of course is substantially different than ours.

Chairman PERKINS. Just how is it substantially different?

Mr. BOUTIN. They can only operate in certain designated areas where there is substantial unemployment that have been designated as redevelopment areas. We call them EDA areas, as a matter of fact. We can operate nationwide. They have a grant program as well as a loan program while our program is strictly loans. We are confined to small businesses. They can make loans to larger businesses than we can.

Chairman PERKINS. How many loans to small business enterprises have you made in Kentucky and particularly in eastern Kentucky during the past year?

Mr. BOUTIN. During the past year, Mr. Chairman?

Chairman PERKINS. Yes. Compare that with the previous year.

Mr. BOUTIN. I do not have the comparison with the previous years, Mr. Chairman, but I can tell you what the total is. Thus far, for this fiscal year we have made a total of 29 loans in Kentucky for the first 11 months of this fiscal year, for a total of \$1,288,000.

Chairman PERKINS. As I understand, you have an office in Louisville. Is that right?

Mr. BOUTIN. Yes, sir.

Chairman PERKINS. Do you have a breakdown there as to how many loans were made in Pike County, Ky., during the past year?

Mr. BOUTIN. I would have to supply that for the record. I have the loan record for each regional office for this fiscal year but that would cover an entire State or less than a State where there is more than one regional office.

Chairman PERKINS. Are you concentrating in the disadvantaged areas from the standpoint of service to small businesses?

Mr. BOUTIN. We concentrate, Mr. Chairman, on every community. There use to be that SBA operated much like a bank and people had to come to SBA for consideration. We have established this outreach program as of last September where now we are in fact duty stationing people in neighborhood service centers. We have circuit

riders out visiting all the small communities, small counties, working with the chambers of commerce, working with community action agencies. I think the best rule of thumb I can give you is prior to the amendment by Congress last October almost a hundred percent of the EOL loans were made in large communities in urban centers. Since the change in the program, 52 percent of our loans have been in rural areas.

Chairman PERKINS. I certainly want to compliment you on your administration. I think anybody that looks at the record would have to compliment you as being a great administrator.

Mr. BOUTIN. Thank you, sir.

Chairman PERKINS. To my way of thinking, you are the best administrator we have ever had of SBA because you know what is going on and are trying to give this program not only better stability but where the program is weak to give it strength in those areas of the country where it was just about nil, doing nothing. I know the program has been tremendously strengthened in eastern Kentucky during the past year or so. What was the figure that you gave us on the increased loans during the past fiscal year?

Mr. BOUTIN. Just in the EOL program alone, Mr. Chairman, I think that I could state it another way that would be very clear to the committee, up until the first of December we made a total of 734 loans covering the entire country under the EOL program. Since the new program went into effect, which is only a 6-month period we have made 1946 loans. So, the productivity has increased to a marked degree.

Chairman PERKINS. Mr. Quie.

Mr. QUIE. Thank you, Mr. Chairman.

I note you say at the end of your statement, "Thanks, specifically, to the improvements voted by the Congress last October in title IV." I wish OEO had been as cognizant of how the changes would actually improve the EOL. As I recall, they were strongly opposed to the changes. I was happy when Congressman Dingell, if my memory serves me correctly, offered the amendment on the floor to transfer this operation over to the Small Business Administration, and that the employees working under it would actually be responsible to you. It has greatly strengthened and improved the program. I have a feeling, if we can be successful in making similar changes in other parts of the programs, we will find the Commissioner of Education and Secretary of Labor coming in and saying the same thing a year from now, "Thanks for the changes you made in the amendment to the act."

Mr. BOUTIN. Could I just make a correction, Congressman?

Mr. QUIE. We made some positive steps last year to give SBA a greater responsibility in operating this program so that it could function better.

Mr. BOUTIN. I appreciate that very much, but I would like to make one correction. The supervision and control of the employees of SBDC's of course remain with OEO. But the loan function itself—the processing of applications, the approval and the servicing of applications—is within the province, solely, of SBA. But we did not get any more control over the SBDC's or their employees, nor am I suggesting it, please, than we had before.

Mr. GOODELL. Would the gentleman yield?

Mr. QUIE. Yes, sir.

Mr. GOODELL. It is true, however, though, Mr. Boutin, is it not, that the amendments that you praise in your testimony today were resisted by OEO last year?

Mr. BOUTIN. Congressman, I was wracking my brain if that statement was made, and I frankly don't remember. I say that very honestly. While we did not, shall I say, sponsor the amendment, nevertheless we were very pleased with it because it gave us the tools we needed to administer the program properly.

Mr. GOODELL. I hope and expect that with some of the amendments that we are proposing, if they are enacted—clearly you haven't sponsored them—you may be as pleased in the years ahead.

Chairman PERKINS. Go ahead, Mr. Quie.

Mr. QUIE. Mr. Boutin, are you familiar with the Krishner Associates evaluation report?

Mr. BOUTIN. Yes, I am.

Mr. QUIE. What is your reaction to their suggestion as to OEO program changes?

Mr. BOUTIN. I agree, Congressman, with the statement that they have made that the SBDC's, as presently constituted, are not fulfilling the expectations of the Congress, or the mandate of the law. It just has not been as productive as was anticipated. I think that the way it is being handled now is better.

I had taken it—from examining the President's budget and also from statements made by Sargent Shriver—that OEO, and EDA for that matter, were in all likelihood not going to continue to refund SBDC's, nor do I find any request for funds to finance SBDC's. So, as far as the Krishner suggestion that the SBDC's be abolished, I don't quarrel with that at all. As far as the rather informal type of arrangement to assist SBA in our reach, and in providing of management counseling, I think that that is being done extremely well now by our Service Corps of Retired Executives, and I take it the Krishner people were not familiar with this program—because it was not mentioned, at least that I could find, and also by the Community Action people. We are getting good cooperation from them. Then, as I mentioned in my statement, the Department of Agriculture, Farmers Home Administration people, Bureau of Indian Affairs of the Department of the Interior, many other Government agencies, are assisting us in expanding this program and bringing it to the grassroots.

Mr. QUIE. Last year we had a little discussion and disagreement on the Charleston, West Va., Women's Job Corps Center.

Mr. BOUTIN. I remember that very well, Congressman.

Mr. QUIE. I was wondering if you read the final report that the minority put in the record.

Mr. BOUTIN. I am sorry to say I did not.

Mr. QUIE. You did not?

Mr. BOUTIN. I did not. I take it, it was uncomplementary.

Mr. QUIE. To set the record straight, I would suggest you look back into it and see how far off the information you presented to us really was at that time.

Mr. BOUTIN. This came out at the time I transferred to SBA and, therefore, it did not come to my attention. I heard about it, but I did

not get a chance to see it. I can only tell the congressman that I gave him the best information that I had available.

Mr. QUIE. I hope that the information that is available to you in SBA is better than what was made available to you by OEO.

Mr. BOUTIN. I will swear to the information by SBA, because I am directly responsible for its being good.

Mr. QUIE. Thank you.

Chairman PERKINS. Mr. Goodell.

Mr. GOODELL. How much money are you spending on the program you outlined here designed to help the poor and the marginal group in the second category?

Mr. BOUTIN. We have right now for this current fiscal year, fiscal 1967, set aside \$50 million for loan funds.

Mr. GOODELL. This comes out of the regular—

Mr. BOUTIN. This comes out of our revolving fund, right; but we have to go to our Appropriation Committees and report to them our plans for the ensuing fiscal year so there is congressional control here to an extent. But we set aside \$50 million. We are going to use about \$32.5 million this fiscal year. Based, however, upon our projections of the productivity—

Mr. GOODELL. Fiscal 1968?

Mr. BOUTIN. Fiscal 1967. For fiscal 1968 we have set aside \$60 million, which we think is about right in terms of the productivity under the new program.

Mr. GOODELL. I will not take very long, Mr. Boutin. I favor the concept of small business loans in this area. I think the way you have outlined the present program is reasonable and realistic.

I would only say, however, that the way you are now operating it is essentially the way we recommended that it be set up in the beginning. It seems to me it does present a little example, in capsule, of the value of utilizing existing agencies with existing experience in these areas rather than having a so-called central organization such as OEO just come in with overall authority and delegating it down to the existing agencies.

Your testimony on page 4 is a rather eloquent indictment of the way we started the program. It clearly points up that we could have avoided a great many of the administrative problems that occurred in this program had we initially recognized that SBA was interested in giving loans to small businessmen; that its administrators would have been delighted to have the opportunity and the authority to make loans to marginal small businessmen and poor small businessmen, but basically the standards of authority under which they were operating did not permit them to do so at the time that the poverty proposals were made.

I am quoting from your statements:

Moreover, there were certain administrative difficulties. SBA, in the person of the Administrator, bears full responsibility for all Government funds that are made available in the form of loans through all of our loan programs, including title IV. However, SBDC employees who were processing our applications were under the authority of OEO.

This division of management control resulted sometimes in delays in the processing of applications. Frequently our professional loan specialists were forced to do extra work due to the inexperience of some SBDC employees.

I will cite the apparent recommendation of the administration to abandon the SBDC's and to move in the direction of having the pro-

gram run through SBA as a special portion of their overall program to help small business.

This I approve very strongly. I think it is unfortunate that we did not start that way.

Chairman PERKINS. Before the gentleman continues, I think it should be made perfectly clear, just as you made perfectly clear in response to my question a few moments ago, that, poverty or no poverty, you operate throughout the country to serve all the people which your program was set up for. But here the gentleman from New York overlooks one most pertinent fact in my judgment. The Office of Economic Opportunity was set up to concentrate on the poor and in that type of administration I think, Mr. Boutin, you will agree with me that if we were concentrating on the poor alone, that you will agree that the Office of Economic Opportunity could perhaps do a better job than you would do in concentrating to see that loans were put to the disadvantaged only.

Mr. BOUTIN. I not only agree with the chairman, but I would like to point out that we still work very closely with OEO. We have membership on the Economic Opportunity Council. We meet with OEO and other agencies at least once a month to look at the total impact of all Government programs on poverty, special problems of poverty. We maintain an excellent liaison with the OEO and with Shriver's office. It just seems to me, Mr. Chairman, that the whole point that I have been trying to make is that here we had a case where OEO did not have the loan, another agency had the loan out, and yet we had a duplication of control over that. And that with the amendment that the Congress voted it straightened out what potentially was untenable without in any way doing disservice to the Office of Economic Opportunity or the War on Poverty.

Mr. GOODELL. Mr. Boutin, nobody is recommending that you not have liaison meetings and try to coordinate with existing agencies. Nobody is advocating that you have open hostility. Obviously those things occur with the existing agencies today and should occur. You are not, however, recommending to us that we transfer this program to OEO so that they can have a specific amount of money, \$62 million, that they can delegate to you for the small business program, are you?

Mr. BOUTIN. I am recommending to the Congress that they leave title IV just exactly the way it is. As an example, in H.R. 10682 we would be in a worse situation than we were before the Congress made their amendments because then we would be subject to standards established by HEW. You talk about an impossibility of administration. That would typify it.

Mr. GOODELL. Which are you referring to now, 10682?

Mr. BOUTIN. Yes.

Mr. GOODELL. How do you read that?

Mr. BOUTIN. SBA, under the provisions of this bill in making its loans would be subject to standards that would be determined by HEW.

Mr. GOODELL. Where do you get that?

Chairman PERKINS. That would absolutely bring about chaotic administration?

Mr. BOUTIN. I would be in an impossible position as far as trying to administer the program. Now I can set the standards as an adminis-

trator. I think we have worked out workable standards that OEO has approved and others have approved.

As an example, Berkeley Burrell for years and years has talked about that area where no one got any help, that gray area between the poverty level and those eligible for regular SBA loans. Under the new program that void is filled.

Mr. GOODELL. Mr. Boutin, let me pursue that point. If such a provision inadvertently in the drafting slipped in, it certainly was not the intention of Mr. Quie or me. I don't see it. Perhaps you can point it out. It is our intention under our proposal to transfer the entire program to SBA to be operated in very much the manner you now say you are now operating the program.

Do you read our proposal in Opportunity Crusade as giving HEW the power to set standards?

Mr. BOUTIN. Yes, I do, Congressman. Section 901 says, "Who qualify under poverty standards set by the Secretary of Health, Education, and Welfare, and to assist in the establishment or expansion of small business concerns which by the nature of their business have substantial and continuing promise of employing substantial numbers of individuals who, with inadequate background of educational experience skills"—which is still another problem. That would limit the program, as a matter of fact, to only those businesses promising to employ people lacking ordinary skills.

With the limit of \$25,000 they are not going to employ very many people and I frankly could not administer the program.

Mr. GOODELL. You are somewhat confused. They proposed loan authority is twofold. First, you may make loans to assist businesses owned by persons who fall under the poverty criteria set by HEW and applied by you. Second, you are granted authority to determine eligibility for loans for expansion of small business, concerns which by their nature hold substantial, continuing promise of employment for individuals of inadequate background or skill.

These basic provisions derive from the original act. Certainly I think you misread the language. If necessary we will clarify it and see to it that the only power granted in this instance to the Secretary, HEW, is the power generated now under the poverty act, directing OEO to set up standards as to what poverty is. That is the intention, to give them the flexibility here to define whom we are talking about in this special program.

Mr. BOUTIN. I am sure the Congressman will recognize that I can only go on what I see on the printed page on both H.R. 8311, H.R. 10682. Further complication, exactly what I think would be wrong with SBA, we have no grant programs at all. It contains a grant provision where we would be given the responsibility of making the judgments on continuation of SBDC's or funding other profit or nonprofit groups.

I do not mean to pick a fight with any member of this committee. I am only here to testify responsibly as to what tools I need to administer the program. I would like to see title IV left just exactly as it is.

Mr. GOODELL. The HEW poverty standards simply provide a means to determine eligibility for the SBA loans. The grant-making authority is identical to the provisions of title IV under which you now operate.

We welcome the fact that you are pleased with the amendments in the law that we have been proposing for 2 years, and which you and OEO resisted. Certainly the last thing we want to do at this stage, now that we have accomplished finally what we wanted, giving you full authority to administer this program as we think should happen in a number of other programs, is to move backward and take that authority away from you. If it is a problem of language it will be straightened out and we will be glad to include the changes we made in the law last year.

Chairman PERKINS. Mr. Boutin, before you make any further comment, I want to point out that you have just pointed up one of the great weaknesses in H.R. 10682, commonly referred to as an "Opportunity Crusade."

Now you are an administrator with considerable experience in the operation of our Government. You have firsthand knowledge of the operation of the Economic Opportunity Act at the present time.

What is your evaluation of the Office of Economic Opportunity as presently constituted in the administration of the poverty program such as we have set forth in H.R. 8311 in comparison with H.R. 10682, the so-called Opportunity Crusade?

Mr. BOUTIN. Mr. Chairman, before I answer that question I would just like to make sure the record is straight, that I did not personally ever oppose the amendments to the OEO of last October, October 1966.

Chairman PERKINS. That is my recollection.

Mr. BOUTIN. OEO may have but I personally did not, either as Administrator of SBA or individually. As far as the provisions of H.R. 8311, I think, this is good legislation. I said earlier that I most certainly endorse it, not only as a member of the Administration but because I think it is right. I think some necessary changes are being made—I have long felt that we need it—to bring the municipal government and State government into the program a lot more than we have in the past. This provides for that.

I think a number of other refinements—and I am not totally familiar with all the provisions of the bill but I have read it—are going to meet the needs of the times and therefore I am in favor of it.

Chairman PERKINS. Isn't it your idea that the present poverty program under the Office of Economic Opportunity is getting off the ground and commencing to reach the people that we are striving to reach, the poor?

Mr. BOUTIN. I don't think there is any question about that, Mr. Chairman. One of the most glowing statements about the war on poverty that I have heard recently by certainly a very objective and very learned man, I had the pleasure of attending a luncheon given for the purpose of introducing the chairman of the board of the General Electric Co., and he spoke of their experience in Job Corps as an example and what it is doing and what an eye opener it had been for him and his colleagues in General Electric, certainly a great and very large company.

I think the program definitely has done an immense amount of good. It has a long way to go and it is going to take the patience of the Congress and the public to get there.

Chairman PERKINS. I agree with you it has done a tremendous amount of good. Would it be a mistake in your judgment, to throw

away the experience that has been gained by transferring these operations from the Office of Economic Opportunity to the Department of HEW?

Mr. BOUTIN. One of the best statements I have seen in this regard for a long time is the statement made by Secretary Wirtz yesterday before this committee, and I would stand side by side with him in his statement to that effect.

Chairman PERKINS. You believe then that we would be more or less derelict in our responsibility if we threw overboard a program that is working in an area of the greatest need?

Mr. BOUTIN. I think the concept of OEO, Mr. Chairman, as constituted is a sound concept, and therefore, I would not recommend to the Congress that it be dismembered, spun off, at least at this time. Later on perhaps certain components might be spun off. But these programs are still in their infancy. One of the finest things the Federal Government has ever done is this program Upward Bound. Dick Frost, in my mind, is one of the top educators in this country. To put that in an atmosphere which is rather staid in its approach to things—I don't mean this hypercritically, certainly, of the Department of HEW—I think would be a mistake. I think OEO is an innovative type of entity coming up with new ideas, trying new methods, having its share of failures but certainly its successes as well, has been a noble experiment and one I hope will be continued.

Mr. GOODELL. Mr. Chairman.

Chairman PERKINS. Mr. Goodell.

Mr. GOODELL. I will not try to answer. I will simply say that the comment of the gentleman does not come as a great surprise to any of us familiar with his overall view. I recognize it is a sincerely held view. The gentleman started with OEO, was there throughout our hearings last year defending OEO. You may not have personally been one of those who spoke on the subject and resisted the transfer. But last year every amendment that was offered to spin off any portion of the OEO package was labeled an attempt to kill off the program. On it was said, you are not going to have the coordination you need, you need somebody to look over your shoulder to give you a new approach. SBA was among those being criticized as staid, as an agency which could not give the attention to the poor that was necessary without OEO's presence, driving them to it.

Your testimony today with reference to the SBA and the loan program designed to help the poor and the marginally poor is in very strong support for your view that the existing agencies, given the tools and the authority, can be just as innovative and just as idealistic and just as effective as OEO. And you can eliminate a great many of the administrative problems and chaotic situations that result from the structure you have now with OEO looking over your shoulder.

I thank the gentleman for his testimony. I recognize that there is sincerity in his opinion here.

Chairman PERKINS. I think you ought to comment on the response by Mr. Goodell.

Mr. BOUTIN. I would just like to say in response, Mr. Chairman, that I was at OEO for 7½ months. I was here during the hearings of last spring. I testified one day. If memory serves me correctly, most of

that testimony concerned a hotel and adjacent lands over in Charleston, W. Va., over which there is evidently still a difference of opinion. I do not remember testifying at all on spinoff of functions of OEO, at least personally testifying, last year or any other time. Of course I had my beginning in Government with 4 years as Administrator of General Services.

Mr. GOODELL. Understandably we could not expect you to speak up when Mr. Shriver was opposing the spinoff.

Chairman PERKINS. Mr. Dellenback.

Mr. DELLENBACK. Would you give me one piece of general background information on the SBA? Are all of the OE loans fully Government funded?

Mr. BOUTIN. No, they are not. As a matter of fact, I can give you the breakdown on that, Congressman, because we can under the law guarantee up to a hundred percent. So let me give you the most recent statistics.

There has been a little bank participation in the EO program while there has been a great deal in our regular program. But of EOL 1 loans approved thus far this fiscal year the total of the loans has been \$15.7 million, SBA's share \$15.6 million. So the banks have put up a hundred thousand dollars. On EOL 2, the total loan money has been \$12.2 million. Our share has been \$11.4 million. So the banks have put up \$800,000 there. So they put up about a million dollars.

Mr. DELLENBACK. Do you anticipate the non-Government share will continue to increase?

Mr. BOUTIN. I am sure of it, Congressman.

Mr. DELLENBACK. As the program goes along you expect this will be supplemented more and more?

Mr. BOUTIN. Yes. We have a great many of the banks, in fact the first, the First of Philadelphia, is a very good example; they have designated one of their top people to work just in this program in cooperation with the SBA. There are a number of other banks that have shown a like interest. So I anticipate that there is going to be a very healthy change in this regard.

Mr. DELLENBACK. What has been the reaction of any private lending institutions to this advance in SBA loans, EOL 1 and EOL 2, particularly 2? Have you had any resistance from them at all?

Mr. BOUTIN. Not at all. We have, Congressman, as a matter of fact, just an excellent relationship with both the American Bankers Association and the Independent Bankers Association.

I think the best illustration I can give the Congress, and this committee, for the first 10 years of this program bank participation—this is total SBA—was running somewhere in the vicinity of 6 or 7 percent. Right now their participation with us on total financing is running about 58 percent, even in a time of tight money. So, things have changed considerably. We have an excellent relationship.

Mr. DELLENBACK. I suppose, percentagewise, it is not a major share but you do notice that as time goes along, particularly during this last year, that the commercial lending institutions have tended to reach in and support your work then with EOL 1 and EOL 2?

Mr. BOUTIN. Yes, sir.

Mr. DELLENBACK. To a greater degree that was true before this last year?

Mr. BOUTIN. I don't have statistics on that so I would be hesitant to answer. My inclination is a definite yes, but I couldn't document it.

Mr. DELLENBACK. How large is the staff of SBA now?

Mr. BOUTIN. Our total staff right now, Congressman, is roughly 4,168.

Mr. DELLENBACK. What number of that is in Washington?

Mr. BOUTIN. 954, I believe.

Mr. DELLENBACK. How many of your staff do you have with you here today?

Mr. BOUTIN. Five, I think I have, including congressional liaison people.

Mr. DELLENBACK. I say this not in any way of criticism; as a matter of fact, I rather commend you. I notice how much lower the number of persons in attendance this afternoon is compared to certain other times. I am glad most of your staff is still back in the shop.

Mr. BOUTIN. Thank you, sir.

Mr. DELLENBACK. Assuming, as we must, and you recognize this, having had experience in Government, that money resources are limited, which do you tend to prefer? Using what funds are available for intensive coverage, say SBDC's, or the coverage which is afforded under the new program? Do you feel that the limited dollars are going further now than they were a year ago?

Mr. BOUTIN. Absolutely. I think under the new program we have absorbed this in reality, Congressman. We have put on hardly any additional people. In other words, we have increased the workload, increased the productivity of our people. This year our productivity factor has increased 25 percent. With another 5 percent forecast for fiscal 1968. So, the additional costs have been minimal, largely in traveling for this outreach, getting out into the rural areas, doing the circuit riding. The SBDC program of course involves paid jobs, non-Government, only quasi-government, at the local level. It would be certainly my thinking that we would be just as well off if minimal funds were utilized for that purpose.

Mr. DELLENBACK. Do you feel that so far as the service in particular under the EOL 1 loans is concerned that the people in this grouping are being better served with loans now than they were back a year ago?

Mr. BOUTIN. I don't think there is any question about it, Congressman.

Mr. DELLENBACK. You feel so far as those in the EOL 1 group particularly are concerned, that they are being better serviced now than was the case in effect when they were being treated as a separate group themselves?

Mr. BOUTIN. Yes, I do.

Mr. DELLENBACK. I am not seeking to lead you into a blind alley on this. I recognize, as Mr. Goodell pointed out, to a degree your answers are predictable, and must be. Let us put aside any attempt to lead you in a certain direction, and your predisposition to answer a certain way, and let me tell you what I am reaching for.

I am interested in your comments as objectively as we can get them from you. An opinion has run through the last week of testimony on the question of whether or not it is better in treating this

group that we classify as poor, to separate them out and treat them separately for whatever the program may happen to be, all the community action programs, for example, or whether we can serve them better if we do not pull them out that way but have them as part of the total overall picture. Part of what I hear you saying as I have listened to you this afternoon is in this one narrow area that SBA deals with, really this group is better served by being part of the total picture than they were in this one narrow area of SBA when we did separate them out.

Do you have a general comment on that?

Mr. BOUTIN. Yes, Congressman, I do. I think to draw a comprehensive conclusion from the SBA experience on the administration of the war on poverty would be a mistake, because ours is a highly specialized program. Making loans, as any banker knows, or as any bank cashier or bank teller or bank president knows, is a complicated business. To offer management counseling is even more complicated and more difficult. That is why our Service Corps of Retired Executives—those people who have been vice president of Chrysler, vice president of General Motors, Philco, and all these concerns, plus the owner of a local grocery store—perhaps, have proven so valuable.

Mr. DELLENBACK. Excuse me. Are those people purely volunteers?

Mr. BOUTIN. Purely volunteers.

Mr. DELLENBACK. Not paid—or paid on a minimal basis?

Mr. BOUTIN. They are not paid anything at all. We have legislation pending in the Congress so that we can reimburse them under the Administrative Act for their out-of-pocket expenses.

Mr. DELLENBACK. Excuse my breaking in. Go ahead.

Mr. BOUTIN. I think it would be difficult to try to equate the SBA program as an example with Job Corps, or with Community Action, or with Upward Bound, or Headstart, or one of the others. What I am trying to say to the Congressman, and to this committee, is that while we have separated ourselves from OEO in terms of loan approvals, where instead of the loan applications being processed by people at the SBDC's—not at OEO, but at the SBDC's, so that they come to us directly, which prevents all of this duplication and time consumption—nevertheless, we continue to treat them as a part of the war on poverty. We are looking for the disadvantaged; the person who is handicapped because of race or because of geographical location. He may be in western Tennessee or eastern Kentucky or the southern part of West Virginia. Or it may, because of the nature of banking in his community; it could be any one of these reasons.

Nevertheless, we treat it as a separate entity, altogether, from our regular loan program. We have a separate director of the program—Mr. Philbin—who is here. He has a very small staff of about five people and they direct the field, loan specialists, our management counselors in the exercise of these responsibilities.

Mr. DELLENBACK. I recognize the danger of generalizing on the specific—that is taking SBA's experience and applying it blindly across the board—but I don't think that that danger completely wipes out or nullifies the fact of what you testified.

Let me ask you this along this line: Does the fact that SBA has dealt with many nonpoor, if you will, mean that you are unable to serve the "poor" ably and effectively?

Mr. BOUTIN. I would have to say this, Congressman; in order to do it, we have had to triple the training program's internal agency so that these people would understand what the problems are—and what the goal and the intent of the program is—so that, in fact, they can carry it out.

Mr. DELLENBACK. We concede this is a particularly difficult group to deal with, and whether they were being dealt with within SBA or outside SBA, the person doing this would need this intensified training. Is this not so? Because you said, yourself, that you use a special department. You don't think your average loan man who would sit in judgment on a loan—

Mr. BOUTIN. Oh, yes.

Mr. DELLENBACK (continuing). And say, as part of what you do, you will also do this, just intermingled with all the others?

Mr. BOUTIN. Exactly. Our people in the field double with all of these loan programs. Our loan offices can handle, side by side, EOL applicants, a 502 applicant, a 7(2) applicant, these various SBA programs, related and nonrelated, to the poverty area.

Mr. DELLENBACK. What is the function of the special department?

Mr. BOUTIN. The special department of five or six people we have in Washington is in fact to develop statistics, develop overview, develop policy recommendations for the Administrator. This is a very small component.

Mr. DELLENBACK. Then your people in the field serve, and this word "poor" is a shorthand word—we both understand this is the group we are striving to reach with all the concomitant criteria—your people in the field serve both the poor and the nonpoor?

Mr. BOUTIN. Exactly.

Mr. DELLENBACK. Does the fact that these people serve the nonpoor, in one sense, enable them to do a better job of serving the poor?

Mr. BOUTIN. Not necessarily. I think this was an accident of the staff.

Mr. DELLENBACK. Why don't you strip out those who serve the poor—if they can do a better job—and let them serve the poor?

Mr. BOUTIN. Strictly because I am trying to get maximum productivity for the limited staff that I have, Congressman.

Mr. DELLENBACK. So you do find they serve more efficiently by serving the poor and the nonpoor?

Mr. BOUTIN. I think they serve most efficiently by having expertise in all of our programs.

Mr. DELLENBACK. So their very breadth of expertise in the poor area and nonpoor area makes them better able to do the job in the poor area then?

Mr. BOUTIN. It is like an automobile mechanic who can work on a Chrysler with equal ease as he can work on an F-85 Oldsmobile. Our people are expected—and are trained—to deal with all of our programs.

Mr. DELLENBACK. I am not trying to lead you into a blind alley, I am telegraphing my punch. I am striving to get an unqualified answer. It seems to me, what you have said to me is: by having broad expertise; they are able to do a superior job for the poor, a better job than if they were trained, assigned the responsibility for working only with the poor.

Am I reading you correctly?

Mr. BOUTIN. If I had unlimited staff, if the Congress gave me a blank check, I think probably I would want to have some people who were doing nothing but, particularly in the large urban areas, doing nothing but working on EOL applications, but Congress has not done that.

Mr. DELLENBACK. You and I both know—in whatever branch of Government we are confining our work—the Federal Government just does not have unlimited money.

Mr. BOUTIN. Exactly.

Mr. DELLENBACK. So all the way through we have to have the dollars do the maximum job. Granted that as a criterion, what you are saying is that within your staff, within the area that is your responsibility as director of SBA, you find the dollars go further by not separating out those who deal just with the poor, but taking your well-qualified people and having them deal with the poor and the nonpoor; am I correct?

Mr. BOUTIN. Congressman, let me answer that by saying if I have any expertise at all, it is in the field of efficiency and economy. I have tried to organize SBA in that fashion. But to draw broad conclusions from that—

Mr. DELLENBACK. I am not asking you to generalize beyond SBA. We are talking strictly about SBA but my questions are directed to you within the role that is your responsibility, and I gather from some of the gentlemen here who have had the opportunity to deal with you in the past they think highly of the job which you have done.

I haven't had a chance to observe it yet, myself. But within this area that is your responsibility you do say that you, concerned with handling across the board, find that handling the poor and the non-poor does not make you do a poorer job with the poor or a less good job.

If anything, you do a better job because part of your responsibility reaches beyond them. And when you assign your own personnel in this area, forget about all the rest of the war on poverty, in this area, you feel you do a superior job by having your people not isolated out to deal just with the poor but to deal across the board, you do a more efficient job.

Am I correct?

Mr. BOUTIN. I do what I do as a matter of necessity because I don't have people that I can assign otherwise. I think the only exception, Congressman, in the whole country is that perhaps we have a dozen people who because of workloads, simply workloads dealing with strictly EOL programs—in New York the 11 specialists that I cited, these people are largely duty stationed at neighborhood service centers. They are up in Harlem, they are over in the Bronx, they are in Queens. They deal essentially just with the EOL program but there is sufficient workload to justify it.

If you get out in a community like Evansville, as an example, God knows what you are going to find. You have no idea what the mix of applications is going to be.

In summary, I think I can say as far as I am concerned there is no substitute for ability. You get a real bright man or woman with some

expertise and you can train them to do just about anything you want them to do.

Mr. DELLENBACK. Let me come back again to one question that it seems to me is significant. I intend to go back and read the record carefully on this but I think I recall your saying that you find that these bright, well-qualified, well-trained people are able to do at least as well and in some instances a better job in dealing with the poor because a part of their responsibility is dealing with the nonpoor. Those weren't your words but this is the paraphrase of what I think the testimony will indicate you said. Is this what you meant?

Mr. BOUTIN. No, I think what the testimony will indicate on review, Congressman, what I said was wishing to achieve maximum productivity from our people and with limited dollar available for administrative expense that we have crosstrained our people in these various programs so that they can in fact service all kinds of loans.

This is an accident of our own operation, the type of mix that we have to deal with in terms of applications, requests for management counseling. I don't think that it makes a man or a woman on SBA's staff as a loan officer, a better, more effective loan officer doing a better job because he does it on a comprehensive basis or on a limited basis. My own concept of management is that it is better to have generalists with broad knowledge than specialists with limited knowledge.

Mr. DELLENBACK. I like your way of saying it better than my own.

Mr. BOUTIN. Thank you, sir.

Mr. DELLENBACK. So far as SBA is concerned in setting the terms in dealing with the EOL 1 and 2 loans, do you set different terms? Are you more lenient in allowing delays in repayment or in forgiveness or terms of this nature?

Mr. BOUTIN. Our regular loan program has a maximum term of 10 years where the EOL 1 and 2 program has a maximum term of 15 years. The regular has a maximum limitation by statute of \$350,000 versus the \$25,000 by statute. We have administratively lowered that for EOL 1 to \$15,000. It is on an ad hoc basis that we make these determinations. The terms for qualifications under EOL 1 and 2 obviously are nowhere near as stringent as they are under the regular loan program. We do not require the same degree of collateral. We place greater emphasis upon the motivation, the ability of the individual applicant without requiring the input of money. Obviously they have very little or none in most cases. We evaluate very carefully what they want to do. As an example, in a Negro ghetto area let us say if the tradition has been that they are in the beauty parlor business, or in the shoeshine business or some of these limited fields, and have been precluded from getting into the more lucrative and actually the more important to the local community types of businesses, then we try to concentrate our efforts in broadening the scope of services that are available by the local residents.

Mr. DELLENBACK. Do you feel that it would help or hurt the loan process to have OEO personnel involved in the approval or disapproval of loans?

Mr. BOUTIN. I think it would be a mistake.

Mr. DELLENBACK. We are better off to leave it the way we are?

Mr. BOUTIN. Yes, sir.

Mr. DELLENBACK. Really, what you do say to me if I read you correctly, is that—and I don't mean to be using judgment words or OEO as being bad or good or anything else—but what you are saying is that you operate more efficiently with the OEO not involved in your administrative process than was the case when they were involved?

Mr. BOUTIN. Well, they never were involved. It was the SBDC's who were involved. They have now been taken out of the loan processing business entirely by the act of Congress of 1966. So that as far as loan approvals we have exclusive authority. This does not divorce us either from OEO nor from SBDC's because where SBDC's are authorized and funded we still work closely with them in terms of Outreach, identification of loan applicants, the people who need our services and also in counseling.

Mr. DELLENBACK. When the OEO and the SBDC's were involved were there more or fewer persons involved in what is now being done by the SBA alone than was the case then? Has this resulted, if I may rephrase my question, in an overall efficiency as far as personnel is concerned, a greater efficiency now than when the SBDC's were involved?

Mr. BOUTIN. I am not sure what the difference is between the former employment and present employment within the SBDC's themselves. The impact on employment in SBA has been almost nil.

Mr. DELLENBACK. Did the SBDC's provide any management training?

Mr. BOUTIN. Yes, they did.

Mr. DELLENBACK. How does it compare with the training program under SBA?

Mr. BOUTIN. I think we are doing more now than was done before by all agencies combined, largely through utilization of people from community action agencies and our Service Corps of Retired Executives.

Mr. DELLENBACK. So in this one regard you are doing a better job now than was being done before?

Mr. BOUTIN. I think across the board a better job is being done now than was before.

Mr. DELLENBACK. What would you consider the optimum annual budget again, were funds available without restriction, to do the job that needs to be done in the EOL 1 and 2 areas?

Mr. BOUTIN. I would not ask, Congressman, for additional funds over and above what we have already asked the Congress for for authorization to use for our revolving fund. I think if we want to go about this in a prudent fashion which we are trying to do, the projection of \$60 million with concentration on making good productive loans I think makes a lot of sense. I neither request a decrease nor an increase. I would like to see it left just like title IV alone.

Mr. DELLENBACK. You are talking about fiscal 1968?

Mr. BOUTIN. Yes, sir.

Mr. DELLENBACK. I am talking about 1969, 1970, 1971, 1972, whatever the year may be. Visualizing the needs of America in this area that are served with EOL 1 and 2, while I again commend you, frankly, for this desire to move into size a step at a time and not suddenly wake up full blown, if we are to serve adequately through

SBA all of the "poor," how many dollars annually would we have to appropriate?

Mr. BOUTIN. I would hesitate to give the Congressman or this committee any kind of projection because it would be strictly guesstimate and it would not be worth the paper it is written on. Right now we are developing a program memorandum on the EOL program with some help from some people on the outside to determine exactly what the Congressman is requesting. It probably will be 9 months from now, Congressman, before we could give any kind of prudent answer to that, largely because there has never been identification.

You now talk about a businessman who has marginal or submarginal income and that is only part of the story. How about the people who have the right motivations, the ability, the ingenuity, maybe even the idea for a new product, who wants to go into business? We don't have any idea who he is. They come to us literally out of the woodwork. We go in and publicize our programs and they come to us. You stop to realize that this year in the EOL program, one-third of all the financing we have made available is for new businesses, brand new. They weren't in existence before at all.

Mr. DELLENBACK. I see, frankly, a series of things about this that I think are advantageous. Particularly, like the Citizens Corps and VISTA, the involvement of your volunteers has great ripple effect beyond dollars. This is a fine concept, very beneficial. I can see also if you are able to place these loans effectively and well, which means good management decision in the first place and follow through, you get help way beyond the one person to whom you give direct aid.

With dollars limited, part of our concern must be to make those dollars go as far as possible. Any time we can get into a multiplier concept where the dollars in turn create more and so on, obviously this is beneficial for all of us instead of being a direct benefit and stopping at that particular point.

I can see in the work of SBA a great deal of this potential ripple or multiplier effect.

Let me ask you just two more questions, if I may. You indicated in your testimony at some point that later on you felt that some of the programs involved in the OEO should be spun off. Which ones and when?

Mr. BOUTIN. I would like to correct, Congressman. I said maybe some time in the future some of these programs can be spun off without detriment. I added the words "without detriment" now, not then. I don't know which of the programs or when. I personally don't think that now is the opportune time when the program is only 2 years old.

Mr. DELLENBACK. At this time you don't want to identify which ones might underlay your concept or maybe we could without detriment?

Mr. BOUTIN. I do not have the expertise because I have not been over to OEO now for over a year. It would be presumptuous on my part to even attempt to do that with the limited knowledge that I have available.

Mr. DELLENBACK. I will throw one soft one up then and see if you want to hit it. Are there any changes in the present law that from the standpoint of SBA you feel would be desirable to improve the operation of SBA?

Mr. BOUTIN. Yes. We have a bill before the Congress right now. We have actually two bills. One on the Senate side before the Committee on Finance dealing largely with the small business investment company program and taxation relative to that program, and before the Banking and Currency Committee for amendments to our act, none of which apply to the EOL program.

On the House side one of the bills, the tax bill before Ways and Means, and the rest of the bill basic legislation, before Mr. Patman's Banking and Currency Committee.

Mr. DELLENBACK. Thank you very much.

Thank you, Mr. Chairman.

Chairman PERKINS. Thank you, Mr. Boutin. You have been very helpful to the committee. Your unequivocal statement, to sum up your testimony, is that none of these programs should be spun off at the present time because we would lose the power that now exists to zero in on the disadvantaged group in America. Am I correct?

Mr. DELLENBACK. If I may, I did not read the witness' testimony as saying that. He said the other side of it, that he is not prepared at this moment, since he has been away from OEO now for a period of time, to state whether or not any of these programs should be spun off.

Chairman PERKINS. You asked him when they could be spun off, if he could make a projection in the future. The way I summarized his testimony was entirely different.

Mr. DELLENBACK. As far as the witness' qualifications in this regard, Mr. Chairman, he has already indicated he has been away from OEO for some length of time.

Chairman PERKINS. That is correct. But he is qualified to answer the question I put to him. Go ahead and answer.

Mr. BOUTIN. To answer the question, and I try to be exactly on the same wavelength on the three questions that have been directed to me, one by Congressman Goodell, one by Congressman Dellenback and one by the chairman, I said that it is my view that to spinoff functions of OEO at this time would be a mistake. Perhaps in the time future, in answer to Congressman Dellenback's direct question on this, I cannot identify which and when. But sometime in the future perhaps some of these can be spunoff, and added the words "without detriment to the program," but I would not recommend it at this time.

Chairman PERKINS. Thank you very much, Mr. Boutin. You have been very helpful to the committee.

Without objection, a statement that Sargent Shriver made before the Select Committee on Small Business of the Senate on March 15, 1967, will be inserted in the record.

(The statement follows:)

STATEMENT BY HON. SARGENT SHRIVER, DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY, BEFORE THE SELECT COMMITTEE ON SMALL BUSINESS, U.S. SENATE, MARCH 15, 1967

Mr. Chairman and members of the committee, thank you for inviting me to testify before your committee.

The relationship between small business and the poverty program is a subject that has occupied much of our attention since passage of the Economic Opportunity Act in August of 1964.

As you know, that Act put the Office of Economic Opportunity into small business loan programs in two areas.

First, under Title III-A, loans were authorized to low-income individuals living in rural areas. Loans under this program that are non-agricultural are designed to help the poor supplement their income through some form of small business enterprise.

This program was delegated by OEO to the Department of Agriculture for administration where it was, in turn, made a responsibility of the Farmers Home Administration.

The major small business loan program under our Act was in Title IV. This established the Economic Opportunity Loan program which we delegated to the Small Business Administration. SBA made the loans through Small Business Development Centers funded by OEO in a number of cities and rural areas.

Before I describe these programs in more detail and give you their current status, I would like to comment on the general philosophy of our efforts to eliminate poverty.

The end goal of much of our activity is employment.

There are two main ways in which someone in poverty but who is in the generally "employable" span of years of, say, between 18 and 55, can get his subsistence.

He can get it through welfare, or he can get it through employment.

Our emphasis, naturally, is on helping him earn his living through employment, providing him an opportunity to become a productive member of society and to enable him to support himself and his family in dignity and some security.

But not just *any* job.

Often, we hear from the employer who claims there can't be many unemployed people who *really* want to work, because he hasn't been able to hire a floor sweeper, or a dishwasher, or someone to perform some other menial task.

Those jobs don't really take a person out of poverty. They simply permit him to live a little closer to the outskirts of it. The future is almost nil, and he is the first to go at the slightest downturn in the economy.

But there is more to it than that.

First, almost half of the persons classified as poor are unable to work. Many are too young or in school. Some have family responsibilities that keep them home caring for children. Some are permanently or temporarily disabled and unable to perform work of any kind. Probably around 15 million of the poor are in these categories.

Second, most of the remaining poor who can work—and most of them do—cannot get jobs at which they can earn a decent income for various reasons. They lack education in basic and vocational skills; often they cannot read or write or understand instructions.

We should bear in mind that although statistics show that it is not uncommon for a poor person to have an 8th grade education, his actual intellectual capabilities are more realistically indicated by his reading level. Tests have frequently shown this to be far below the formal grade achievement.

In addition, many of these people cannot get jobs because they have a police record. Or there is no transportation between their home and potential employment locations. Repeated rejections by employers have destroyed the motivation of many of the unemployed to look for work. These are the hard-core unemployed and underemployed, and they constitute about 15 million persons.

This second group includes a small portion of the poor in urban areas who might have the qualifications necessary to become a successful small businessman—the skills, experience, and determination that can only be obtained through education and some steady, disciplined participation in the world of work.

I think we can say that it is precisely because most of the poor have not had the opportunity to obtain these attributes and attitudes that they are poor and will continue to be unless we can find a way to help them.

These are the people that the programs of OEO and other Federal agencies concerned with poverty are seeking to help. The Job Corps, Neighborhood Youth Corps, Work-Experience, and the Nelson-Scheuer programs all are directed toward the goal of employment training. We are in the process of developing new comprehensive manpower programs with the Labor Department that will reach into the ghetto to the hard-core unemployed, the same areas that have generally been the target of the Title IV loan program.

Our Community Action Programs, health and legal services, neighborhood service centers, adult education—and even Head Start—all seek to supply some of the advantages to the very poor that most of us take for granted.

What I have discussed serves as a backdrop to the area of your primary interest, which is small business. Given our strong interest in the goal of employment, it was our hope that the Title IV loan program would make a significant contribution to this end.

We must admit, however, that the relationship of the loan program to getting people out of poverty has been of considerable concern to us in OEO. We have sought for 2½ years to establish whether the needs of small business are consistent with the focus of OEO programs on the very poor which I have described.

I would like to say, first, that we are fully aware of the financial needs of small business.

The inability of some potential or present small businessmen to get credit through regular commercial sources is a very real problem, particularly in the ghettos.

Negro and other minority businessmen, unfortunately, have been especially vulnerable to what amounts to discrimination in the money market. It is said that the only color business recognizes is green, but many a Negro businessman will tell you that even having a going concern isn't enough to get a loan.

This has led to a sort of no-man's land in the loan field for a good many small businessmen. They may earn too much to be eligible for the OEO-SBA loan program but not enough for the regular SBA loans, and yet still are unable to get funds from the commercial market.

Add to these problems an argument over the whole concept of small business in poverty areas and you can begin to see the kinds of difficulties we encountered.

On the one hand, there is the argument that small business provides stability to such an area, that it provides some employment, that it is a symbol of "success" to those who would strive for it and that it can fulfill the American dream of being your own boss.

On the other hand, some economists will argue that assisting one small business to start simply drives another out, that in such a highly-competitive fight for a small market the untrained poor simply cannot survive as small businessmen, and that the simple economics and insecurity of many small businesses make a salaried position increasingly attractive.

Despite this dichotomy of philosophies, OEO and SBA sought to effectively implement the Title IV economic loan program.

First, there was the problem of how to administer the program, and to make sure that it was available to the poor. For this purpose, we established the Small Business Development Centers in about 50 selected urban and rural areas. Thirty-eight of these were funded by OEO; the others were funded by the Economic Development Administration or were staffed by volunteers.

These centers usually were closely related to Community Action Agencies and thus had access to the principal poverty areas.

The staff of these centers did the outreach, processed the loan applications and sought to provide management training and counseling for the applicant. SBA, of course, actually made the loans and reserved the right to approve or disapprove the applications processed through the SBDC.

Since applications were restricted to areas served by an SBDC, the loan program was not available on a national basis. OEO funds were insufficient to support more than a handful of SBDCs.

The next problem was to establish criteria for participation in the loan program.

Initially, the criteria set by OEO and SBA envisaged making loans to the very poor, or to those businesses which would hire the poor and thus create jobs.

Experience during the early months of program operation showed that while loans were being made upon the basis of employment of the poor, the evidence available did not indicate that any significant job creation was resulting. Further, requiring loan recipients to hire the poor could simply burden an already-faltering business that much more. Finally, loans at this stage were averaging close to the maximum of \$25,000, and SBA funds for Title IV were being depleted rapidly.

Consequently, in November 1965, the criteria were changed so that specific income limits were prescribed for eligibility. For example, an applicant with a family of four could earn up to \$4,630 and be eligible for consideration. This figure, I should point out, is \$1,500 over the income line we use to define poverty. The change had the effect of changing the emphasis from job creation to providing business opportunities to the poor.

Unfortunately, even then the program did not seem to be making a significant impact, and it came almost to a halt when the SBDCs could not find reasonably sound risks within such a stringent income limit.

Then, in March 1966, the criteria were liberalized even further so that the head of a family of four could earn up to \$5,630 and be eligible for loan consideration.

While this improved participation in the program, our concern was that it was continuing to draw even farther away from OEO's real "constituents" in poverty. The eligibility figure I cited, for example, now was \$2,500 above the poverty level definition.

In fact, reports indicated that SBDCs were stressing the theme that the program was for existing small businessmen who were unable to obtain assistance from other sources. There was less emphasis on assisting the man with a poverty level income to enter business.

I do not want to imply that the program was a failure. On the contrary, by the end of 1966, there had been 2,752 loans made under the Title IV program with a total value of \$27,555,695.

The average amount of an individual loan was \$10,000.

As a result, there are many small businesses existing today that would not have started, or would have failed, had it not been for this program.

But the question we faced in OEO, as it became more and more clear that the need for loan assistance was concentrated primarily with those who could not be classified as poverty-stricken, was whether our agency should continue with responsibility for a major small loan program.

Given the limited amount of funds at our disposal to help people out of poverty, we felt our directly-related programs probably should take precedence, with loan programs and their improvements to reach the more disadvantaged being left to other agencies with this broad responsibility.

We were considering last year whether to ask Congress to relieve us of the program in our FY 1968 legislation when Congress took care of the matter in its own way in the FY 1967 bill.

As an amendment to our authorization legislation which became law last November, Congress transferred the full responsibility for the Title IV loans from OEO to SBA.

At the same time, however, under a newly-amended Section 402(b), OEO was left with an assignment to provide "screening, counseling, management guidance, or similar assistance" to small businesses assisted by Title IV loans.

This created some difficulties for us. As you know, SBA immediately inaugurated a new program of economic loans which were to be available nationwide, and not solely through SBDCs as had been the practice. Further, SBA informed us that it wished to process loans entirely with its own personnel, and that this would no longer be done through SBDCs.

This effectively removed a principal reason for the existence of SBDCs, and removed as well the control over the guidance and counseling function that the SBDCs had been able to exercise previously with applicants. Additionally, SBA created a wholly new class of Title IV eligibles: Those who earned above the already-liberalized income levels but who still were not qualified for other SBA loan programs or could not get private financing.

Faced with this, as well as with the Congressional intent that guidance and counseling functions be continued by OEO, we determined to continue to fund our present SBDCs through June 30, 1967. At present, 36 SBDCs are in operation.

At the same time, we worked out with SBA the most effective use possible for the SBDCs during this remaining period.

SBA, for example, will utilize the training, counseling and outreach capabilities of the SBDCs where they now exist, and it will station regular SBA employees from time to time in OEO-Community Action Agency neighborhood centers. We have developed joint guidelines to instruct SBDCs on their new role.

Because of these circumstances, and the severe shortage of funds to carry on all our programs to reach the poor, we have decided not to request funds to continue the guidance and counseling functions in our proposed legislation which will be coming to Congress shortly.

This decision is based on the fact that the total dollars that will be made available for the war on poverty will, of necessity, be restricted.

We have, however, urged our Community Action Agencies to establish, or continue, counseling and guidance services on a voluntary basis wherever feasible. We will certainly continue to cooperate with SBA in every way possible to make its new loan program effective.

Let me mention briefly the Rural Loan program under Title III-A.

From January 1, 1965, to December 31, 1966, a total of 13,381 non-agricultural loans were made with a total value of \$23,902,820.

These loans have gone for a variety of service establishments, retail stores, repair shops, truck hauling, and the like.

The rural loan program is quite different in operation from the Title IV program as jointly operated by OEO and SBA, however, and it has not been beset with the same problems that faced us in Title IV.

In the first place, it is administered by the Farmers Home Administration employees directly and there is no SBDC intermediary. And, as you know, these employees serve all the rural counties in the Nation, giving the rural loan program an outreach capability that SBA cannot match. Follow-through and monitoring of the loan also is much more simple than in urban areas because these FHA employees actually live in the rural communities. Eligibility criteria are not rigidly formalized, and determinations of the applicant's eligibility and prospects are made by the FHA supervisor and his county committee.

Further, it should be noted that the average size of the non-agricultural rural loan is only \$1,786, as compared with the \$10,000 loan of the Title IV program. Lastly, administrative funds were provided to FHA to deal specifically with the rural loan program. This was not the case with SBA, and all administrative funds for SBDCs came from OEO.

We feel the Rural Loan program continues to serve a poverty need in rural America and we expect it to continue as part of our Act.

In closing, Mr. Chairman, I am not sure whether I have raised more questions than I have been able to answer.

I have discussed the problems we faced in attempting to relate a major small business loan program to the basic needs of those in true poverty.

I do not want to leave the impression, however, that we in OEO consider small businesses in the ghetto and poverty areas as a thing apart from our own mission.

This is not true. The poor, as consumers, frequently find their problems magnified even beyond the basic shortage of funds.

Quite often, the poor do not get, dollar for dollar, the same quality or quantity of food or goods that the more affluent person who has the time and the means to shop can achieve.

They can become "captive" patrons of unscrupulous merchandisers or credit vultures. And quite often, also, the stores, or services that the poor need simply are not located in the ghetto areas, requiring hours of travel on public transportation if goods are to be obtained.

Certainly, good, necessary businesses can offer much to any area, particularly where the poor live.

Through our Community Action Agencies, neighborhood centers and any other means at our disposal, we will cooperate with SBA to help carry its new program to the disadvantaged.

In short, I can assure you that we in OEO will continue to do everything we can to encourage the establishment of such businesses so that those we seek to help will have as many advantages as possible in their fight to move out of poverty.

Mr. DELLENBACK. Mr. Chairman, may I ask the witness—certainly I recognize it will be far too late to be of help to us at this time, but the other study that you mentioned a moment ago that may be 9 months in the offing, if and when it is prepared, you will make it available to this committee? Because our responsibility will continue in the future.

Mr. BOUTIN. I will be very happy to do that.

Mr. DELLENBACK. Thank you.

Chairman PERKINS. Thank you very much.

Mr. BOUTIN. Thank you, Mr. Chairman.

Chairman PERKINS. The committee will recess until 9:30 Monday morning.

(Whereupon, at 4:45 p.m. the committee was recessed, to be reconvened at 9:30 a.m. Monday, June 26, 1967.)

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

MONDAY, JUNE 26, 1967

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The committee met at 9:30 a.m., pursuant to recess, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Present: Representatives Perkins, Daniels, Scheuer, Burton, Quie, Dellenback, and Steiger.

Also present: H. D. Reed, Jr., general counsel; Robert E. McCord, senior specialist; Louise Maxienne Dargans, research assistant; Benjamin F. Reeves, editor of committee publications; Austin Sullivan, investigator; John R. Buckley, chief minority investigator; Dixie Barger, minority research specialist; and Phil Rockefeller, professional staff member.

Chairman PERKINS. The committee will come to order.

A quorum is present.

At the beginning, Sargent Shriver, let me welcome you back here. I hope for all intents and purposes we may be able to complete your testimony today.

It might be necessary to call you back. We have a busy day on the floor. In fact the committee has on the floor today the extension of title V of the Higher Education Act of 1965, containing the Teachers Corps and the Teaching Professions Development Act.

I presume we can run until about perhaps 12:30 and recess until tomorrow. I hope we may be able to complete your statement by 12:30. The only part of your general testimony that is lacking to my way of thinking is a very popular program, Headstart.

Go ahead.

STATEMENT OF SARGENT SHRIVER, DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY; ACCOMPANIED BY BERTRAND M. HARDING, DEPUTY DIRECTOR; JAMES HELLER, ASSISTANT GENERAL COUNSEL; DONALD M. BAKER, GENERAL COUNSEL; ROBERT A. LEVINE, ASSISTANT DIRECTOR, RESEARCH PLANS, PROGRAMS, AND EVALUATION; THEODORE M. BERRY, DIRECTOR, COMMUNITY ACTION PROGRAMS; JOSEPH T. ENGLISH, ASSISTANT DIRECTOR FOR HEALTH AFFAIRS; JULE SUGARMAN, ASSOCIATE DIRECTOR, HEADSTART; DR. NOLAN ESTES, ASSOCIATE COMMISSIONER FOR ELEMENTARY AND SECONDARY EDUCATION; DR. JOHN FRANKEL, DIRECTOR, HEALTH DIVISION; MRS. LISBETH BAMBERGER SCHORR, DIRECTOR, PROGRAMS, PLANNING, AND EVALUATION, OFFICE FOR HEALTH AFFAIRS, THE OFFICE OF ECONOMIC OPPORTUNITY

Mr. SHRIVER. Thank you, Mr. Chairman, and members of the committee. I am happy to be here again this morning and to start the presentation of our agency with respect to Headstart. On my left is Jule Sugarman, who has been the Associate Director of Headstart since Headstart started.

**STATEMENT OF JULE SUGARMAN, ASSOCIATE DIRECTOR,
HEADSTART, OFFICE OF ECONOMIC OPPORTUNITY**

Mr. SUGARMAN. Thank you, Mr. Chairman and members of the committee. Today I would like to talk about three general topics—first, the status of Headstart after 28 months of operation; second, what we have learned about the value of Headstart through our evaluation systems and finally, two new complimentary programs: The Centers for Children and Parents, and Followthrough.

The Headstart programs are presently being conducted under sections 204 and 205 of the Economic Opportunity Act and the fund authorized under section 211 (1) (a). Under the new legislation, Headstart and its complementary programs, Followthrough and the Centers for Children and Parents will be conducted as community action special emphasis programs under section 222. The new language in the new act provides essentially the same authority as exists in the present act.

Last year this committee and Congress as a whole recommended that OEO spend \$352 million for the Headstart program. OEO has followed that recommendation and during the course of this fiscal year we expect to spend approximately \$119 million for summer Headstart programs, serving approximately 520,000 children, and \$211 million for full year Headstart programs which will serve approximately 193,000 children.

I might note parenthetically that we see an increasing trend of interest on the part of local communities in longer term Headstart programs for children of younger age and for longer periods of the day.

There have been a number of communities which have been interested in and we have permitted them to shift funds from summer programs into full-year programs. Also a number of communities have lengthened the time of the program from a part-day program to a full-day program in order that they may meet some of the day-care needs in that community.

In addition to the money which is spent on direct operating grants we have spent approximately \$16 million for training and technical assistance and we have provided training this year to over 45,000 people who are employed on the local staffs of community action agencies and other Headstart grantees.

There is also now a corps of approximately 500 experts who are available to help local communities in improving their programs and I think that this has been one of the most salutary features of the whole program.

We also are spending approximately \$6 million for evaluation and research of which approximately \$1½ million will be devoted to evaluations and the remainder to research and various kinds of demonstration programs.

This level of funds permits OEO to establish both summer and full year programs in every State in the Nation and in every territory. I am very happy to say that this year we will be adding the Mariannas to the Headstart program which is the furthest west extension of our program, matching Puerto Rico on the eastern side.

I am also very happy to be able to say that 38 percent of our programs are in rural areas and that we are coming very close to achieving the distribution between urban and rural areas which corresponds to the incidence of poverty.

The committee has already expressed an interest in who are operating Headstart programs and I think that it is important to note that the picture differs significantly between summer programs and full year programs. In the summer programs approximately two-thirds of them are operated by public school systems, about 10 percent by private school systems, and the remainder by private nonprofit agencies, including community action agencies.

On the other hand, in the case of the full year programs only one-third are operated by public school systems, 10 percent by private schools, 29 percent by community action agencies, and 25 percent by private nonprofit agencies, such as settlement houses and special purpose Headstart groups.

Approximately 60 percent of the children served by Headstart are white children and approximately 40 percent Negro. Of the white children nearly one-third come from Spanish speaking families. In addition to Spanish we have children from Portuguese, French, Eskimo, Indian, and a number of other language backgrounds and we have had to devote a good deal of attention to language development techniques.

Most of the children in the summer programs, nearly 80 percent, are over 5 years old, but in the full year programs only about 40 percent are 5 years of age, most of them being 4 years of age or younger.

I think last year in testifying before this committee we explained that when Headstart began we decided that we would abandon the normal standards of quality in programs and we would put programs where they were needed.

This often meant taking a program or approving a Headstart program in a community which really lacked the resources and the talent to do a topnotch quality job. But once having made that commitment to start those programs in the areas which really needed them the most we then thought it was necessary to exert a tremendous effort to upgrade the quality of those programs.

We tried to do this primarily through the vehicles of training and technical assistance. I think that overall nearly 10 percent of all Headstart funds are being put into training. We have a wide variety of activities for both professional and nonprofessional staff. We have a wide variety of techniques including such things as ordinary inservice training programs operated and organized by the local group with the assistance of a series of regional training officers which we have funded at universities.

We now have 42 regional training officers at various universities whose primary job is to work directly with local grantees in helping them to improve the quality of their programs.

We have also funded summer 5-day institutes for nearly 40,000 people who will be working in the summer programs. And we have funded for over 2,800 people an 8-week training course, again at various universities throughout the country.

I might just note in passing that the cooperation which we have had from the colleges and universities of this country in terms of support of the Headstart programs has been truly phenomenal and it is one of the things that in my judgment has really made it possible for this program to reach the momentum which it has achieved.

The universities have worked under very tight deadlines, under extraordinary demands, but they have never failed to deliver the things which were necessary in support of the program.

I think the committee might be interested in the costs which are associated with the operating phases of the program. On a national average basis the costs for a summer program are \$200 per child, and a full year program \$1,100 per child.

We estimate that because of the change to 20 percent non-Federal share the full year cost will drop to \$1,050, in fiscal year 1968. Now the cost ranges quite widely from full year programs which can get by for as little as \$700 to \$800 a year to full day care programs in a community like Boston where the cost may be as high as \$1,700 or \$1,800 a year.

The largest single part of the cost of course is that connected with the staff in the classrooms. And in terms of the full year program this represents about 65 percent of the total cost.

The other essential ingredients are the nutrition costs which in a full year program represent about 14 percent of the cost, health services which represents about 6 percent, parent services which represents about 6 percent, training which represents about 4 percent, and overall administration, which we have consciously striven to hold down, about 3 percent.

The figures are somewhat different for the summer because of the heavier proportion of health costs relative to the total. It is our belief that after 28 months most programs are now being funded to include all appropriate services. There are a few cases in which psychological services or certain kinds of medical and dental services are still not available because the resources simply do not exist in the community.

In those cases we strive constantly to find new and ingenious ways to get those services into the community, and in working with both State and local agencies we have had I think a considerable degree of success.

No discussion of costs would be complete without reference to the enormous contribution being made by volunteers. It is our belief that for every hour of paid time in the Headstart program there has been an equivalent hour of volunteer time. We had anticipated that there might be some fall off in the level of volunteer effort, but that has not proved to be the case and communities continue to report great success in attracting volunteers to their program and in fact some difficulty in utilizing all of the volunteers that they would like to have.

During the first year of our program our primary emphasis was on the establishment of new programs. Subsequently, we put a good deal of quality emphasis on the improvement of the health program. It is gratifying to be able to tell this committee that the proportion of children receiving treatment for medical and dental problems has

jumped from 20 percent the first year to 65 percent in the second year and we are very hopeful that in this third summer of Headstart that the proportion will reach as high as 90 percent.

We have had complete cooperation with HEW in support of the health efforts and I want to cite particularly the work of the Public Health Service Dental Division which provides consultation on dental programs to all of our grantees.

It has done an absolutely fabulous job on that. We are now negotiating an agreement with the American Academy of Pediatrics which will provide similar kinds of consultation in pediatric medical areas to all of our grantees.

This year we also spent a good deal of time on improving parent participation. I think this has become one of the really strong points of the entire Headstart program. We have now a cadre of part-time parent experts who can work with communities in improving that part of their program.

Last month the much respected Child Study Association which is a national organization devoted to research on children's programs, began to train staff in parent programs under contract with us.

We have prepared now a total of six films which are being used in parent activities and by and large I am very encouraged with the way the parent program is going.

I am happy to say that the Headstart's interests in parents participation is having a significant impact on school programs as well and several school programs have adopted one or more of the Headstart's key elements of parent participation.

I think it might be interesting to the committee to just list those key elements because I think too often that the words "parent participation" are interpreted in a single fashion rather than the multiple phases which are really involved.

The first of these is the consultation between the staff and the directors of agencies and the parent on what the program should be like and how it should be operated.

The second is participation of parents in the classroom as either employees or volunteers, and I might note that there have been a very substantial number of parent volunteers as well as paid employees, paid parents, in the classrooms.

The third phase is the teacher and other staff visits to the home to work with the family and to help them to understand what can be done in the home in support of what goes on in the classroom.

Finally the fourth phase, those educational activities which are conducted specifically for parents to meet their expressed desires for self-improvement and there has been a tremendous amount of that going on.

I expect that during the coming year we are going to spend a considerable amount of time and emphasize questions involving what goes on in the classroom, itself. As the committee may well be aware, there is a good deal of ferment in the thinking about what constitutes good child development practice for this age child and we have people at both ends of the spectrum ranging from highly structured programs to totally unstructured programs. OEO and Headstart, in particular, have always taken the position that there is no single kind of program which is good for young children.

Rather what we want communities to do is to search out the knowledge about programs and to select for themselves that particular kind of program which makes the best sense for their community.

We do stand ready to provide technical assistance and consultation in this matter, but essentially the decision needs to be a local community decision. It seems to me that in a country as heterogeneous and individualistic as the United States that this is the only proper, and equally important, the only productive approach to good programs.

Let me turn now to what we have learned about Headstart during the last 28 months. We have invested something over \$4 million in efforts to evaluate the Headstart programs.

We have learned a great deal from these efforts, I think, although much remains to be learned in order to make conclusive judgments. Let me just summarize for you some of the general findings which come out of Headstart studies. No. 1, children who enter into Headstart programs have significantly lower scores than the normal child, usually in the general range of 80 to 85 on a scale of 100.

You have to understand that there are many different kinds of tests with different scales associated with them. When the children have been in a Headstart program at the end of that program they have made significant advances, in the range of five to 10 points, so that their test scores are somewhere around 90 to 95 at that point.

They are still below the norm, but substantially better than when they entered the program. These gains tend to be much greater for the children who were on the lowest end of the scale in the original testing and interestingly enough and I guess one might expect this from general development, much greater for boys than for girls.

Boys also test considerably lower than girls when they initially enter the program.

Once the children leave the Headstart program they tend to lose approximately five points of the gain during the first year after they have been in the program. So that they are generally better off than when they came into Headstart, but not as well off as they were when they left Headstart.

Here again the persistence of the gain is greater for the children who were the worst off to start, and particularly greater for boys.

Teachers generally rate children who have had Headstart as more competent and productive in their first year of school than those who have not had Headstart.

Parents are overwhelmingly enthusiastic about what happened to improve the abilities of their children in Headstart. Teachers rate parent participation in the kindergarten or first year of school as much higher for Headstart parents than for the parents of children who have not been in Headstart.

And we have numerous examples of communities that have never had successful PTA's now beginning to have a much more effective kind of parent teacher activity program because of participation in Headstart.

Sixth, there are notable health deficits in Headstart children, many of which if left untreated will cause significant problems for the children in the future. The most outstanding of these are in the dental area where the amount of dental problems is truly astronomic.

In general the health problems of children in disadvantaged families are slightly higher than the children from more advantaged families, but the big difference is that in the more advantaged families those health problems are under treatment and under care, whereas in the disadvantaged families they are not.

There are certain kinds of things, and these tend to be a little bit regional, in which Headstart children clearly have substantially greater problems, particularly in the anemic categories and in certain types of parasitic infections.

Nutritional deficiencies which do appear in Headstart children are pretty clearly being demonstrated as directly related to their rate of development, and I think this is something that is merging as a stronger and stronger factor within the Headstart programs.

Now I have made rather strong statements here about what Headstart research shows. Having made those statements let me hasten to add that the technology of evaluation is in my judgment not yet adequate to give us sound and clear-cut answers.

Many of the research findings are contradictory to one another, although the points which I have made above are representative of the general research findings. Part of the contradiction comes from the real difficulty of using any single form of evaluation to determine the work of a program which is nationwide in application and extremely heterogeneous in approach.

At the simplest level there are considerable technological difficulties in determining whether a particular kind of program is having a particular kind of result with a particular child. Yet this is exactly what we need to determine if we are to have any truly useful evaluation of the Headstart program.

We have had some real growing pains in the evaluation and research effort and I will not clutter the record with all the problems that we have had. Let me simply say that we have now evolved to the point where we have funded 13 university-based Research and Evaluation Centers. We see these as long run investments producing a constant flow of information and data which will be useful to us grantees and which will add a stability to our research program that it has lacked in the past.

First reports of these evaluation and research centers should become available this fall and thereafter there will be a rather steady flow of material coming out of them.

One of the real problems in the research program is the question of development and utilization of appropriate instrumentation. The fact is that when Headstart began there was very little in the way of testing materials that had been specifically designed for disadvantaged children of this age group so we pretty much had to develop it as we went along. I am sure you are aware, then it takes a considerable amount of time to validate, standardize and otherwise assess test instruments to find out if they really show you what you think they show you. We are going through that process and in a period of time we should be in pretty good shape on that.

We also use the Bureau of the Census extensively to gather information for us. Here again another government agency has been extremely helpful in going out of their way to provide the kind of data that we need.

Finally, we use our group of expert consultants for evaluations with the objective of having those experts visit each of the full year programs at least twice a year and a representative sample of the summer programs.

They have a dual objective, first of all, telling us what problems they see and what strengths they see in the local programs, but even more importantly, helping the local community to solve the problems that they see.

Before leaving the subject of evaluation let me emphasize the OEO has a real commitment to this process. We have tried to fund a wide variety of activities which would give us as much information and judgment on the subject as possible. While there are formidable technical problems involved here which must of necessity affect the initial results, we do believe that we are beginning to accumulate a very substantial body of useful information.

Let me turn now to the new and complimentary programs which are proposed this year by the President for inclusion as a part of the Headstart program. Both of these were mentioned in the President's message on children and youth which was sent to the Congress.

The first of them is called the Center for Children and Parents. I believe that Assistant Secretary Carter described this program briefly to the committee last Friday, but for those of you who may not have been present, let me say that this is intended to serve children under 3 years of age, or really families with children under 3 years of age, in a way that will provide complete and comprehensive services for that entire family.

It will be a very small program this year because we feel we have a good deal of learning to do as to just how one develops this kind of program. In total it will probably involve not more than 2,500 communities.

This program is being developed in real partnership with HEW, the Labor Department, and HUD, and at every step of the process we have been consulting very closely with them. Members of their staffs are chairing certain of the subcommittees which have developed programs and we have found this to be a very rewarding and useful experience.

One of the really rewarding results from a financial point of view part of this is that we think that a good deal of money which is available to those agencies can be used to complement the money which OEO has and provide a more effective total product.

The other new program this year is the followthrough program. This is a more substantial program.

Chairman PERKINS. You are going to address yourself to that right now?

Mr. SUGARMAN. If it pleases you, yes.

Chairman PERKINS. Go ahead.

Mr. SUGARMAN. The Followthrough program is being developed jointly by OEO and the HEW, specifically the Office of Education. The President's proposal includes \$120 million to support this program. The basic purpose of the Followthrough program is to take those children who have been in Headstart programs or similar title II or State-financed programs and continue on into their first and

subsequent years of school, probably as far as the third grade, the kind of special remedial noncurricular services which seem to make such a difference in the Headstart program.

The program is viewed as being operated in conjunction with title I programs and with State and local funding so that by putting together three different sources of funding, plus such things as title XIX medicare support and other Federal support that may be available in a particular community, we are able to achieve a very high level of program, a very high level of quality.

Of the \$120 million which is proposed for the Followthrough program approximately \$100 million of that will be used directly for direct grants to communities, about \$12 million for grants to State education agencies to help them to improve their assistance to local communities, technical assistance and training programs for local communities, and about \$8 million for administration evaluation, and research costs.

We estimate that the funds available for the direct operating grants will involve about \$525 per pupil on the average and therefore that we will be able to reach about 190,000 pupils in total.

The procedures which have been developed for the Followthrough program involve an application by the local education agency with the active investment and cooperation of the community action agency.

This proposal will be received by the U.S. Office of Education. Comments from State education agencies will also be a part of the record and the grants will be made by the Office of Education directly to the local education agency.

The program is intended to provide services to children in private as well as public schools and a number of arrangements have been developed to see to it that the same kinds of services and same kinds of support are provided for children in private schools as those provided children in public schools.

We have begun this year and will announce very shortly the funding of a number of pilot programs. It is our expectation and hope that out of these approximately 30 pilot programs we will learn a good deal that will help us and help other communities to plan broader scale programs that will be possible next fall.

We have made a decision that the bulk of the funds which are in the request this year should be for programs that will be operated in the school year 1968-69, rather than 1967-68. We have done this in recognition of the problem which this committee has so clearly identified in its report on the complications of delayed fundings. It seems to us that it would be more appropriate and more useful to have a funding schedule which gave communities real time to recruit, plan, train, and organize their services.

While this means a year's loss in time in terms of reaching children who really should have this kind of program this fall, we think the overall result will be better. We hope the Congress will support our judgment that the sound use of funds and good programs will be improved by delaying the total implementation for a year.

The Followthrough program is being developed in very close cooperation between the Office of Education and the Office of Economic Opportunity. We have been in daily contact with one another in the development of guidelines for the pilot programs. The same kind of cooperation will occur as the program moves on into its fuller phases.

The Office of Education has appointed an outside planning committee which has been helpful to them in developing standards and we have been very active in the deliberations of that committee. We really are very much encouraged by the progress on the Follow-through program and very much encouraged by the receptivity which it has received on the part of the local educational agencies.

Almost all of them tell us that this is just specialized kind of assistance that they feel is necessary to round out the package of assistance which is now available to them. Those proposals which were submitted in the pilot phase I think were replete with imaginative use of funds and new combinations of programs which auger very well for the future.

This, Mr. Chairman, completes my general statement on the status of the Headstart and Followthrough programs and I would be happy to answer any questions.

Chairman PERKINS. We will take a few moments to interrogate you under the 5-minute rule. Sargent Shriver, what difficulties do you see should Headstart be abruptly transferred by the Congress to the Office of Education and just how would it affect the ongoing program?

Mr. SHRIVER. Mr. Chairman, I think that it would be well to have the testimony of the Secretary of Health, Education, and Welfare on that subject and my own belief is best expressed I think by saying that Headstart in my judgment has been as well run, as well managed, as well administered from the point of view of cost as any program in our agency and I think it has been as well run as any program of this type in the Federal Government.

Chairman PERKINS. I agree with you, but do you see where many youngsters will not be able to take advantage of the program if it was transferred to the Office of Education?

I would like to have your comment on that.

Mr. SHRIVER. The answer to that would have to depend in my judgment upon the basis on which it were transferred, if it were transferred and the complications that might arise under any sort of a transfer document or under legislation.

It would really be difficult, at least for me, to express specific comments on that issue when we don't have anything specifically before us.

Maybe, Jule, would you like to comment?

Chairman PERKINS. I would like to have your assistant likewise comment on those questions.

Mr. SUGARMAN. I think, Mr. Chairman, as Mr. Shriver has indicated, the basic question is under what conditions a transfer were to be made. The normal practice of course of the Office of Education is to make grants almost totally to local education agencies, public school systems.

Chairman PERKINS. Let me preface my statement by stating that the Office of Education has already stated that, in their judgment, the program would operate better right where it is at the present time.

Go ahead.

Mr. SUGARMAN. Thank you.

In the case of full year Headstart, over 65 percent of the programs are not operated by public school systems, so that there would be

an immediate problem of whether those many, fine, existing programs could continue to operate if the Office of Education were making the grants.

Secondly, the Office of Economic Opportunity, I think, has been in the position, through the authorizations of this committee and the Congress, to provide a good deal of direct assistance and to be directly influential on the way in which programs are operated to a degree which is not customary in the Office of Education. We have been able to target funds specifically into areas which appear to have the greatest need, to provide specialized assistance to those communities which needed assistance to get off the ground. It is a question of whether the Office of Education would be in a position to do the same thing.

In the case of the private schools, as my earlier remarks indicated, there are about 10 percent of the programs that are now operated by private or parochial schools, and there is, of course, a question as to whether and under what conditions it would be possible for those schools to continue their operation.

I think the Office of Education in its testimony last Friday made it rather clear why they thought it was important that this program remain in the Office of Economic Opportunity.

Chairman PERKINS. There has been close coordination and cooperation between your Headstart program and the funds that have been expended by the Office of Education for a similar purpose, the present school program.

Mr. SUGARMAN. That is correct, Mr. Chairman. In fact, there are a number of situations in which parts of the funds are provided under title I, and parts of the funds are provided by Headstart. We have a number of joint publications. People involved in title I programs have taken advantage of the Headstart training programs, and our regional training officers also conduct training for title I programs whenever they are asked to do so.

Chairman PERKINS. Mr. Quie.

Mr. SHRIVER. May I make a further comment there?

Chairman PERKINS. Yes; go ahead.

Mr. SHRIVER. Mr. Chairman, a few days ago I tried to point out quickly here, in response to a question similar to the one you asked, why it is that we have thought of Headstart as being a community action program. Perhaps it would be well for the record at this point to reiterate some of those factors, because, regardless of where Headstart goes, in my judgment it ought to be part of community action rather than part, let's say, of a health service or the education service or some other specialized service. I say that because Headstart has been one of the most effective community action weapons or devices that we have had. In fact, today, right now, there probably are as many as 100 community action agencies which still have only Headstart as their program.

Let me go back a step in the history of Headstart and point out how we got it going. First of all, it was not undertaken as an educational program exclusively; never was. The objective of Headstart was to, first of all, prepare the child, but in reaching the child to do something about the family and to do something about the cultural conditions in which that child grows up.

Every day we get more and more testimony about the fact that poverty is caused as much by the total environment as it is by one specific disability; let's say bad health or poor education or malnutrition; that you cannot attack these things unilaterally, that they must be attacked as a package, and community action is that packaging method. It is the method of treating a human being, of working with a human being as a totality rather than as a sick body or a sick mind or some other singular aspect of the person.

In addition to that, we have overwhelming evidence over and over again not only in this country but in the Commonwealth of Puerto Rico, through anthropological studies and research of all of the different types, that unless the people do these things for themselves, the end result is not very effective; that a paternalistic approach, where the Federal Government or State government does things to people or for people, does not produce a permanent result within the people.

That is an intrinsic part of community action, namely, that the people are doing these things for themselves, that it is not going through a regular channel you might say, a traditional, at any rate, channel of government.

Community action is a device which frees the people to do something about their own problems. Headstart is an intrinsic part of that process.

Let me go back another step. In the State of West Virginia and in the State of Arkansas, the State of Mississippi, for example, in the first year and a half of this program there probably wouldn't have been but a handful of community action agencies if it were not for Headstart. Headstart was the inducement, if you will; it was the attraction which brought people together who had never talked to each other before, not only across racial divisions but across religious divisions and across economic divisions. People in small towns, the counties, and even in some larger places were brought together in conversation and in joint action because of Headstart. Having gotten the experience of working together on Headstart, they began subsequently to branch out into other areas, including legal service areas, job training programs, job finding programs, et cetera.

Many community action agencies are still at this first stage, and my own belief is that they are going to proceed from that first stage to the second and third stage quite slowly because we are dealing with deeply ingrained cultural habits in many parts of the United States. Therefore, I am going to come back to the original point I made a minute ago.

Headstart is fundamentally a community action thing. I think it ought to stay in CAP, that it shouldn't be out of CAP and in the Office of Education or out of CAP in the Public Health Service, or out of CAP in some other place. It is in CAP now. It has been well run in CAP. I don't see that we would save any money for the taxpayer or improve the administration of it one iota by taking it out of CAP. And I see a great many weaknesses which Mr. Sugarman has already described if it is removed from CAP.

Chairman PERKINS. Briefly, Mr. Scheuer.

Mr. SCHEUER. One brief question.

Hasn't there also been some experience that the very existence of Headstart outside of the established education institutions locally has

been a goad or a competitive stimulus to induce the local education establishment to get into the kinds of programs which historically they have been somewhat reluctant to involve themselves in—programs such as participating activities, programs such as medical and health care, programs involving supporting social services?

I don't want to put words in your mouth, Dr. Sugarman, but wouldn't the transfer of Headstart to the established education institution programs result in a diminution of the thrust and the enthusiasm with which some of those local education agencies are beginning to concern themselves because of the fact that Headstart has worked, because of the fact that nothing succeeds like success, and they have seen it work outside of the education establishment and they want a hunk of the action?

Mr. SUGARMAN. I think you are clearly correct, Mr. Congressman.

In addition to the changes which you have already indicated, I think one of the more significant changes has been the now-growing enthusiasm of school systems for the use of nonprofessionals in their programs. Any number of school systems which once used aides only for essentially menial kinds of duties are now beginning to find that they can play a very productive part in the program.

I also think, looking somewhat further ahead, that the existence of the Headstart program is posing a lot of questions for school systems about the total organization of programs and the total involvement of the community in all phases of the program. I foresee a shift towards a body of thinking and a body of programs which involves children from birth through age 8, for example, but not necessarily as a part of the standardized school system, but, rather, as an amalgamation of many kinds of efforts by many kinds of groups in support of these efforts.

Chairman PERKINS. Mr. Quie.

Mr. QUIE. Dr. Sugarman, where is the authority for the Follow-through program?

Mr. SUGARMAN. The Followthrough program authority at the moment exists in section 211 of the existing act, which specifically mentions the word "Followthrough." In the new act it will be in section 222(a) which deals with special programs of nationwide impact. There is no language that specifically says "Followthrough" but it is the kind of general language which will be used to handle this and other programs as they are developed.

Mr. QUIE. As for the Congress establishing any national policy for Followthrough, the bill removes the three words that attested in the present act to Followthrough activity, and leaves no specific language in the new bill about Followthrough?

Mr. SUGARMAN. It is correct that there is no specific language for Followthrough, but there are many provisions in section 222 which will have a significant impact on how that program is administered.

Mr. QUIE. What sections are you referring to now, subsections in section 222 which would have an impact on Followthrough?

Mr. SUGARMAN. Section 222(a). If we look at line 13 we see that these must be activities which can be incorporated into or be closely coordinated with community action programs; that it must involve new kinds of resources or new, innovative approaches, and that they be structured in a way that will most fully and effectively promote the purpose of this title.

Mr. QUIE. That is pretty broad language.

Mr. SCHEUER. Will my colleague yield for a point of information on that subject?

Mr. QUIE. If we are going to operate under the 5-minute rule—

Mr. SCHEUER. Out of my future time.

Mr. QUIE. OK.

Mr. SCHEUER. Congress has expressed itself pretty clearly on the need for Followthrough. Last September, when the Elementary and Secondary Education Act was on the floor of the House, Congress passed an amendment that I proposed, making available as a subject of research under title 5-J, the question of why the Headstart kids, when they came into the local school systems in the first three grades lost the ground they had gained, and making money available to produce the kind of Followthrough program that we are talking about now.

Mr. QUIE. I know that there is an interest in the Congress in it, and the Congress would not refuse to write language specifically addressing itself to either Headstart or Followthrough, but I find it quite interesting that the Congress has never set national policy in either of these two, and when Headstart began with OEW there was no specific language for Headstart, either.

Mr. SUGARMAN. This is correct, Congressman.

Mr. QUIE. And, to show the interest in the program, we found the first year when it was intended to be for 100,000 young people or children, it ended up being about the same size as you are talking about now in fiscal 1968.

So, locally there is a demand and I don't think the Congress is unwilling to write national policy where there is such a tremendous local demand as this.

Mr. SUGARMAN. I think, Mr. Quie, that it was a useful experience in the Headstart program to be able to start from a very broad legislative framework and to work out the nature of the program within that framework before the Congress became more specific in its legislation. This has been true not only of Headstart but programs like legal services and health services, foster grandparents and many others. It permits the Congress to have a good deal more information at hand about the specific problems involved in the program before it attempts to write definitive legislation.

Mr. QUIE. I feel that the Congress has also neglected its duty, however, in not engaging in writing national policy. I would hope we could do this in the future.

Let me ask you about how you plan on operating the Followthrough program. Are you going to delegate this to the U.S. Office of Education?

Mr. SUGARMAN. Yes, sir; it will be delegated to HEW.

I wonder if it might be appropriate, Mr. Chairman, to ask Associate Commissioner Nolan and Dr. Estes to join us at the table now from the Office of Education to discuss this.

Mr. QUIE. Did you meet over the weekend so you could work out all the difficulties that he ran into last Friday, so he could answer questions on it?

Chairman PERKINS. Let me interrupt my colleague and state there were no difficulties last week at all.

Mr. QUIE. He just refused to answer. He hadn't signed the deal yet.

Mr. SUGARMAN. I think we are in complete agreement, Mr. Quie.

Mr. QUIE. Mr. Estes can answer the question now?

Mr. ESTES. Believe it or not, we have been in several sessions over the weekend and are, I think, in appropriate posture to answer any questions that you might want to pose.

Mr. QUIE. Very good.

Chairman PERKINS. I don't think the gentleman from Minnesota wants to let there be any insinuation in the record that there was any disagreement, because that was not the case.

Mr. QUIE. It is pretty hard to have disagreement when they won't answer questions.

Chairman PERKINS. He just told you he would answer your questions specifically.

Mr. QUIE. He didn't answer the questions.

Chairman PERKINS. That an agreement had not been signed. That was the only question.

Mr. QUIE. Now with the recent agreement, whether it has been signed or not, perhaps we can find out how the Followthrough will operate.

How will the U.S. Office of Education make the money available in the States?

Mr. ESTES. We will make the money available for the most part to local educational agencies.

Mr. QUIE. Is this defined as public educational agencies?

Mr. ESTES. No. This is a local educational agency similar to the method in which we handle funds under title I. However, when we provide funds to a local educational agency—

Mr. QUIE. I wonder if you would define local education agencies for me so we know what we are talking about here.

Mr. ESTES. This is usually an elected board of education responsible under State statute for administering the public schools in a local school district or county or subdivision of the State as established by the State legislature.

Mr. QUIE. Very good. And you say most of the money will be allocated to such a local educational agency?

Mr. ESTES. We anticipate that a large amount of the funds will be allocated in this manner. The local educational agency will be responsible for planning, for administering, for the supervision of the program. However, there will be cases where, for one reason or another, a local educational agency is unable to provide these services. In these instances the Office of Education will contract with a Community Action agency or a Headstart agency to provide these services, the followthrough services, to Headstart children.

Mr. QUIE. Would this be in the form of a bypass?

Mr. ESTES. I don't understand the term "bypass."

Mr. QUIE. Well, the bypass which I referred to is if the local agency was prohibited by statute or by constitution from performing services for certain individuals because they were connected with a private or parochial school.

Mr. ESTES. We would operate this similar to the way we handle title II of the Elementary and Secondary Education Act as provided by the Congress. Where we find a State that is unable, for one reason or another, to administer title II funds, then there are provisions for the Commissioner to make these funds available so that title II services

can be provided to children in private and parochial schools. Likewise, under this delegation of authority, we would have the authority to make grants directly to a community action agency or a Headstart agency.

Mr. QUIE. Even if there was no constitutional or statutory prohibition against the local public school, you can still go to the community action agency or to a Headstart agency? Is that right?

Mr. ESTES. That is right.

Mr. SUGARMAN. The process gives a priority to the local education agency as the applicant.

I want to emphasize again, if I may, Mr. Quie, the essential community action nature of this Followthrough program and the fact that, while the local education agency is the grantee and the applicant, it is not an agency operating in isolation from the rest of the community. Rather, the community action agencies themselves must be totally involved in the process. The appropriate State agencies must be involved in the process, complete use must be made of available funds, parents must be involved in the development and activation of the program.

Mr. QUIE. This is similar to the same requirement in title I of the Elementary and Secondary School Act where the community action agencies are required to coordinate and cooperate with the program?

Mr. SUGARMAN. The process is somewhat stronger here.

Mr. QUIE. It was once feared that the community action agencies could veto a title I project. However, I understand this has been worked out now. Could they veto a followthrough project?

Mr. SUGARMAN. They may not veto a Followthrough program project, but their views certainly would be given thorough consideration.

Mr. QUIE. Under what set of conditions would you contract with a community action agency rather than a local public school?

Mr. SUGARMAN. Two classes of conditions: one, where the local education is unable, and the other where it is unwilling to operate a program. I can think of a number of communities where the local education agencies may simply be unwilling to undertake programs consistent with Federal legislation, and, therefore, some alternative vehicle is necessary in order to provide services to the children. This has been, of course, our experience in Headstart as well.

Mr. QUIE. Do you find the program is such that their inability may be caused by a lack of facilities?

Mr. SUGARMAN. That is a possibility although I think that is a less serious problem in Followthrough, in that it tends to complement the basic ongoing school system program.

Mr. QUIE. Now, the Headstart agencies that you speak of would be delegated agencies of the local community action agency? Would this be right?

Mr. SUGARMAN. In a number of cases there are independent Headstart agencies where programs exist in an area where there is no community action agency. As you know, there are many, many communities where a CAA has not yet been established.

Mr. QUIE. Especially in Southern States?

Mr. SUGARMAN. That is correct, but more general than that.

Mr. QUIE. What about the Community Action agency which has delegated its Headstart program, let's say, to a church or other non-profit group other than the public school? Would they be eligible directly, the delegate agency? Or, in those cases where you do not

deal with the local public school, would you always deal with the umbrella agency, the Community Action agency?

Mr. SUGARMAN. That is the preferred vehicle, yes.

Mr. QUIE. Preferred. Would it be the only way?

Mr. ESTES. This would be the only way where we have a Community Action agency or a Headstart agency. I would not see any reason why we would work in any other manner.

Mr. QUIE. How would the children that have gone through Headstart and are in a parochial school benefit from a program operated by a public school? And if the local public school did not permit them to benefit equitably in the Followthrough program, would the local public school be denied funds for the Followthrough and be given to someone else? Do you understand my question?

Mr. ESTES. We would require that the children attending private and parochial schools participate in the program and services be provided in proportion to the number of children who had been enrolled in Headstart programs in these schools. We would work with the local educational agency to insure that these services were provided, that participation was made on an equitable basis.

Chairman PERKINS. Mr. Daniels.

Mr. DANIELS. Dr. Sugarman, I believe you testified earlier that the Headstart program has now been incorporated or started in all States of the Union, including some of our possessions. This program is a developing one. You have not any definite conclusions. So, in the experimentation with this program will you find any new techniques developing, and, if so, what are they?

Mr. SUGARMAN. I think, Congressman Daniels, that there have been many interesting new techniques come into existence. First of all, I think we had a lot more attention paid to some of the things that were known about early childhood development but not practiced in the public school systems. And particularly I refer here to the systems which adapt the program to the needs of the child rather than adopting the child to the program, trying to find those particular kinds of things which are going to be a success with that child and create for that child opportunities for success, just basically the notion of giving every child an individualized curriculum, if you will.

Secondly, I think the idea of bringing together the resources of the physician, the social worker, the community aide, the nurse, the teacher, the classroom aide and the parent as a team working together to help the child is something that is evolving out of the Headstart program.

Then, thirdly, I think that there is a great deal more being done in these programs to expose children to the whole wide world rather than to the things that you can do just in a classroom under a very specific set of conditions.

Mr. DANIELS. For the reasons you have given, therefore, would it not be better for this program to remain with OEO which could do a more effective job, rather than turn it over to the Office of Education?

Mr. SUGARMAN. I think that we have built up an expertise, an organization, if you will, which is capable of working with communities in solving these problems, and I think we are best equipped to proceed with that.

Mr. DANIELS. If Headstart were to be run exclusively by public schools do you anticipate any problems finding staffs for the year-round program that you referred to?

Mr. SUGARMAN. I think that if the public schools were to take over the program at this point in time and to use the public school personnel systems, that there would be some very substantial difficulties. This is one of the things that Dr. Lumley of the National Education Association testified about before this committee, in opposition to the transfer of Headstart to the Office of Education. What he said in testifying before this committee was that the public schools were more concerned about things like personnel systems than they were about some of the program elements of Headstart. And he thought, in his judgment and in NEA's judgment, that there would be a tremendous loss of program effectiveness if the schools were to move into this at this time.

Mr. QUIE. Would the gentleman yield?

Mr. DANIELS. I would be glad to yield.

Mr. QUIE. I was wondering who is recommending that Headstart be administered only by the public schools, or that contracts only be through them. Is anybody recommending that?

Mr. DANIELS. No one that I know of. I am anticipating that this might be the thought of some people, perhaps some members of this committee.

Mr. QUIE. It might be. I haven't heard of that.

Mr. DANIELS. Are there any parts of the country where public schools have shown no interest in the program of Headstart?

Mr. SUGARMAN. I think there are, sir. Unfortunately, in some of the Southeastern States, there is practically no participation on the part of the public schools. I suppose the most outstanding example of this is the State of Mississippi where we have some 30,000 children participating in Headstart, and less than 500 of those are in public school programs.

Mr. DANIELS. Has there been any criticism of the program concerning the incorporation of poor people in the proposal so far as you are concerned?

Mr. SUGARMAN. Yes, there have been a number of communities, and particularly school systems which have raised very serious questions and have been quite resistant to using poor people as either volunteers or staff members in the program. I think that picture has improved considerably in the last year, and in even the most recalcitrant school systems there is now a greater willingness to try to work with non-professionals. But it has taken a constant effort on our part and on the part of State and local assistance agencies and our regional offices to open the door to the employment of nonprofessionals.

Mr. SHRIVER. May I comment on that just briefly?

Mr. DANIELS. Surely, Mr. Shriver.

Mr. SHRIVER. I was on the Chicago Board of Education for about 5 years, and I know everybody on the board, I think, and a number of the administrators. I suppose I had a year's worth of correspondence with some of the officials there and some board members about the use of volunteers in the public schools, particularly with respect to Headstart. This came to a climax about 3 weeks ago when, in fact, it was decided at the very highest levels in the Chicago board that they would

go along with the idea of having volunteers and poor people actually in the classrooms.

Since I am quite familiar with that situation, it interested me a great deal that even at this late date it was necessary for me and the general superintendent of schools and one of your colleagues here on the committee, Congressman Pucinsky, to be involved in a discussion trying to get across the idea that having parents of the children in the classroom is a desirable thing, and having volunteers who are from the neighborhood in the classroom is a desirable thing.

Yesterday's New York Times had a very interesting article in it about a school principal out there named Shapiro who has been trying to get some of these things going in the New York public school system for a long time. He was the principal of a school up in Harlem, known as P.S. 119. He has been sort of a gadfly, I gather, up there in New York, a kind of fellow who within the existing hierarchy was pressing for a number of these innovations.

I agree with Mr. Sugarman that progress has been made, but I also think that it is still a very sticky wicket. It is a slow process.

You don't make these changes overnight because there are an awful lot of professional people who feel that you better keep the amateurs out of the act, because all they do is mess it up.

It reminds me of the Peace Corps. There were an awful lot of professional diplomats who really weren't very keen on having amateurs known as Peace Corps people messing around in "diplomacy."

Mr. DANIELS. Having had this program for the past 28 months, do you find any duplication of the activities of Headstart and follow-through with any other programs sponsored by any other agencies of the Government?

Mr. SUGARMAN. I do not, Mr. Congressman. In fact, followthrough cannot operate in competition. It has to operate in cooperation. That is one of our reasons for wanting to involve the Office of Education so deeply in this program, so that there will be coordination between title I State and local groups the Followthrough funds.

Mr. DANIELS. What is your office doing with respect to evaluating the programs which have already been instituted throughout the various States and possessions, and in the dissemination of that knowledge to the various agencies that are operating the program?

Mr. SUGARMAN. We are doing a good deal, Mr. Congressman. I think our most important effort is in terms of 13 regional research and evaluation centers which we have established throughout the country to survey, analyze, and evaluate representative Headstart programs. The results of their findings will be publicly available, as are all research and evaluation studies made of Headstart, and they will be disseminated through the training programs that we finance, and also by direct mailings to the local community.

Mr. DANIELS. Thank you.

Mr. QUIE. Will the gentleman yield?

Mr. DANIELS. Yes, I yield.

Mr. QUIE. Could we have Dr. Sugarman place in the record the location of these 13 regional evaluation centers?

Mr. SUGARMAN. Be happy to.

(The information follows:)

Research and Evaluation Centers

E. & R. Center	Director and location	Regional responsibility	Regional offices associated
Temple University, 215, 787-8006/8007 (3+215 +507-3311).	Dr. Theron Alexander, Philadelphia, Pa.	Urban Philadelphia, central and eastern Pennsylvania, West Virginia, eastern Kentucky, and Tennessee (i.e., Appalachia).	II, Washington; III, Atlanta.
University of Kansas, 913, 864-3081/842-2362 (3+0+212+number).	Dr. Frances Horowitz, Lawrence, Kans.	Kansas, Nebraska, western Missouri, Colorado, Wyoming, Montana, North and South Dakota.	VI, Kansas City.
Bank Street College of Education, 212, 243-4903x14 (3+0+212+number).	Dr. Herbert Zimiles, New York City	New York City (overlaps with Teachers College), Maryland, Delaware, New Jersey, District of Columbia.	I, New York; II, Washington.
University of Hawaii, 808, 944-8477/8901 (call long-distance operator).	Dr. Dorothy Adkins, Honolulu, Hawaii.	Hawaii, Guam, Samoa, Alaska, Washington, Oregon.	VII, San Francisco; special projects.
Syracuse University, 315, 476-5541x2298 (3+315 +473-3350).	Dr. William Meyer, Syracuse, N.Y.	New York State (excluding 75-mile radius of New York City), western Pennsylvania, and eastern Ohio, Puerto Rico, Virgin Islands.	I, New York; IV, Chicago; special projects, II, Washington.
University of Chicago, 312, 643-1111/1044 (Hess) (3+312+333-4400).	Dr. Robert Hess and Dr. Va. Shipman, Chicago, Ill.	Illinois, Indiana, western Kentucky, and western Tennessee.	II, Washington; III, Atlanta; IV, Chicago.
Michigan State University, 517, 353-7099 (3+517 +372-1910).	Dr. Sarah Horvey, East Lansing, Mich.	Wisconsin (except Chicago suburbs), Michigan, Minnesota, western Ohio, and Iowa.	IV, Chicago; VI, Kansas City.
University of Texas, 512, 471-1361/1362 (3+512+476-6911).	Dr. John Pierce-Jones, Austin, Tex.	Texas, New Mexico, Arizona, Oklahoma, Utah.	V, Austin; VI, Kansas City; VII, San Francisco.
Boston University 617, 262-4300 x169 (3+617 +223-2100).	Dr. Frank Gartunkel, Boston, Mass.	Massachusetts, Vermont, New Hampshire, Maine, Rhode Island, Connecticut.	I, New York.
Teachers College, 212, 870-4149 (3+0+212+number).	Dr. Robert Thorndike, New York, N.Y.	New York City plus 75-mile radius (overlaps Bank St. which is responsible for north Jersey suburbs of New York City), California (all), Nevada.	Do.
University of California at Los Angeles, 213, 272-8911 x4026 (3+213+683-2000).	Dr. Carolyn Stern, Los Angeles, Calif.	South and North Carolina, Virginia, Georgia, Florida.	VII, San Francisco.
University of South Carolina, 803, 705-8100 (3+803+253-8371).	Dr. Myles Friedman, Columbia, S.C.	Louisiana, Alabama, Mississippi, Arkansas.	II, Washington; III, Atlanta.
Southern/Tulane Universities, 504, 775-6300x340 (3+504+348-7181)-Baton Rouge 504, 866-7711x393 (3+504+627-2611)-New Orleans.	Dr. Edward E. Johnson (Southern) Baton Rouge, La. Dr. Melvin Gruwell (Tulane), New Orleans, La.		III, Atlanta; V, Austin.

Chairman PERKINS. The time of the gentleman has expired.

The gentleman from New York has 10 minutes.

Mr. Gooddell.

Mr. GOODDELL. Thank you, Mr. Chairman.

First, for the record, I think something should be clarified. Mr. Quie asked a question which partially clarified it.

There appears some effort to set up a strawman to knock down in terms of what all the proposals have been for Headstart today. To my knowledge, nobody has proposed that we transfer Headstart simply into the public school system, period.

I agree completely, as I did 3 years ago, and Mr. Quie did, with the basic philosophy expressed by Mr. Shriver a few minutes ago, that we must have involvement of people themselves. You don't do things to people; you do it with them, and that is the way you get effectiveness. And your proposal simply would begin to provide some coordination in these programs. We believe that there is no justification for having two sources of Federal funds running parallel in many instances, overlapping in their authorizations for what they can do. So we now have the Office of Education under title I in present school programs, and the Office of Economic Opportunity with Headstart. Not only that, your very proposal for Followthrough, your discussion of the need to coordinate or going to coordinate through the Office of Education by delegating programs to the Office of Education, appears to be very good justification for the handling of coordination under the Headstart exactly the same way.

All the arguments you made for coordinating Followthrough through the Office of Education apply to Headstart. Our proposal in simple terms is to have one source of Federal funds in the Office of Education which would, in turn, channel money through a new State agency that involved private and public school officials, community action board members, charitable groups and social welfare, and so forth that can't go through the State educational system. They, in turn, would make grants to Community Action boards at the local level who would contract for Headstart and for Followthrough with the most appropriate agency, public, private, nonprofit.

All the things you said appear to be criticizing proposals that are not applicable to what we are proposing, and I know of no one that is proposing that we eliminate community action in this whole operation, that it all be done by the public school system, I know, as a matter of fact, of nothing in our proposal that would prevent the private school from participating under contract with the community action boards as they do now.

Occasionally the implication creeps in that OEO can do things constitutionally that the Office of Education cannot do constitutionally. Of course, we will know that is ridiculous.

I would like to ask a question in another sphere. You touched on some likely evaluation procedure. We have seen some evaluation studies that are beginning to question the long-term impact of Headstart, and I mean by long term 8 or 9 months after they have had a Headstart experience, unless it is followed through. Many of us raised this question at the very outset. We felt that there had to be a continuing process as between the school systems.

Again, this is part of the reason why we want to get the schools themselves involved. Recently the Government Operations Committee of the House of Representatives issued a very voluminous four-volume document on the various evaluations and research projects funded by the Federal Government. They indicated that \$380 million is earmarked each year for Federal social research; \$380 million.

Among other agencies they cited the Office of Economic Opportunity as having spent \$70.7 for Federal social research in the past 3 years, \$70.7 obligated. It is my understanding that you are requesting \$35 million for fiscal 1968.

I would just like to cite a few of the comments, completely non-partisan, from experts who are trying to utilize this research and then have your comment as to how you are going to handle this.

"* * * the ones that are critical of the Administration usually are quietly suppressed to protect the personal interests of the bureaucrats. But generally these studies avoid criticism. They are most often self-serving instruments of the sponsoring agency.

Another comment, by the research director for the committee:

Does the Government really want the whole truth and nothing but the truth, or only comforting truths—only those truths which can be widely publicized because they are politically palatable?

He went on to say that many Government agencies have either "buried, forgotten, modified, or only partially disclosed" what they called inconvenient truths.

Another expert made the comment that the Office of Economic Opportunity interprets its statistics in the most favorable light possible. Dr. Winifred Bell, who recently resigned as Chief of the Demonstration Projects Group, the Bureau of Family Services of the Welfare Administration:

The need to justify new programs, to report success stories, to gain Congressional appropriations; and to compete with each other is too great at present to generate the quality of research or reporting needed to appraise these programs.

Dr. Orleans of the committee research staff made this point:

* * * private scholars tend to be used not as independent students of the truth, who may introduce fresh ideas into stale programs, but to buttress existing programs.

With specific reference to the Office of Economic Opportunity, the subcommittee found that these comments were especially true with the Office of Economic Opportunity. The antipoverty agency spends plenty on evaluations. Some are good. But according to an academic authority as Oscar A. Ornati of New York University, "New knowledge and new policy are * * * almost entirely unrelated." "The effectiveness of these evaluations is minor," Dr. Ornati said. "There is little systematic analysis of the reports and no routinized way for findings to be distributed * * *."

On this latter comment "no routine way for the findings to be distributed," for the past 21½ years I have been very interested in what research was going on and what evaluation. Until very recently I found great difficulty even getting copies of recent evaluation studies that had been done by OEO with the taxpayers' money. Certainly these ought to be available to Members of Congress.

In the last few months we have been told that if a Member of Congress wants to go down to your library, there is one copy available that we can look at down there of the research study. Scholars would have a tremendous problem with this and a great deal has been written about the unavailability of studies.

I am sure that part of these criticisms that I quoted derive from the fact that they found it so frustrating to get ahold of studies done with the taxpayers' money supposedly to evaluate what we have been doing, so that we can make improvements. I think if we are going to spend \$70 million over a period of 3 years in Federal social research out of the poverty money, that it would be a small further expenditure to have those studies mimeographed in ample quantity so that they are available to scholars and to Members of Congress to evaluate what we are doing.

I would be glad to have your comments.

Mr. SUGARMAN. Let me speak to the Headstart portion of that discussion and then perhaps Dr. Levine would like to speak to a more general question.

Let me simply say that the facts in Headstart are not as suggested in that article, which if I remember correctly appeared in the Christian Science Monitor. First of all, every Headstart evaluation study is available and has been available to anyone who wanted to see it. The press has made frequent visits to our office.

There is a problem in providing enough copies of these documents to give one to everybody that would like to have one.

Mr. GOODELL. Let me ask you this. How many copies do you have done?

We have been told that one copy is available, that is all. That is what everybody is told that goes in. You may "making enough copies."

Mr. SUGARMAN. Ordinarily we require submission of 50 or 100 copies.

Mr. GOODELL. In most instances these would be ample?

Mr. SUGARMAN. That is correct and wherever a specific report is sufficiently popular, speaking of Headstart now, we provide enough copies. Some of these studies are several hundred pages long.

They are available and have been rather thoroughly analyzed. We have not repressed or withheld any of the findings, even those which appear to be contradictory. I won't say that we have solved the dissemination problem. We have done some things.

For example, let me cite the research funded with Dr. Martin Deutsch, of New York University, and Dr. Susan Gray, of Peabody College. In each case with the research we have funded a training program as well, so that the knowledge gained could be immediately disseminated to the people who need to have it. We have more to do, I will acknowledge.

Mr. GOODELL. I would like some assurance and I think all the members of the committee would like assurance that whatever the present policy may have been, that in the future there are going to be enough copies run of all of these research studies that we have paid for so that when a member of this committee or a scholar contacts you, they may be able to get a copy.

I wrote and Mr. Quie wrote and we have not received copies and I recently received a reply that three of them are not available. Our

research people were told when they went there that this one is out somewhere else.

This is, of course, a frustrating business when you are trying to look at the studies that are done by independent scholars and evaluate what we are doing.

May I have a reply from Mr. Shriver on the question.

Chairman PERKINS. Surely.

Mr. SHRIVER. I think it is a fact that 90, if not 100, percent of the adverse comment in the press on Headstart is based on Headstart studies made by OEO and supplied to newspaper people. So far as I know, there has been no study of Headstart by anybody outside of those that we financed ourselves, which has been derogatory about Headstart.

In other words, all of the derogatory information about Headstart has been supplied to anybody that wants it and that is what you are reading from and that is what the people you have read of based their comments on.

So I agree with Mr. Sugarman that so far as your comments are directed to Headstart, Congressman, so far as I know, they are not correct.

I would like to ask Dr. Levine, who is in charge of research and evaluation, to comment about the generality of your comments.

Mr. GOODELL. Before you pass it to Dr. Levine, it is a fairly simple question. I would like an expression from you that whatever previous policy has been, that you are going to see to it that of the money that is spent for research projects, a small amount will be set aside so that there are ample copies of those evaluation and research studies available to the Members of Congress and to scholars in the future.

Mr. SHRIVER. Of course, that has always been true and we will continue to keep it so.

Mr. GOODELL. If you say it has always been true, that is a false statement.

Mr. SHRIVER. I don't think it is a false statement.

Mr. GOODELL. If you will say that you are going to see that it is true in the future, I would be relieved.

Mr. SHRIVER. I am glad to relieve you. All I am trying to say is that it has been true, that such studies as we make under Dr. Levine's direction are available.

Mr. GOODELL. Are available?

Mr. SHRIVER. No studies have been held back at all. I might point out, for example, that the University of Wisconsin does studies with our money which are available and I never heard anybody comment about them. They are, however, extremely good studies.

Mr. GOODELL. I am aware of and have looked at the University of Wisconsin study and copies were made available to us; \$70 million has been spent in this research, and when we request copies, we frequently find great difficulty and even our staff, conforming to your previous policy of going and looking at one copy in the library, frequently found it unavailable.

Mr. SHRIVER. I might add that the figure of \$70 million for research is wrong. The \$70 million includes all of the demonstrations, many of which are not research. I would like the record straight, so that we are not spending that money for research alone.

Mr. GOODELL. Mr. Chairman, just to answer that particular point, may I read from the Committee on Government Operations staff study and their quote and they are the ones that are the source of my figure, and they say:

Research does not include programs of demonstration, training or education, routine data collection; the construction of buildings and facilities; or the development of equipment, materials, devices, systems, methods, prototypes, and processes.

What you say is in direct contradiction to the data developed by the Government Operations Committee under its very able chairman, Mr. Reuss.

Mr. LEVINE. My data show in fiscal 1956 and 1957, \$21 million spent on research as such. This may be a definitional question.

Mr. GOODELL. Will this cited \$9.7 million and in 1966—

Chairman PERKINS. The gentleman from New York.

Mr. BURTON. The point I would like to make is that I think the other side should have a full opportunity to explore these matters, but I think the time should come from the other side until the rest of us living with the 5-minute rule have an opportunity to ask questions.

I suggest that until we catch up with the time utilized on the other side.

Mr. GOODELL. What you are doing is cutting off your only people from answering.

Mr. LEVINE. Mr. Chairman, I want to explain one thing. Mr. Shriver is right that we have made these things available. I think Mr. Goodell is right that they have not been easy to get at and I want to accept personal responsibility for that fact which has been a mistake on my part.

Chairman PERKINS. The Chair recognizes the gentleman from New York, Mr. Scheuer.

Mr. LEVINE. I would like to explain once and for all that a policy of complete openness was adopted by this agency some 8 months ago so far as making these documents available. At that time in my naivete I thought that we could make these things available in our library and have scholars and congressional staff come in. I was plain wrong.

In answer to Mr. Goodell's question, we are taking steps to correct that both on the back stuff, to get the back material copied, and the forward stuff to write into our contracts from now on, provision for enough copies so that they will be available.

I am perfectly willing to admit that error. However, Mr. Shriver is absolutely correct that in terms of availability, openness of results, these have been available. They have been tough to get at because I didn't realize that it would be necessary to reproduce them in the quantities to get them to the Congress and others.

Chairman PERKINS. Mr. Scheuer.

Mr. SCHEUER. I think that was a very helpful clarification. I am glad to yield a moment of my time to get it in the record. I would like to say that having worked closely in the Headstart program in my district and having worked closely with Headstart officials in Washington, I think it is a marvelous program. I think the administration has been absolutely first class. It has been innovative.

I don't believe that there has been any attempt to buttress existing programs. On the contrary, there has been a very creative and forthright attempt to improve and mold these programs as experience developed.

I have only one complaint at all with Headstart. That is, it hasn't been doing enough for enough kids. I wish the OEO had come in and asked for a vastly larger appropriation so that Headstart, a full year's Headstart, would be made available for each one of the roughly 2,700,000 or 2,800,000 kids that need Headstart. I think we have had far more than enough research to indicate the soundness and the rightness of the basic thrust of the Headstart program.

I see Nolan Estes nodding his head, and I think it appropriate to point out here that Nolan Estes and Jack Hughes in their own work in the magnificent report of the Advisory Council with title I have emphasized the necessity of exactly the Headstart thrust in the elementary and secondary education years. They indicate the necessity for exactly the totality of programs that you have developed: for the parent outreach, for the smaller class sizes, the supporting social services, the medical and health and nutrition care. Am I right, Dr. Estes?

Mr. ESTES. That is right.

Mr. SCHEUER. If anything, in the Office of Education itself we have had a tremendous thrust for change, and contrary to the statement that they or Headstart have been attempting to buttress the existing programs the report of the Advisory Council on title I stemming from the Office of Education has made it transcendently clear that what we must have is exactly that thrust for change in the existing educational establishments.

I wish to second the remarks wherein I indicated the value of having this competitive thrust from Headstart. There was an indication that there wasn't a thrust from the Office of Education; but there has been, and it has been exciting to see. As far as the local education agencies throughout the country, Headstart has buttressed the thrust that is coming from the Office of Education. It has changed the ways of doing business of the local education agencies because they have but a competitive good to provide new services embodied in the Headstart concept.

Can I ask you, Mr. Shriver, have you done any cost-benefit analysis of Headstart? I think we all across party lines here have the feeling that the Headstart program is right as rain. Certainly there has been no comparable program in the whole concentration of your projects that has received such enthusiastic public reception and has had so little criticism.

As I say, the only criticism I have is that there isn't a great deal more of it.

Can you tell us from any studies that you have done, do you feel that this is the area we ought to concentrate recourses in? Is a dollar spent on a Headstart program a sounder dollar with a bigger cost-benefit return than a comparable dollar spent on the Job Corps or Neighborhood Youth Corps or other of your programs?

Mr. SHRIVER. May I ask Dr. Levine to answer that. In one sentence, we have not come up with a cost-benefit ratio on Headstart, nor do we have a comparison such as you and we would like to see. I think our people can explain why it is so difficult to get to that point.

Mr. LEVINE. If you remember, Mr. Scheuer, when we were discussing cost-benefit analysis a couple of days ago, I said I had presented to the committee only the ones we have been able to do. We have not been able to do one on Headstart. There are several reasons a couple of which Mr. Sugarman alluded to in discussing the difficulties of evaluation as such.

I repeat that you can't do cost-benefit analysis until you have data to work with. You have to get decent measurements before you do the analysis.

There is another point, which is that Headstart is a program which, if it works—if it is to be amenable to cost-benefit analysis—if it works in adding to the ultimate earnings for the poor, which is our objective measurement, has got to work with a lot of programs subsequent to Headstart, starting with Followthrough. And that is why we are in the Followthrough business. It must continue into other in-school programs under Elementary and Secondary School Act auspices and private auspices.

These children are just getting into other programs, and Headstart cannot be evaluated by itself and it will be 10 or 12 years until these kids are getting out of the Headstart program. This is different from Job Corps and Upward Bound.

Mr. SCHEUER. May I ask one more question, because my time is almost up. One of the interesting things that came out of the report of the National Advisory Council is that in many areas of the country, particularly in the rural South, much of, if not all of, the title I funds were spent for health and nutrition, for taking care of kids who came to school in the morning sick and half asleep with hunger.

We have an article from the New York Times, a week ago Saturday, that I would like unanimous consent to insert in the record at this point.

Chairman PERKINS. Without objection, so ordered.

(The document follows:)

[From the New York Times, June 17, 1967]

SEVERE HUNGER FOUND IN MISSISSIPPI

By Nan Robertson

WASHINGTON, June 16.—A team of doctors who recently returned from Mississippi told Congress today that they had found hunger approaching starvation and serious untreated diseases among hundreds of Negro children there.

The doctors met with members of Senator Joseph S. Clark's Subcommittee on Manpower, Employment and Poverty after a four day inspection of conditions in Humphreys, Leflore, Clarke, Wayne, Neshoba and Greene Counties.

In all, they saw and talked with 600 to 700 children, as well as extensively interviewing about two dozen families.

They described the health of the poor children there as "pitiful," "alarming," "unbelievable" and "appalling," even though Mississippi has reached a higher percentage of its poor with food programs, using Federal antipoverty funds, than any state.

FIELD FOUNDATION PAID

The team, sent with money from the Field Foundation of New York, whose major interests are child welfare and intercultural and interracial relations was made up of the following doctors:

Dr. Robert Coles, a child psychiatrist with the University Health Service, Harvard University, who is the author of "Children of Crisis"; Dr. Raymond Wheeler, an internist in private practice in Charlotte, N.C.; Dr. Alan Mermann, a pediatrician and assistant clinical professor at Yale Medical School, who made

a medical survey in Lowndes County, Alabama, last year, and Dr. Joseph Brenner of the medical department of the Massachusetts Institute of Technology, who has made other medical inspections of the South and in Africa.

Dr. Wheeler, who is executive committee chairman of the Southern Regional Council, a private group whose stated goal is equal opportunity for all Southerners, said he had been born and raised in the South but had not been prepared for what he saw in Mississippi.

He stressed the "absence of compassion and concern" among health and welfare workers and described one child who came for treatment with a "nasty laceration." The nurse gave the child a tetanus shot, Dr. Wheeler said, but "didn't dress the wound."

"She didn't even look at the wound," he said.

In "child after child," the doctors said they had seen nutritional and medical conditions "we can only describe as shocking—even to a group of physicians whose work involves daily confrontation with disease and suffering."

They said they had seen children afflicted with suppurating sores, severe anemia, ear, eye and bone diseases, heart and lung ailments that had gone undiagnosed and untreated, chronic diarrhea, "appalling" tooth decay and, "in every county we visited, obvious evidence of severe malnutrition."

AS BAD AS AFRICA

The doctors' report continued:

"We do not want to quibble over words, but 'malnutrition' is not quite what we found; the boys and girls we saw were hungry—weak in pain, sick; their lives are being shortened . . . They are suffering from hunger and disease and directly or indirectly they are dying from them—which is exactly what 'starvation' means."

The doctors made their disclosures in discussions with the Senate subcommittee at a lunch in the New Senate Office Building, and later at a news conference.

Dr. Brenner, who had spent one year in East Africa, said he had found health conditions in the South among the poor as bad or worse than those among primitive tribal Africans in Kenya and Aden.

"It is fantastic," he said, "that this should be so in the wealthiest nation in the world—the wealthiest nation that ever was."

The team emphasized that the families they saw in Mississippi were totally isolated, unseen and outside the "American money economy."

They described some who struggled to live on \$15 a week, which they earned after working 55 hours, with children who ate biscuit for breakfast, boiled beans for lunch and bread and molasses for dinner.

They saw women, they said, "who had not had money in their hands for weeks." Therefore, they said, the Government should change the food stamp program so that the rural poor could obtain food stamps free.

The stamps now cost from a monthly minimum of \$2 for each applicant to a maximum of \$12 for large families. They can be used to buy quantities of food worth much more than those amounts.

The doctors also met with Assistant Secretary of Agriculture George L. Mehren and his staff, and said they had found them honest and concerned.

But the team was also "discouraged" by reports of Congressional opposition to the free distribution of stamps even to penniless families whose fathers are declared "able-bodied," thus making them ineligible for welfare.

Senator Clark is planning to hold public hearings on the doctors' survey next month.

Mr. SCHEUER. It describes the severe hunger among the kids in Mississippi. The doctors referred to it as pitiful, appalling tooth decay and "in every county we visited," the doctors continued, "obvious evidence of severe malnutrition."

The doctors' report continued: "We do not want to quibble over words, but 'malnutrition' is not quite what we found; the boys and girls we saw were hungry—weak, in pain, sick; their lives are being shortened * * *. They are suffering from hunger and disease and directly or indirectly they are dying from them—which is exactly what 'starvation' means."

My question is this: We have had abundant evidence that the education programs themselves can't succeed when kids come to school half starved with hunger in our affluent society. I would like to ask what program the OEO is developing and perhaps Dr. Joe English might want to say somethings here, to bring the basic elements of health nutrition to every American child so that they have half a chance to make a go at their school lives.

Mr. SUGARMAN. Let me use Mississippi as an example, Congressman, where we now have, as I indicated earlier, some 30,000 children in full-year Headstart programs. In each of those programs, the children who are in Headstart are getting, first of all, at least one and usually two meals a day.

Mr. SCHEUER. My time is yours. I know the great job you are doing, and I know that those 30,000 kids are being taken care of but there must be millions of kids in other parts of the South, and in the North as well, including my congressional district, who come to school in the morning not having had a square meal since the school lunch the day before. Has the poverty program developed a thrust to reach the kid who can't succeed in school because of extreme hunger no matter what the Office of Education does to develop innovative educational programs because these kids are sick with hunger?

Mr. SHRIVER. Could I say that three things have happened. One is that under Headstart, kids get not only breakfast but lunch in your district and every place else. In the Neighborhood Health Center program, we are attempting to deal with the things described there.

Mr. SCHEUER. It is a great program. I hope Dr. English will have a chance to describe it in detail.

Mr. SHRIVER. The third thing is that OEO is not the food-feeding agency of the U.S. Government. However, we have initiated a project called Health in Mississippi and we have given money for the purchase of food stamps so that a poor person gets them for nothing in 22 counties where these conditions are alleged to be the worst.

Don't misunderstand me. I am not trying to say that we have done as much as we should have. But the fact is that we are not the feeding agency and that every dollar we spend in that way does take away from dollars that we can spend in ways that would perhaps get somebody out of poverty rather than just out of hunger.

Don't misunderstand that statement. We agree that it ought to be done and we have done what we can do, but we would need a lot more money and a specific authorization if we are to get into the feeding business.

Mr. SCHEUER. It seems to me clear from the evidence that if you want to get into the "getting out of poverty" business and the education business, you have to get into feeding and nutrition and medical-health-services business. Our whole established systems of distributing nutrition and distributing medical help for the kids in America is desperately deficient. I hope that you people who are the innovators will at least come up with a program that Congress will consider to bring adequate medical and dental and health and nutrition care to every American kid that needs it.

Dr. ENGLISH. Mr. Congressman, I think you are describing a situation that we hear from the doctors that are down there working in the first neighborhood health center, starting in Bolivar County, Miss. They told us that the best meal provided for the children is the one

that the Headstart kids get at breakfast and lunch, and now the problem in funds in extending that.

They feel that the conditions are so terrible for these children, that they are going to be prescribing food as medicine by prescriptions because it doesn't help to help the children with other kinds of medicine unless food can be available, and in some ways this is the only way that food will be available.

Mr. SCHEUER. Are you doing that in your community health centers in New York and Boston and Denver?

Dr. ENGLISH. So far we haven't heard from that, from some of the other centers. As they get underway, we may find similar conditions there, too. We have heard this mostly from the doctors that have begun to work in Mississippi.

Mr. SCHEUER. I want to say as a northerner that this problem of hungry kids going to school is not a regional problem. It may be dramatic, at its worst, in the South, but I am sure you would find the same thing in the Bronx and other areas of the urban North. I want to make it clear that this is an American problem and not a North-South problem.

I hope that with your sensitivity to this problem, that all of you at this table, including the Office of Education people, will give us some kind of design for a program that, after all of these generations and decades in a society that is more affluent than the mind of man has ever imagined that we could ever achieve, that we will finally bring basic, minimum, human standards of health and medical and nutrition care to these kids. We look to you for that kind of imagination and insight.

Mr. SHRIVER. Could I point out in passing that a number of existing school districts, boards of education actually do provide breakfast with local funds today.

Mr. SCHEUER. Would it be a fair statement that a good deal of that has been stimulated by the kind of programs that you have been carrying on that schools have adopted, showing that it has worked and is popular? Would that be a fair statement?

Mr. SHRIVER. I don't know. I know that before we started Headstart, as a matter of fact when I was on the board of education in Chicago, we fed about 20,000 kids for breakfast in Chicago who came to school so hungry that they couldn't study.

I am sure that if we were reaching 20,000, there were probably 40,000 that needed it. I am guessing. I don't know how many other school districts do the same thing, but there is a substantial amount of local money spent for that purpose in the United States. Perhaps it ought to be greater.

Chairman PERKINS. Mr. Dellenback.

Mr. DELLENBACK. Thank you, Mr. Chairman. Dr. Sugarman, picking up in part where Mr. Scheuer was talking in terms of numbers, how many young people are being covered by Headstart at the present time?

Mr. SUGARMAN. About 700,000, Mr. Dellenback.

Mr. DELLENBACK. On annual basis?

Mr. SUGARMAN. Of which 500,000 are only in summer programs and 200,00 in full-year programs.

Mr. DELLENBACK. What is it that is anticipated for fiscal 1968 in the way of numbers of young people?

Mr. SUGARMAN. Approximately the same number with a slightly, about 20,000 more in the full-year programs.

Mr. DELLENBACK. Is that in addition to the 190,000 that you anticipate covering with Followthrough?

Mr. SUGARMAN. Yes, it is.

Mr. DELLENBACK. So Headstart will deal with about 700,000 and Followthrough with about 200,000?

Mr. SUGARMAN. Right.

Mr. DELLENBACK. How many young people are there in the United States as you see it at the present time who are in need of Headstart?

Mr. SUGARMAN. Mr. Chairman, there are about 1 million poor children in each age category. Last year we submitted to this committee a rather comprehensive report on this subject which has all the statistics on the numbers of children that need service and the cost and activities required to provide that service to the children.

Mr. DELLENBACK. May I ask, Mr. Chairman, that in view of the time shortage, rather than to go over them all at this time, that relevant portions of those statistics be included in the record?

Chairman PERKINS. Without objection, so ordered.

(The statistics to be furnished follow:)

POOR CHILDREN IN THE UNITED STATES IN NEED OF HEADSTART

To millions of Americans, Project Head Start is a notable achievement of the antipoverty program. Their enthusiasm for the program, their willingness to work with it and their confidence in its success have created a great demand for Head Start Programs. This year 500,000 children will benefit from summer Head Start programs and 150,000 from full-year programs. At the request of the House Education and Labor Committee the Office of Economic Opportunity has prepared this informational report on expanding Head Start. It describes the potential problems, methods and costs of providing FULL-YEAR programs for all poor 3, 4 and 5 year olds who would benefit from Head Start or equivalent programs. It should be noted that much of the material in the report is based on the limited data which could be obtained in a two-week study. Additional studies would certainly alter and improve this data.

The report results from the Committee's specific request for data on FULL-YEAR programs for 3, 4 and 5 year olds. In evaluating this information the Committee will no doubt want to consider the relative costs, advantages and disadvantages of summer programs as well as the priorities of attention for various age groups. It will also want to weigh the needs in this area as against the many other needs of the children and adults who are in poverty.

The report includes no recommendations by the Office of Economic Opportunity beyond those included in the President's 1967 Budget request. The very substantial costs of a complete program would create formidable budgetary problems.

SUMMARY

1. This report contains an analysis of the numbers of children who could be served by FULL-YEAR Head Start programs and the funds, staff and facilities which, in our judgment, would be required to create programs for them. Each of these elements has been analyzed in terms of what would need to be done and how it might be accomplished. The report should be read in the light of judgments on—

The relative importance of Summer and Full-Year programs.

The ages of children to be served.

The impact which any program expansion would have on the Federal budget.

The speed with which a program could proceed without disrupting other important health, social service and educational activities.

The demands which it will create for improvement of elementary school programs.

2. Head Start is a highly successful and significant child development program for disadvantaged young children and their families. There are now approximately 3,000,000 children ages 3-5 who come from poor families. Of these approximately 500,000 are presently enrolled in publicly supported programs (exclusive of Head Start). Many current public programs, particularly kindergartens, provide a considerably smaller range of services than Head Start.

3. There are, then, approximately 2,500,000 children not presently served by public programs. Since the program is not compulsory, it is likely that because of geographic dispersion, lack of public interest, or inability of specific children to participate no more than 80% could ever be brought into Head Start or equivalent programs. This suggests a potential of 2 million poor children. Since OEO permits 10% of enrolled children to come from families above the poverty line the maximum potential would be 2.2 million. Of this total:

470,000 would be 5 years old.

850,000 would be 4 years old.

880,000 would be 3 years old.

4. Supplemental funding for programs administered by the Office of Education (Title I—Elementary and Secondary Education Act), Bureau of Family Services (Social Security Act)—Children's Bureau, (Special Project Grants) and the Public Health Service, as well as the Office of Economic Opportunity could improve existing programs for 400,000 children in kindergarten.

5. With adequate funding it should be possible to expand Head Start at a maximum annual rate of 600,000-800,000 children. It is our judgment that it would be technically feasible to provide adequate personnel, training and facilities and to maintain reasonable quality standards while these resources are being developed. In reaching a 2,200,000 level for Full-Year children, construction and training would have to be carefully phased so that both facilities and staff are ready before children are actually enrolled. Lead times between approval of programs and their opening may range up to a year. Thus the absolute minimum time required for full enrollment would be four years.

6. To reach an operating level of 2,200,000 children it would be necessary to provide short-term training for 147,000 teachers and 290,000 non-professionals and 39,000 other professionals. While it is probably feasible to recruit the number of people, it would create serious competition with other important public programs, particularly in education. Facilities would need to be renovated for 350,000 children and constructed for 1,650,000.

7. The estimated costs of providing for this expansion are:

Annual operating costs:

\$0.9 billion for 800,000 children.

\$1.5 billion for 1,400,000 children.

\$2.4 billion for 2,200,000 children.

Training Costs:

\$64 million for 800,000 children.

\$112 million for 1,400,000 children.

\$182 million for 2,200,000 children.

Renovation, construction and equipment costs:

\$1.0 billion for 800,000 children.

\$2.0 billion for 1,400,000 children.

\$3.6 billion for 2,200,000 children.

Annual research, evaluation and administration costs:

\$76 million for 800,000 children.

\$100 million for 1,400,000 children.

\$136 million for 2,200,000 children.

Kindergarten Enrichment program costs: \$160 million for 400,000 children.

The actual costs to the Federal Government, and the appropriations required, would depend primarily on the timing of an expansion program and the methods selected for financing of construction. The latter could involve various combinations of Federal, State, local and private funds. If expansion were to occur at the maximum possible rate to reach an enrollment of 800,000 the first year Federal obligations would be \$1.1 billion plus whatever portion of \$850 million in construction costs would be federally supported. Parts of these costs could be borne by agencies other than OEO.

8. OEO's present legislative authority is adequate to undertake any proposed level of expansion with two exceptions:

(a) If Federal assistance is to be provided for construction, the legislation would have to be amended.

(b) The level of OEO appropriation authorizations would have to be increased to take care of any amount above the President's budget request of \$310 million for Head Start.

Mr. DELLENBACK. I assume it is your eventual goal hopefully to cover this entire group with Headstart.

Mr. SUGARMAN. That is correct.

Mr. DELLENBACK. What would you anticipate the annual budget requirements would be to cover this number that you have set forth there?

Mr. SUGARMAN. In terms of providing service to children 3 years of age and older, we said in this report last year that the annual operating costs would be approximately \$2.4 billion once the programs were established.

Mr. DELLENBACK. \$2.4 billion.

Mr. SUGARMAN. Right.

Mr. DELLENBACK. That is just for Headstart?

Mr. SUGARMAN. That is just for Headstart and does not include Followthrough.

Mr. DELLENBACK. What about Followthrough? How far would you anticipate ultimately taking Followthrough and how many dollars more would this run?

Mr. SUGARMAN. I think our Followthrough planning is based at the moment on going through the third grade but with a diminishing number of children requiring the service as they reach the higher grade levels.

Mr. DELLENBACK. Let me ask a question on that. You have indicated in this initial inception that Followthrough would reach through the third grade. Does your longrun planning call for you to take a further program beyond the Followthrough, beyond the third grade?

Mr. SUGARMAN. The planning in this year's budget is only to reach the first grade after Headstart. Our long-range planning probably goes as far as the third grade but not necessarily for all of the children to get the services in the first grade. We haven't gone beyond the third grade in our thinking.

Mr. DELLENBACK. Do I understand correctly that the Followthrough classes and the help would be above and beyond the regular classroom?

Mr. SUGARMAN. That is correct.

Mr. DELLENBACK. Breaking to another point, how many volunteers are involved in Headstart at the present time?

Mr. SUGARMAN. We figure, estimate that there are about 125,000 volunteers involved.

Mr. DELLENBACK. How many paid personnel?

Mr. SUGARMAN. A total number of paid personnel of approximately 50,000.

Mr. DELLENBACK. But you anticipate that the hours, then, are about 3 to 1?

Mr. SUGARMAN. Yes.

Mr. DELLENBACK. As you have testified earlier, the hours involved, volunteer versus paid, are about equal?

Mr. SUGARMAN. That is correct.

Mr. DELLENBACK. You made one comment earlier which seems to me to have profound longrun potential. You said something to the effect of your eventual goal being to deal with children from birth to 8 years of age? Did I listen to you correctly?

Mr. SUGARMAN. I said that I thought that this was an evolution in thinking that was taking place, that people interested in the development of children were beginning to think in that block. That does not necessarily mean the same kinds of programs for all children. In fact, I would see quite different kinds of programs, depending on the background of the particular children involved.

Mr. DELLENBACK. Do you mean literally to be reaching all children with one program or another from time of birth on?

Mr. SUGARMAN. I think not, Mr. Dellenback. I think there are very substantial numbers of children where no outside-of-the-home program is necessary. I also think it is important to note that this is not necessarily a Federal responsibility to assume the responsibility for all of these programs.

Mr. DELLENBACK. I am relieved and delighted to hear that.

Mr. SHRIVER. I might just underscore that, that all of those programs that we have initiated have been local programs and one of the major thrusts of Headstart is to increase the family's capacity to take care of its own children on the theory that the family has this responsibility in the first instance and it is only when the family is incapable of doing it that we or any other agency gets involved; so when he is talking about the theories of child-development experts, it is the scientist's approach as to what children actually need. When they can get it through their families, we are that much better off. There is no desire on his or anybody else's part to inject the Federal Government into that or any other program except where needed.

Mr. DELLENBACK. Do I read you correctly, Mr. Shriver, in your comment on Dr. Sugarman's remark, that when you talk about this need for dealing with children from time of birth until 7 or 8 or whatever year you have in mind, that you are commenting that this is what somebody else has said rather than this being the plan of OEO?

Mr. SHRIVER. That is correct; yes. We haven't made any such plan. Let me go back one step. I think that in families that have financial resources and the sense of parental responsibility, that the kind of planning which is done for children in those families is what child-development experts are saying should be done for all children. That is all. In a good family setting, the mother gets the kind of prenatal advice and assistance and postnatal care and so do the children get good attention of pediatricians; but the fact is that in thousands of families in the United States, the mothers get no pre- or post-natal care and the children get no pediatrician care, and doctors are saying that without that kind of assistance, those children cannot fulfill their innate qualities.

Mr. DELLENBACK. May I ask a philosophical question along this general line? Do you feel it should be the ultimate responsibility of the Federal Government to see that all persons in the United States get the full range of potential help and care available in the medical, education, and other fields, or do you feel that it should be the responsibility of the Federal Government to see that all persons in the United States get certain minimal help in these fields and leave it to them to go beyond this?

Mr. SHRIVER. I don't see it either way. I—

Mr. DELLENBACK. Would you tell us what you do think on this?

Mr. SHRIVER. First of all, I don't think that the question should start off involving the Federal Government as distinct from State or municipal government or private social agency. What I am trying to say is that I think that society, our whole country, all of us together do have a responsibility to make sure that each individual in this society does have an adequate chance at a full life in terms of medicine, education, housing, et cetera; because our job is with respect to the poor, and the poor suffer from the lack of precisely those things.

Mr. DELLENBACK. But you have added a couple of words here, Mr. Shriver, which I wish there were time to go on with this colloquy, because when you say that it is the responsibility of society, with emphasis on government, whatever its level, to supply an adequate chance for this, you are saying something quite different from saying it is the responsibility of Government to supply these things.

Mr. SHRIVER. Well, you see, Government doesn't get into these things, as a rule, at all until society as a whole has failed miserably, and we see that in what Congressman Scheuer just put in the record a few minutes ago. There would be no necessity for us to even be discussing this situation alleged to exist in Mississippi in the Congress of the United State today if the situation didn't exist as a result of somebody else's failure.

This is not caused by the Federal Government. The Federal Government gets involved in these and State and municipal governments get involved in them simply because somebody else has dropped the ball.

What I am saying is that society as a whole has a responsibility, when situations are that bad, to do something.

Mr. DELLENBACK. Realizing that I am oversimplifying the question and maybe, in so doing, asking an unfair question, can you tell me in this context of what we have been talking about, do you feel it is the responsibility of society or government, whatever level it be, to supply this alternative A, or to supply a chance for the alternative B? Can you answer as between those two just on alternative A or B, either Dr. Sugarman or Mr. Shriver?

Mr. SUGARMAN. I think there may be two questions.

Mr. SHRIVER. If you mean compulsion, I don't believe in that.

Mr. DELLENBACK. I don't mean compulsion. I mean to submit an opportunity for them to search it out and obtain it for themselves.

Mr. SHRIVER. In a way in which it is reachable like the neighborhood health center actually gets the health service to the place where the person can practically get it.

Mr. DELLENBACK. Let me ask, on the second level, do you feel that that which should be supplied is the full range or a minimum beyond which they would be required to go for themselves, a minimum which would supply the adequate necessities?

Mr. SHRIVER. As somebody said in the health field, half health care is no bargain. In fact unless you get at least adequate if not "full range," whatever you mean by that, unless you get at least adequate-quality care, you are getting short-range and as a matter of fact maybe worse.

I think the problem really arises between what you call "full range" and what you are also defining as, let's say, being minimal or adequate.

Mr. DELLENBACK. I suspect we have definitional difficulties. "Full range" was actually a phrase used by one of your witnesses last week.

Mr. SHRIVER. If you mean by "full range" that you get the whole spectrum of medical service, yes, we do believe that the full range should be available to the family. In other words, you shouldn't have just an obstetrician and gynecologist one place and a pediatrician one place; that is a full range. If you say that you ought to have up to \$10,000 a year in medical service, that is another matter.

Mr. DELLENBACK. Let me ask one final question. You indicated earlier that your goals include reaching families and not just individuals and then you talked in terms of success in dealing with the individual children in large part being indicated by statistics of 5- to 10-percent increase in certain scores achieved on tests. That testing of success goes only to the individual involved, to the child. If the goal is to reach the family, how are you attempting, through Headstart or OEO, to measure success?

Mr. SUGARMAN. I think there are a number of answers to that question, Congressman. No. 1 is the degree of participation of the parent; how often does he physically take part in the school's activities or in the center's activities; how often does he cooperate with the staff in doing things at home that might be helpful to the child; what advantages does he take; what programs does he take advantage of himself in terms of things that might help him as a parent or head of the family?

Mr. DELLENBACK. Do you have any studies that measure this?

Mr. SUGARMAN. Yes, very brief. As I indicated before, I think that the participation in PTA is substantially higher on the part of parents of children who have been in Headstart.

Mr. DELLENBACK. Do you have quantitative measurements?

Mr. SUGARMAN. Yes; but very sparse.

Mr. SHRIVER. It is also true, I think, that parents who have been in the Headstart classrooms with their kids have a greater tendency to go into adult education than those who have not. In other words, they create some familiarity with the system.

Mr. SUGARMAN. We have had any number of cases where parents have returned to high school themselves.

Mr. DELLENBACK. Let me close by saying, would you make available to the committee whatever you have in this particular field?

Mr. SUGARMAN. We would be happy to.

(The information referred to follows:)

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1419

C.A.P.-115 Form 30 (6-1-74)				OFFICE OF ECONOMIC OPPORTUNITY PROJECT HEAD START PAID AND VOLUNTARY WORKER'S EVALUATION SHEET SUMMER					BASE OF PERCENTAGES IN EACH LINE IS PERSON'S RATING ITEM (i.e., RESPONSE OTHER THAN 'NOT APPLICABLE' OR NO ANSWER).						
IDENTIFICATION										OFFICE USE ONLY					
Grant No.		Center No.		Staff member No.		a		b		c		d		e	
				X											
A				Percent of all workers rating item		1		2		3		4		5	
						Very good		Good		Fair		Poor		Not applicable	
1. General morale of teacher, teacher's aids, and volunteers				90%		77		22		1		0.2		X	
2. Suitability of your daily schedule				94%		52		40		3		0.3		X	
3. Number of workers to carry out goals of the program				91%		52		39		8		1		X	
4. Relevancy of the curriculum to the child age group with which you worked				82%		56		40		4		0.1		X	
5. Cooperation from the parents				85%		30		45		20		3		X	
6. Facilities (lighting, space, water, storage, bathrooms, etc.) of the preschool area				92%		49		36		12		3		X	
7. Amount of available play materials				89%		42		40		14		4		X	
8. Quality of available play materials				97%		43		43		11		2		X	
9. Adequacy of the physical maintenance of the preschool area				68%		39		45		13		3		X	
10. Quality of the teaching supervision				87%		67		30		2		0.3		X	
11. Usefulness of the children's psychological measures and ratings to your teaching				57%		31		55		11		3		X	
12. Adequacy of the transportation arrangements, where needed for children and parents				90%		52		37		9		3		X	
13. Availability of medical and/or dental services				87%		56		35		7		2		X	
14. Availability of special education facilities				63%		32		42		17		9		X	
15. Availability of psychological and/or psychiatric services				64%		29		39		19		13		X	
16. Availability of social service agencies				73%		38		42		16		5		X	
17. Adequacy of the amount of time set for parent-teacher conferences				75%		36		46		13		5		X	
B. Mark an "X" in the column which best indicates your attitude with respect to the physical and psychological health of the child and his educational development.						1		2		3		4		5	
						Very worthwhile		Worthwhile		Once worthwhile		Waste of time		Not applicable	
18. Medical examination				91%		92		15		1		0.3		X	
19. Dental examination				89%		80		18		2		0.4		X	
20. Opportunity to attend school at an early age				92%		74		23		3		0.1		X	
21. Increased experience with a variety of toys and games				90%		69		29		2		0.1		X	
22. Increased experience with a variety of books, stories, and music				91%		78		20		1		—		X	
23. Trips into the community				91%		68		27		4		0.2		X	
24. Individual attention given to each child by teacher and aides				92%		81		18		2		0.1		X	
25. Opportunity to participate in group activities with other children				92%		81		18		1		—		X	

Continue on reverse side

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C. Mark an "X" in the column which, in general, indicates how the children attending the program were affected	1 Much better	2 Better	3 No change	4 Worse	5 Much worse	6 Not applicable
26. Getting along with other children	89%	63	36	1	0.1	
27. Self-confidence	83%	48	53	1		
28. Speaking ability	83%	35	59	6		
29. Everyday manners	85%	40	56	4	0.1	
30. Finishing what he starts	85%	31	63	5	0.1	
31. Doing what he is told	87%	37	59	4	0.4	
32. Interested in new things	87%	58	40	2		
33. Can do things on his own	86%	43	54	3	0.1	
34. Chances of success in kindergarten or first grade	85%	65	37	0.7		

D. Mark an "X" in the column which most nearly indicates how the parents of the children in this program were affected by their contact with this program.	1 Much more	2 More	3 No change	4 Less	5 Much less	6 Not applicable
35. Involved with child's education	79%	37	59	5	0.1	0.1
36. Concern about own appearance	74%	27	51	22	0.2	0.1
37. Participation in community activities	72%	22	57	21	0.4	0.1
38. Aware of enlightened child-rearing practices						
39. Effective in interpersonal relations	71%	20	64	15	0.2	0.1
40. Knowledgeable about community resources	73%	27	60	12	0.2	0.1

E. Mark an "X" in the column which most nearly describes how you were affected by your experience or contact with this program.	1 Much more	2 More	3 A little	4 Not at all	5 Not applicable
41. I am knowledgeable about teaching children of this age	33	61	33	5	1
42. I am aware of the environment these children experience	32	61	33	5	1
43. I have acquired new techniques to interact effectively with children	34	52	39	8	1
44. I am knowledgeable about and have the ability to deal with other professional workers concerned with the child's physical, psychological, and social development	32	43	42	10	1

	1 Very much	2 Some what	3 Very little	4 Not at all	5 Not applicable
45. How much did you enjoy your duties with this program?	55	55	5	0.2	0.1
46. Would you look forward to participating in a Child Development Program again?	55	52	7	1	0.4

47. Add here any comments you would like to make.

The response rate is judged to be about 77%. Sampling variability contributes a standard error for percentages based on all cases ranging from 2 percentage points for a value of 50% down to 0.7 percentage points for values of 2% or 98%.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1421

SUMMER 1966 (Final) Percentages distributions. NOTE: The percentages in each item add to 100 except for rounding. B = 100 means the item percentages are based on all 535,720 children; B = 78 means the item percentages are based on a group comprising 78% of all children, etc.

The following questions are about all the people with whom the child in the Head Start school usually lives. Answer them by marking an "X" in the correct box or entering a number in the space provided.

LIST OF PEOPLE				NUMBER AND AGES OF PEOPLE			
1. Is there a father, step-father, or foster father living with the child?		B = 100% 78 Yes 21 No 1 NA		1a. How old is he? B = 78% 2 Less than 21 years old 93 21-54 years 1 65 or older 1 NA			
2. Is there a mother, step-mother, or foster mother living with the child?		B = 100% 96 Yes 3 No 1 NA		2a. How old is she? B = 96% 2 Less than 21 years old 96 21-54 years 1 65 or older 1 NA			
IF THERE IS NO FATHER OR MOTHER AT HOME:				B = 100%			
3. Who is the child's guardian (the person chiefly responsible for the child's care)?		B = 100% 1 A brother, uncle, grandfather, or other male relative 2 A sister, aunt, grandmother, or other female relative A man - not related A woman - not related 97 NA		3a. How old is the guardian? 2 Less than 21 years old 54 21-54 years 30 55-64 years 12 65 or older 1 NA			
4. Are there any brothers or sisters living at home? (Do not count a brother or sister who is acting as the child's guardian.)		B = 100% 92 Yes 7 No NA		4a. How many of them are:		NUMBER	
		B = 100 Under 6 years old? 92 Yes 7 No NA		B = 100 6-15 years? B = 100 16-21 years? B = 100 22 years or older?		0 1 2 3 4 5+	
				30 29 22 13 5 1 33 17 16 13 10 11 82 10 5 2			
5. Are there any other relatives (such as grandparents, cousins, and so on) who live in the same house as the child? (Do not count a relative who is acting as child's guardian.)		B = 100% 18 Yes 76 No 6 NA		5a. How many of them are:		NUMBER	
		B = 100 Under 6 years old? 18 Yes 76 No 6 NA		B = 100 6-15 years? B = 100 16-21 years? B = 100 22-54 years? B = 100 55-64 years? B = 100 65 years or older?		0 1 2 3 4 5+	
				55 2 2 1 1 1 58 2 1 1 1 1 95 3 1 1 1 1 94 4 2 1 1 1 97 3 1 1 1 1 97 3 1 1 1 1			
6. Are there any other people who live in the same home but are NOT related to the child (not acting as the child's guardian)?		B = 100% 3 Yes 91 No 6 NA		6a. How many people live in the same home and are NOT related to the child?		NUMBER	
		B = 100% 3 Yes 91 No 6 NA		B = 100% 97 1 1 1 1 1			
If the child is living with parents, the following questions are about them.							
If the child is NOT living with parents, the following questions are about his guardian.							
7. Please mark an "X" in the box which shows the highest grade of school the parents or guardian completed.							
Father B = 78%				Mother B = 96%			
100% B = 78%				100% B = 96%			
2 2 No school 25 27 9 to 11 years				1 1 No school 35 35 9 to 11 years			
5 6 1 to 5 years 17 20 High school graduate				2 2 1 to 5 years 33 37 High school graduate			
12 14 4 to 6 years 6 7 Some college or college graduate				8 8 4 to 6 years 5 5 Some college or college graduate			
18 22 7 to 8 years 19 2 NA				20 20 7 to 8 years 2 2 NA			

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8. What is the usual occupation of the child's parent or guardian? (For example, carpenters, laborers, etc.) Father or male guardian Supplemental Sheet Mother or female guardian Supplemental Sheet																																																																																																							
9. Are they now employed? <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 10%;">100%</th> <th style="width: 10%;">B 78%</th> <th style="width: 40%;">Father</th> <th style="width: 10%;">100%</th> <th style="width: 10%;">B 87%</th> <th style="width: 40%;">Mother</th> </tr> <tr> <td>69</td> <td>85</td> <td>Now employed</td> <td>25</td> <td>25</td> <td>Now employed</td> </tr> <tr> <td>10</td> <td>12</td> <td>Now unemployed</td> <td>69</td> <td>70</td> <td>Staying home (keeping house only)</td> </tr> <tr> <td>21</td> <td>3</td> <td>NA</td> <td>6</td> <td>5</td> <td>NA</td> </tr> </table>				100%	B 78%	Father	100%	B 87%	Mother	69	85	Now employed	25	25	Now employed	10	12	Now unemployed	69	70	Staying home (keeping house only)	21	3	NA	6	5	NA																																																																												
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10. How many months did they work during the past year? (July 1, 1965 to June 30, 1966) <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 10%;">100%</th> <th style="width: 10%;">B 78%</th> <th style="width: 40%;">Father</th> <th style="width: 10%;">100%</th> <th style="width: 10%;">B 87%</th> <th style="width: 40%;">Mother</th> </tr> <tr> <td>53</td> <td>65</td> <td>12 months</td> <td>13</td> <td>13</td> <td>12 months</td> </tr> <tr> <td>9</td> <td>11</td> <td>10 or 11 months</td> <td>3</td> <td>3</td> <td>10 or 11 months</td> </tr> <tr> <td>9</td> <td>11</td> <td>7 to 9 months</td> <td>5</td> <td>5</td> <td>7 to 9 months</td> </tr> <tr> <td>5</td> <td>6</td> <td>2 to 6 months</td> <td>11</td> <td>11</td> <td>2 to 6 months</td> </tr> <tr> <td>---</td> <td>---</td> <td>1 month or less</td> <td>2</td> <td>2</td> <td>1 month or less</td> </tr> <tr> <td>4</td> <td>4</td> <td>Did not work</td> <td>47</td> <td>47</td> <td>Did not work</td> </tr> <tr> <td>21</td> <td>3</td> <td>NA</td> <td>19</td> <td>18</td> <td>NA</td> </tr> </table>				100%	B 78%	Father	100%	B 87%	Mother	53	65	12 months	13	13	12 months	9	11	10 or 11 months	3	3	10 or 11 months	9	11	7 to 9 months	5	5	7 to 9 months	5	6	2 to 6 months	11	11	2 to 6 months	---	---	1 month or less	2	2	1 month or less	4	4	Did not work	47	47	Did not work	21	3	NA	19	18	NA																																																				
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21	3	NA	19	18	NA																																																																																																		
The following questions are about the home the child is staying in now. 11. Please mark an "X" in the box which tells where the house is located. B = 100% <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">13</td> <td style="width: 10%;">On a farm</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td>16</td> <td>In the country, but not on a farm</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>59</td> <td>In a city or town</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>12</td> <td>In the suburb or on the outskirts of a city or town</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td>NA</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table> 12. How many rooms in the house or apartment are regularly used for sleeping? B = 100% <table style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 10%;">Number of rooms</th> <th style="width: 10%;">1</th> <th style="width: 10%;">2</th> <th style="width: 10%;">3</th> <th style="width: 10%;">4</th> <th style="width: 10%;">5</th> <th style="width: 10%;">6</th> <th style="width: 10%;">7</th> <th style="width: 10%;">8</th> <th style="width: 10%;">NA</th> </tr> <tr> <td></td> <td>2</td> <td>33</td> <td>41</td> <td>14</td> <td>5</td> <td>2</td> <td>1</td> <td>1</td> <td>1</td> </tr> </table> 13. Is there running water inside the house? <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">B = 100%</td> <td style="width: 10%;">62</td> <td style="width: 10%;">Yes</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td>17</td> <td>No</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>21</td> <td>NA</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>				13	On a farm									16	In the country, but not on a farm									59	In a city or town									12	In the suburb or on the outskirts of a city or town									1	NA									Number of rooms	1	2	3	4	5	6	7	8	NA		2	33	41	14	5	2	1	1	1	B = 100%	62	Yes									17	No									21	NA							
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	21	NA																																																																																																					
The following questions are about the child who is now in the Head Start school and about any other children you listed in questions 4 or 5. 14. Has the child who is now in the Head Start school been in a Head Start, kindergarten, or nursery class before? <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">B = 100%</td> <td style="width: 10%;">14</td> <td style="width: 10%;">Yes - In a Head Start class only</td> <td style="width: 10%;">14</td> <td style="width: 10%;">Both</td> <td style="width: 10%;">3</td> </tr> <tr> <td></td> <td>2</td> <td>Yes - In kindergarten or nursery class only</td> <td>12</td> <td></td> <td></td> </tr> <tr> <td></td> <td>3</td> <td>No</td> <td>Neither</td> <td>71</td> <td></td> </tr> <tr> <td></td> <td>NA</td> <td></td> <td></td> <td></td> <td></td> </tr> </table> 15. Have any of the other children been in a Head Start, kindergarten, or nursery class? <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 10%;">B = 100%</td> <td style="width: 10%;">17</td> <td style="width: 10%;">Yes - In a Head Start class only</td> <td style="width: 10%;">17</td> <td style="width: 10%;">Both</td> <td style="width: 10%;">3</td> </tr> <tr> <td></td> <td>2</td> <td>Yes - In kindergarten or nursery class only</td> <td>19</td> <td></td> <td></td> </tr> <tr> <td></td> <td>3</td> <td>No</td> <td>Neither</td> <td>63</td> <td></td> </tr> <tr> <td></td> <td>NA</td> <td></td> <td></td> <td></td> <td></td> </tr> </table>				B = 100%	14	Yes - In a Head Start class only	14	Both	3		2	Yes - In kindergarten or nursery class only	12				3	No	Neither	71			NA					B = 100%	17	Yes - In a Head Start class only	17	Both	3		2	Yes - In kindergarten or nursery class only	19				3	No	Neither	63			NA																																																								
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	NA																																																																																																						

Please continue on next page

SUMMER 1966

Page 2

15a. When your child in the Head Start school was examined by the doctor or dentist, was anything found to be the matter with him or her?

B = 100%

49 Yes

45 No

3 Not examined

2 Don't know

1 NA

b. If something was found wrong, did the child get treatment for it?

B = 46%

66 Yes

21 No

8 Don't know

2 NA

c. Where was treatment given?

B = 32% (Where reporting treatment)

57 Doctor's or dentist's office

25 Clinic

7 Hospital

6 Other (Specify) _____

6 NA

The following questions are about the family with whom the child is living. They do not apply to any people you listed in question 6.

17. Does the family receive any public welfare?

B = 100%

20 Yes

79 No

1 NA

18. In which of the following income groups would the child's family be? B = 100%
(Count income of all family members. Include earnings, welfare, assistance, and all other kinds of income.)

11 Less than \$1,000 a year

14 \$1,000 to \$1,999 a year

17 \$2,000 to \$2,999 a year

16 \$3,000 to \$3,999 a year

15 \$4,000 to \$4,999 a year

12 \$5,000 to \$5,999 a year

9 \$6,000 to \$7,999 a year

3 \$8,000 to \$9,999 a year

2 \$10,000 or more a year

2 NA

MEDIAN

\$3,400

19. Please mark an "X" in the box which shows whether the family has the use of:

c. A car or truck. B = 100%

68 Yes

20 No

12 NA

b. A radio. B = 100%

53 Yes

— No

2 NA

c. A television set. B = 100%

89 Yes

6 No

4 NA

d. A telephone. B = 100%

53 Yes

22 No

15 NA

20. Is there anyone in the family who usually gets a newspaper? B = 100%

67 Yes

31 No

2 NA

If "Yes" to question 20 - How often?

B = 57%

69 Every day

23 At least once a week

3 Less than once a week

NA

Thank you very much for your cooperation. Please use this space if you would like to say something about the Head Start school program that may aid the Office of Economic Opportunity in providing better programs in the future. For example: the need for transportation, different hours, longer programs, etc.

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Item 8

SUMMER 1966 --- HEAD START

Usual Occupation	Male	Fathers	Female	Mothers
	B = 100%	only B = 78%	B = 100%	only B = 96%
Professional, technical & kindred	2	3	1	1
Farmers & farm managers	3	4	—	—
Managers, officials & proprietors	1	2	—	—
Clerical & kindred	2	3	3	3
Sales workers	1	1	—	—
Craftsman, foremen & kindred	12	16	—	—
Operatives & kindred	17	21	5	5
Private household workers	—	—	4	4
Service workers	4	5	8	8
Farm laborers & foremen	2	3	1	1
Laborers, except farm & mine	20	24	2	2
Housewife	—	—	58	59
Occupation not reported	14	20	14	15
No such person in category	21	—	2	—

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1425

Budget Bureau No. HC-604; Approval Expires March 31, 1967

CAP-NS Form 43 10-6-66		Obtain your Staff Identification number from your Center Director		
OFFICE OF ECONOMIC OPPORTUNITY PROJECT HEAD START STAFF MEMBER INFORMATION SUMMER		Grant No.	Center No.	Staff member No.
				X
Check one response box for each question unless otherwise indicated.				
1. AGE - $B = 100\%$ 6 Under 16 10 31-35 3 Over 60 24 16-21 18 36-45 20 22-30 18 46-60 0.6 NA		7. RESIDENCE - $B = 100\%$ Do you live in neighborhood near center? 63 Yes 37 No 0.6 NA		
2. a. RACE - (Check one) $B = 100\%$ 59 White 0.5 Oriental 32 Negro Continued below Other		8. Are you a paid or volunteer worker at the center? $B = 100\%$ 84 Paid 14 Volunteer 1 NA		
b. CULTURAL BACKGROUND - (Check one) 4 American Indian 0.1 Eskimo 3 Mexican 2 Other 1 Puerto Rican NA		9. What is your annual family income? $B = 100\%$ 8 Under \$1,000 12 \$ 5,000-\$5,999 7 \$1,000-\$1,999 13 6,000-7,999 9 2,000-2,999 9 8,000-9,999 9 3,000-3,999 14 10,000 and over 12 4,000-4,999 8 NA Median \$5,100		
3. SEX - $B = 100\%$ 12 Male 62 Female 5 NA		10. How much experience have you had with pre-schoolers? $B = 100\%$ 39 None 5 4-5 years 35 1-3 years 20 Over 5 years 0.6 NA		
4. EDUCATION - a. Years completed (Check one) $B = 100\%$ 0.2 None 1 1-4 years 10 5-8 years 10 7-10 years 28 11-12 years 25 1-2 years 27 3-4 years 12 5 or more years 0.9 NA		11. How long had you worked with groups of children from conditions of poverty? $B = 100\%$ 45 None 4 4-5 years 29 1-3 years 22 Over 5 years 0.8 NA		
b. Highest level completed (Check one) $B = 100\%$ 2 None 21 Elementary school 42 High school 25 Bachelor's 8 Master's 0.7 Doctorate 2 NA		12. What languages (other than English) do you speak fluently? $B = 100\%$ 85 None (8) Spanish (all) 3 Other only foreign 4 French only foreign (4) Other (all) (4) French (all) 1 2 or more 7 Spanish only foreign NA		
5. POSITION AT THIS CENTER - $B = 100\%$ a. Professional 4 Administrative 2 Nurse 0.4 Physician 0.5 Psychologist 25 Teacher 2 Social worker 5 Other professional Specify -		13. What languages (other than English) are used with the children in the program? $B = 100\%$ 86 None (1.3) Spanish (all) 0.4 French only foreign 1 Other only foreign (0.6) French (all) (2) Other (all) 12 Spanish only foreign 1.2 or more 0.1 NA		
b. Non-professional (Cook, maintenance) 59 Specify -		14. Have you attended any training programs connected with child development? $B = 100\%$ 3 8-week university sponsored training program only 15 In-service training program only (4) 8-week (all) (20) In service (all) 23 6-day university sponsored training program only 53 NOT applicable 6 2 or more (23) 6-day (all) 0.6 NA		
6. a. NUMBER OF CENTERS YOU SERVE - $B = 100\%$ 85 One 0.1 NA 5 More than one - List on the reverse side of this form all centers served				
b. Are you associated with only one class at only one center? $B = 100\%$ 65 No 1 NA 33 Yes - Class identification number				

The response rate is judged to be about 77%. Sampling variability contributes a standard error (for percentages based on all cases) ranging from about 2 percentage points for a value of 50% down to 0.9 percentage points for values of 2% or 98%.

Chairman PERKINS. Mr. Burton.

Mr. BURTON. May I have a few minutes, Mr. Chairman?

Chairman PERKINS. If you want it.

Mr. BURTON. I might suggest, for the orderly proceeding of the committee, that if we have got a time limit, we ought to have all of us restricted to it. I don't mind the gentleman on the other side receiving an education in social and economic philosophy on their time.

Is the Virgin Islands included in this Headstart program?

Mr. SUGARMAN. Yes, it is.

Mr. BURTON. Guam and American Samoa?

Mr. SUGARMAN. Yes, sir.

Mr. BURTON. Are they involved in Operation Followthrough?

Mr. SUGARMAN. I presume they will be when that program becomes operational.

Mr. BURTON. What mix do you anticipate in these 30 pilot programs for Operation Followthrough?

Mr. SUGARMAN. Well, the selection of those 30 pilot programs was made with an eye toward getting a variety of kinds of communities involved in the program so that we would have the large cities, the small cities, strictly rural areas, communities with highly sophisticated educational systems and communities with less-sophisticated educational systems, so that I think that within the limits of the overall number of 30, we are going to have a pretty good representation of education as it stands in America today.

Mr. BURTON. What portion of the amount authorized by the Congress last year has been appropriated or requested for the coming fiscal year? This is Headstart now.

Mr. SUGARMAN. For the coming fiscal year, the amount requested is the same as was appropriated last fiscal year.

Mr. BURTON. What was that figure?

Mr. SUGARMAN. \$352 million.

Mr. BURTON. What was the amount authorized?

Mr. SUGARMAN. If my memory is correct, Congressman, the Congress did not specify a specific authorization sum for Headstart in the legislation itself.

Mr. SHRIVER. Excuse me. I am sorry, Jule; it did. The amount that we appropriated is the amount that was authorized. It is the same figure. We used the whole authorization; the Appropriations Committee gave us the whole appropriation for that particular program.

Mr. BURTON. I have no further questions, Mr. Chairman.

Chairman PERKINS. Mr. Steiger?

Mr. STEIGER. Thank you, Mr. Chairman.

Dr. Sugarman, is it possible that at this point the guidelines for delegation between OEO and the Office of Education for the Followthrough have been developed?

Mr. SUGARMAN. Yes, sir. There have been guidelines developed under the requirements of the Economic Opportunity Act. These require action by the President and the delegation itself is now in the process of being presented to the President for his approval.

Mr. STEIGER. That has not been finalized yet?

Mr. SUGARMAN. That last step has not been completed. There is complete agreement among the agencies involved.

Mr. STEIGER. Can you supply to the committee anything at this point as to what has been arranged between OEO and the Office of Education on Followthrough or is that premature?

Mr. SUGARMAN. I think, Congressman, the general nature of what has been agreed to has been described in our testimony this morning, both by Dr. Estes and myself.

Mr. STEIGER. Would you think it would be appropriate in the pending legislation to more clearly delineate the Followthrough project rather than the rather broad, vague language under which you now have assumed the authority for Followthrough?

Mr. SUGARMAN. Well, Mr. Steiger, as I indicated earlier, my feeling is that it is beneficial to the program and beneficial to the Congress to have the opportunity to develop this kind of activity without undue legislative specificity.

This was the experience in Headstart. It was the experience in Upward Bound, legal services and a number of other programs. I think that on the basis of the experience which one gains this way, the Congress is then in a position to legislate more specific descriptors and to arrive at a better product.

That would just be my feeling about it. We can tell you better a year from now what you ought to say in legislation about Followthrough than we can tell you at this moment, not that we can't tell you some things now.

Mr. SHRIVER. Could I inject a thought, recalling when Congressman Goodell about a year and a half ago was commenting on the fact that Headstart got started. Since he is here now, he can verify whether this is correct.

I think he said something to the effect that he thought it was excellent that OEO had started Headstart, that he had tried for a number of years to get something like Headstart started, but I think he went on to say that he felt that if we had waited for Congress to approve in advance, that we might never have started Headstart.

I do believe that there is a great deal of merit in what I think Congressman Goodell said a year and a half ago, that when a program is trying or an agency is trying to break new ground, that it is very helpful if the agency ask the Congress for sufficient flexibility so that programs like Followthrough or the neighborhood health centers or legal services can get going and on the basis of pragmatic experience, practical experience, operating experience, develop in a way that may make them most effective on a practical basis rather than on a theoretical one with a lot of discussion before they actually get underway.

I don't mean to be misquoting Congressman Goodell, but I do believe that that was the general tenor of what he said about a year and a half ago.

Mr. GOODELL. Will the gentleman yield?

Mr. STEIGER. Yes, I yield.

Mr. GOODELL. Just for clarification, most of what you said I did say with one major point of difference, that this would not have been started if Congress had had to authorize it.

I certainly didn't mean to imply when the poverty program was first before our committee, Mr. Quie and I both raised—Mr. Quie particularly—the question as to whether Headstart would be eligible.

It wasn't called Headstart, but preschool and early school programs would be eligible for funds under Community Action. We attempted to write in the specific provision that it would be—that there would be funds there. We even wanted to write in a specific amount, because we wanted to have a priority given to preschool and early school training.

We were unable to get that amount added to the poverty law then, but we did get the assurance of the then-chairman, Mr. Powell, on the record that a substantial portion of the Community Action money would be used this way, the way it was intended for.

Fortunately it was such a good basic idea, an approach, that it took off. I think you will agree we were overwhelmed with the applications for money after we got an understanding of the program. But I certainly think that our committee and Congress looked at it. If our committee and Congress had looked at it a little more closely, we would have been able to have had a special appropriation for such a program then and perhaps avoided everything, a program with a single agency for all programs.

Mr. SHRIVER. I think the same thing could be said for these programs like Upward Bound and the rest of them, that the only reason they are not larger in terms of dollars is simply because the money isn't available. If we hadn't had the flexibility to go with money behind Headstart, Headstart would still be as little as Upward Bound.

The neighborhood health centers would be bigger. It isn't because of lack of success or lack of belief or adequate experience. It is just lack of money that has prevented them from being bigger.

I hope I am not taking up any of Congressman Steiger's time. Excuse me.

Mr. STEIGER. I appreciate your concern. Dr. Sugarman, I appreciate your comments about the interagency agreement between OEO and OE, which is now pending before the President. I would, however, also be interested in what particular guidelines or criteria OEO is drafting for its Followthrough program.

What are we trying to do? What are the objectives of Followthrough? What is the relationship between two local educational agencies, the Community Action Agency, the State education agency and what are the roles of the public and private schools?

You have made comment on all of these things. I recognize that you have done that in your testimony, but I wonder whether you have taken this further in attempting to give—or can you give to the Congress some idea of just what you think we are trying to do or what should be done with Followthrough? And before you answer that, as far as I am concerned, quite obviously the biggest difficulty with Headstart is the fact that we have lost, whether it is five or 10 points or whatever, some of the effectiveness of that program, so that the Followthrough conceivably because of Headstart can be the start of a very real revolution in education in this country.

Now, if it is, in fact, aimed at attempting to revolutionize what we do in behalf of disadvantaged children, that touches every local educational agency in this Nation. It is my concern that if we are going to undertake a revolution, that we ought to know where we are going. We ought to know what kind of a revolution we are undertaking and we ought to know why and what impact it has. This is the reason

that I ask what kind of information you can supply to us as to what you think as to where we are going with Followthrough.

Mr. SUGARMAN. I would be happy to, Congressman Steiger. We did develop in connection with the pilot programs a list of what we called essential criteria for approval of local programs. Let me make it clear that that applied only to the development of the pilot programs and we see those as tests of whether these, in fact, are sound principles.

There are 13 of these and in the interest of time it might be helpful for me to submit them for the record.

Chairman PERKINS. Without objection they will be submitted for the record.

(Information follows:)

ESSENTIAL CRITERIA FOR APPROVAL OF LOCAL PROGRAMS

Pilot projects for Follow-Through are required to meet the following criteria:

1. a program reflecting significant designs for effective approaches to cognitive, affective, and total personality development;

2. provision for comprehensive mental and physical health and nutritional services including diagnostic, preventive, curative, and rehabilitative aspects;

3. provision for comprehensive psychological, social and other pupil personnel services available not only for referral but also completely integrated with classroom activities;

4. maximum use of school, neighborhood and other resources (including welfare, recreational, social and cultural facilities) to meet the individual needs of children over a varied schedule—this could mean an extended school day and an extended school year program;

5. a program that guarantees the individualization of instruction through the use of effective practices and/or auxiliary personnel. This might include the use of small teacher-pupil ratios, aides, older children, and adult models.

6. responsibility for promoting meaningful parent participation in the total development of their children, for encouraging a rapprochement between parents and their schools for providing social and educational resources to strengthen family life and maximize opportunities for parents as well as children;

7. pre-service and continuing staff development as an integral part of the regular work assignment for all staff members involved in the program;

8. coordination and effective integration of all ancillary and instructional activities by a designated administrator in the school;

9. rather than isolated Follow-Through classes, projects should be integrated into the entire school program so that children served by Follow-Through will be located in groups that reflect the fullest possible social, racial and economic integration;

10. continuity with Head Start including transmission of records and continuing opportunities for Head Start and Follow-Through staff to exchange effective techniques and approaches and information and experience concerning individual children;

11. provision for program evaluation as an integral part of the total project to provide internal feed-back for program improvement;

12. provision of an uninterrupted experience designed to build upon the successes of Head Start and other similar programs for those children who participated in this type of educational activity during the previous year.

13. Provision for the development of an advisory council composed of representatives of community action agencies, persons from the neighborhood, and other appropriate community leaders to assist in the planning, implementation and operation of the program.

Mr. STEIGER. Mr. Chairman, could that also be made available to members of the committee?

Mr. SUGARMAN. Surely. These are criteria which were furnished to the local and State educational agencies.

Mr. STEIGER. I appreciate that.

Let me also get into another area that you touched on. You made mention of the deficiencies of testing as it relates to especially disadvantaged children.

Judge Wright in his decision on the District of Columbia schools also touched on the fact that tests today for most schoolchildren are aimed at the middle class, that it is very difficult for disadvantaged children to be able to effectively answer that kind of a test if their backgrounds are not in the areas that are covered by these tests.

You also indicated that you are now developing tests in this area. I wonder two things: No. 1, what tests have been used in Headstart, what specific tests are you using and, secondly, where are you going in the development of new tests, which I assume then you are going to be using two kinds of tests, one for the standard normal child and we are going to be using another service of tests for the disadvantaged child?

Mr. SUGARMAN. To answer your question, Congressman Steiger, the most used tests at the moment in Headstart are the Binet—Stanford-Binet and the Peabody picture vocabulary tests, both of which have been in existence for a number of years and both of which have to some degree been standardized on disadvantaged children, although not perfectly by any means.

The two tests that we have developed and used most generally in addition to those are the Zigler behavior inventory and the Caldwell preschool inventory—Dr. Caldwell at Syracuse University and Dr. Zigler at Yale University. Both of these were developed specifically to meet the needs of children from disadvantaged homes who may not have had the same kind of experience that children in advantaged homes have had.

We are now trying to see whether, in fact, these do more accurately assess the child's state of development than do the original tests. In addition to that, we are supporting development of a number of tests of language development, a number of tests of behavior, self-image, and other facets of total child development.

Mr. STEIGER. Mr. Shriver, let me just ask you, if I can, a couple of questions relating to program budgeting.

It is my understanding that the Office of Economic Opportunity has been active in the development of following the Presidential guidelines laid down, first, in October of 1965 and then again, as I recall, in 1966. Have you or can you make available to the committee the results of your program, PBSB studies on the OEO?

Mr. SHRIVER. First of all, you are correct in that OEO has been participating in that program. In fact, I think ours was the first agency in the domestic area of the U.S. Government to make a PPBS study, even before the President's memorandum to which you refer.

These documents, however, are submitted by us to the Bureau of the Budget. They are executive department documents and we do not have the authority unilaterally to release those documents to anybody. They are, you might say, the property of the Bureau once the Bureau has them.

Dr. Levine is in charge of that part of our work and I would like him to add any comments or make any corrections to what I said that he might wish to make.

Mr. LEVINE. I guess the only addition is that, as you probably know, Senator Clark has asked us to talk to the Bureau about it. Anything the Bureau releases that we give to Senator Clark, I am sure, we will give to this committee.

I also have a speech that I gave to the Senate committee, but I don't think you want to hear it. Can I provide it for the record?

Mr. STEIGER. I might be interested in reading it. I would ask you to provide it at least for the members of the committee. May I join with Senator Clark in asking that you do try and get the Bureau of the Budget to release this kind of information. I am frankly dismayed that that kind of material on PPBS is not available to the Congress, because I don't quite follow how it is possible for us to make the kinds of judgments necessary about programs that are being drawn if we cannot have that kind of data available to us, so that we can make some legitimate judgments based on the kind of experience that PPBS can give to us.

(Mr. Levine's speech follows:)

SYSTEMS ANALYSIS IN THE WAR ON POVERTY

Last summer the Office of Research, Plans, Programs and Evaluation of the Office of Economic Opportunity put together an anti-poverty plan and a four-year program based on that plan, for OEO and for the total War on Poverty of which OEO-funded programs are a part. OEO was probably the first civilian agency to do this. It was done hurriedly with the due date of Labor Day and with a planning staff that did not come on board until the first of July.

I want to share some experiences of this planning process. Although planning of this type was first done by the U.S. Government in 1961, in the Department of Defense, our problems as a civilian agency are quite different from those of Defense.

1. Welfare is easier to define than national security. That is, we know what we mean and can measure what we mean in terms of improvement of people as defined by income and other variables. Deterrence is much more difficult to measure.

2. We had a lot of data to begin with—more than defense. Good economic data have been gathered and tabulated in this country for 30 years or more, and for the 20 years since the Employment Act of 1946 created the President's Council of Economic Advisers, the data have been quite good. Unfortunately, as most users will testify, these data are almost always out of phase with operational needs. There are problems such as the need for series on time and geographical bases different from the bases on which the data are gathered.

3. Unlike the Defense Department, we play a game against nature which makes our task considerably easier. We do not have to contend with a malevolent enemy.

These first three make our job easier than Defense; the next makes it more difficult, however.

4. Unlike many of the Defense programs, our results are testable. They have not really been tested yet, although, when the 1965 Current Population Survey reported a drop of one million in the number of poor people from 1963 to 1964, a copy of the release was sent to OEO by a White House staffer who had written across it "nice going Sarge." Unfortunately, the change had taken place before OEO had really gotten into the business. In any case, the results of our activities are testable and are being tested and that means that our concepts will come into direct contact with what one of my colleagues calls the "real world out there." Thus far, deterrence theory has made no such contact.

5. Perhaps our greatest difficulty compared to the Department of Defense is that we started with no long history of accumulated systematic analysis in the field of poverty and social welfare. There had been, of course, much writing by economists and sociologists on related topics, but remarkably little

of it systematically related costs and benefits of suggested policies or made systematic comparison of alternatives. The Department of Defense in 1961 had a huge backlog of accumulated analyses and policy recommendations from organizations like RAND, and much of what was done in 1961 and 1962 resulted directly from the intellectual investments started in 1951 and 1952.

I think we in OEO did a good quick planning job in this first year but it was narrow and shallow because of the time constraints. It was narrow in that we did not consider as many alternatives as we should have; it was shallow because analysis did not go as deep as it should have. But, at least we know where the bodies are buried—we know what shortcuts we took and what simplifications we made.

What I would like to do today is to describe what we did and to draw some conclusions, but first, I want to expose a prejudice. We have done a set of system analyses of which we are pretty proud and I think that systems analysis properly done is bound to improve government planning and operations. Nonetheless, I am a bit skeptical of some of the uses made of systems analysis. For one thing the numbers used in systems analysis are always imperfect and to make decisions on the basis of small quantitative differences derived from very fuzzy inputs is wrong and is dangerous. If differences are small, then an entirely different basis for decision should be arrived at. Indeed, if quantitative results do not accord with one's intuition, one had better check his numbers very carefully, because by and large intuition is the better guide.

A similar danger is that too much concentration on quantity, as is sometimes the case with systems analysis and systems analysts, can lead to asking the wrong questions. It is all too easy to substitute the concrete for the important, and it is frequently done.

I know some pretty horrible examples of misuse of analysis from my time at Rand and in the Defense establishments, but these are classified Secret, so I will give two other examples of systems analysis badly used.

The first comes from the cost-benefit analysis of water resource projects. (Incidentally, cost-benefit analysis and systems analysis are not identical. Cost-benefits analysis can be an important part of systems analysis but it is not the whole. The imposition of non-quantitative systems on decision making—the construction of qualitative alternatives, for example, can be just as important.) In any case, some work on water resource projects goes into an immense amount of intricate detail to try to establish the interest rate which should be used to discount future benefits from the water in order to match them against current costs of the project. Should it be the interest rate the government must pay for its borrowed funds, (should it be the opportunity cost of using the same funds for private capital projects, or what should it be? To me, this whole debate is meaningless when estimates of proper interest rates are very imprecise and the final choice of an interest is arbitrary. If a Go-no-Go decision were made on the basis of such an arbitrary choice of interest rate it would be the wrong decision half the time.

Fortunately, the study I have in mind came out with the answer that at *any* interest rate the particular project under consideration was uneconomical. The costs, no matter how defined, were substantially greater than the benefits. The water system proposed would have provided a major subsidy to agricultural programs which would otherwise have been uneconomic. Now, this is the best use of highly legitimate cost-benefit analysis: the analytically discovery of *large* quantitative difference on the basis of simple generally acceptable *ceteris paribus* assumptions. The project was clearly unjustified.

And to end the story, the uneconomical project was adopted with great popular and political fanfare which shows another sort of limit on the application of cost-benefit analysis.

The second example of the dangers of systems analysis comes from some of our own work in the War on Poverty. Again it is a question of the use of cost-benefit analysis. It illustrates the possible use of quantity to narrow the focus down to the wrong questions. We of course avoided the error, but we could have made it.

In our OEO programs we do much training. For the evaluation of training programs, a frequently used method is that of matching the cost of the program against estimated increases in lifetime earnings derived from the training. If lifetime earnings, discounted properly, are greater than the cost then the train-

ing is justified. But for the purposes of War on Poverty training, in order to bring policy logic to this sort of computation, it must be assumed that if a training project is uneconomical—that is, if discounted earnings are less than cost—a preferable alternative would be to provide transfer payments for the less expensive direct support of those who would otherwise have been trained more expensively.

But our objective, as stated by our legislation, is not just removal of people from poverty by simple devices such as transfer payments. We operate under the Economic Opportunity Act and our primary mandate is to provide the opportunity for people to get themselves and their families out of poverty. In this case, therefore, the rationale of transfer payments as an equal-value alternative to training, is incorrect. Even if discounted earnings were less than cost we might want to do the training anyhow because of the social value placed on ending poverty through personal opportunity.

All this, I think, demonstrates some skepticism about classical (10–15 years old) systems analysis as a solution to all problems. Nonetheless, a standard *caveat* of systems analysis is that one should not look for perfect optimum but rather for any available improvement. Let me look now—under this *caveat* about systems analysis being imperfect and sometimes dangerous—to all we did to try to improve policy-making through the use of such an analysis. My last point about the training programs provide a start. To my mind the most important contribution of systems analysis is to demand a definition of objectives, and to make that definition operational. I have already pointed out that in the hierarchy of our objectives, opportunity comes above the direct cure of income-defined poverty as such. But that initial definition of objectives does not end our problems; it begins them.

How do we define the objectives of providing opportunity and reducing poverty? We decided that our major measure would be the number of people moved past a family-income benchmark we call the poverty line. To move people past an arbitrary line is *not* our objective but it is a measure which can be applied to our real objectives. It is a necessary compromise in the name of systematic decision making. So we try to move people by a line. What line? We decided to use an *annual* income measure. This is not completely satisfactory—it ignores assets for example, and thus it includes as poor some people that may be really rich. Similarly, by selecting annual income, it ignores those who may have an income in one year that may be atypically low and who may not really be poor at all. We have been struggling with refinements of the definition, but in the meantime, in order to get something done we have made compromises in the name of system and have used annual income. Having decided on income as a measure, we made one immediate advance; we changed from the simple poverty line adopted some years ago by the Council of Economic Advisers of \$3,000 for a family and \$1,500 for an individual to a more detailed, more variable line. Our current line, adapted from the work of Mollie Orshansky of the Social Security Administration, varies according to family size and according to farm versus non-farm residence. For a non-farm unrelated individual, the poverty line is \$1,540, for a four-person family, it is \$3,130, and it varies between these numbers and above them up to much larger families (which are too typical among the poor). Farm families are set at 70% of the non-farm level.

Still more advance is necessary. We are working on regional variations, and in addition there is a question as to whether the poverty line should change over time as it has done in the past. But again in order to get going with our planning, we made the necessary compromise in the name of system.

Another definitional question still bothers us, and this one is also connected with our objectives. An individual and family line is certainly proper for the measurement of those dimension of the poverty problem which can properly be called individual and family problems. But is such a line relevant to the community problems which Community Action programs (half the OEO total budget in fiscal 1966) are designed to attack? Even in the worst urban slums more than half the residents are above the individual-family poverty lines. Should we not extend our programs to them because of this fact? I doubt it; I feel we may need a different sort of standard to operate on and measure the progress against the problem of the community. For the moment, however, we are still using a single standard, another compromise among detail, system, and the need to get on with the job.

Getting on with the job, the necessary step was to divide this defined poor population into subgroups. Here, one's first intuition about the groups to use is wrong. It's very tempting to use age groups—that is apparently the first impulse of anyone starting into the question. But age groups are not completely workable in terms of the above kinds of problems, and the kinds of programs with which we are trying to attack these problems. Youth—say ages 16-21—is a usable age group, because youth have separately definable problems and we have separately definable programs for these youth. The aged provide another quite distinct and separable group whose needs—primarily for money alone—are distinct from those of the rest of the poor population. Children provide a less tractable group. In part there are separable children's programs, in the education field and elsewhere, but difficulties arise because programs to approach children *as* children are not the only ones. Operationally, a major way to reach a poor child is through his family. And most families understandably have people in a variety of age groups. So families provide another category we must look at and one which is not neatly parallel to the others. And families ought to be further divided between those whose heads are in or should be in the labor force and those who are out or should be out; the problems and programs are quite different for the two categories. So we end up with a complex and overlapping set of categories—youth, aged, children, labor-force families, non-labor-force families. One really cannot divide the problems of poverty without looking at the programs designed to attack these problems, and we end up with a cross-classified matrix with objective groups on one axis and programs on the other.

Turning to our treatment of programs, what our summer analysis first did was to look at the whole range of existing government programs which might, without too much stretch of the imagination be called poverty programs. We estimated that the Federal Government was spending about \$20 billion in this, with state and local governments spending about \$10 billion more. The scope of OEO in the overall War on Poverty is indicated in part by the fact that this fiscal year we are disposing of only a billion and a half dollars. In any case what we should have done last summer was to attempt to re-allocate the entire \$20 billion of Federal expenditures for greatest effectiveness against poverty. The charge of our legislation is that the Director of OEO should coordinate all anti-poverty programs. Last summer, however, we did not attempt this overall re-allocation because we did not have time. Rather we tried to allocate our own OEO programs and suggested major *additions* to other anti-poverty programs, but made no recommendations for internal re-allocation. Currently, in our second planning cycle we are attempting the larger job.

To get a handle on programs then, we divided these programs into three functional groups according to the particular portion of the poverty problem that they were designed to attack. This division, a qualitative one, is the guts of our systems analysis. The three functional groups were *jobs*, *social programs* and *transfer payment* programs. These are three reinforcing categories—three legs on a stool—rather than being alternatives.

The importance of jobs is demonstrated definitionally. If opportunity is our primary objective then, in the American economy and American society as they exist, jobs are the name of the game. Opportunity means opportunity for self-support which in turn means the opportunity to work in a useful and gainful job at non-poverty wages. If there are not enough jobs (and there were not at the time this analysis was made, last summer, although this has drastically changed since) we need programs to correct this deficiency. Job programs are important both because they provide immediate concrete and symbolic results from the War on Poverty, but they are also vital to the long-run effectiveness of our remedies.

Second in order, although not particularly second in importance, come social programs. These are programs for basic individual and environmental change. We must realize that many of the poor do not have decent jobs because they are not capable of taking and holding decent jobs. Their individual education and training may be too low; their health may be too bad; family situations such as a large family headed by a female may make work difficult; families may be too large even for acceptable work to bring them above the poverty line; people cannot get jobs because of racial discrimination. Therefore in order to make job programs successful we must change the personal, family and environmental factors which make people and families unable to take jobs. These

social programs thus reinforce the job programs but the job programs also reinforce the social programs. The worst thing that could happen would be for us to educate and to train people, to change their environments to raise their hopes and then not to fulfill their hopes because there are not enough jobs in the economy.

The third leg is transfer payments—pure money payments for no services rendered. Transfer payment programs are not primarily opportunity. They are recognition that some people cannot use work or training opportunities. The aged can make little fruitful use of such opportunities and the same can be said for many female family heads. Transfer payments also provide interim money for those who are waiting for opportunity programs to pick them up. But in one major way transfer payment programs also do provide opportunity. Money means ability to choose. A man with a family to support may, if given money, have the choice of taking training for a decent job instead of having to grab the first available job of any type in order to feed his family.

This is the structure of our analytical system and note that I have described it without mentioning cost-effectiveness or cost-benefit once. Nonetheless it is systems analysis made systematic by organizing problems and programs into a structure where it becomes possible to examine alternatives and magnitudes in relationship to one another. Of course that is not all of it. Let me give some further examples of the kinds of analysis we did internally within this structure.

1. I have already mentioned the crucial nature of the definition of objectives with Opportunity in the top position, and the quantitative measurement of these objectives, even though this measurement must be over-simplified.

2. We used quantitative analysis to confirm intuitions. Our intuitions told us, for example, that family planning would be a highly cost-effective program. We looked at family planning and discovered that this was indeed the case. Program costs were estimated to be low and effectiveness was estimated to be high. Our estimate is that, had family planning programs for the poor been started a generation ago, there would be about 4½ million fewer poor people in the country today. This is highly cost-effective, although not quite as good as suggested by the summer interne who burst in and told us that a particular family planning program had proved effective after only six months of operation. In any case the family planning case also provides a good example of the political constraints on the uses of analysis. We are pushing ahead with family planning programs, but cautiously.

3. We also used quantity to make at least one discovery we did not expect, although please note that it is a large rather than a small quantitative difference. In the Job category of programs, we started out with the aggregate demand hypothesis that tight overall employment would take care of almost all the job problems of the poor. We made estimates however, of the size and projected changes of unemployment in various categories of the poor and discovered that it just ain't so. Our estimates have since been confirmed by the fact that even at the lowest unemployment rate in 13 years, the poor still do not have enough jobs. On the basis of these estimates we recommended substantial job creation programs, although with unemployment at current levels (much lower than the time we made our proposals) job creation is no longer our major emphasis.

4. We made numerical evaluations of alternative programs. Looking again at the job category, we looked in last summer's context of over four percent unemployment, at job training, aggregate demand programs and housing construction programs and estimated that none of these would provide enough jobs for the poor. We therefore became quite interested in community employment programs to take poor people into useful public service jobs such as teachers' aides, health aides, other subprofessional categories and maintenance jobs as well. This seemed the most cost-effective mode of creating jobs and at the same time it would help fill the vast need in this country for an increase in public services.

5. Our definition of objectives implies that what we are out to do is cure rather than ameliorate poverty and thus in looking for effectiveness, we looked for the causal relationships between various problems and poverty and we looked for fundamental rather than ameliorative programs. Because we had questions about whether things such as poor housing and bad health care caused poverty rather than being spectacular symptoms of poverty, we gave programs in these areas relatively low priority relative to jobs and education—whose causal connection to poverty is clear.

6. We looked for the universes within which our programs could be most effective. The Job Corps technique of intensive training in a residential program is hoped to be successful for a wide variety of youths. Relative to cheaper alternatives, however, we believe its differential effectiveness is likely to be highest for hard core, hard-to-reach youth who simply cannot be reached any other way. And we recommend Job Corps concentration on these. For easier youths, cheaper programs are likely to be more cost-effective. Similarly Community Action can be a useful technique almost anywhere. But it is more likely to be more useful where the poor live among the poor urban slums and rural depressed areas. In these environments where facilities, surroundings, and neighbors are all likely to be poor, the expenditure of Community Action dollars is likely to be most effective, because there is far more to be done—we are not working at a sparse margin. Because these dollars are limited, we recommend they be confined primarily to such areas of “concentrated” poverty even though they would not be ineffective elsewhere.

7. My last example describes a technique for getting the total budget down to a prescribed level. We used it not necessarily because it was the best technique but because in the short time available to us it seemed the only technique. In retrospect, it may be the best anyhow. Rather than trying to add up programs to reach a certain specified budget level, we started out with what we called an unconstrained budget—unconstrained by fund availability. That is, we estimated how large our programs could be, subjected only to constraints other than dollars, constraints such as the number of doctors available for medical programs. This added up to a sum higher than there was any likelihood of our obtaining. We then cut programs back by priority, cutting out the least cost effective first. We started with programs universes which included all the 34 million poor, then in order to get our budgets down we cut back for example to the hard-core universe of greatest need I have described for Job Corps and the universe of concentrated poverty which is in greatest need of Community Action, for example. We have not considered the general applicability of this sort of method compared to other modes of budget analysis for other programs but it did work well for us.

Let me conclude with two points. First, what I have been talking about is planning analysis and should be carefully distinguished from operations. For example, in talking about concentrated poverty, we defined this poverty to be that which existed in the lowest 25 percent of urban census tracts and the lowest 40 percent of rural counties. This was based on the greatest-need rationale described above, but what we were aiming at was a definition which would enable us statistically to measure the slums and rural depressed areas. For operational purposes, it is necessary to look directly for areas describable as slum or depressed areas, rather than arbitrarily decide on the particular tracts and counties we used for statistical purposes. Census tracts and counties are arbitrary definitions, and the only data currently available for these definitions are from the 1960 Census and are now six years old. The rationale of concentrated poverty by which we arrived at these definitions was not arbitrary, but it is the rationale rather than the superannuated statistics which must be used to apply programs to these areas. For statistical and budgeting purposes, the Law of Large Numbers implies that we are likely to be okay but the Law of Large Numbers cannot be applied to detailed local operations. More generally, planning does not control operations and one problem we have not yet solved is how to control operations to meet the plan.

Finally let me mention evaluation. The plan I have described is based on theory. For better or for worse, OEO very rapidly built up spending commitments for over one billion dollars which preceded the conclusion of the planning processes described. The planning, however, preceded the first results of the programs so that we planned and allocated on the basis of how these programs *ought* to have worked. This year it is different. We are beginning to get evaluative results on how our programs are working. What we can do now and are beginning to do is much closer to true cost-effectiveness analysis—matching actual effectiveness against actual costs. My skepticism about the over-use of such analysis still applies. Decisions should still be made only on the basis of big quantitative differences and the right questions should be asked whether or not the answer is quantifiable. Now, however, the quantities we are working with are real numbers and not hypotheses, which is a very substantial change. As I have said at the outset, our results are testable. They are being tested, and next year, I may speak with less confidence.

Mr. LEVINE. This becomes a constitutional issue and I am not a constitutional lawyer, Mr. Steiger, so that I will drop out.

Chairman PERKINS. The gentleman has consumed 15 minutes. We will operate under the 5-minute rule of going around the second time until the bell rings.

Sargent Shriver, the so-called Opportunity Crusade proposes to turn the Job Corps over to the vocational and educational systems. Is the Job Corps more than an ordinary vocational system or are the vocational educators geared to operate the Job Corps? What obstacles do you see in the way, that is, from the standpoint of reaching impoverished youngsters if the Job Corps were transferred?

Mr. SHRIVER. First of all, Mr. Chairman, I would like to observe that I think that the Department of Health, Education, and Welfare, the Division of Vocational Education, certainly should testify about that question as well as OEO. Certainly as well as I.

Chairman PERKINS. They have testified about this, against it. Go ahead.

Mr. SHRIVER. I didn't know.

Chairman PERKINS. Unequivocally.

Mr. SHRIVER. My experience with vocational education, at least in Chicago in the public schools, was that it was reaching a higher cut, a higher slice of people than what we are attempting to reach and are reaching with the Job Corps. In fact, we had eight vocational high schools in Chicago when I was there and in the first 2 years of high school the program for all the students in the vocational school was exactly the same as in the general high schools, except for foreign language requirements.

It was only after sophomore year that boys and/or girls in the vocational schools of the city were introduced into the vocational track, which they used to call them. I am not against that at all. As a matter of fact, that kind of vocational education expanded tremendously—I would say fourfold—while I was on the board. I always looked at it as more technical education than what the Job Corps is trying to do.

The Job Corps deals with the kind of kid who up to recently hasn't been able to get into a vocational school. We used to have elementary vocational education in Chicago called prevocational and that existed in other schools, but basically the Job Corps kind of kid could not get into it.

The Job Corps was started because of the failures of us all, not just the vocational education, to reach these youngsters and the Job Corps has developed in what I think is a unique program, a unique program in that it makes a new effort and a different effort to reach these youngsters, and the great things about it is, I believe, that it appears to be doing so well.

Prior to Job Corps most efforts to reach these kids were abysmal, 90- to 100-percent-failure programs. In fact, when we first testified on behalf of the Job Corps, there was evidence brought here in the State of New Jersey and State of California, to mention just two, which showed that their efforts had been a total failure. In other words, they had nearly 100 percent dropouts in programs attempting to reach these same kids.

I think of the Job Corps as having broken new ground in the area of training people for work, especially this type of kid. It couldn't have been done, in my judgment, unless we had enlisted in it the national sororities, the universities, the industrial commercial companies of the United States. They have broken some new ground.

It is not like the traditional vocational education. David Lottlieb, who is in the education field, is here in the room somewhere and with your permission I would like him to make additions or corrections to what I have already said.

Chairman PERKINS. First, let me state that I agree wholeheartedly with that statement and I notice that the Opportunity Crusade provides \$190 million. What figure do you estimate for operating the Job Corps as being necessary for the next fiscal year?

Mr. SHRIVER. \$295 million. With your permission, I would like to make two comments about that.

Chairman PERKINS. Go ahead.

Mr. SHRIVER. In the first year we spent over \$300 million getting the Job Corps started, which went largely to capital expenditures. It went to \$211 million the second year.

In the first year we got the plant into being. In the second year we didn't have it completed so that you couldn't take a large number of kids through it, but it was in the process of being prepared.

In this congressional year the figures goes to \$295 million because the plant exists, the spaces are there, and with the financing on an annual basis with the people who will now begin to profit from the program, you have to go up to \$295 million.

Right today, for example, Job Corps is within 500 of its estimated June 30 strength of 41,000. In other words, it is 40,500. We now have got the capacity to operate on an annual basis with 41,000 openings and to process through those openings somewhere between 80,000 and 100,000 youngsters.

If you cut back on money now for Job Corps, what you are doing is actually cutting people out, stopping the entry of youngsters who want to get in. You are not cutting down on capital expenditures. In other words, you are cutting individual human beings out of that chance.

Chairman PERKINS. Mr. Quie?

Mr. QUIE. Let's get back to Headstart. We will go to work on Job Corps later on. I would like to finish out the subject before us. Let's get a picture now of the children in the Headstart.

How many or what percentage of the summer programs and how many or what percentage of the full-year-round programs of Headstart are funded through Community Action agencies and how many are separately or independently funded?

Mr. SUGARMAN. In terms of the organization to which the grant is made. I would estimate that about 90 percent of the summer programs and about 90 percent of the full-year programs are funded through community action agencies.

Mr. QUIE. About 90 percent?

Mr. SUGARMAN. Yes. In terms of who operates the programs, you understand there is a difference?

Mr. QUIE. Yes. That 10 percent, then, that are funded through other agencies and community action agencies, how would they break