

down as to type of organization? Would it be public schools or private schools or nonprofit organizations?

Mr. SUGARMAN. I think the majority of them and probably the overwhelming majority would be private nonprofit organizations rather than school systems.

Mr. QUIE. And of the 90 percent that are funded through community action agencies, what percentage are public schools?

Mr. SUGARMAN. In the case of the full-year programs, 35 percent—and in the case of summer programs, 67 percent.

Mr. QUIE. What is the percentage for private or parochial schools?

Mr. SUGARMAN. 10 percent in both cases.

Mr. QUIE. Now, in the full-year program which makes the 45 percent either in the public school or private or parochial school, what percentage is conducted by the Community Action agencies themselves?

Mr. SUGARMAN. In the case of full-year, 29 percent are conducted by the Community Action agencies. I think the figure is 26 percent for other private nonprofit agencies.

Mr. QUIE. Who are the remaining group, then?

Mr. SUGARMAN. Usually independent Headstart agencies that have been created specifically for the purpose of running a Headstart program where there is no Community Action agency.

Mr. QUIE. So it is private nonprofit agencies created by the Community Action agency and then delegated?

Mr. SUGARMAN. No; the group I was speaking of is in the situation where there is no Community Action agency.

Mr. QUIE. We have about 75 percent of the full-year programs which is either by the public school, private or parochial school or the Community Action agency.

Mr. SUGARMAN. The remaining amount is a private nonprofit agency as a delegate of the community action agency.

Mr. QUIE. What type of organization does that have?

Mr. SUGARMAN. It may be a settlement house. It may be an organization that was created as a Headstart organization, as in Indianapolis or Newark, where special private nonprofit agencies were set up, to deal with Headstart programs as delegates of Community Action agencies.

Mr. QUIE. If a delegate agency of the Community Action agency happens to be a church, but it doesn't run a parochial school, would it be considered as a parochial school or considered as a private nonprofit organization?

Mr. SUGARMAN. We could count on the basis of the nature of the organization and you may find and will find a number of programs which are operated by public schools, using private school facilities and a number of cases where private schools are operating programs not in their own facilities.

Mr. SHRIVER. Sometimes in public schools, aren't they?

Mr. SUGARMAN. I can't recall a specific case of a private school operating in a public school.

Mr. SHRIVER. I thought San Antonio.

Mr. SUGARMAN. No; there they were operating in a church of another denomination.

Mr. SCHEUER. It is pretty clear that there was an ecumenical feeling.

Mr. QUIE. Suppose a local Baptist church, which has no parochial school, is running a Headstart program. This would not be a parochial school.

Mr. SUGARMAN. This would be a private church group, church affiliated group, which is the term we use technically.

Mr. QUIE. Let's go to Followthrough. The primary group we will fund the program with here is the public school rather than the Community Action agency, making it different than Headstart.

Mr. SUGARMAN. That is correct, except that the Community Action agency is very much a part of the process. The grant technically will flow to the local education agency.

Mr. QUIE. By being part of the process as long as there is a community action agency serving that area, they would have to be consulted?

Mr. SUGARMAN. That's right, yes.

Mr. QUIE. Now, I understand from Dr. Estes that there would be a bypass, however, in the event the public school is prohibited by law, like in Nebraska or Oklahoma, where they have the greatest difficulty with the private/parochial school, but in the bypass the Office of Education can make the textbooks and library resources available but the title must remain in some public agency.

What about the private and parochial schools when you aren't dealing with terms but programs and services here? Would the grant money be made directly to the private or parochial school?

Mr. ESTES. Not at all. The grant would be made to the Community Action agency or the Headstart agency and they would be responsible for adhering and supervising the program.

Mr. QUIE. What if there is no Headstart or Community Action agency through which you could do it?

Mr. SUGARMAN. There may be a few instances across the Nation where this would exist. We would anticipate that we would consult with the director of OEO and that perhaps we could establish a Headstart-type agency that could administer these grants.

Since this is a Followthrough—

Mr. QUIE. Let me finish this out, Mr. Chairman.

Since in Headstart it is possible and OEO is making a grant to a private church-related school—isn't this right, Dr. Sugarman?

Mr. SUGARMAN. That headstart is making such grants.

Mr. QUIE. Yes.

Mr. SUGARMAN. Yes; in the preschool area.

Mr. QUIE. Should not the Office of Education do likewise?

Mr. ESTES. It has been our posture to make grants only, especially in the Office of Education, to local educational agencies and in the case where a local school agency is not able or willing to provide these services or provide participation then we would make them to the not-for-profit private agency, the Community Action group or the Headstart.

Mr. QUIE. In no instance would you make the money available to the church-related school, when you get right down to it?

Mr. ESTES. I wouldn't say that at this point. I foresee no instance where we would be required to do this.

Mr. QUIE. Would there be any way where that could be done by

the Office of Economic Opportunity for you since they are already doing it in Headstart?

Mr. SUGARMAN. We retain concurrent authority, Congressman, but I think the situation which you pose is probably unrealistic in the sense that this is a Followthrough program on children who have been in Headstart or similar kinds of programs, so that we almost certainly are going to have an organizational vehicle existing that we can use for this purpose.

Mr. QUIE. But if your organization vehicle in the Headstart program is a church-related organization, then I can't see why the Office of Education can't also use that same organization vehicle to conduct Followthrough.

Mr. SUGARMAN. In the absence of a Community Action agency?

Mr. QUIE. That's right.

Mr. SUGARMAN. This may be the most appropriate vehicle to use.

Mr. QUIE. In the event that you do assist the private school children, you have a different relationship in Followthrough than you do have in Headstart, because in Headstart you really don't know if those children are private school children or not, because they haven't attended the school.

You know that their parents may have that religious persuasion, but will there be any requirements on the school to admit people of all faiths, all religions, all of the other requirements that you now have of public agencies?

Mr. SUGARMAN. As I see this feature of the program working, Congressman, the existing Headstart policies required that records be transmitted to the school system to which a child is going, so that there in some form of continuity. This will provide the basis for determining the share of Headstart children that are going into private schools versus public schools, respectively.

While there may be errors as people change their minds, we will at least have the general dimensions. Then the private schools and the local education agency will work together to develop a program for serving children in the private schools. It is that program that will be submitted by the local educational agency for review by the Office of Education.

Mr. QUIE. How soon will we be able to see the guidelines? You said to Mr. Steiger that the President has to approve them as yet.

Mr. SUGARMAN. What I have provided Mr. Steiger with a few minutes ago and will provide more copies as soon as we can get them reproduced is the 13 principles which we give to local communities, which are, in effect, tentative guidelines on the programs developed.

Those are immediately available as soon as we can make copies.

Mr. QUIE. Mr. Chairman, should I continue questioning?

Chairman PERKINS. Mr. Scheuer.

Mr. SCHEUER. I take it on the question of the administration of the Followthrough program where it is contemplated to give aid to kids who happen to be attending a parochial school of any persuasion that the conventional mandate that was clear in the Elementary and Secondary Education Act against aid to parochial school, but for aid to kids in parochial schools would be followed.

Mr. SUGARMAN. That is correct. Our act has two such provisions which govern this and limit our assistance to special remedial non-curricular services to the children.

Mr. SCHEUER. And the conventional intent express need the debate on the Elementary and Secondary Education Act would be the standard?

Mr. SUGARMAN. Yes.

Mr. SCHEUER. I would like to ask your opinion on the centers for children and parents program, which, to me, is an existing program, because it constitutes the full variety and scope of all the services you talked about in these kids making available according to the recommendations of the National Advisory Council on title I the full breadth of innovation and change which they felt necessary and an increased emphasis on the family over that in Headstart and an increased emphasis on working with the parents.

As you envisage the CCP program with centers for children and parents, would these services include some kind of a day care service where mothers with several children would come?

Mr. SUGARMAN. I think, in many cases, they will, but again, as Mr. Shriver has indicated earlier, our preference is to keep children in their homes and strengthen families whenever possible. But there are many situations where that is not possible.

Mr. SCHEUER. In the explanation of your program you said you wished to emphasize families where there was more than one child.

Mr. SUGARMAN. Right.

Mr. SCHEUER. If there are other children in the home, how are you going to make contact with that mother if you don't provide some way of taking care of the other kids?

Mr. SUGARMAN. Let's take a case of the family that has a 2-year-old, a 4-year-old, and 6-year-old.

If the mother were not in position to take care of the child during the day, the mother or father or some other member of the family, the 2-year-old would be in a Child and Parent Center, the 4-year-old in Headstart, and the 6-year-old in a school but can go to the CCP for day-care services at the center after school.

Mr. SCHEUER. As is frequently the case in these impoverished communities where they have children of 1, 2, 3, 4, or 5, where they have a family that produces a child every year, and they would have a number of children in that preschool agency, are you going to have some way of taking care of all these kids so that the mother can be involved?

Mr. SUGARMAN. The intention is that, once the family is enrolled in the program, every member of the family will be serviced.

Mr. SCHEUER. Are you going to have comprehensive family health care and nutrition care?

Mr. SUGARMAN. Yes.

Mr. SCHEUER. Will the nutrition involve three squares a day?

Mr. SUGARMAN. Yes, and may even involve services to the family.

Mr. SCHEUER. And it will involve opportunities for the parents to receive not only counseling of all kinds, but also some kind of job training?

Mr. SUGARMAN. Yes. I might observe that they are trying to link the centers with the neighborhood centers, so that the actual range of service will be available without additional cost to this program.

Mr. SCHEUER. Do you believe that you have enough authority now or do you anticipate any questions might come from this committee next year as to what the technical authorization might be so that it might be beneficial to have this spelled out more fully in this year's poverty legislation?

Mr. SUGARMAN. Our General Counsel and I feel that the authority is clearly within section 222 and it is just this kind of thing that section 222 is designed to handle.

Mr. SCHEUER. Do you consider this a research and development program?

Mr. SUGARMAN. Not in the sense of the legislative language which pertains to research and development.

Mr. SCHEUER. Let me ask another point. Do you think you have any more need for experimentation as to the validity of the principles involved here spelled out by the National Advisory Council report on title I?

Mr. SUGARMAN. No; I think the evidence already exists.

Mr. SCHEUER. I agree with you wholeheartedly. How many kids do you contemplate caring for in your CCP program?

Mr. SUGARMAN. We are not quite sure, Congressman, but the anticipation is somewhere in the neighborhood of 2,500 children.

Mr. SCHEUER. 2,500 nationally?

Mr. SUGARMAN. Families, I should say.

Mr. SCHEUER. That may be 10,000 or more children?

Mr. SUGARMAN. Yes.

Mr. SCHEUER. My question to you is this. I think you are absolutely on the right track. I think the development of the CCP centers is an elaboration and extension of the Headstart concept as it has been validated and not only the Headstart experience but vehemently validated in title I experience.

Then, since we admittedly are beyond the research and experiment stage and are operating with program elements which have proven program to everybody's satisfaction, why haven't you come in with a program 100 times this size? I think you are on the right track, but again I feel the sense of frustration that you are right, the validity of these assumptions has been proven over and over again by a multiplicity of Government agencies, and why haven't you come in with an operating program that really makes sense and begins to meet the need?

Mr. SUGARMAN. I think there are two parts to the answer. First, while the research has been done, I think the facts established have largely come from what I would call a hothouse setting of a university with a highly trained and organized staff of very qualified professionals. We now need to turn this into operational experience, and that is why I think it is critically important that we start small in terms of acquiring that experience.

The other is what the President said in submitting the budget, that the country simply cannot do this year all the things that it would like to do.

Mr. SCHEUER. There are those of us on this side of the rostrum who don't agree with that, who feel that a sufficiently high priority has not been given to these programs, and again I wish to restate my feeling

of frustration that you don't apparently have the sense of the rightness of your own program that many of us on this side feel that you should have.

I think your programs, particularly in the preschoolchild-development area have been—and I use the words advisedly—marvelously effective in their impact, in their proliferating effect and in the ventilation that they have given the whole educational establishment, and I can only wish that you had the confidence and sureness that you were on the right track that would stimulate you to ask for a budget and a scale of operations that would be meaningful.

I think this goes to a lot of poverty programs. When all the dust settles and the smoke clears, sure, it is possible to nit-pick on many of these programs, and I will be in the forefront of the nit-pickers because we are all eager to improve, but basically taking an amount-of-interest point of view, your programs have been right.

This goes to the preschoolchild-development programs, the Neighborhood Youth Corps, the Job Corps, and all the rest. I wish you were meeting a vastly increased bite of your total constituency and I hope that some day soon you will get out of the research and experimentation and pilot frame of mind and come up to the Hill with operating programs that really meet full-fledged the challenge of poverty, the dimensions of the poverty group, and show us how we can get on with doing the job we want to do.

Do you wish to respond to that, Mr. Shriver?

Mr. SHRIVER. My reaction is that I think you might say everybody in the executive branch feels the same way. I think the President has sent over a budget that is a 25-percent increase in dollars over last year. Many people here take the attitude that an increase of those dimensions is financially impossible for the United States.

I personally believe that if we can get the budget that we asked for, that it will be a great step forward for the programs that we are attempting to proliferate, and secondly, I think that it will be a tremendous step in the right direction by the Congress.

Mr. SCHEUER. We have some education to do in the Congress. There is no question about it. I hope instead of a 25-percent increase, you will be talking about adding some zeros to your program and I am talking about more than one zero.

Mr. SHRIVER. As I have said, the Congress has the purse strings, that is correct, the House does, and I think the President deserves credit for coming here with an increase suggested for this agency for the year, particularly in view of the widespread statements by Congressmen and others that that kind of money is not available for these programs.

Therefore, I think that the budget we have asked for and the President has set up here is a significant budget and that it would be fine if the Congress would adopt that budget.

Mr. SCHEUER. I want to congratulate you. I feel the entire poverty program has worked very well with all of the mistakes I feel that have been perhaps overemphasized on both sides of the isle and have been blown up in the press. Surely your efforts in the preschool area have been monumentally significant and I look forward to where we can really get on with the job.

Chairman PERKINS. Mr. Goodell.

Mr. SHRIVER. Thank you.

Mr. GOODELL. Your testimony today particularly with reference to Headstart and the response to Mr. Scheuer's question indicates that you think you can use considerably more money in the war on poverty. Is that your view?

Mr. SHRIVER. What I have said is that many Members of the Congress believe that. I think that many of the programs could be larger, but I have also said that if we could get the budget that we have asked for, I think it would be a great step in the right direction by the Congress.

We have asked, as you know, for authorization of \$2,060 million. There are those in the Congress who say that an increase of that size at this time is out of line with the fiscal reality. I disagree with that and I believe that if the Congress would adopt the budget that we sent over here, that it would be a significant step by the Congress in support of our overall efforts.

Mr. GOODELL. Those are very carefully chosen words. Secretary Wirtz is quoted as saying we are spending money in the war on poverty as rapidly as it can be responsibly spent.

Do you agree with that statement?

Mr. SHRIVER. I think that the capacity for spending it responsibly increases every day and every week because people in the local community action agencies, people who are running Headstart programs, every month get better at the operation of them. That is one of the reasons why there is a large training component in the Headstart program, so that we do increase the capacity for utilizing Federal funds more effectively all the time.

Mr. GOODELL. Could we responsibly spend more money now?

Mr. SHRIVER. Yes; we could spend 25 percent more money responsibly now. But the problem is to get Congress to bring it out.

Mr. GOODELL. Could we responsibly spend more money than the \$2,060 million that you are requesting?

Mr. SHRIVER. I am here testifying on behalf of that budget and therefore it represents my opinion as to what Congress should appropriate and what we can use responsibly.

Mr. GOODELL. But you do not think we could responsibly spend more than \$2,060 million?

Mr. SHRIVER. It isn't what I think. It is what Congress thinks that I think you are trying to get at.

Mr. GOODELL. We are interested in your opinion.

Mr. SHRIVER. I testified that I am here testifying on behalf of that budget and I think we could spend that responsibly, very effectively, without any overlapping or any kind of hideous things.

Mr. GOODELL. You have heard Mr. Scheuer's comment and there are others who believe that. He may well offer an amendment to raise that figure \$500 million or something of that nature, and we would like your guidance. Can you responsibly spend more than \$2.06 billion?

Mr. Scheuer. If I submitted an amendment, I would not be such a piker as to add only \$500 million.

Mr. GOODELL. He may want to double it. We want your guidance.

Mr. SHRIVER. I have never irresponsibly spent anything.

Mr. GOODELL. You are not giving an answer. You are very effectively avoiding answering.

Mr. SHRIVER. Not at all. Whatever money we get we will spend responsibly. There is no irresponsible activity in this agency, nor will there be, no matter what Congress appropriates.

Mr. GOODELL. Mr. Wirtz has said that you cannot spend in the war on poverty any more than \$2.06 billion responsibly.

Mr. SHRIVER. When did he say that?

Mr. GOODELL. Page 833 of the record on Friday, when he testified. I quoted this to him and he affirmed the statement and said at that point he would make it clear that he made the statement in December and he was referring to \$1½ billion and today he is referring to \$2.06 billion which is a budgeted amount. That is in 833 and 834, and thereafter the question was pursued. I would like to know if Mr. Shriver agrees with this.

Mr. SHRIVER. I have already said that I think that is correct that we can spend that amount of money.

Mr. GOODELL. You are saying you can spend responsibly \$2.06 billion. The question is, can you spend more than \$2.06 billion in the war on poverty?

Mr. SHRIVER. That would depend on what Congress wants to have done. I am not going to answer questions in a vacuum.

Mr. GOODELL. This is hypothetical. We have a great routine here.

Mr. SHRIVER. We have great routines in the other direction about the fact that "what we have already spent has not been spent properly."

Mr. GOODELL. Mr. Scheuer has indicated that it would take \$2.06 billion to fund Headstart, and we have the same amount in as last year. The question is direct and simple. Can you spend more than \$2.06 billion in the war on poverty in 1968? Mr. Wirtz says no, but you don't want to give an answer.

Mr. SHRIVER. I want to give you the answer I have been giving you, which is the accurate answer. You say, could you spend more? Whether one could spend more depends on personnel ceilings, a whole host of matters such as programs it would be appropriated for, et cetera, so that it is impossible to answer such a question "yes" or "no." What I have said over and over again is that we are here testifying for the particular budget which we can expend responsibly, that we have not irresponsibly spent anything, and that we would be delighted if you would join those who are in favor of that budget rather than, for example, cutting that budget.

Mr. GOODELL. You know that our Opportunity Crusade involves an increase in the amount of money for Headstart. This is very correct. There may well be proposals in this committee to add to the \$352 million. We would like your guidance. Can you spend more than that on Headstart responsibly in the fiscal year 1968?

Mr. SHRIVER. We would have to make a study of that with respect to Headstart. What I am trying to say is that when people want to increase one, they also at the same time want to decrease others, and what we are arguing for is a balanced program for \$2.06 billion. We can't seem to get that simple point through. What I want to know is, will Congress support that?

Mr. GOODELL. You want to change the discussion and not answer the question. So you are going to leave everything else at the same level. Do you want an increase and can you responsibly spend more

money in Headstart for fiscal 1968, leaving everything else at the level you recommend?

Mr. SHRIVER. Our position is that all of these programs are necessary. Take the health program. It would be a tragedy to cut it back in order to increase another one such as, let's say, Headstart. What we are proposing is a balanced program and that is what we want from Congress because we don't want to shortchange the legal services program or the Neighborhood centers or the Neighborhood Health. What happens is that people always want to expand one that they happen to like and cut back one that they are not interested in.

Mr. GOODELL. My question is: If everything is kept at the same level, can you responsibly spend more money for Headstart? I don't have to repeat the question.

Mr. SHRIVER. But you can't do that within the budget figures that you propose.

Mr. GOODELL. I am not proposing. I am asking you: Can you spend more than \$2 billion 60 million?

Mr. SHRIVER. Not responsibly across these programs. Within that limit of \$2.60 billion, within your limit of \$1.7 billion, it is even more irresponsible because you have to cut something back.

Mr. GOODELL. I am asking: Can you spend more than \$2.60 billion in the war on poverty in fiscal 1966? As a matter of fact, Mr. Wirtz made that statement. I didn't agree with that statement. He made it flatly, that we couldn't responsibly spend more than \$2.60 billion at the moment in this program. There are many others who disagree. Mr. Scheuer disagrees with it. I disagree in certain segments, and I would like your opinion and I think the committee would like it.

Mr. SHRIVER. I would be glad to discuss it segment by segment. What I am anxious for—and most people say you can't get even \$2 billion—

Mr. GOODELL. You are not going to get it with the kind of answer you are giving me. If we keep this money, all the other programs, right where it is, no sacrifice of any other program, can you spend more money responsibly on Headstart?

Mr. SCHEUER. Mr. Chairman, I think he has answered.

Mr. GOODELL. Can you spend more money?

Mr. SHRIVER. Mr. Chairman, I have answered the question six or seven times.

Mr. GOODELL. I think the record will show that you have effectively avoided it.

Mr. SHRIVER. You may think so, but I don't think so.

Chairman PERKINS. I hate to cut off the hearings for today, but let me again compliment you and all your associates for your appearance here. I think you personally put in an outstanding appearance and well presented your case. We will have you and your associates back at an early date.

We will continue on tomorrow and Wednesday and Thursday with the regular schedule.

Mr. SHRIVER. Thank you, Mr. Chairman and the other members of the committee for the attention you have given to our presentation. Thank you.

(Whereupon, at 12:50 p.m. the hearing was recessed, subject to call.)

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

WEDNESDAY, JUNE 28, 1967

HOUSE OF REPRESENTATIVES,
POVERTY TASK FORCE OF THE
COMMITTEE ON EDUCATION AND LABOR,
Washington, D.C.

The task force met at 9:45 a.m., pursuant to call, in room 2175, Rayburn House Office Building, Hon. Carl D. Perkins (chairman of the committee) presiding.

Present: Representatives Perkins, Green, Pucinski, Daniels, Gibbons, Quie, Goodell, and Dellenback.

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

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

We have with us this morning two of our colleagues, Congressman Charles A. Vanik of Ohio and Congressman William S. Moorhead of Pennsylvania. You are the first Members to appear. All of the membership has been invited.

We are delighted to welcome you here. We are interested in hearing your testimony, and you may proceed in any manner you care to.

STATEMENT OF HON. CHARLES A. VANIK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. VANIK. Mr. Chairman, I appreciate the opportunity to testify before you on this measure. I want to commend you for the success of the higher education bill. It gave me a source of great pride to see it come through intact. It was a great achievement.

Mr. Chairman, as you are undoubtedly well aware, I am sure, I represent an area within the boundaries of the city of Cleveland in which there are over 144,000 people classified at or below the poverty level. The Hough community, which has, for negative reasons, become nationally known, is within my congressional district.

For these reasons and many others, I come before this committee in hearty support of the proposals presented within H.R. 8311, the Economic Opportunity Amendments of 1967.

As I indicated in a recent House speech in support of the debt ceiling increase, those of us Members of Congress representing urban areas with high levels of need cannot countenance any further dilution of the vital programs currently being carried on through the Office of Economic Opportunity.

While each Member of Congress serves a varied community with distinct and different needs, it is inconceivable to me that the House of Representatives should overlook the national problem of poverty.

It is no longer feasible or rational to demand the disbanding and destruction of an important agency which serves to coordinate and to assist on a unifying basis those thousands in my district and millions throughout the country submerged in the mire of poverty and despair.

This program of economic opportunity has already demonstrated through employment and community participation in health programming, and in neighborhood renewal and rehabilitation, that the worth of this effort is vital and must be continued.

I do not dismiss lightly, Mr. Chairman, the mistakes which I know have occurred. I would only ask a degree of understanding which must flow from the enormity of this program. The magnitude of such an effort does not come prepackaged and fully guaranteed with a double-our-money return if not satisfied.

This program has been truthfully packaged. It has not been misrepresented in any way, and it has, in my judgment, surpassed the hopes of many of us in beginning this immense task of helping the poor help themselves.

But, Mr. Chairman, this is obviously only a beginning and a small one when compared to the size of the problem of poverty which confronts our country.

I would specifically wish to endorse two proposals which are new to the OEO effort.

One relates to the availability of neighborhood-youth-corps-type funding for on-the-job training for out-of-school youth in private industry, section 102, known as "Work and Training for Youth and Adults."

It has been my feeling over the existence of this program that private employers must be brought more closely in touch with the national effort to develop employability among our inner city and rural disadvantaged youth.

I would like to point out at this point, Mr. Chairman, that we have had a parallel experience as the one experienced in Washington in the summer jobs program. In Washington the papers have carried full and complete stories.

In my community the Federal Government, through its participation, has been involved in the creation of 6,000 opportunities. The private sector came up with 250, and I think they were stretching in the calculation.

This indicates the great problem we have in the private sector. There were some 15,000 to 20,000 summer jobs created, but they followed the pattern of nepotism.

We also have union contracts in my community which provide that summer jobs are a frequent benefit to the children of the employed worker. So we do have other problems that relate to this whole matter.

And if we have a calm summer, as I hope we will, the lion's share of the credit is the credit of the Federal Government in undertaking this tremendous program when related to the contribution of the private sector.

We here from our businessmen that the Government is doing too much and that it is developing in areas where it should not. Here we have a concrete example of the failure of the private sector to even recognize the scope of the problem.

I feel very strongly that such employment efforts should not be left to the public sector alone. The burden should be more equitably distributed in both the private and the public sectors.

If we expect long-term gainful employment among these disadvantaged youth, they must be provided with realistic, in-service private employment opportunities to know accurately the demands and requirements expected from an employer in a private sector.

On-the-job training efforts of the sort suggested in this bill will undoubtedly succeed in the same effective manner as have already been tried and tested in the adult on-the-job training program.

Mr. Chairman, I feel without doubt that no sector of our economy or Nation can or should be immune to seeking solutions to the great problem of employability which now confronts us. This proposed plan of action for youth on-the-job training in the private sector will go a long way in that direction.

I might also say that I am disturbed to note continually that youngsters whose families make \$100 or \$200 more than the poverty maximum allowable income of \$3,200 are precluded from participating in these job efforts.

It is my hope, therefore, that the committee can consider changes which would increase this \$3,200 maximum income figure, which is almost \$1,800 out of line in a densely populated urban area. Five thousand dollars per annum in my community of Cleveland is a poverty level for a family of four. I think the legislation ought to consider the differential.

Yet the children from these families are in another world, unable to benefit from these vital employment efforts, like the Neighborhood Youth Corps, and are unable as well to benefit from any other means of gainful employment. These young people are left out with no recourse but to deal with the problem of having too much time on their hands.

I wish to insert in the record at this point statistics which will indicate the large number of young people who are in this terrible bind of being \$200, \$300, or \$400 above that maximum income level. In the Hough community and similar poverty areas in Cleveland, they make up over 50 percent of the population of young people.

I would like to submit these statistical tables as exhibit No. 1.

(The tables referred to follow:)

1452 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

	Median income		Negro median income		Negro unemployment rate			
	1964	1959	1964	1959	Male		Female	
					1965	1960	1965	1960
Cleveland, total.....	\$6,895	\$5,935	\$5,489	\$4,743	10.7	12.8	12.8	12.0
Neighborhoods, total.....	5,259	4,937	5,085	4,645	11.2	13.0	14.5	12.3
Glenville.....	6,156	5,593	6,117	5,456	7.2	11.2	12.5	10.4
Hough.....	4,050	4,598	3,966	4,440	14.3	15.7	19.1	16.0
West central.....	3,000	2,977	2,984	3,012	20.4	18.3	26.4	15.9
East central.....	3,857	4,015	3,887	3,956	15.7	13.6	14.2	11.2
Kinsman.....	4,164	4,365	3,729	4,078	12.4	12.8	17.8	15.6
Goodrich.....	5,883	5,402	4,327	4,450	41.9	26.3	(¹)	(¹)
Mount Pleasant.....	6,504	5,850	6,513	5,830	6.8	7.7	8.4	9.3
Remainder of Cleveland.....	7,642	6,558	7,285	5,797	8.1	10.2	3.8	9.0

¹ Insufficient data.

	Percent of total population under 25	Percent of 14- to 19-year olds in labor force	Median years education, 1965	Percent of all persons below poverty level		Percent of family heads under 25 below poverty level, 1964	Percent of family heads under 25 below poverty level, 1959
				1965	1960		
Cleveland, total.....	44.0	34.6	10.3	15	18.0	17	23.0
Neighborhood, total.....	48.6	29.8	9.8	30	28.0	47	39.0
Glenville.....	50.7	25.6	10.6	23	19.0	55	27.5
Hough.....	53.4	36.0	9.7	39	31.0	66	46.4
West central.....	49.5	22.6	9.2	49	51.0	57	70.5
East central.....	42.1	32.1	9.3	36	36.0	64	56.9
Kinsman.....	53.4	23.7	9.0	38	32.0	55	46.0
Goodrich.....	39.9	36.2	8.8	21	23.0	29	25.0
Mount Pleasant.....	43.9	28.2	10.5	18	15.0	27	20.5
Remainder of Cleveland.....	42.0	37.8	10.7	9	10.4	5	11.0

MR. VANIK. This census data reveals the commonly known discrepancies in median income and unemployment levels between the city of Cleveland and its six major poverty areas.

The data on the second chart, however, clearly reveals the crisis facing the young in Cleveland's ghettos. Column 1 of the second table shows that most of the poverty neighborhoods have a higher percentage of their population under the age of 25 than does the rest of the city. Column 3 shows that the children and youth of the seven major poverty areas have a "median school years completed" of 9.8 years—almost a full year less than the rest of the city.

Despite this fact, only 29.8 percent of the poverty areas' 14- to 19-year-olds are in the labor force, as compared to 37.8 percent for the rest of Cleveland's 14- to 19-year-olds.

Obviously, a large number of poverty area teenagers are unemployed, subemployed, or have been turned down so often that they are no longer even in the labor market. A special Department of Labor report on employment in Cleveland's slums indicates that 58 percent of the area's out-of-school youth were unemployed in 1965.

A further proof of the poverty and jobless future facing Cleveland's youth can be seen in columns 4 to 7. In 1965, 30 percent of the residents of the seven areas had income below the poverty level of \$3,200 for a family of four. But 47 percent of the heads of households under the age of 25 fell into this poverty level, while only 5 percent of such young family heads in the rest of Cleveland fell into the poverty level.

The latest unemployment rate for the poverty areas of Cleveland is 15.5 percent. Many of these unemployed are the youngsters in families who scrape by on \$3,500 per year. These unemployable young people are a grievous burden on their families. They want to work but cannot. One major reason why they are left out is the ridiculously low level of maximum allowable income of \$3,200 for urban families of four, two or three of whom can be unemployed at a time.

The extent of the problem of unemployment is so grave as to warrant every possible consideration for solution. The increase in the income level by these family groups would improve chances of employment of many thousands of these young people.

I have determined that over 500 youth were turned away during the application week for Neighborhood Youth Corps inschool program solely because their families were several hundred dollars over the maximum poverty income level. What are these young people to do?

In addition, Mr. Chairman, I wish to comment upon the proposal known as the Summer Camp Act of 1967. Through my office, I attempted to obtain the U.S. Army's Ravenna Arsenal site and/or Camp Perry for use as a summer camp. I took this action independent of any knowledge that such a proposal had become a part of the economic opportunity amendments.

My own reason for attempting to obtain this land for summer camp purposes was based upon the fact that so many young people under 15 years of age currently have no employment activities available to them. The disturbances that have occurred this year in my city involved many young people below 15 years of age who were deeply involved because they had nothing to do.

As a result, I requested Secretary McNamara to release the Army-owned property of the Ravenna site, south of Cleveland, or the Camp Perry site, which is Army leased to conduct the National Rifle Association national pistol and rifle matches in the months of August and September.

The Federal Government currently subsidizes the sharpshooting matches to the tune of \$2.7 million in funds that we can determine. As some of you are aware, I am sure, I attempted to have deleted from the defense budget the subsidy of this event, as well as other civilian marksman activities in which travel, weapons, and billeting are now subsidized by the Federal Government.

These issues aside, it is imperative that additional fresh-air recreation facilities be developed to serve youngsters from our urban areas. The environment which now exists in most urban areas in which there is overpopulation and lack of recreation facilities is intolerable.

The Federal Government, with its resources in land and, in some instances, housing and feeding, must be brought to bear in seeking adequate solutions to the problem of the inner-city youngsters.

I am proud to note, notwithstanding the critical squeeze which now exists in existing camping facilities in and around the Cleveland area, that officials of Cleveland camps have already agree to and have implemented a program to add 1,500 youngsters to their existing facilities.

These youngsters are from the inner city and will receive, free of

charge, an opportunity to participate in day or resident camping throughout the summer.

This program was financed through a grant from the Office of Economic Opportunity and, hopefully, will be subsidized further through private contributions from the Cleveland area. The Board of Education of Cleveland is also assisting financially to support this program.

Camping officials in my area expanded their already hard-pressed facilities to accommodate new groups. The proposal for the Summer Camp Act, if passed, will add immeasurably in providing thousands more from my area alone with much needed fresh-air, outdoor programming.

I heartily support this proposal.

In conclusion, Mr. Chairman and members of the committee, I wish to thank you for your patience, and I wish to emphasize again that we must meet with every resource the huge responsibilities with which the problems of our inner city now challenge us.

Thank you.

I would like to point out this additional fact before I close. In my community we have been suffering a decrease of central city population, over 100,000 people having left the central city.

Chairman PERKINS. Let me thank you, Congressman Vanik, for making an outstanding statement. You raised many questions which I feel are a great contribution to this committee in connection with considering the legislation in which we will interrogate you in a few minutes.

I understand that we have with us a summer sociology seminar of the National Cathedral for Girls, Washington, D.C. There are 28 girls from every part of the United States and Puerto Rico. We are glad to welcome you here. This is one of our open hearings in considering the extension of the Economic Opportunities Act that we enacted in 1964.

We are glad to welcome you here.

Before we commence the questioning of you, we will hear from Congressman Moorhead.

STATEMENT OF HON. WILLIAM S. MOORHEAD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. MOORHEAD. Thank you, Mr. Chairman, and members of the committee.

It is a great pleasure to be here this morning as a congressional witness. My purpose in appearing here is twofold: First, to speak on behalf of the Economic Opportunity Amendments of 1967 and second, to urge that the Office of Economic Opportunity be retained as the central administrative and coordinating agency for the programs that constitute the war on poverty.

The bill before you strengthens, continues and in some cases expands a complex of programs that has been of incalculable benefit to the people of my city of Pittsburgh. Just as importantly, it retains the administrative and coordinating framework without which the Pittsburgh program could not have succeeded to the extent it has.

Pittsburgh's program is a success because the city was ready with

appropriate plans and proper leadership a year before the passage of the Economic Opportunity Act of 1964.

The city was able to mobilize quickly for its war on poverty because the pattern of cooperation between the city government and the community's social, religious, and civic organizations was well established.

Pittsburgh's antipoverty administrative agency is the Mayor's Committee on Human Resources, Inc. Both ends of its name are significant. The mayor of Pittsburgh, Hon. Joseph M. Barr, set up the committee, is its chairman, and appoints a majority of the members.

Yet the committee is an incorporated private organization, not a city agency or a public body, with a membership representing many important elements in the community—business, labor, government, housing and social service agencies, the clergy, educators, civil rights groups, and the poor themselves.

The committee combines the variety of skills, powers, and interests essential for a concentrated attack on poverty. Pittsburgh's war on poverty has been a team effort from the first. Existing community services and agencies have been coordinated with each other and the city government in a way never before attempted; lines of communication are now open between the poor and the city; the poor have been given a voice in planning ways out of their poverty; and all efforts have been focused on specific target areas.

I might add here that Sargent Shriver, the very able Director of OEO, has frequently singled out the Pittsburgh antipoverty program as a "model for the Nation."

As of yesterday, it is estimated that since early 1965 the lives of more than 120,000 disadvantaged Pittsburghers have been affected for the better by one or more of the 29 programs in the city's war on poverty. Here are some specific examples:

In education, 54,000 children from preschool to high school age have participated in special compensatory programs ranging from head-start to reading clinics to tutoring, cultural, recreational, counseling, and mental health programs.

Employment centers in Pittsburgh's eight target neighborhoods have found jobs for 3,000 16- to 21-year-olds in Pittsburgh's Youth Corps, nearly 300 16- to 21-year-olds in Job Corps camps all over the United States, 450 adults in subprofessional posts in antipoverty programs in their own neighborhoods, and 590 adults in new positions in the private employment market.

Some 28,000 persons have received health services ranging from pre and postnatal care, child medical and dental care, home visits from health teams, immunization clinics, and most recently, a neighborhood health center to be set up under a \$1.7 million OEO grant.

Social services have been brought to more than 27,000 persons. These services include family counseling, homemaker training, and welfare consultation.

Free legal services from lawyers in the eight target neighborhoods have been rendered to 3,800 clients. These lawyers also conduct consumer education classes.

Other programs include housing repair and maintenance classes for 6,000 students and special activities for 2,800 of the city's aged.

But while the city, its public and private agencies, and its citizens deserve substantial credit for combining their skills, powers, and in-

terests in a concentrated effort that necessarily involves all of them, so, too, does the Office of Economic Opportunity.

In my estimation, OEO, the machinery that Congress created to administer the war on poverty, was well conceived, and should not be dismantled, as some have suggested, merely because it has shown some imperfections.

Our nearly 3 years' experience with OEO are reflected in the streamlining and strengthening provisions of the bill before you.

It is my firm belief that a majority of the flaws that have shown up in the administration of certain aspects of the war on poverty—most notably the community action programs—are not inherent in the structure of OEO but rather are a reflection of the fact that some American cities were not as well prepared for the demands of the war on poverty as was Pittsburgh.

Our Pittsburgh program shows that by combining the resources and talents available in any American community the war on poverty can be won. But it is essential to have at the Federal level one independent agency, OEO, capable of concentrating skills and resources in the manner the local programs do.

Mr. Chairman, I have noticed that many of those who are quick to denounce the War on Poverty are equally quick to defend its specific component programs, such as Project Headstart and the Neighborhood Youth Corps. These people seem to feel that by removing the specific programs from the jurisdiction of OEO criticism of the antipoverty program will end.

To me, this is specious logic.

First, we have seen over the years how difficult it is to assure interdepartmental cooperation on any project, and there is little reason to believe that this situation would improve if the various antipoverty programs were parceled out among the various departments.

Furthermore, the basic concept of the war on poverty—a total, concentrated attack on the complex of social, physical, and economic ills that afflict our poor—would be subverted by fragmenting programs that OEO has thus far carefully coordinated among departments already overburdened by the demands of their own programs.

Third, abandonment of OEO as proposed in the opportunity crusade would forfeit nearly 3 years of experience and know-how accumulated by that agency in the administration of the war on poverty. In many respects, the war would have to begin again from where it started in 1964.

Therefore, Mr. Chairman, I urge the Committee to retain the Office of Economic Opportunity and to strengthen and streamline its operations by adopting the amendments in the bill now before you.

Thank you for allowing me to appear here today.

Chairman PERKINS. Do you feel we would be defeating our efforts to do something for the people with the greatest need throughout America if we abolished the Office of Economic Opportunity or transferred it to another department of the Government?

Mr. MOORHEAD. I do. I believe you need a united effort at the local level and a united effort at the Federal level.

Chairman PERKINS. Do you feel we would have lost the experience gained in trying to serve the poor people of the Nation if we did that?

Mr. MOOREHEAD. I am convinced we would do so.

Chairman PERKINS. What is your comment, Mr. Vanik?

Mr. VANIK. I would like to add to my colleague's statement by saying that I feel the centralized responsibility for this program has been perhaps the greatest factor contributing to its success and simply by dispersing the sources of help in this program would involve tying all of us up in the bureaucratic details that we have sort of brought together in the OEO program.

I think we have been afforded through the OEO program an opportunity to focalize and to direct our appeals to a central place and that was the whole idea of it.

I think this is the proven success of the program.

Chairman PERKINS. Do you feel, Mr. Vanik, from your statement, that so many youngsters in the city of Cleveland are being deprived of taking advantage of the present programs because of the present income levels?

Mr. VANIK. \$3,200 is unrealistic for a family of four. It may be different in rural areas but in my city that income is far below what it takes to support and keep a family decently.

Chairman PERKINS. I want to compliment both of you gentlemen. I think I stated at the outset that you were the first members who had come before the committee. We hope many other members will come before the committee in the future.

Mr. Quie?

Mr. QUIE. Do either of you support the movement of the delegation of programs of the Office of Economic Opportunity to existing agencies?

Mr. VANIK. Do you mean the Neighborhood Youth Corps and so on?

Mr. QUIE. Yes.

Mr. MOORHEAD. I think there has to be a coordinating agency, Mr. Quie. The war on poverty crosses so many jurisdictional lines. If there are poor in the rural areas, the Department of Agriculture may be involved; the Department of Housing may be involved in curing slum conditions; and the Department of Labor may be involved in the manpower and training. The Department of Health, Education, and Welfare might be involved in other programs. The only way this program can be made rational is to have all of this within an agency with central authority.

In my own city we had to bring in people from the board of education, from the Catholic Diocese, from labor and business, from the city government, from the county, all working together, cutting across normal bureaucratic jurisdictional lines.

I think this group at the local level must have one agency to deal with at the Federal level rather than five or six. I don't believe it would be workable otherwise.

Mr. VANIK. I would supplement that answer by stating in my opinion the real enemies of the OEO have been the dismal bureaucrats who resented the prodding and the pushing and the shoving which the program has brought about.

I think this is one of the purposes of the OEO to give us an independent arm, a free arm toward the approach of poverty utilizing all resources of the Government but being self-reliant in developing its own policy.

I think that is what has given strength to the program.

Look at the things that have developed such as neighborhood legal committee, for example, just a few weeks ago in my Hough area. We had a near disturbance which could have developed into a riot. However, a riot was averted because of a legal office which was on hand that worked throughout the night to satisfy the people.

A Negro boy was shot while perpetrating a crime. The needs of the community were going to be adequately covered and cleared by this grievance committee which worked throughout the night and into the next day to solve this problem.

This is something which could never come about—except through the Department of Justice—excepting for the availability of the service that was created to file a need that was recognized by the Office of Economic Opportunity.

I think one of the great benefits of this program is its scientific approach in developing new answers and new approaches to the problems of our city blight.

Mr. QUIE. Have you contacted OEO and objected to them delegating certain of their responsibilities to existing agencies like the Neighborhood Youth Corp, Nelson-Scheuer, and Kennedy-Javits programs to the Labor Department.

Mr. VANIK. I have not protested what they have done and I think the Office of Economic Opportunity has been very cooperative in working out these details. I think that these things have worked out. This was the mandate of Congress and the administration complied with that mandate, but I think the fact that the OEO was a separate entity gave it great strength in implementing the public service.

Today we have complaints in our community. The employment service complains about all of the other agencies that are out finding jobs for people. The result of that is our employment service has been made better because of the stimulation of OEO and its competitive services. This has been a good thing. It has made existing bureaucracy work better because it was able to check and work and provide some comparison and some analysis to the bureaucratic approach to the problem.

Mr. QUIE. Did you support the amendments of last year which transferred to the Small Business Administration, authority on title IV loans?

Mr. VANIK. This was one the Small Business loans, and there is one in Philadelphia, one in Pittsburgh, and one in Cleveland. I don't remember what my position was on that. I have always felt that lending authorities generally should be consolidated in financial committees and put under the jurisdiction of the Banking Committee.

I would see no objection with that loan program being reviewed and being a part of a small business activity.

Mr. QUIE. Now, do you think we ought to look over other aspects of the war on poverty and see if they would more properly fit under existing agencies? Would you likely have supported the SBA handling their small business loan program?

Chairman PERKINS. I think it should be pointed out that the Office of Economic Opportunity recommended that the SBA do this, and it was done by agreement.

Mr. QUIE. An amendment was offered by Congressman Dingell on

the floor last year. Such a motion was turned down by this committee prior to that, but the House decided to support it.

Mr. MOORHEAD. If I may comment on that, Mr. Quie, I think maybe there should be a distinction between the regular SBA program where they are expected to keep their losses to a minimum and what you might call a softer window where it is part of the war on poverty.

I am not so sure that it isn't better at least to have a separate account for SBA where they take smaller loans but more risky loans. I would be inclined to think that OEO should be overlooking, but let's face it, I think SBA is better qualified to pass upon the risks than OEO is.

Maybe there should be a soft OEO window at SBA.

Mr. QUIE. I have a feeling that the Office of Education and the Department of Labor and other agencies being more equipped.

Mrs. GREEN. I would like to compliment both of you on the excellent statements you have made. I found myself very much in agreement with your statements.

Under the New York City program, any youngster who comes from a family which is at these certain income levels is not eligible to participate in some of these programs.

However, there can be extenuating circumstances such as a catastrophic illness that wipes out the income of the family or other kinds of burdens. So I would hope this could be changed so the administrator of the NYC program at the local level would have the flexibility to make the program work. I am glad you made that particular point in your statement.

I would like to go to this other matter of having everything centralized in OEO. I notice, Mr. Vanik, you said it was very desirable to have a centralized responsibility for the program.

Mr. Moorhead, I believe you said it essential the local group have one group to deal with at the Federal level. I find myself in agreement with both of these statements.

I have two examples on which I would like you to comment.

Headstart meets with the approval of most people and is an excellent program. The details which I am going into describe in this one school system could probably be duplicated a thousand times throughout the country.

Headstart in this one local school district hires a teacher at a higher salary than the local kindergarten teacher. The Headstart teacher has 20 youngsters during the day and the help of two aides.

The kindergarten teacher, paid with local funds and not with poverty funds, has 30 youngsters in the morning and 30 youngsters in the afternoon and receives a lower salary than the Headstart teacher.

Now this is in a school district that does not have exactly the situation both of you have said. Mr. Vanik, it does not have a centralized responsibility for the program. It has two, because it must deal with the OEO when the child is 4 years of age and it must deal with the Office of Education on education matters when the child is 5 years old.

It does not have a local group as you suggest, Mr. Moorhead, which coordinates with an agency at the Federal level. Does it make sense to have this kind of arrangement? We are talking about youngsters in the same school and from the same socioeconomic group. How can this Congress plan a program that would really look at the total education of a child from the time he is 4 until perhaps graduation?

Would it be well to have it so divided or would it be better to devise some other kind of system whereby one agency would be dealt with at the local level and you would have a centralized responsibility?

This would be the first example.

The second example would be a college or university which is working to identify very brilliant youngsters who might not otherwise go to college except for this program.

In the higher education bill, we have a section for a talent search under the Office of Education, providing for the early identification of this very able youth and giving him some very special academic help so he can compete successfully with others.

In the war on poverty, we have the upward bound program which is for the same purpose to identify these youngsters early enough and give them some academic training.

Would it not make more sense to somehow dovetail these two programs and have, as you suggest, a centralized responsibility for the same program and indeed one agency with which the local college or university could work?

Could I have your comments on these two examples? I am sure they could be duplicated a few thousand times.

Mr. VANIK. I would say my quick response is, Mrs. Green, if our work is done well in the Headstart program, and I feel that it is, we are certainly making it easier for the subsequent teachers to handle that child. So there is that advantage.

Another point is that in the Headstart program we are doing many things. We are correcting some environmental problems with which the child had to cope. We are dealing with health problems, we are covering the whole spectrum of the child's education that lies ahead.

I think this requires considerably more skill and if work is done as it should be done in Headstart, it will certainly reduce the workload and the talent strain on the child that has been the beneficiary of the preliminary Headstart work.

We must also bear this in mind, that getting to a Headstart program and evolving it is somewhat removed from the basic question of education because it has all of these other factors relating to the human environment that are interwoven and to toss this program into the whole educational spectre is not quite proper.

We have to look to the entire environment in which that child is found in the Headstart program. In Headstart we are preparing the child for education which is separate and distinct from actually developing and going through with an educational procedure later.

Mrs. GREEN. Do you think that the programs and the goals for the child when he is 4 years of age in the Headstart program are that different from the goals and work that must be done with a child when he is 5 in kindergarten?

Aren't you concerned about the whole child in both cases?

Mr. VANIK. Education is only part of the whole child. I would say yes, they are different because in Headstart the child is probably first coming into a real contact with discipline which is almost the more difficult problem in education.

The child is guided in habit patterns which will enrich the child's life throughout his entire lifetime. It is something separate and different from actual education. I think there is a distinction.

Mr. MOORHEAD. Mrs. Green, may I just say how I think this sort of thing would be handled in our Pittsburgh experience. Any program would have to go through the central group we have, the mayor's committee on human resources.

On that board would be representatives of the board of education and the Diocese and educational system. If they believed that the extra pay and the extra aides to a Headstart teacher would be disruptive of the morale of teachers in kindergarten, they would at least have the opportunity to say so.

If, on the other hand, they believed that because the children in the Headstart program were picked from particularly difficult environments and difficult family backgrounds, then they have to have a particularly talented teacher with more assistants, then I think they would approve of this action.

I think the important thing is to have the local bodies also centralized so the left hand knows what the right hand is doing, which is what I think is concerning you.

Mr. VANIK. In many cases the local school board has not been willing to meet up to its real responsibilities and it has been considerably prodded on by the development of the Headstart program which presented a new challenge and made the local boards recognize new areas of responsibility.

In my area, for example, we have the NYC school children working in the school cafeterias for \$1.25 an hour and along side of them were regular employees working for the \$0.85.

The wrong was in the \$0.88 an hour paid to the other workers and they quickly corrected that and brought both levels of work up to the same level.

This is a case in point which I think is illustrative of the failure of local boards to be responsive.

Chairman PERKINS. Mr. Goodell?

Mr. GOODELL. I just welcome our colleagues. I think we can debate this on the floor rather than here. I do not think it would serve any purpose.

Mr. DANIELS. I want to compliment both of my colleagues for their excellent statements.

Mr. GIBBONS. I join Mr. Daniels in that statement.

Chairman PERKIN. Thank you very much for coming.

Chairman PERKINS. I understand the next witness this morning is Kenneth E. Marshall.

I presume you have a prepared statement to make. You may insert it in the record and summarize it, inasmuch as the House will soon be convening, or you can read it or proceed in any manner you wish.

**STATEMENT OF KENNETH E. MARSHALL, VICE PRESIDENT,
METROPOLITAN APPLIED RESEARCH CENTER, INC., NEW YORK
CITY, N.Y.**

Mr. MARSHALL. I welcome wholeheartedly the opportunity to appear before your committee. My statement is to be found in a journal known as the New Generation. You will note, sir, that a distinguished colleague of yours, Representative Charles Goodell, also has a statement appearing in this journal regarding OEO.

My point can be made very briefly.

I believe there is presently a need for change of focus in the direction of the war on poverty and it can be summarized by saying, I think, the change should be away from the cluster of welfare and social services, as important as they are to true economic development programs and projects, economic opportunities in the areas of jobs, and the very vital and important development of the ghettoized areas in many of our cities.

I think there has been an unnecessarily large focus on individual pathology and individualistic approach to the problems of the poor and not a sufficiently broad approach to the communities in which the poor persons are residing.

The kinds of programs that I am advocating would be those that go more to the large-scale development of the communities less emphasis on individualized services but a byproduct, I believe, of the kinds of programs that should be stressed.

A byproduct would be individual advancement. I think one of the mistakes we have made is that when we come to dealing with the poor that we are too prone to seek to treat with them almost in a clinical manner.

I say that the same way we subsidize and affect the affluent of our society, there are programs that could be in a sense a kind of a way of subsidizing the poor of our society without stigmatizing them in welfare services.

Even though I myself am a social worker and benefit directly from administering services of these kinds, I think many of them, first, are extremely difficult to evaluate. They are very dubious in their content and their effect and very often the only beneficiaries or the major beneficiaries are those persons who are fortunate enough to obtain jobs.

There is nothing particularly wrong with this. However, if these are the only opportunities around, naturally, there is a kind of distortion because very often on the community level persons who should not be employed for one reason or another in these kinds of situations are employed because it is making jobs.

Now what I am saying is that if we do not address ourselves to some of the more fundamental issues, and I think you have probably heard a great deal about the unemployment rate in our slum districts, particularly in our nonwhite ghettoized district.

We know the unemployment rate among youth is as high as 27 to 33 percent. It strikes me as being rather futile to be involved in a number of job training and retraining programs if in effect certain fundamental decisions as to the employment rate of this economy have already been made.

We see the utter futility of putting youth through these procedures and then really at the end-of-the-line job.

What I am advocating—and I can get quickly to the end of my statement since the rest of it will go into the record—

Chairman PERKINS. Without objection, your statement will go into the record.

(Statement follows:)

PREPARED STATEMENT OF KENNETH E. MARSHALL, VICE PRESIDENT, METROPOLITAN APPLIED RESEARCH CENTER, INC., NEW YORK, N.Y.

To criticize OEO and to recommend a number of changes in the programs and policies of this agency is by no means to deny the very substantial accomplishments of the Office of Economic Opportunity. Perhaps most significant among its achievements has been its sponsorship of several hundred Community Action agencies, some of which have provided exciting and real opportunities for poor persons and their selected representatives to participate in a variety of community programs including Neighborhood Action Councils, Neighborhood Service Centers, Credit Unions, Headstart and Day Care Centers, etc. There is no question that the Community Action Program authorized under Title II of the Economic Opportunity Act of 1964, provided the impetus for significant positive changes in the nature of these services, their location, and the types of persons involved in the dispensing of same. Thus, for example, these programs have sought to decentralize and more effectively coordinate social welfare services. They have been in the vanguard of the movement to develop a wide variety of non-professional job opportunities as Headstart Aides, Public Health Aides, Neighborhood Aides, etc.

Despite these very real accomplishments, the Economic Opportunity Act is a misnomer, and the agency established to wage the massive "War Against Poverty" declared by the President in 1964, has been prevented from the beginning from seriously carrying out this mission. Rather than authorizing direct ways of improving the economic status of poor persons through jobs, better housing, and economic support programs such as family allowances, the OEO Act primarily offers a cluster of welfare, training, and educational services. Although Title II permitted sponsorship of income and job producing Neighborhood Economic Development Corporations, few such enterprises have been launched with OEO funds. The small business program authorized under Title IV of the Act is a notable casualty. This program was crippled by means tests restrictions which virtually ensured its failure.

After the widely broadcasted promises of a War Against Poverty, the failure of local Community Action Programs to provide jobs, improved housing, and tangible economic opportunities has sometimes led to a kind of contamination and distortion of the programs and services which were provided. Often, as a consequence of the scarcity of new opportunities, the most vocal and active members of the Poverty Communities have sought and found jobs with Community Action Agency itself. As Headstart Aides, or as Public Health Aides this did not matter. But, when these persons were sent forth as Community organizers, Community stimulators, etc., seeking to build Neighborhood Boards and stimulate "Community Action," the response of many of their neighbors not so fortunate to have had their economic circumstances so immediately and strikingly improved by the poverty program, has ranged from apathy to cynicism.

In the absence of large scale programs providing substantial investment for the development of jobs, new housing, and other tangible community improvements, a selfish scramble of the new available new jobs is to be expected. However, this fact hardly creates the climate out of which efforts to organize volunteer groups of the indigenous poor for altruistic community action can develop.

The amount of money made available for locally designed and sponsored programs has been substantially reduced to provide funds for pre-packaged programs directly administered by OEO. Some of these such as Headstart, have proven popular if but tenuously connected to any realistic and tangible concept of economic opportunity, while others such as the Job Corps, can be proven to be almost completely irrelevant to the needs of the persons for whom they are intended. As one observer has commented, "The Job Corps may be a good market for industry, but it is not working very well for the youngsters who are barely getting into the army" (after a course of training in a Job Corps Camp). Estimates of per capita cost of the Job Corps program have ranged as high as \$11,000. It would have been interesting to see what an enterprising street youth with volunteer guidance from a mature businessman could have done with that amount of money in setting up a neighborhood business venture. Conceivably, several of them could have pooled their \$10,000 economic development grants to establish a youth canteen, street academy, day care center, or family camp which would have not only provided the type of training opportunity available at Job Corps Camps, but could have also become the foci for community development efforts.

In directly sponsoring a number of social services, educational, and remedial programs, and in restricting the Community Action groups almost exclusively to similar programs on the local level, the Office of Economic Opportunity has probably inadvertently fallen into the trap of seeking the elimination of poverty, primarily through a cluster of services and programs that impute to the poor, either directly or indirectly, the major blame of their impoverished condition. The major immediate beneficiaries of these programs have been non-poor persons who have been afforded the opportunity of executive, technical, and professional positions in the program. While there is certainly nothing wrong with this, *per se*, the almost exclusive reliance on the services approach has seriously compromised the Office of Economic Opportunity. In actual fact, there was no need in 1964 to enact an "Economic Opportunity Act." Legislation already existed which could have served to bring about all major improvements in the lot of the poor. One need only recall the Declaration of Policy in Section I of the Housing Act of 1937 which read as follows:

It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this Act, to assist the several States and their political subdivisions to alleviate present and recurring unemployment and to remedy the unsafe and insanitary housing conditions and the acute shortage of low income, in urban and rural nonfarm areas, that are injurious to the health, safety, and moral of the citizens of the Nation.

In 1964, the same year that the Economic Opportunity Act was passed, another important decision with direct relevance to the question of poverty in the United States of America was made, namely, the decision to reduce federal taxes by twelve billion dollars. Some of the participants in the discussion that led up to this decision had vigorously argued that the government "surplus" share of the rapidly expanding gross national product should be used in ways to improve the social as well as the private economy. These voices did not prevail, with the consequence, as one commentator noted, that "a major government measure (an income tax cut) that cost twelve billion in terms of lost revenue channelled not a cent to those most in need of additional funds." Instead, "the tax cut, in addition to intensifying inequalities in income, resulted in a relative reduction of the means potentially available for the elimination of poverty and deprivation."

The first two years of the OEO program has produced a number of modest successes: in the expansion of social services, the creation of "new careers" for the poor, and in the increased involvement of the poor in community action planning and in policy. However, while these new innovations are important and efforts in these areas need to be expanded, these achievements represent only one aspect and perhaps not the major one, of a real war on poverty. None of these programmatic approaches, of themselves, substantially move the impoverished into the main stream of the American economic system. By and large, the poor are still circumscribed within certain limited labor force categories and even when employed are either underemployed or in dead-end jobs.

Unquestionably, there is a need for a major reorganization of the Office of Economic Opportunity and for substantial changes in its policies and program focus. Such changes, of whatever form, must be designed to enable the Office of Economic Opportunity to address itself to the following fundamental issues that are at the basis of the development of genuine economic opportunities for the poor.

(1) Substantial reduction of the unemployment rate among the poor. Any realistic and serious program for the eradication of poverty must have at its heart a plan for the achievement of at least the same rate of employment of the poor as that of the more affluent members of the society. What some economists have been labeling a full or high employment economy during the last several years has been an economy in which the poor, and particularly the non-white poor, have actually remained unemployed at rates approaching the depression level. Manpower training and re-training programs are futile in an economic situation in which no provisions are being made at the federal level to reduce the unemployment rate below the current four percent.

(2) This sponsorship and development of locally based, independent, commercial and community services enterprises can maximize the impact of federal moneys expended in anti-poverty, model cities and federally supported local projects.

(3) Non-stigmatizing income maintenance programs for persons incapable of work.

In summary, what is being recommended as the new prime focus of the Office of Economic Opportunity, is a systematic application of profit and non-profit corporate concepts to the development of social and community services and the expansion of economic opportunities in our impoverished communities. This will call for, among other things:

(a) the development of strategies that link non-profit organizations administering anti-poverty with profit making organizations.

(b) The redirection of a portion of governmental credit and purchasing power into businesses and other enterprises owned and operated by people in poverty communities.

These changes would bring about a substantial shift in emphasis away from welfare services and toward economic development. The aim would be to achieve a multiple pay-off of the poverty dollar whereby it not only pays for services rendered but also stimulates the economic development of the poor.

Two recent OEO grants in the area of ghetto and rural economic development give an indication of an exciting new direction that should be taken on a larger scale by OEO. These are the Southwest Alabama Farmers Cooperative (approved over the veto of the Governor) and the Harlem Economic Development Corporation.

This promising plan for the economic development of Harlem stipulates that four things will be required to improve the income and economic situation of Harlem's residents, namely:

(1) A source of venture capital such as a Small Business Investment Corporation capitalized jointly by community investors and the Department of Commerce, and controlled by the local small investors.

(2) A sophisticated research program which will identify feasible industrial and commercial enterprises which can operate profitably while providing jobs for Harlem residents.

(3) A non-profit management consulting and managerial skills training program for community residents recruited to operate these enterprises.

(4) A network of new community services corporation, e.g., day camps, career clinics, etc., which will dispense needed services while providing jobs for Harlem residents.

Under this plan, control of the business enterprises and of the profits would remain in the hands of the SBIC. A portion of the profits would be reinvested to achieve the expansion and diversification of the enterprises and the remaining portion would be used for the establishment of the non-profit community services corporations.

If the OEO could shift from its present programmatic emphasis to that recommended here, there is no question that it would gain increased relevance and would be the vital arm of the war against poverty. Failing that, there appears to be no significant purpose that could be served by this organization in a true war against poverty.

Mr. MARSHALL. I am advocating a major reorganization of the Office of Economic Opportunity to allow for substantial changes in its programs and program focus.

Such changes of whatever form must be designed to enable the Office of Economic Opportunity to address itself to the following fundamental issues that are at the basis of the development of a genuine set of economic opportunities for the poor:

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What some economists have been labeling a full or high employment economy during the last several years has been an economy in which the poor, and particularly the nonwhite poor, have actually remained unemployed at rates approaching the depression level.

Manpower training and retraining programs are futile in an economic situation in which no provisions are being made at the Federal level to reduce the unemployment rate below the current 4 percent.

Sir, I would like to refer you to a statement I found in doing research for this paper in the declaration of policy in section I of the Housing Act of 1937 which reads as follows, and I think this is a most significant statement in pointing the way to what I would call real economic development programs for the poor. The statement reads as follows:

It is hereby declared to be the policy of the United States to promote the general welfare of the Nation by employing its funds and credit, as provided in this act, to assist the several States and their political subdivisions to alleviate the present and recurring unemployment and to remedy the unsafe and unsanitary housing conditions and the acute shortage of low income, in urban and rural nonfarm areas, that are injurious to the health, safety, and morals of the citizens of the Nation.

My contention is, sir, that simply to begin implementing on a large scale the provision of that act of 1937 could have a substantial impact on the conditions of the poor in our society.

I think that too often we evolve these programs, some of which are good, some of which are not good, when there are already in the legislative acts of Congress which if only used fully could reduce the rates of the poor of poverty that we find in our society.

2. I am advocating the sponsorship and development of locally based, independent, commercial, and community services enterprises can maximize the impact on Federal moneys expended in antipoverty, model cities, and federally supported local projects.

3. Nonstigmatizing income maintenance programs for persons incapable of work.

In summary, what is being recommended as the new prime focus of the Office of Economic Opportunity, is a systematic application of profit and nonprofit corporate concepts to the development of social and community services and the expansion of economic opportunities in our impoverished communities.

This will call for, among other things:

(a) The development of strategies that link nonprofit organizations administering antipoverty with profitmaking organizations.

(b) The redirection of a portion of governmental credit and purchasing power into businesses and other enterprises owned and operated by people in poverty communities.

These changes would bring about a substantial shift in emphasis away from welfare services and toward economic development.

The aim would be to achieve a multiple payoff of the poverty dollar whereby it not only pays for services rendered but also stimulates the economic development of the poor.

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the Department of Commerce, and controlled by the local small investors.

2. A sophisticated research program which will identify feasible industrial and commercial enterprises which can operate profitably while providing jobs for Harlem residents.

3. A nonprofit management consulting and managerial skills training program for community residents recruited to operate these enterprises.

4. A network of new community services corporations, for example, day camps, career clinics, et cetera, which will dispense needed services while providing jobs for Harlem residents.

Under this plan, control of the business enterprises and of the profits would remain in the hands of the SBIC. A portion of the profits would be reinvested to achieve the expansion and diversification of the enterprises and the remaining portion would be used for the establishment of the nonprofit community services corporations.

It is in this kind of a dynamic way that I think that we can begin to break the cycle of poverty so that people who are in the impoverished conditions are not merely receiving handouts but are beginning to acquire equity and therefore are able to fend for themselves.

You might fully agree that is within the American tradition. I think if the OEO programing and policy emphasis should be shifted here, there is no question but that it would gain in increased relevance and would be a vital arm in the war on poverty.

Failing that it seems to me no purpose could be served by this Agency in a true war on poverty.

Chairman PERKINS. What caused you to leave your post as Director of Haryou? Did you feel you were not accomplishing what you should be accomplishing in the Harlem area?

Mr. MARSHALL. That, too, sir, but more importantly I had the opportunity to become a Director of the poverty program and in the Haryou program I was the third man down.

Chairman PERKINS. You were satisfied with your accomplishments at Haryou?

Mr. MARSHALL. I think what happened at Haryou was again that there were not sufficient inputs. What I mean by that, and I don't want to overstress this point, but if you have a program which is offering mainly jobs in the service sector and if you have many, many people seeking work, naturally, there is going to be a kind of distortion here because since many people need jobs, the question becomes one of hiring people and not necessarily concerning themselves with whether or not they are sentimentally equipped and otherwise to do community service work.

Chairman PERKINS. Were you satisfied with the results obtained with that type of program in Paterson, N.J.?

Mr. MARSHALL. No, sir, I was not and for the reason that the main thing the poor people in Paterson needed could not be provided by any stretch of the imagination by the poverty program that we got funded in Paterson. Paterson, as you may know, is a very old city with very deteriorated and dilapidated housing in the poverty districts and there was nothing at all that was available through the Economic Opportunity Act programs that could address that problem and this was a very big problem of the poor people.

Paterson, again as you may know, is a low-wage area, many sweat-shop-type enterprises—

Chairman PERKINS. I agree with your philosophies that the problem is much larger and greater than is being undertaken by the OEO but considering the budget limitations in times like these today, would you then recommend dismantling OEO?

Mr. MARSHALL. What I am recommending is a kind of tooling up program. I believe there is going to be and there have to be after this war is over and the Congress can begin to appropriate the kinds of money that should be going into model cities and other types of programs, a massive redevelopment of the ghetto areas.

I believe there should be a very key role played in this development by residents of these ghettoized communities which would then indicate that certain efforts should now begin with moneys presently available which would begin to equip these people to participate more effectively in the redevelopment and rebuilding of their communities.

I submit to you, sir, that these are not mainly efforts in the social welfare area although certainly I am saying there is a need for social welfare services but more in the economic development area that I have tried to sketch out here today and that probably is best illustrated by the recently funded program in the Bedford-Stuyvesant district.

Chairman PERKINS. You are simply stating we need a massive attack on the roots of the poverty from the standpoint of an adequate housing program in the slums and in the rural areas of the country, a massive education attack to provide good educational opportunities and better teaching personnel and a massive community facilities attack, better community facilities of all types, water and sanitation, expansion of community recreation.

That is the program that you are talking about and you are wondering whether the Office of Economic Opportunity is planning with other governmental agencies in that direction so that if world conditions improve we could make that massive attack promptly.

Do I understand your statement to be along those lines?

Mr. MARSHALL. That is correct, and I would only add that I see certain opportunities to begin if some of these limited funds are made available, but some of them are not being as wisely spent as they could be.

The money that goes into the Job Corps program, I think, could be more effectively spent to provide, incidentally, the same kind of training opportunities for young people.

I recognize there is a limited amount of money and we know the job is much bigger than the presently available funds can do but there is certainly the opportunity to use what is now available in ways that can begin this massive job, and this was the point I was making.

Mr. GOODELL. I appreciate your excellent statement and let me state for the record it was a very stimulating and provocative experience participating on a panel with you in a discussion of the new generation.

I should give credit on this public record that the Council of Economic Opportunity Advisers as we call it, derived from a suggestion made by you in that panel discussion. You pointed out the need for

a high level agency that would chart the course in the war on poverty and would coordinate a variety of programs that exist in the Government today and which would also point out the need for other programs in areas where we are not really reaching the poor and the needs of the poor.

You in your discussion called it the Council on Poverty. The name was rather irrelevant and you said that you thought it ought to have the stature of the Council of Economic Advisers. I appreciate very much the contribution you have made here today.

Let me ask you a couple of questions with reference to your view of the Office of Economic Opportunity today. I notice that you state on page 15 reference to OEO, that most of the programs it now administers could be run as poorly by traditional agencies. Is it your feeling that there would be any particular damage done to programs such as Headstart and the other programmatic aspect of OEO's operations, if they were transferred to existing agencies?

Mr. MARSHALL. No, I do not, Mr. Goodell. I think once well established I see no advantage to keeping this in an innovative agency such as OEO.

Chairman PERKINS. You are saying it should be transferred?

Mr. MARSHALL. I would say once the program has been stabilized and becomes more or less a traditional program which I believe Headstart is, there is no especial benefit to keeping it in what should be an innovative agency.

I think that creates distractions. It turns the main attention from what should be the main job—innovation.

Chairman PERKINS. Do you agree that OEO is an innovative agency in getting Headstart off the ground?

Mr. MARSHALL. There is no question about that.

Chairman PERKINS. It is difficult for me to understand when we are in the process of getting it off the ground in some areas throughout the Nation, in some other areas they do not have it off the ground yet.

If it is innovative and if it is successfully getting off the ground, should we risk program interruption and expansion by transferring it at this time?

Mr. QUIE. I would say to the chairman, if the Congress had followed the recommendations of Congressman Goodell and me, Congress would have established a preschool program. We wanted to put \$300 million into it.

If this had been done, we would have zeroed in on the areas of the country that needed it. I think we could have accomplished it without OEO but because the Congress did not support a policy in favor of OEO preschool program, both Congressman Goodell and I commended OEO for getting it started.

This is the only way it could be done. Now we come to the Follow-through program in which there is no Federal or congressional policy being established. Again, they will attempt to establish it in an innovative way by themselves.

We believe the Congress should now move ahead in both the preschool and Followthrough or as we call it the early years program, and set the policy and make this an established program.

I think that we will accomplish a great deal more in this way. I commend you for your articulate way in expressing yourself, both

in this booklet here which carries your remarks at the time you met with Congressman Goodell and in your statement of this morning.

MR. GOODELL. Do you hold the view, Mr. Marshall, that innovation is difficult or impossible out of the existing agency?

MR. MARSHALL. No, I do not; because I see some of the same guys in OEO in some of these existing agencies and I think it depends on the initiative of the top people. If the Director is a good man, I should think his agency will reflect this.

MR. GOODELL. You have been active in the poverty programs and in the frontlines of the war in communities as a community action director. You also are very active in social sciences and now are associated with the newly created Metropolitan Applied Research Center.

I would like to ask your opinion thus with reference to the Job Corps.

MR. MARSHALL. My feelings about the Job Corps are based on the research I did when I was in the research center at the Columbia School of Social Work. Then we were conducting studies of youngsters from poor neighborhoods in institutional settings. These were so-called training schools.

One of the things that became pretty clear to us, whatever school we looked at and whatever the treatment and training procedures were, inevitably because of the question of maintaining order, they developed something we label "a delinquent subculture" with certain youngsters having delegated to them, in effect, the role of running and controlling the effect.

MR. GOODELL. You are referring to putting them all together?

MR. MARSHALL. Yes. I don't think this is good. I think the bulk of the studies of institutionalized situations demonstrates that you create an artificial environment and very often an environment with detrimental attributes to it and, therefore, you have to be more concerned with some of the detrimental aspects than with some of the positive goals and aspects of the program.

I think a disproportionate amount of the energy and time and attention of the administrators of these kinds of organizations have to go into these questions of order and discipline and I think this is completely unnecessary because the same objectives of training or rehabilitating could be obtained in situations, probably smaller situations and probably more familiar situations than the home community where you do not create these additional problems which stem from setting up an artificial and large institution in an unfamiliar setting to the young people.

MR. GOODELL. Do you think it would be preferable to have an integrated-type center in a community itself?

MR. MARSHALL. Yes; I always looked for a multiple payoff in programs. If you have one particular emphasis which the Job Corps would be to train these young people for good jobs, you can also with the same program have other impacts.

For example, if these kinds of centers were set up in communities like Harlem, immediately you begin to build up in these places community institutions of a kind that serve to stabilize and give a life and vitality to the community.

It strikes me that this could be a kind of multiple payoff of a program that could have a primary aim of training young people but

it would have many other ramifying effects if it were placed in the home community, I believe.

Mr. GOODELL. The suggestions you make in your presentation, I think, are extremely to the point. You are suggesting, in effect—if I understand you correctly—that if all OEO is going to do is what it now has under its administration, you could eliminate OEO and there would be no great loss.

You are suggesting that OEO should take on these new assignments that you are advancing and then it might have a valuable function. Is that a fair summary?

Mr. MARSHALL. Yes.

Mr. GOODELL. The existing programs that OEO is administering, you feel, could be transferred without damage to programs in the existing agencies?

Mr. MARSHALL. Those that are already stabilized; yes, sir. I believe there is a great vital role in the innovative programs and nurturing them until such time as they become traditional and stabilized programs.

Mr. GOODELL. Since you were the originator of the idea originally, could you give your views as to why you feel something similar to the Council of Economic Advisers should be set up in this area, such as a Council of Economic Opportunity Advisers?

Mr. MARSHALL. Some \$30-odd billion touches upon the lives of the poor and are in some way related to this poverty problem. There is a need for a high-level council that would be directly talking to and advising with the President—a high-level council of persons who had power to clout who could look at all of these programs which are here, there, and everywhere, from the point of view of the total impact and the coordination to bring about a greater impact to make for a more effective and efficient use of these dollars which are presumably and allegedly affecting the lives of the poor.

Mr. GOODELL. You are not suggesting anything like an advisory committee or some of these large groups we now have?

Mr. MARSHALL. No, this would be a small and tough one and I would say one with power. Without the power from the President it would be a futile body, but it would be a small and very toughminded group of persons with a very efficient staff who could look at all of these programs and specify from the point of view how they are or are not affecting the lives of the poor people.

Mr. GOODELL. This would be a full-time council something like the three-man Council of Economic Advisers with a full staff of top professionals who, in effect, would be looking at all of the Federal programs, to eliminate poverty in this country; how we can improve and innovate with new programs and eliminate some which are not working.

Is that what you are saying?

Mr. MARSHALL. Precisely.

Chairman PERKINS. Before the second bell rings, I want to get back on Headstart.

You mentioned getting Headstart off the ground was innovative. I am sure the witness realizes there are certain areas—for instance, in Mississippi—where we would not have Headstart programs but through OEO.

Would you still suggest in the circumstances that Headstart be transferred to the Office of Economic Opportunity in certain areas where you say we want innovation, deprive the people of that innovative type of service?

Mr. QUIE. That is an "Are you still beating your wife" type of question.

Mr. MARSHALL. I would say, sir, that the Headstart programs and in those kinds of problematical areas would be an innovative type of program and, therefore, conceivably a part of the agency which would be putting in Headstart programs in areas like this area.

Chairman PERKINS. Is it not your best judgment that the OEO should remain independent presently in order to handle programs like Headstart more effectively and so all the youngsters throughout the country could take advantage of them? Am I stating your position there? You have me puzzled a little.

Just how innovative is it?

Mr. MARSHALL. I said in most areas of the country that I know of now this is a fully accepted program. There is no political pressure to eliminate it, in most areas.

Chairman PERKINS. There are areas where it is not.

Mr. MARSHALL. What I am saying is—

Chairman PERKINS. It is entirely dependent upon OEO. In those areas where it is entirely dependent upon OEO, do you still feel that we should transfer it to the Office of Education?

Mr. QUIE. Are you assuming the Office of Education is in league with the rednecks in Mississippi?

Chairman PERKINS. That was not my question.

Mr. GOODELL. You are setting up a strawman.

Chairman PERKINS. I just want to know to what extent the gentleman believes this innovative thrust is important to its success. He says the OEO was an innovative agency that got Headstart off the ground and there are still certain areas in this country where we would not have a Headstart program.

Mr. GIBBONS. Would the gentleman yield?

Chairman PERKINS. Yes; I yield.

Mr. GIBBONS. To show how innovative it is, the first eight programs were vetoed by a Republican Governor of the State of Florida.

Mr. QUIE. You don't think he could veto one from the State of Florida?

Mr. GOODELL. In permitting a Governor to veto, you can permit him to veto from the Office of Economic Opportunity as well as you could from the Office of Education.

The assumption in the chairman's question is unfair.

Chairman PERKINS. Until the program of Headstart is off the ground and becomes accepted through the country—I am talking about all areas of the country and all sections—you would recommend that it remain in OEO?

Mr. GOODELL. He did not say that.

Mr. MARSHALL. Headstart is a particularly confusing example, sir, because already the Office of Education is conducting Headstart-type programs out of the—

Chairman PERKINS. But you still give OEO credit for inaugurating the program?

Mr. MARSHALL. No question about that. I think it should be stressed, I am by no means criticizing the OEO totally. They have done many exciting things and as recently as 2 weeks ago when they announced this Harlem economic development thing that I participated in and I was present when Mr. Shriver announced this program.

Here, again, is a case in point of trying to move into vital and important areas.

Chairman PERKINS. Let me ask these gentlemen, Mr. Quie and Mr. Goodell, do you want to have the witness come back immediately after the quorum call?

If not, we will finish with the witness.

Mr. QUIE. I have further questions.

Chairman PERKINS. We will recess for 20 minutes.

Mr. Gibbons, I understod you were willing to come back and remain as long as Mr. Quie and Mr. Goodell want to question the witness.

We will recess for 20 minutes.

(A 20-minutes recess was held for purposes of quorum call.)

Mr. GIBBONS. We will resume with your testimony, Mr. Marshall.

Mr. QUIE. Mr. Marshall, in this little booklet "New Generation" it says that you are the vice president for community affairs of the recently created Metropolitan Applied Research Center, Inc.

Would you tell me a little bit of what this organization is and what your work entails?

Mr. MARSHALL. Yes. The Metropolitan Applied Research Center is a recently created organization. It is headed by Dr. Kenneth B. Clark. Some of you may know him. He is an outstanding psychologist. He was quoted at length in the *Brown* decision—1954 decision against segregated schools—and has been active in a number of programs, I believe, of interest and relevance to this committee.

He was the architect and I was fortunate enough to work with him in the design of the Haryou program which was written up in the document known as "Youth and the Ghetto," a study of the lawlessness of intolerance.

The center has been established, to use Dr. Clark's phrase, as sort of the Rand Corp. of the poor. We are concerned for the fact that on the one side many of the social researches that goes on are what you might call shelf studies.

They are very good studies but they don't see the light of day in terms of implications, in terms of being used. On the other hand, many of the so-called action programs do not really have the benefit of sophisticated and searching research and study. So, it is action for its own sake.

So, I would say community action is action of this willynilly nature. At the research center, we hope to get a closer contact with the social science field and particularly we are having reference here to urban studies and urban problems and the programs that are going forward at the local community level as well as at other levels so we begin to have a kind of approach where there is a direct hookup and tie-in between really searching research and effective action programs.

We are located in New York and our primary emphasis is on the metropolitan area of New York, but we hope that we can begin to demonstrate that many of the techniques that have worked so effec-

tively in developing the war machine, if you will, by Rand and other such organizations, can with equal effectiveness be used in addressing problems of the cities, ghettos, the poor, and the like.

Mr. QUIE. When did the center begin operation?

Mr. MARSHALL. We really got going around the first of the year, although it was chartered some few weeks before the first of the year.

Mr. QUIE. When do you expect reports to be finished so recommendations of the center will be available to people outside in order to know what we really ought to do in solving some of these problems of the inner city?

Mr. MARSHALL. Dr. Clark is going to have a book published soon on the community operation programs. He studied a number of them before the center got going and he testified before a Senate committee on his finding.

I understand this book is going to be published in the next several weeks or months.

Mr. QUIE. Do your views and Dr. Clark's views coincide quite closely?

Mr. MARSHALL. I don't know if I can say that. He is somewhat of a mentor of mine. I met him some 20 years ago when I was a student in his class at Hunter College. I was influenced by his work. I think, however, there are some areas where we do not see eye to eye, but in the main, I would say we do see eye to eye.

Mr. QUIE. Who funds the center?

Mr. MARSHALL. The Ford Foundation funds the fellowship and internship program. This program brings in people from two basic areas, from the universities, men on sabbatical or short leaves and also from the civil rights organizations.

They can come in and work alongside the other people on staff or develop special projects or simply have an opportunity to rest and reflect.

Then the Field Foundation funds, what we call the core research operation, and this is part of the operation that brings in specialists in areas like education, housing, manpower, and so forth, and they conduct a variety of studies which we hope are not, as I say, studies for their own sake but have fairly immediate action implications which can be transmitted to community groups, to local legislatures and governmental bodies, and hopefully can bring about needed changes.

Mr. QUIE. How long were you Executive Director of the Patterson community action agency?

Mr. MARSHALL. I started there in March of 1965 and remained until the end of 1966 when I left to go to MARC.

Mr. QUIE. How long were you with Haryou?

Mr. MARSHALL. Late fall of 1963 to 1965.

Mr. QUIE. You were with Haryou before it was funded?

Mr. MARSHALL. Yes; when it was a creature of the President's Commission on Juvenile Delinquency and Crime.

Mr. QUIE. I think your experience in the field establishes your ability to speak out on programs that you have observed very closely as much as anyone who has come before this committee.

Looking at the community action agencies, I assume that you have a feeling that community action agencies as such ought to continue.

I notice in this article you said that the failure of all community action agencies to provide jobs, group housing, and tangible economic opportunities has led to a contamination and distortion of the services provided.

If my assumption is correct, even though this has happened to the action programs, you still support the idea. I would like to have you then explain how a community action agency ought to function and perhaps you could do this in two areas, one in the huge metropolitan center like New York where you are very familiar and, secondly, in some of the smaller cities which you must have observed.

Mr. MARSHALL. Yes, I would say although the model is not an exact fit, I would say that we should treat with the ghettoized areas, and I am mainly concerned with the cities—I don't know anything about rural poverty—but we should treat the ghettoized areas as we treat undeveloped countries.

I think this is a useful model to look at a place like Harlem or a place like the Hough district in Cleveland or the Watts district in Los Angeles as if, in effect, it was an underdeveloped kind of colonial situation and being to conceive of the kinds of programs that we would, in effect, mount if we were trying to develop this area.

This is why I put a particular stress on what I call economic development. I was very excited by the concept of economic opportunity. This was before I learned of the service emphasis that was rarely there, because I am convinced that the conditions of people in this impoverished area cannot be substantially altered by social services most of which focus on the individual, either the individual person or the individual family.

I believe that if we focus on the community as a whole, and I know that is a kind of global concept, but I think that we can spell it out a little bit. If we focus on the community as a whole, some things we are seeking directly in the service-type programs can be accomplished in kind of an indirect way.

One of the unfortunate consequences of the service approach is that many people in these areas just like other people do not like to be looked upon as cases, as a need of specialized sheltered-workshop-type programs and other manifestations that they are being stigmatized or set apart from the rest of us.

Mr. GIBBONS. I think I understand what you do not like and I would like to get to what you think specifically would work.

You described a program in Alabama that I am only vaguely familiar with from newspaper reports. Could you describe why you think this is a good program and why you think it will work and then let's go to Harlem and let's talk about what you think would actually work from a constructive point of view in Harlem.

Mr. MARSHALL. First of all, you are not talking about handouts to these people.

Mr. GIBBONS. Would you give a little background about the Alabama program and then explain how you think it will work.

Mr. MARSHALL. I have not seen the work program itself. I have seen only the newspaper reports of the program. As I understand it, it is going to allow the local farmers there to set up a variety of cooperative enterprises, income-producing enterprises which they, themselves, will run and manage.

These programs will allow them to join cooperatively together to sell and to raise and sell their products and to earn conceivably—of course, we know this is not always the outcome—but conceivably to run a profitmaking operation in which they would have acquired equity and which will afford them an opportunity to manage, to run the operation themselves.

Now, I think this is very important.

Mr. GIBBONS. I assume when you talk about this in Alabama you are talking about Negro farmers who probably could have, at least it is theoretically possible, under existing laws they could have formed co-operatives to do these things.

Is there anything new there? Are we furnishing any funds? What specifically are we doing?

Mr. MARSHALL. Again, I feel a little leery about talking specifics here because I have not seen the work program but I would imagine what is being supplied here which is not ordinarily supplied is an amount of venture capital, some managerial assistance in terms of skills, training and consultation services, technical consultation and perhaps a kind of support in terms of markets and what-not that would not ordinarily be available.

I don't know specifically, though.

Mr. GIBBONS. Let's go to Harlem specifically. You said that you did not like the service type of programs and frankly I have reservations about them, too. I have said in the past that the equity-producing types of businesses and things of that sort were the kinds of things that people needed to escape from poverty, to build businesses, to escape that way, rather than being told and counseled and further educated.

But would you be specific how we could do something like that in Harlem? What could we do there?

Mr. MARSHALL. I would go back to the Haryou document, where we spelled out in quite great detail some programmatic approaches. By no means would I say this would be the total answer, but one of the things we were talking about, because we had a concept of what we called cultural building, we said when you look at these disasters, ghetto areas, you found a dearth, other than perhaps the church institutions, of locally controlled community institutions.

One of the consequences of this is the feeling of powerlessness that we found so pervasive in Harlem and the apathy and despair which are byproducts of this.

We felt there should be developed a kind of seed capital that would be provided to the various groups. Then, of course, we were talking about youth programs because our emphasis was then on the youth. Developed would be youth enterprises that could be service agencies at the same time they were affording opportunities for young people to develop managerial skills and at the same time they were providing an income and conceivably coming up with a profit which could then be turned into other programs which are not income-producing programs.

Mr. GIBBONS. Are you talking about running, for instance, a department store? Is that what you are talking about?

Mr. MARSHALL. Yes, but we are saying in this kind of situation it would be of limited benefit to set up an entrepreneur who would be a

private investor deriving a private profit and even though black he would probably be taking it outside of the Harlem community because he would not be living there.

We are saying if this same enterprise were hooked in, it would be run as the usual commercial enterprise with all of the business procedures, but then the earnings, the profit, if you will, could then be turned into developing other local community enterprises, for example, day care centers, which are very greatly needed in this community.

Mr. GIBBONS. What you are talking about, then, is a closed corporation that would be controlled by the residents of the area that would take its profits and reinvest it in community services that were needed there?

Mr. MARSHALL. That is exactly it. The reason I say this is a tooling up for the big push ahead, I do believe that there is going to be massive rebuilding of these ghetto areas if only to keep the economy viable after the war spending ends.

Mr. GIBBONS. Do you believe fundamentally these ghettos in themselves are desirable? Should we move in America to make it possible to unghettoize people or should we attempt to keep them ghettoized?

Mr. MARSHALL. I would say without question we should move toward the breaking up of ghettos and work for the development of an open and free society.

I would add this is not going to happen simply because we wish it. I would add, also, that certain of the ghetto areas of our cities are very desirable areas in terms of their geography and other attributes and therefore we are not talking about the total dispersal of persons who are now ghettoized there.

This is a little subtle perhaps and I might be misunderstood, but I think there is a need for what you might call the internal development of the people in these ghettoized areas which probably can take place most effectively—I would insist on that—at the beginning if it were a kind of support itself, self-help operation.

I think a lot of the despair and powerlessness that people feel in these areas can best be assuaged if they have the opportunity to run their own affairs and really substantial and vital affairs.

I am not talking about sitting on community action boards. I am talking about running these enterprises, community service enterprises, local small foundations and the like.

The importance of this, I think, stems from a danger of what I call the possibility of the new colonialism, and that is conceivably that these massive new programs could come in, city rebuilding, and all kinds of new organizations from research and development corporations all the way down to management corporations that would run the new housing and what not and still the poor and the ghettoized could be excluded from parts of participation here.

So, although they would be getting the benefits of the new housing or might have some jobs at lower levels, they would still not be vitally participating in what I call the real American economy which is an equity economy where you have a feeling of participating by owning, by controlling, by sharing in the goods and resources of your community.

What I am saying right now is what we should be doing with the limited amount of money available is to begin to give people—and we

are doing this on a small scale and I am just advocating it on a much larger scale—to begin to give these people that are in these conditions the opportunity to learn how to manage business, to learn how to put together various kinds of corporate enterprises, to learn the taxing system and other ways that they can maximize the impact of their dollars.

Mr. QUIE. I think you have put your finger on the key to the success of getting the people who are now in the ghetto to at least come out of their helplessness and have a chance to move or make that geographical area into a viable, important part of the city.

You mentioned colonialism and this brings to mind what a friend complained to me about the three colonial systems which were operated in the world by Belgium, France and Britain, and what they did.

I am not saying this for the benefit of our British friends who are here but my friend compared it with the Belgians who would move in and provide the services for the people. The people were never considered as having the ability at all to take care of their own interests and the Belgians did it for them.

The French picked out certain individuals of capability, indigenous people whom they would move into the government and worked with them. The British system was to educate all the people and turn the government over to them so that they could operate their own country as soon as the British moved out.

Whether this is an accurate description of these three systems, I don't know. I don't want to get into any diplomatic problems, but this is the comparison he used in relation to U.S. responsibilities now with the people in the ghettos mainly because of the difficult time the people have had in securing education.

They are better educated than most people in colonial countries, and they surely should be able to assume the responsibility themselves. I think they have demonstrated they can do it when given a chance.

But now we have the difficult task of relating community action to this move. You mentioned the Harlem Economic Development Corp. At least we have set up a structure where these people can express their voices.

We have demanded that they have only one-third representation on those boards. Whether that is a sufficient number or not, it is hard to tell, but I personally have the feeling that their representation ought to be greater than one-third. In the rural areas we gave cooperative extension boards and soil conservation boards or the supervisors or ASCA boards 100 percent representation and looked upon them as having the ability to operate them and select them and hire professionals to work with them who had studied and prepared themselves in the field.

I still have a little question in my mind. I think it is extremely helpful what Congressman Gibbons asked you about in an effort to bring into context the picture of the community you would like to see. How do you enable a community action agency really to be viable in the areas or "economic development," and "economic opportunity," as you would put it?

Could you tell me how you could make the community action agencies that viable organization?

Mr. MARSHALL. One of the things I would begin doing is unearmark a lot of the dollars that are now presently earmarked which could then

release use at the local level by the community agency money which now can come in only as a legal service or some other categorical-type program.

Then I would say in Harlem where we are going to have this work done it would be controlled by Columbia University workshop development and another workshop at the new school for social research.

There will have to come in guys who are pretty expert, guys who are economists, who are industrialists who can do a real search of the real economic possibilities of the local area.

We are not talking about sheltered, protected enterprises although we could conceive of a time at the beginning, since there is a kind of subsidy or since some of the people working in the program might be supported out of funds of the Department of Labor, in effect this is a kind of subsidy of a budding, commercial enterprise, but after a systematic look at the local economy, some of the deficiencies, for example, in Harlem, we know even though most of the people are poor there, there is coming into Harlem in terms of income something in excess of \$350 million a year.

We know that because there is a great shortage of retail outlets in Harlem that most of this money goes out of the community almost immediately. Of course, people will continue to shop at places that are downtown but this is not to say if you did not develop in the local community other smaller retail places that a good amount of that money would remain to be circulated more than once in the local situation there and creating jobs and so forth, training opportunities and so forth.

Now, that is one phase of it.

The commercial is only one phase and we are certainly not talking about self-contained economy. This is ridiculous, of course, but we are talking about more of the dollars which get spent outside of that area now being spent and circulated once or twice or three times before it goes outside.

Then, if these commercial and business enterprises are organized on a community corporate basis, rather than a private entrepreneur basis, then some of the profits if any, and at the beginning, of course, we would not look for large profits out of these, but then some of the profits could begin to go into community service enterprise services of various kinds and, of course, the most obvious would be a day care corporation which would have a number of these places, qualifying, incidentally, for public funds at the local level.

We know, for example, that one of the deficiencies of people in the ghettoized areas is that they do not have the kind of private service institutions, they don't control the kind of private welfare and health service institutions which can qualify for public money.

A great bulk of the private agencies in New York City are supported almost 100 percent by public funds coming from the city and the State.

So, what we are saying is that there are people who conceivably could be organizing these agencies, supported in part by the earnings from the commercial enterprises they control, but also then having agencies which could qualify for funds which would come out of the public sector.

In other words, I am saying ways of organizing in corporate ways the way you set up institutions with contracts and control and manipulate and use dollars.

Of course, here we are talking about the good of the community, but I believe the principles are the same.

Mr. QUIE. You speak of versatile funds enabling the community action agencies to be more effective. What about the Federal money that is available through HUD and other loan money?

Do you think it would be wise to channel some of that money through community action agencies so they actually would have an effect on their community?

For instance, I am thinking of housing money. If the people in the community action agency had a voice in this area rather than the city fathers, perhaps it would be used in a way to really benefit these people rather than as happens so often forcing the Negroes out while they prepare the area for the middle or upper income level.

Mr. MARSHALL. I agree with you on that 100 percent.

Mr. QUIE. How do you identify a community in which there is only one ghetto? I think we can understand it there. There is the community in New York, and we could say the same thing of Los Angeles.

Mr. MARSHALL. In New York, I think, they are isolated and when I say "them", I am talking about the city human resources agency, the city agency running the poverty programs. They have about 26 poverty areas, the best known of which, of course, is Harlem, Bedford-Stuyvesant, South Jamaica, and so forth.

These are areas where you can demonstrate that the bulk of the people are receiving incomes at or below the poverty level. The indexes of social pathology are very high—juvenile delinquency, infant mortality, and so on.

There will be some overlap but in most cities with which I am familiar, those areas can be sharply delineated.

Mr. QUIE. In those areas, who would select the umbrella for the community action agency?

Mr. MARSHALL. We are having growing pains and we have to have action at that level. I do not say we could have come to where we are now without the problems we are seeing. I think it is a natural growth and development process. For a while some of these agencies will be dominated by special forces, you might say, but this is only for a while.

I think as people get the opportunity—this is why I am insisting on the development of a number, not just one community agency, but a number of subagencies, corporate structures that would be having their own board of directors that might feed into an interlocking directorate at the feed.

Mr. QUIE. Not an independent agency?

Mr. MARSHALL. Would you have people interested in a particular piece of the action, knowing more about that and getting greater confidence and if they can learn about this, they can take off a little time and learn about something else.

I think it is a natural development that is somewhat chaotic and sloppy but I don't see how you can avoid it.

Mr. QUIE. If this position evolves, do you anticipate all the people

on the community action agency would be representative of subagencies or at least selected by the people of that designated community?

Mr. MARSHALL. I think the poor recognize certain deficiencies which would have to be made up by people who are not poor.

Mr. QUIE. I think we ought to first understand what I am talking about. When I say representatives for them, I don't necessarily mean the poor people are the representatives of the poor but I understand they would select them.

Mr. MARSHALL. Yes; I would agree to that.

Mr. QUIE. You think they should be selected by and from within the community area?

Mr. MARSHALL. They might not necessarily live within the area. I know some very good and effective people on the board of the Harlem agency who are not Harlem residents but are doing very effective work.

Mr. QUIE. Who selects them at the present time?

Mr. MARSHALL. There is a change coming about. Before it was a closed corporation and, in effect, they selected themselves but in the future there will be what they will call a community corporation.

These people will have to be elected by the community at large.

Mr. QUIE. I would like to move on, if I may, to the Job Corps. Again, going back to this book the "New Generation," some of us have very deep concerns about the Job Corps.

In fact, I was kind of upset about the pattern that was used; namely, the old CCC camps, which supposedly were successful. I remember I took a look into the CCC camp because I only had my memories as a youth about them.

They never had any great reputation where I came from, and I noticed from the last study on them, two groups I have in mind thought they should be continued. Those organizations are the Daughters of the American Revolution and the National Association of Manufacturers.

I noticed what you said about it here in the debate, in the discussion, and in the meeting you had. You say:

The bind has been that the OEO, to demonstrate some quick impact, has itself gotten involved in programmatic.

If you analyze a lot of these programs, they're nothing new. Some of them are really reactionary, like the Job Corps—that's just a throwback to the CCC's of the 1930's. And, if you really look at the end results, there's nothing significant to point to as an outcome.

Those are pretty strong statements.

I noticed earlier that you said:

I would advocate that the Office of Economic Opportunity—and I insist on stressing those last two words—be rid of all these distracting, programmatic involvements it now has.

OEO latched onto Job Corps against the advice of many serious thinkers in the field. All of the research that had been done for decades before would have indicated the irrationality of segregating the disadvantaged youth and putting them into an institutional situation where you have automatically created a delinquent subculture.

And yet you're desperately holding onto this lousy, terrible program because you already have a vested interest in it.

Mr. MARSHALL. That was under the heat of discussion, I don't usually use that type of language.

Mr. GIBBONS. Would the gentleman yield at that point?

Mr. QUIE. Yes; I yield.

Mr. GIBBONS. The gentleman raised a very interesting question. There was mention of this dissolution of the ghetto and you come right back and what we really have to do is strengthen the viability of the ghetto.

It seems to me it is conflicting. Maybe I don't thoroughly understand it. You say strengthen the institutions of the ghetto to make the ghetto hold together more and yet you have the subculture aspect.

Would you explain that a little bit?

Mr. MARSHALL. The guy who would run one of these organizations would not do so indefinitely. He may qualify more to run into a middle management job for General Motors or one of the other ordinary business organizations at which point more likely than not he would elect to move out of Harlem and could afford to move into nonsegregated suburban areas.

As I see it, we are not now offering effective opportunities to enable people to move out of the ghettos, to develop the skills on the large scale; of course, there is always a trickle of persons like myself who were fortunate to get a good education and can move out.

I think that is probably only about 10 percent. I am thinking of new areas where it would make it possible for a great number of people. There are almost 500,000 blacks in Harlem. Harlem is one of the best areas in terms of the topography. It is the only area where the granite goes down several hundred yards and so forth.

It is really the best area in the city left for development. What I am saying is that even if we wanted to, we are not going to disperse all of the blacks out of Harlem.

I think there is a vital role now for the people in Harlem to begin this process, which is not locking them in but giving a substantial number of them skills which are marketable not only in the local community enterprises but in the largest society.

So, in that sense, this approach is not locking people into the ghetto but in effect making the ghetto more desirable as an area conceivably so that others might desire to move in and also at the same time developing skills for people that makes it possible for them if they wanted to leave the ghettoized Harlem area.

I live in Harlem and have no intention of leaving but some people may want to leave.

Mr. GIBBONS. You are talking about starting work with people who already have some pretty good skills and backgrounds and education.

You are talking about making managers and middle managers. You are talking about somebody who already has something to sell, are you not? For instance, you are not really talking about a person who has attained a 6th grade or 4th grade performance.

You are probably talking about somebody who has already graduated from high school.

Mr. MARSHALL. We are definitely talking about them, sir, but I would add another category and I base this from my experience on the so-called fighting gangs in New York back in the 1950's.

When I worked for the New York City Youth Board at that time there was a problem with these bopping or fighting gangs. The last time I testified before a congressional committee it was before the Senate Juvenile Delinquency Committee.

The thing that impressed me about these youngsters and they were presumably the wildest and most delinquent kids in the city is when you get to know these youngsters, and the majority of them were drop-outs, when you got to know them you immediately saw the futility of trying to measure their intelligence by the usual methods.

They would have 67- and 80-type IQ's on paper, the moron type, but up here they had it and just the way they were able to organize these large gangs and deploy their forces so that many of them were excellent administrators, managers, and so forth.

What I am saying is that a lot of these people could not go to the Harvard School of Business but in effect a lot of the things going on would be the same thing.

They are concrete minded. They want to deal with something that is real, not abstract and conceptual, and I think it could be quickly demonstrated that you could pass or go below the first type you are talking about and these are the underemployed people, like the post office people, who should be managing the shop.

Yes, we would perhaps start with them, but I can see going pretty far below that level in terms of people who don't have high school diplomas and the like.

They still have certain basic abilities and skills which are hard to see right now.

Mr. QUIE. Next year they are asking for \$295 million for the Job Corps. I know we have about \$150 million put into improving the capital assets of these Job Corps centers. People don't like to close up a bunch of camps after putting that kind of money into them.

But how do you think this group of young people, the highest percentage of them being young men even though there are some women's jobs, could most wisely use that \$250 million to have the greatest impact on the real tough cases?

Mr. MARSHALL. I would use it at the local community level and I would organize training centers. I would hook some of the kids into the kind of enterprises I am talking about as trainees. In effect, then, you see you are subsidizing the enterprise because you are paying the kids so the salaries don't have to come out of your earnings.

It is that kind of interlocking thing that I see makes for a bigger payoff of the Federal poverty dollar. If you put these capital assets out of the woods, it certainly is not improving the conditions of Harlem.

Then when you look at the dropout rates of the Job Corps, you wonder what it is doing for the kids involved, too. At least at the local situation you are putting in certain kinds of investments, just brick and mortar types of things which would make it a better community in which to live.

Mr. QUIE. Do you think that these young people could live right in their own environment and there would be no need for moving them into a different type of residential area?

Mr. MARSHALL. I don't see the need for it.

Mr. QUIE. If a change were necessary, don't you think it would be better if they lived in a residential type of training center close to their environment rather than shipping them across the country, out to the woods, or to a strange city where they are isolated from the type of environment in which they have to live afterward?

Mr. MARSHALL. I would say there might be a small residue of children who liked that kind of life and wanted to train to be forest rangers and that type of thing and I would have a small part of the program for that type of work but I would also see it at the local level where it could have more of a payoff.

Mr. QUIE. Have you been able to observe some of the Headstart programs in operation? I guess one of the resourcers who first started talking about the need to reach children at an early age was Dr. Deutsch. He suggested 3 years of age as a starting point and now he suggests earlier than that.

Do you think this program is a viable one and should be expanded and strengthened?

Mr. MARSHALL. Yes, I think there is no question but that the Headstart program is a successful one. I think everybody now is aware of the fact that the benefits of the Headstart program are rather quickly dissipated if the kids then go into the traditional kinds of ghetto schools.

Professor Max Wolfe, I believe, in a small study demonstrated after a year or so it is hard to tell the difference between the children who went through Headstart and those who did not.

In fact, some of the kinds that went through Headstart who expected a written educational experience were performing more poorly than the kids who did not have this advantage.

So, Headstart must be built upon. There is no question about that and I see now where they are having follow-on programs to build on the Headstart experience.

Mr. QUIE. Even though health components and other types of experience components are more important to the total as amount of money spent on education do you not feel that the end goal to be gained from the Headstart program is to assimilate the instruction available to them in the schools even though it may mean a change in the schools?

That is the end goal that you want anyway, is it not?

Mr. MARSHALL. Yes, the end product is demonstrable ability to read and write many of the other things you are able to do after you go to school.

Mr. QUIE. Did you grow up in Harlem?

Mr. MARSHALL. No, in Bedford-Stuyvesant.

Mr. QUIE. You have made some pretty tremendous progress yourself. How did this come about? Were you endowed with a silver spoon in your mouth?

Mr. MARSHALL. No, at the time I did not think it was an advantage. I came from a rather strict fundamentalist religious family. My father is a minister and we had to do homework and go to bed early and all that sort of thing, which I hated at the time but there was a payoff.

Mr. GIBBONS. I wish my children were here.

You talk about building on these programs. I think many of these programs do have to be built upon or there will be no advantage derived from them.

Could you tell me in terms of dollars perhaps what you think would be necessary for the size of the annual investment that the United States would have to make to really have an impact?

Mr. MARSHALL. I am persuaded by figures of the order of the so-called freedom budget. I don't know if you have heard of the A. Philip Randolph budget, but we are talking about the expenditure of many billions of dollars per year—exactly how many I couldn't say, but I would say a lot of money.

Mr. QUIE. Not only for welfare and health centers, but also for doles.

Mr. MARSHALL. I think we should look for ways that the dollar will have the multiple payoff value and the service way is probably the least efficient way of achieving that multiple purpose.

Mr. GIBBONS. There are some things on which you and I agree. One thing I have observed, for instance, in your urban renewal, it is not the poor people who gets jobs. It is normally some out-of-town contractor who brings along many of his own people or hires from the skilled craft trades the people who do the work.

About the only thing that the poor get out of it is the fact that they have maybe \$100 additional allowance or something of that sort.

Now, how would your program differ from that?

Mr. MARSHALL. What I am talking about, for example, is this: Our program would move to organize, for example, the local small contractors into a larger contracting firm so they would qualify.

For instance, now there is a project going up in Harlem where the contract for the painting alone and this is not an extra skilled craft, but the painting alone is in excess of \$2 million.

Now, there is no local firm that could handle that type of thing, so naturally, the contract went outside the community and the people who are painting these projects are mainly workers who reside outside the home area.

The only benefit of that is that they will be in these apartments when they are finished. So here you begin to learn and build the skills to estimate the costs of jobs and the type of skills these people do not now have.

Certainly, they can paint, but you begin to get together and support the technical assistance so these firms could qualify to bid on and acquire these jobs.

You are talking about these dollars going around a little longer in Harlem before they get out of Harlem and benefiting more people.

Mr. GOODELL. In this panel session, Mr. Richard Boone made a comment and I would like your comment on the comment of Mr. Boone. He warned of the possibility of OEO's developing such a vested interest in perpetuating and expanding its own programs that voices proposing new programs and strategies changes are muted by the agencies' bureaucratic and political investments.

Then he went on to say that he doubted whether the Office of Economic Opportunity can remain responsive to its policies, goals, and new operational strategies while continuing to expand its direct operational responsibilities.

Do you have any comment on that?

Do you agree with it?

Mr. MARSHALL. Yes; I agree with it. This is why I say noninnovative programs and after 3 to 5 years if a program is stabilized I would not continue to call it innovative or a new program.

I would say it should be sent off to the relevant Federal agency to run from that point on because actually what you are doing, you are dealing with two different types of people in the same agencies—the kind of bureaucrats needed to administer large institutionalized programs are not usually the people you need to create and prod and develop new things.

You are really talking about two different kinds of people.

Mr. GOODELL. Some of us have the feeling that we can infuse an innovative spirit through the involvement in the poverty program into some of these other agencies. How do you feel about that and do you think it is a worthy objective?

Mr. MARSHALL. Yes, but I would say, Mr. Goodell, that top level council we are talking about would be of key importance here because the natural tendency would be toward inertia and business as usual and there would have to be this high level prodding constantly going on to assure innovative and creative thinking.

Mr. GOODELL. In our proposal for Headstart, we transfer it not only to the school system but we transfer it to be administered by local community action boards. The idea there is to keep the involvement, people to be served and the community action board, itself, would in effect control the distribution of Headstart funds.

Does this sound like a workable and acceptable way of doing it?

Mr. MARSHALL. That would seem to me to be a very important way of doing it.

Mr. GOODELL. Perhaps you might have clarified this for the record when I stepped out, but so there wouldn't be any misrepresentation of your position, you would see no harm in effect of transferring all of the programmatic programs of OEO to the existing agencies, but you are not testifying in opposition to what OEO has done in the past and you are not trying to kill it but in effect you are saying if they can take on these new challenges, fine, keep OEO, but you wouldn't do any harm to the existing programs if you transferred them to another agency?

Mr. MARSHALL. I would say that that section is the key type of thing that should be expanded and the Headstart and the Job Corps and all that at this point it seems to me could go to traditional agencies.

Mr. GOODELL. You would feel that a substantial part of this would be performed by a Council of Economic Opportunity Advisers? I think the Council of Economic Advisers now operates with about a \$750,000 budget, three people at a very high salary, professional people, the right to contract for research, evaluation studies, the power to hire people themselves, the budget to do this and they have a functioning office whose sole responsibility would be to develop data, the coordinating of the program, the charting of the basic course that the Federal Government should take with reference to the elimination of poverty.

That is the concept that you have in mind, as I understand it, and that I have in mind; is that correct?

Mr. MARSHALL. Yes; although it seems to me it would cost more than that amount.

Mr. GOODELL. The amount we put in was \$500,000 to get it started and that is flexible, and that would be the staff and the rest of it, but in

terms of the research you are talking about, presumably, they would have the authority to make contracts for much larger sums.

Mr. Marshall, I think your testimony has been very very helpful to us, and we appreciate your coming down and we are hopeful that we can incorporate some of your ideas into our bill.

Mr. QUIE. I want to add to Congressman Goodell's comments that I think this has been one of the most stimulating mornings we have had and we greatly appreciate your interesting testimony, Mr. Marshall.

Mr. GOODELL. We are adjourned.

(Whereupon, at 12:55 p.m. the committee was adjourned, subject to call.)

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

MONDAY, JULY 10, 1967

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

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

Present: Representatives Perkins, Green, Thompson, Hawkins, Quie, Goodell, Reid, Scherle, Dellenback, and Steiger.

Also present: H. D. Reed, 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 W. Phillips Rockefeller, minority research specialist.

Chairman PERKINS. The committee will come to order. A quorum is present. We are delighted, Secretary Freeman, to welcome you to the committee today. You have been before this committee on numerous occasions and have made a constructive and helpful contribution to the committee's legislative efforts. I feel this is a most important occasion for another appearance on your part.

I notice you have a prepared statement. You may proceed from the prepared statement or put it in the record or proceed in any manner you prefer, Mr. Secretary.

STATEMENT OF HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE

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

First let me say that I deeply appreciate your courtesy in rescheduling my appearance before you at this more convenient time.

Some of you may recall that when I testified before this committee 3 years ago, I described the plight of Charlie Hamlin and his family:

Mr. Hamlin was a poor Negro farmer in Mississippi. He was trying to feed, clothe, shelter and educate eight children on a small cotton farm that brought him only \$365 a year—a dollar a day.

This, plus \$500 or \$600 he and his family earned doing odd jobs in the community, was the total income of the Hamlin family.

Mr. Hamlin needed help. He needed counseling in farm management practices. He needed money to develop his meager farming resources.

He had obtained a small loan from the Department of Agriculture for subsistence and day to day operating expenses. But he could not qualify for a larger loan—a loan that would have enabled him substantially to improve his farm and his income.

I cited this case 3 years ago to illustrate the need for a new type of program, a program tailored to the circumstances of thousands of Charlie Hamlins throughout rural America. The Economic Opportunity Act of 1964 authorized such a program under title III(A):

Charlie Hamlin got his EO loan in May 1965. It enabled him to buy six head of beef cattle—and to clear eight acres of land, put on fertilizer, seed for permanent pasture, and build fences to control grazing.

This was precisely what he needed to get a toe hold on the economic ladder. That toe hold has since made it possible for Farmers Home Administration to give him a regular farm operating loan to buy more cattle.

Mr. Hamlin now has 16 head of livestock and 18 acres of good quality pasture. The total family income this year, including earnings off a farm work, is expected to be \$3,000—not very much, it is true, but triple what it used to be.

In less than three years Charlie Hamlin's net worth has been doubled. He is slowly making progress.

I cite this case today to illustrate how the economic opportunity program is opening doors for low-income people all over America. Just this one phase of the act has already proved itself in terms of "opportunity" for more than 40,000 families and individuals in rural America.

It illustrates what Robert Browning wrote a century ago:

Oh the little more, and how much it is.
And the little less, and what worlds away.

The little more that the war on poverty offers our low-income people makes a world of difference in their lives, their futures and their contributions to society.

My testimony has three major purposes.

First, I am here to support as strongly as possible your efforts to intensify and make more effective the Nation's war on poverty. To that end, I recommend urgently the extension of the Economic Opportunity Act as strengthened on the basis of our 3 years' experience with it.

Second, I wish to offer some suggestions on filling the gaps in existing operations in the war on poverty and to support strongly the amendments proposed by the administration.

Third, I want to sketch for you briefly some of the many effective ways in which the USDA is working with OEO and other agencies, public and private, in this war.

I am sure that everyone in this room would agree that there is no valid excuse for continued widespread poverty in the midst of mankind's greatest abundance. Nor is there any morally acceptable rationale to justify continued widespread lack of opportunity in an economy that is the most productive in history.

Poverty and lack of opportunity are two sides of the same coin. They must be fought and vanquished together—largely with the same weapons. There is no point in developing job opportunities unless we also train people to fill them. There is little point in providing loans for the poor unless growing economic opportunity makes it possible to repay them.

In the past few years the Congress has enacted many far-reaching laws and created imaginative new programs and services to ease the pressures of poverty and expand economic opportunity.

I count it a real privilege to have a part in carrying out these pro-

grams under the dedicated, imaginative, and enthusiastic leadership given to this cause by Sargent Shriver.

I am convinced that by any reasonable assessment the scene in rural America today indicates that very significant forward strides have been made.

Two weeks ago I spent 4 days examining rural development and poverty programs in Iowa, Mississippi, Alabama, and Indiana, seeing for myself some of the items we will discuss today.

Along on the tour were officials from HUD, HEW, OEO, Labor, Commerce, and the Bureau of the Budget, as well as local USDA personnel.

We wanted to see how our Federal programs are doing in rural America. We wanted to talk firsthand with the local people who administer the programs. We especially wanted to talk with the people the programs are designed to help.

We visited 18 different projects and developments and 11 individual farms. We talked with 4-year-old children in Headstart. We talked with a 67-year-old senior citizen who works on a Nelson amendment project in Indiana—for the first time in his life he had a bank account.

There was not time enough to see everything. But what we did see was impressive in scope, variety, and results. It ranged from a \$7 million flakeboard plant now being built at Oxford, Miss., to a small welding shop on a farm in Indiana, made possible through a \$2,500 OEO training loan.

What we saw was a start, a beginning—and a strong beginning, with a growing momentum. It is indicative of what is taking place throughout rural America.

Today people in most of the Nation's counties have formed committees to come to grips with local problems of economic, social, and cultural stagnation.

Scattered across this country, more than 3,150 community resources development committees and 562 multicounty committees are working today on job development and training, housing, health, education, recreation, and other services and facilities beneficial to rural communities.

Thousands of young Americans are finding new opportunities through Headstart, Upward Bound, the Neighborhood Youth Corps, and the Job Corps. They are getting medical and dental care that many of them never had before.

Millions of older people have been helped to sign up for social security and medicare. Many of them are finding an end to loneliness in centers for our senior citizens.

Back of these accomplishments is a well-planned effort, spark-plugged and coordinated by OEO.

OEO's community action programs and the USDA's technical action panels are working together to help create a new dimension in rural life.

The Community Action Programs or CAP's, as you know, are project grants made directly to public and private nonprofit groups in American communities. About \$253 million in CAP grants went to rural communities in fiscal 1967. In fiscal 1968 this total is expected to rise to \$402 million.

Of the current total of 1,050 Community Action agencies more than 700 are in rural areas. They are making it possible for rural people to share in the benefits of many Federal programs which formerly were out of reach because the people did not know they existed or lacked the knowhow to take advantage of them. They are reaching and stirring hope in the poor who otherwise were hopeless and forsaken.

The technical action panels, or TAP's, are an integral part of this effort.

Many Federal agencies with programs intended for all the people lack the organization to reach rural America. Small communities lack the staffs of planners, engineers, lawyers, and others needed to take advantage of Federal services.

The Department of Agriculture has at least four programs in every rural county, operated by the Soil Conservation Service, the Farmers Home Administration, the Agricultural Stabilization, and Conservation Service and Extension Service. These agencies have joined together to form county and State technical action panels. Other Federal departments and State and local leaders have been invited to participate.

The TAP's have the machinery to answer any inquiry in the field of rural areas seeking development. This means that any rural individual, family, or community seeking access to antipoverty or development services can get one stop service at the country level.

In many counties the TAP's and CAP's work in double harness. They meet together, plan together, and pool resources. In this way they can reach the poor and the poorest of the poor. They are getting results. Planning and action programs are going forward not only in individual counties but on a multi-county or regional basis as well.

In the Elk River Valley in Tennessee, for example, 32 communities action centers are bringing health, employment, and education services to a 10-county area where almost half the families have incomes below \$3,000. The Neighborhood Youth Corps, Headstart, and Upward Bound, are opening doors of opportunity. Ninety-one persons, formerly unemployed are now working and contributing members of the community—thanks to a manpower training program.

The Community Action agencies, the State extension service, and TVA have assisted low income farmers to get into a fertilizer program—which helped boost farm income in the area by \$1 million a year for the past 2 years. Programs of livestock improvement and forestry management are also underway.

In the Upper Peninsula of Michigan, six multicounty community action agencies are using an umbrella agency, UPCAP, to provide expert assistance in administration and planning. UPCAP was formed with the help of the extension service in 1961. It was reorganized in 1965 to bring to the area the advantages of the Economic Opportunity Act, the Elementary and Secondary Education Act and other new antipoverty measures.

UPCAP has fostered economic development, small business developments loans, on the job training, NYC, legal services, and HUD grants. Thirty-one neighborhood centers are providing counseling and referral services. Other available programs include Headstart, dental care, a workshop for the handicapped and a high school di-

ploma program, homemaker services program, a preschool program for Indian children, and centers for senior citizens.

Besides the people directly served by these programs, local schools, government, and industry are all involved in this community action.

The rural loans program for individual and cooperatives authorized by the Economic Opportunity Act and administered by USDA's Farmers Home Administration is proving particularly successful. This is the program which is helping Charlie Hamlin, whom I mentioned earlier.

Individual loans up to a maximum of \$3,500 are made to finance small businesses and services and to improve low income farms. Between January 1965 and June 30 of this year, 45,000 loans were made to low income rural families and individuals and to 854 cooperatives serving low income rural families.

Almost \$83.4 million has been advanced under both credit programs. Slightly over 10 percent went to cooperatives.

Of the loans to individuals, a little over half financed investments in farming. The remainder provided capital for some 350 different types of nonfarm enterprises—including commercial fishing, small retail stores and service outlets in rural communities, handling and hauling timber and farm machinery repair, and production of handicrafts.

Of the 854 cooperatives, four out of five are made up of small farmers who have joined together to purchase machinery, such as a cotton picker or combine that they could not afford individually.

Rural loans are concentrated heavily in the Southern States and in Puerto Rico. In the South, 44 percent of the borrowers are Negroes. Nationwide, 5 percent are Indians.

Four of every five borrowers had family living incomes of less than \$3,000 before they received their loans. When family size as well as income is considered, 90 percent of the borrowers again had incomes at or below the poverty level.

The average borrower family spent only \$1,700 a year on living expenses. Slightly over 11 percent of borrower families were receiving public assistance when they obtained a loan. Less than one-third of the borrowers had gone to high school.

These loans are an important weapon in the war on poverty. In a Mississippi rural community 2 weeks ago I talked with a Negro mechanic. He had been supporting his family by repairing cars and farm machinery under a shade tree in his backyard, using poor, worn out equipment and tools.

No one would lend him the money to set up a real garage. In February 1966 he was given an EO loan of \$1,850 and in March 1966 a subsequent loan of \$650. He used the money to build a farm machinery repair shop and buy a lift, generators, testing devices, and other tools. His payments on interest and principal total \$190 a year. Last year his net income increased by \$1,295.

The repayment record of borrowers, both individuals and cooperatives, is remarkable in the light of their of their extreme low income situation. In the individual program, at the close of 1966, 82 percent of principal due had been paid. Some borrowers were paying ahead of schedule—advance payments totaled \$1.4 million.

Total payments made, including prepayments and refunds, amounted to 99 percent of the principal amount due. Cooperative borrowers have a similar record.

In another highly successful operation OEO had delegated to our Forest Service authority for operating 47 rural job corps conservation centers to make young Americans more employable through education and vocational training. There are approximately 8,000 male youth 16 to 21 years of age in these centers.

The young men are proud of not only what they have accomplished, but also of the skills they have obtained in carpentry, masonry, heavy equipment, operation, and landscaping.

Such skills will help them to break the bonds of poverty and become fully self-supporting members of society. To date, the young Americans in the Job Corps have been very predominantly urban. Through the TAP's we are making a strong effort to recruit more rural youth.

For boxed in men who are older and therefore ineligible for the Job Corps' Operation Mainstream, Nelson amendment, projects are providing both jobs and training in new skills. Funding is by the Department of Labor through community action agencies. Projects presently operating are providing conservation and development work and training for 150 men in the Jefferson National Forest of Virginia—48 men in Holly Springs National Forest in Mississippi—84 men in the Kisatchie National Forest, La.—and 30 men in the Pisgah National Forest of North Carolina. Negotiations are underway for projects in National Forests in Kentucky and New Mexico and an additional project in Louisiana.

All in all, the record of progress in rural America is good. That needs to be recognized. But we must also recognize that the job ahead, if we are to meet the problems of rural America, will be difficult and long.

No one agency can solve these problems. They can only be solved intimately by local people with the help of Federal and State resources. They require a coordinated attack. Rural America needs the joint effort and experience that OEO is providing. We in USDA look forward to even closer and more fruitful cooperation with OEO in revitalizing rural America.

For example, one of the joint programs we are contemplating is a two pronged reclamation project—reclamation of land and reclamation of people. The specific area is 6,000 acres of land in Mississippi seriously damaged by sediment eroded from surrounding hillsides.

Much of this acreage belongs to low-income farmers. This is a part of the Southeast delta resources conservation and development project which was authorized last September. Flood-prevention dams and other sediment-control structures have already been built, the hillsides have been revegetated, and the erosion is largely stopped.

Now the problem is to make the land fully usable again.

The plan is to spread the sediment evenly and then by deep plowing to incorporate it into the soil. Technical and cost-sharing assistance will be provided by USDA conservation agencies, and OEO will assist in funding the project.

OEO rural loans and USDA credit facilities will be available. Training and education programs will prepare the people of this area to take advantage of developing economic opportunities.

As the damaged land owned by these small farmers becomes productive, the earning value of these farms will increase. We see this as a 10-year project with an added income potential of at least half a million dollars and a job potential about 36,000 man-days.

As I look at our present progress and at the challenge ahead, I can only say that it would be most impossible for me to overstate our interest in the continuation of the community action program and the other OEO activities in rural areas.

It is imperative that they be continued. The Nation cannot afford to discard the experience and the spirit of OEO at this crucial time.

The American people cannot afford to disrupt the programs that are already making inroads on rural poverty. We must now not slow down community action, or turn it over to new management.

So with the utmost sincerity, I urge this committee to continue and expand OEO programs throughout rural America. This is not to say that there are no gaps in our efforts to combat rural poverty. Of course there are. This is inevitable in any new program. The experience of the past 3 years points to many needed improvements. I am confident that the improvements will be made—that the gaps will be filled.

For example, the comprehensive planning aid for rural America that we have recommended as an amendment to section 701 of the Housing Act of 1954 is vital. This legislation is urgently needed to overcome the disadvantages of small, scattered population and lack of planning expertise in rural areas, by pooling resources in logical multicounty groupings.

Innovative financing arrangements must be developed to meet the housing needs of the rural poor. Currently about 5 million, or one-third, of all occupied rural homes need either major repairs or complete replacement. The 1960 census revealed that 35 percent of farm homes and 30 percent of the rural nonfarm homes lacked this convenience.

They did not have hot and cold running water. Only 5 percent of urban homes lacked this convenience. The problem of rural housing requires massive inputs both of funds and of technical assistance if millions of rural people are to be decently housed.

Self-help housing and housing grants are important devices. We have a small self-help housing program, and FHA also has authority to make grants up to \$1,000 for home repair. However, the Congress has restrained us from exercising this authority since the summer of 1964.

It has been estimated that underemployment in rural America is equal to about 2½ million man-years of unemployment. Obviously, training for off-the-farm jobs is of key importance. We need to expand work and training programs.

There are jobs to be had but going begging, so to speak, because qualified people are not available. This reinforces the thought I expressed earlier that economic development and antipoverty are two sides of the same coin. There is no point in developing rural job oppor-

tunities if we do not also train rural low-income people to take advantage of them.

Some of these gaps would be bridged by amendments to the Economic Opportunity Act now being considered by this committee.

Thus the proposal on community employment and training would extend to rural areas some of the benefits of job programs now available to urban centers where low incomes and unemployment have become crucial. Where large numbers of rural families live in abject poverty, as in Appalachia or the Mississippi Delta, special, impact-type assistance is urgent. We fully support this amendment.

We favor the general expansion of community action programs in rural areas. We approve also the proposal that OEO develop simplified forms and guidelines for use in rural areas.

We support the development of cooperative projects between rural and urban areas to help migrants from the country make a better adjustment to the city environment. Millions of the rural poor have flocked to the cities in search of opportunity. Few of them have had adequate guidance in making the adjustment.

We also believe that a start should be made on a joint funding and administration by two or more Federal agencies of local antipoverty projects.

As I mentioned earlier, about 11 percent of all rural loan borrowers under title III are receiving some type of public assistance when they obtain their loans. It is proposed that they be eligible to earn additional income from their loans without having an equivalent amount deducted from their assistance payment. There would be some reduction in payment, but not on a dollar-for-dollar basis.

Finally, we completely support the proposal to establish a new position of OEO Assistant Director for Rural Programs.

This would be a major stride toward full participation by the rural poor in the Nation's antipoverty programs.

Judging by some stories in the press, there appears to be a considerable misunderstanding about USDA's role—and performance in the war on poverty.

I am sure the members of this committee understand my personal unhappiness when some of the news media reports that it is a tragedy that USDA's \$5 billion budget earmarks only \$450,000 for rural community development and assigns only 26 of its 100,000 employees to this work.

To keep the record straight, let me present a few facts. The reference to \$450,000 and 26 employees applies only to our Rural Community Development Service which coordinates and expedites rural programs at the Washington level. This is an extremely important operation—but it is simply ridiculous to imply that this is our total antipoverty effort.

Our Farmers Home Administration is advancing more than \$1 billion a year in loans to rural Americans, many of them at the poverty level.

About three-fourths of our farm loans for fertilizer, equipment, and land purchase and development go to families living on \$3,000 a year or less. Most of our rural housing loans go to low- and moderate-income families. Seventy percent of FHA funds advanced for rural

water and sewer systems go to the 16 States with the largest number of low-income rural residents.

We are making special efforts to reach minority groups who are locked out both by poverty and by discrimination. In the past fiscal year more than 104,000 rural Negroes received 20,800 FHA loans totaling over \$50 million. This was a 30-percent increase over 1965 and a 146-percent increase over 1960.

Our agricultural conservation program helps low-income farmers develop and improve their soil, water, woodland, and recreational resources.

Since 1964, for example, a total of 170 projects to modernize family owned community water systems in a seven-county area of north central New Mexico have been carried out with special ACP cost share assistance.

The systems serve 6,049 farms. Most of these families are Mexican and Spanish-American or American Indian.

Farmers in Taos County, N. Mex., are putting in water conservation measures year by year with Federal and State help. In 1964 they completed 4,000 feet of concrete lined ditch at a cost of \$15,000 with cost share help from ACP and the State of New Mexico. In 1965, work was started on a diversion dam and pipeline.

In 1966 another pipeline, a flume across a river and 2,000 feet of concrete ditch lining were installed, plus facilities for efficient handling of water on individual farms.

Assured of water, these small farmers are raising more stock and growing more crops. They will have better incomes, better homes, better living.

Our Farmer Cooperative Service also reaches out to low-income farmers. In Mississippi I talked with the Negro president of a farm co-op composed of 155 low-income growers of cotton, soybeans, and other crops. Previously, they lacked harvesting machinery and their crops were often impaired and even ruined by bad weather.

With FCS help they formed a co-op, obtained an EO loan of \$113,000 from FHA and now own three cottonpickers, three combines, six trailers, four trucks, and a sprayer. Their increased efficiency will boost their income.

Our Cooperative Extension Service devotes two-fifths of its time to working with low-income farmers, families and youth.

Since 1960 more than 3,500 new business enterprises employing nearly 48,000 rural people have been established as a result of conservation work carried out with technical and financial help of the Soil Conservation Service.

The timber harvest from the national forests annually creates 300,000 man-years of rural employment. Another 20,000 seasonal employees, mostly rural residents, work in the national forests each year.

Rural Electrification Administration borrowers last year helped set up about 450 projects to establish new, small industries, new community facilities, and new tourist attractions. This created an estimated 31,000 jobs.

Our Consumer and Marketing Service here through the food stamp, direct food distribution, school lunch, milk, and child nutrition programs is doing a great deal to improve the diets of low-income people,

especially children. Of the Nation's 100 poorest counties, all but 15 have food assistance programs. On the other hand, more than one-fourth of the 1,200 counties in the poverty stricken category, are still without food assistance programs.

Only six States, one of them Mississippi, have food assistance programs in all their counties. In Alabama, next door to Mississippi, only half the counties provide food assistance.

These programs are extremely valuable. More than 3.4 million persons are now taking part in the direct food distribution program. From the food provided they can get over half of their daily calorie requirements, about 90 percent of the protein, 60 percent of the iron, and more than enough calcium, thiamine, and riboflavin.

An additional 1.7 million persons are participating in the food stamp program.

Their diets, too, are vastly improved.

OEO is financing the administrative costs of direct food distribution in a number of counties in Mississippi and other States. But OEO has indicated it would be unable to continue this assistance beyond this year.

To assure the continuance of the programs in these counties and also that we reach needy families in the 331 low-income counties where no program is now available, USDA will provide financial aid.

I have directed our TAP's to work with State and local officials to encourage and help these counties set up food assistance programs. We are also reducing the cost of food stamps for the very lowest income families.

This committee fully understands that rural poverty is a challenge not only to rural America but to all of America. Rural poverty too long neglected is at the root of much of our urban poverty.

The rural poor of yesterday have become many of the city's poor of today and if we do not succeed in revitalizing rural America, the rural poor of today will become many of the urban poor of tomorrow.

Space-starved cities and job-starved rural areas are not two isolated phenomena. They are twins. The human alienation and physical dissolution so prevalent in our greatest cities are closely linked to the depopulation and civic hopelessness that have plagued our small cities and rural areas.

It is time that the Nation as a whole recognized this fact and acted on it.

It is time that the Nation as a whole faced up to the basic questions.

For example:

Is there a desirable maximum size for any one metropolitan area—if so, what is it?

What are the real economic and social costs of continued depopulation of rural areas and of increased crowding in urban areas?

How much longer can we afford to pay these costs?

I have referred again and again to what I saw on my recent trip to poverty areas. I have done so because I was so deeply moved—moved by the plight of the poor and their need—and moved by the extent of our opportunity.

One cannot see the way these people live—one cannot talk with them about their problems and what they want out of life—without

realizing that the worst thing about poverty is not that it deprives the poor of physical needs. Far worse than this is the fact that social, educational, and cultural deprivation too long continued can produce a terrible poverty of the mind—a poverty of the soul.

I thought of the profound statement in the "Book of Proverbs": "The destruction of the poor is their poverty."

Just a little bit more money, education, and training can make such a world of difference.

Among those who are being reached by OEO type programs—like Charlie Hamlin—I found a new spirit—a spirit of pride in doing for themselves and of hope for the future.

It is summed up, I think, in what a local banker in Centerville, Iowa, said. He remarked that the people were angry when Centerville was labeled a depressed area but it got them working to get rid of the label. With the new spark of community spirit and the Federal and State help, he said, Centerville progressed from an attitude of gloom and doom to one of zoom and boom.

Spurred by this new spirit, rural America is changing. True, there are still too many young people leaving in search of city jobs; there is too little business opportunity in the towns and villages; and there are still too many of our farms that are underdeveloped and unprofitable; there are still too few local processing plants for farm products; there is still too much rural unemployment and underemployment; there are still insufficient opportunities for vocational training; there is still need for more recreational facilities; there is still inadequate sanitation, water supply, and disposal facilities and there are still hungry people.

But the poverty straitjacket is loosening. And if we continue to wage our war on poverty and wage it ever more effectively the time will come—perhaps sooner than we now have grounds for hope—when the bonds will burst and the prisoners of poverty will be released.

Part of American is affluent—part is impoverished. But a new note is now emerging. Once again the voice of hope is being heard in rural America. It is in our hands to help that voice be heard at full cry.

Chairman PERKINS. Mr. Secretary, first I wish to compliment you on what I feel is an excellent statement. I personally agree with you that we have neglected rural poverty too long.

You suggested in your statement a special impact program for the rural areas. Do you feel that that type of program to arrest certain situations that we have in rural communities today could better be under the direction of the Office of Economic Opportunity than under your own direction?

Secretary FREEMAN. Yes, I think it could better be under the Office of Economic Opportunity.

Chairman PERKINS. I mean more effective direction.

Secretary FREEMAN. Through the medium of the machinery already established and moving ahead it can coordinate then across the entire Government and focus on specific targets in a fashion that it is difficult to do by trying to loosely coordinate between different departments of the Government.

Chairman PERKINS. If programs were removed from the Office of Economic Opportunity, would they get lost with the other established

programs resulting in less concentration and less impact on the root causes of poverty?

Secretary FREEMAN. I think there would be less concentration and less effective mobilization of resources in the absence of one named agency with sharp and clearly defined responsibility to do the job.

Chairman PERKINS. I hope to see some time in the future a program where we can do more about the rural housing. Do you feel that the Farmers Home Administration now has ample authority assuming that the appropriations committee made funds available for small grants, for instance, of \$500 or \$1,000 to people living in real poverty in isolated rural areas could put plumbing into their small home, or put a roof over their heads.

Secretary FREEMAN. Funding of the current authority for grants for poverty housing would be a tremendous assist in meeting the problem. We did have some funding a few years back. I think it was effectively used and made a real contribution in some desperate circumstances.

We have not had funds for that purpose now for several years and they are very much needed.

Chairman PERKINS. In those instances where those grants are desperately needed, would you feel that under the Office of Economic Opportunity that you could better proceed toward making inroads on the individual communities through your own agency in cooperation with the Office of Economic Opportunity than under the Department alone?

Secretary FREEMAN. In this particular instance the main thing is that we have additional authority, I think, in funding this could be in the OEO and part of its program, in the case of housing where there is no repayment ability that is visible at the time.

Chairman PERKINS. You mentioned the fact that the loans were made to the real poor people to purchase fertilizer and purchase supplies for their small farm operations. Has this been more effective under the overall coordination given the Office of Economic Opportunity?

Secretary FREEMAN. Yes, I think it has. It has made possible, better coordination by one particular agency, in this case the OEO, than would have been if it had been directly assigned to the FHA by the Congress.

Chairman PERKINS. I personally feel that putting these youngsters in the conservation camps is not the practice of a lost art, as been charged by some.

I think they gain invaluable experience. I do not feel that the training that you are giving these youngsters is outmoded. I feel it is very constructive. What is the average per enrollee cost?

Secretary FREEMAN. I have forgotten the precise figure. It is coming down. I think it is around \$6,400. May I put that in the record?

Chairman PERKINS. Of course, without objection such information shall be supplied for the record at this point.

(The information referred to follows:)

The exact figure is \$6,410, which includes center operations, plus program overhead, building amortization and corpsmen allowances.

Chairman PERKINS. Do you have presently available facilities that will accommodate more than the 8,000 mentioned?

Secretary FREEMAN. We have indeed endless amounts of conservation work that could and should be done that would be very useful in the Nation's interest.

Chairman PERKINS. Before you leave that point, do you feel this job would be done more effectively under the Office of Economic Opportunity than if you presently had control, lock, stock, and barrel along with all of the other duties you have in the Department?

Secretary FREEMAN. I think there is a good balance between the delegation to use the skill, know-how, and resources that are available in the Forest Service, at the same time coordinating the end product which coordinates the men who leave the camp.

As such, this can be more effectively done under one centralized point than it could be if the centralizing and coordinating machinery were not set up in OEO.

Chairman PERKINS. What would be the effect on rural CAP's if the non-Federal share were increased from 10 to 20 percent at—as it is in H.R. 8311?

Secretary FREEMAN. I think it would have a negative effect certainly because it places the load where the rural CAP's are most needed and it places where they have the most limited resources.

The 10 percent is sufficient to insure local concern and careful review in the sense of participation. I think the increase involved here would have a negative effect in blocking projects that otherwise would be carried forward.

Chairman PERKINS. I think OEO spent about 32 percent of its community action funds in the rural areas during fiscal year 1967 and they plan to spend 36 percent in fiscal 1968.

Do you feel this is sufficient emphasis on rural poverty?

Secretary FREEMAN. I would like to see more emphasis on rural poverty and more resources there, but I think that probably is at the level that can be effectively used.

I think it is difficult to be specific about this. There has been a real improvement. Generally speaking our rural programs are expanding and strengthening and we are reaching out into areas where previously there was not any machinery, but I would hesitate to say I think a percentage is enough because the need is so great. I am encouraged at the progress that has been made.

Chairman PERKINS. Would you have any suggestions to offer for OEO along the lines of avoiding or overcoming problems of confusion or duplication?

Secretary FREEMAN. I am increasingly convinced one of the answers to the problem of confusion and overlapping is adequate professional planning.

By the same token, I think it is very important that resources be combined in areas on a multicommunity basis where those areas are tied together anyhow by the physical fact of transportation and communications.

We have only begun to do real multicounty planning and a bill now before the Congress would provide matching funds for such planning provided local people wished to carry it forward.

Chairman PERKINS. Do you support a program for veterans?

Secretary FREEMAN. I strongly endorse that program. I think it would be well to have someone at high level or echelon to supervise that responsibility.

Chairman PERKINS. In what particular area or field would you say the Department of Agriculture specializes?

Secretary FREEMAN. It is difficult to generalize about that because every rural area in this country is different from every other one, but I think the main focus, and the one I think I came back feeling very impressed with, is the importance of technical training in these rural areas.

Everywhere I went there were job opportunities all right for trained people but almost no job opportunities for untrained people. This repeated itself.

At some of the schools I visited, they were unable to fill the requests. For example at Ottumwa, Iowa where they had a vocational and technical school they were training 17 cooks and they had requests for 80 cooks in that area.

I found every school I went to had requests for machinists, for mechanics, for welders, and I could go on. But where you came down to the unskilled common labor, it was itinerant, limited, low paid and with very real communications problems.

So I think an impact program needs to concentrate itself, first of all on a very effective, strongly carried forward placement tied into education, professional and technical training courses.

Chairman PERKINS. Mr. Goodell.

Mr. GOODELL. Mr. Secretary, I appreciate your appearance here this morning and your testimony. Before I ask a question, I wish to state that I understand the general tenor of your testimony and the fact that this is a good program and needs to be expanded and things are going well but we ought to do more.

My own personal view of the poverty program as it operates in the rural areas is that it is generally unimaginative, short sighted, wasteful, and in some instances self-defeating and in most rural areas non-existent. But there can be sincere differences of opinion as to how we can make it more effective.

You indicated \$253 of the—\$253 million of the community action program money was going to rural communities and that this figure will rise in the coming budget. You also contrast this with the fact that one-half of the poor are in the rural areas.

What is the proportion of the community action money that is represented by the \$253 million, do you know?

Secretary FREEMAN. I think that is roughly a third.

Mr. GOODELL. A third of the community action money is going to the poor in the rural areas?

Secretary FREEMAN. That is right.

Mr. GOODELL. You also indicate the Job Corps centers run by the Forest Service are populated predominantly by urban youngsters. Do you know the proportion of them that are from urban areas?

Secretary FREEMAN. Frankly, I don't but I will be happy to get that number for the record.

(The information referred to follows:)

Approximately 70 percent of the Job Corps enrollees in centers run by the Forest Service are from urban areas.

Mr. GOODELL. Is the funding you mention on page 15 part of the administration proposal to amend the social security law where it is proposed that they be permitted to earn additional income without deductions from their public assistance programs?

Secretary FREEMAN. I am informed this is in the bill pending before this committee.

Mr. GOODELL. I ask our counsel if that is correct? I have not seen it. Do you have counsel here who could refer to that specific point?

Secretary FREEMAN. No, sir, I do not.

Mr. GOODELL. You indicated 11 percent of all rural nonborrowers under title III are receiving some type of public assistance and then you say it is proposed that they be eligible to earn additional income.

I am interested whether your proposal would let only rural borrowers be permitted to earn additional income or is there going to be some extension of this to the urban individuals receiving welfare assistance?

Secretary FREEMAN. In this instance, my comment is directed toward the title III loans that are loans made to rural people by the Farmers Home Administration.

In connection with loan programs in urban areas, I have not made any recommendation but I would be prepared to recommend that it would make good sense to me that it should be done in both places. When some of these people begin to have very modest earnings, I think the incentive of not requiring the deduction of those earnings from their very limited assistance payments makes good sense.

Mr. GOODELL. You are indicating that the broad end authority to receive income while still receiving welfare assistance should be both rural and urban in those instances where there are loans made, or are you extending it beyond that?

Secretary FREEMAN. I don't know in the first instance of any comparable loan program in urban areas to the title III FHA loans that are made, so I would hesitate to make a—

Mr. GOODELL. Of course we had extensive testimony from the Small Business Administration about their special program for the small business operations which need assistance and much of that is in urban areas.

You apparently feel we should experiment and it sounds like a good idea to permit people who are now on welfare to earn some additional money without losing welfare payments.

Secretary FREEMAN. That is right.

Mr. GOODELL. Would you limit this to those individuals who are receiving direct Federal money—loan assistance of some type—or are you saying we ought to extend it beyond that?

Secretary FREEMAN. I said in my testimony I think this would be a sensible and practical thing to do in the case of title III EO loans made by FHA.

I am not privy to some of the problems that might exist in connection with the urban areas or the Small Business Administration. However, it would appear to me from what I know this would make good sense, too. But I would have to speak with some reservation because I am not informed in depth on this.

Mr. GOODELL. Your recommendation is restricted to loans to those receiving welfare assistance?

Secretary FREEMAN. Not necessarily. Their earnings should not be deducted dollar for dollar from any assistance payments they might be receiving.

Mr. GOODELL. In other words, if you receive a loan under the poverty program, the FHA, then you would be eligible to earn somewhat more without losing welfare payments?

Secretary FREEMAN. That is right.

Mr. GOODELL. Would you limit it to those who do receive the loans?

Secretary FREEMAN. No, not necessarily.

Mr. GOODELL. Whom else would you include?

Secretary FREEMAN. You asked earlier about social security in general. I would certainly be in support of the principle that certain earnings should be permitted and not be automatically deducted from any social security assistance payments.

Mr. GOODELL. Are you going beyond the recommendations that have been made by the Congress to raise the amounts you can earn under social security?

Secretary FREEMAN. No, because to be perfectly honest with you, I am not informed at this moment precisely what they are nor am I prepared to testify on social security.

I am merely saying then in this instance as a matter of principle I would certainly support moving in the direction of not automatically deducting from assistance payments made particularly to older people to have a little additional earnings.

Mr. GOODELL. Of course I agree with you and have agreed for some time that it is a little contradictory of the Social Security and Welfare law that places people into poverty.

If they are going to continue to receive social security benefits, they must not earn enough to get above the \$3,000 average. If they are under the \$3,000 level they are eligible for direct grants from a number of poverty programs and we tell them you can't go out and earn any money or you will lose dollar for dollar your social security benefits.

This does seem to be a little contradictory and it has seemed so for some time. I think there are some aspects of our public assistance which are contradictory and they discourage people from going out and earning on their own.

Chairman PERKINS. Would the gentleman yield at that point?

Mr. GOODELL. I would be pleased to yield.

Chairman PERKINS. Of course we have written into the law a provision permitting earnings without cutting people off. I think it is mostly with the State administration where their regulations and acts do not even permit earnings but perhaps we should write something in.

Mr. GOODELL. Unfortunately, this committee does not have jurisdiction over the Old-Age Assistance and the Social Security program.

Chairman PERKINS. We have jurisdiction over certain welfare programs.

Mr. GOODELL. Welfare assistance is based upon the theory if you start earning money then you start losing your public assistance. There has been a great deal of discussion about this in recent months that it does discourage an individual from going out and supporting himself. This is an interesting suggestion you make with reference to at least

those who are receiving money—loans. It does seem logical that those who are receiving loans from the Federal Government in order to earn money should not be discouraged from trying to earn a little private income without losing this same amount they earn in their welfare assistance.

You indicate, Mr. Freeman, at page 14 of your testimony that you are recommending OEO develop some simplified forms of guidelines for use in rural areas.

The implication of that is it may have been too complicated and difficult in many instances for the rural areas to comply with. Is that right?

Secretary FREEMAN. We think some of these could be improved and simplified. We are pleased to see the reference made to it. I know that the efforts that have been made to clarify and simplify forms and guidelines will continue.

Mr. GOODELL. You feel in many instances they are too complicated and difficult for the people to buy them?

Secretary FREEMAN. I feel they can be improved.

Mrs. GREEN. First, may I say I think that is a very impressive accomplishment; it moves at least in the right direction to do something about poverty in the rural areas.

I wish we could do something about increasing the amount a person could earn without being penalized through either social security or welfare reductions. I do think this committee should explore it.

I would think the goal ought to be to encourage people to earn as much as they can rather than discouraging them and inviting laziness and other things.

I have a couple of questions in regard to the programs. You spoke of the Farmers Home Administration loans and the rate of repayment. I am told in the last few days that there has been a new policy in FHA with regard to delayed payments.

In the Farmers Home Administration is there any change in policy or any more to become more lenient and to overlook these late repayments?

Secretary FREEMAN. We are trying to administer these programs in such fashion as to give every possible encouragement to the recipient so that he will be able to get on his feet. I think it is not as much a matter of clear-cut change in policy as it is a matter of learning from the experience we have had so far and generally being more liberal in terms of giving more attention and more individual help to those who tend to lag a bit in their repayments.

I know offhand of no new regulation to that effort. But, the policy in carrying this forward has been moving steadily in that direction.

Mrs. GREEN. Have there been directives sent out to the various regional offices in regard to this?

Secretary FREEMAN. In general terms, by way of giving more supervised attention and being less rigid in terms of the repayment schedules, but again no directive that would change the repayment schedule but rather one that would—

Mrs. GREEN. Would you furnish the committee with copies of those directives which have gone out?

You spoke of loans to individual cooperatives. This is a program which I think has held great promise, and it has undoubtedly opened

doors to low income people. In the press over the weekend, one of the so-called civil rights leaders has recommended that the poor file for bankruptcy.

May I ask first, what your own personal reaction to this kind of nationwide drive might be, if it were successful in any way; and second, what do you think the reaction of the administration would be to such programs if this kind of a drive caught on or were even endorsed by others?

I must say if this report is accurate I was greatly dismayed to find that support for the bankruptcy movement has been received by about 3,900 members of a local of the American Federation of State, County, and Municipal Employees.

Third, would you comment—or hazard any comment—about the increased problems this program might encounter in the Congress, in the authorization committees and in the appropriation committees, if we found this kind of a proceeding recommended and followed by others?

Secretary FREEMAN. As to No. 1, I do think the co-op loans have been extremely useful. They have permitted more encouragement for the pooling of resources and equipment. We have only begun to scratch the surface, but I think this will prove to be a very, very important step forward.

Second, I did not see this reference and I do not know what it means. On the one hand if it meant the poor like the rich ought to know about the laws on bankruptcy and be able to use them like anyone else, I would say that would be only common justice.

On the other hand, if it is meant there is to be a program to encourage people to file bankruptcy proceedings I would think that would be very bad, public, private, and national practice.

I always hesitate to vouchsafe an opinion as to what the Congress would do, whether it be on authorization or appropriation but it would be my guess any real such program to in effect abuse the bankruptcy laws or to encourage their use would have an adverse effect in this legislation before the Congress.

That would be my horseback opinion.

Mrs. GREEN. If the quote is accurate, this civil rights figure has said that he regards his bankruptcy campaign as a possible threat to the entire credit system.

Leaving out what Congress might do, what do you think the administration might do in making loans? Would it change your attitude toward making loans?

Secretary FREEMAN. Again, I am not quite sure what this means but we have certain laws on bankruptcy on the books.

They have been passed by the Congress and they are the law of the land. Under certain conditions an American citizen can proceed under those laws.

Mrs. GREEN. We are well aware of that, Mr. Secretary.

Secretary FREEMAN. I see no threat in that. In the other instance if what is proposed here is to encourage people to file for bankruptcy every time they can instead of trying to pay off their bills, that is a bad thing.

Mrs. GREEN. I interpret the article as exactly that, to encourage people to file for bankruptcy, not to make them aware of the bank-

ruptcy laws the same as other people are aware of them, but to encourage their use.

Secretary FREEMAN. I think that would be very bad practice, and I think if such kind of encouragement were part of a national program rather than encouraging people to pay their bills, it would have an adverse effect upon our loan programs.

Chairman PERKINS. Mr. Quie.

Mr. QUIE. Mr. Secretary, it is good to have you with us and it kind of reminds me of my service on another committee of the Congress to see you sitting here. I would like to ask you a little bit more about Charlie Hamlin.

As I recall your explanation of his need in previous testimony, you say he has 16 head of livestock and 18 acres of quality pasture and his total family income this year including earnings from the farm is expected to be \$3,000.

How much of that \$3,000 is earned off the farm and how much is net earnings now from his operations on the farm?

Secretary FREEMAN. I don't have those figures with me. Might I submit them for the record?

Mr. QUIE. I think it would be good. I don't have any objection to lending the money to Charlie Hamlin but I think it does give an impression that he is having a greater net earning from the farm than must be the case. Sixteen head of livestock, assuming they are beef cows, and 18 acres of pasture really won't give a person a very high net. He may not be able to save anything for his family for a long time. If there are substantial earnings off the farm this is evidently new and I would expect it would have nothing to do with this loan.

If it did have something to do with the loan it would be interesting to know how it did and it would be interesting to know how the earnings off the farm improved and what specifically caused these earnings to increase.

I find it interesting to follow a particular individual as you have in your testimony and if you could provide this information for us I would appreciate it.

Secretary FREEMAN. I would be glad to do that.

(The document referred to follows:)

ECONOMIC OPPORTUNITY LOAN TO CHARLIE HAMLIN, FAYETTE COUNTY, MISSISSIPPI

An initial EO loan for \$2,200 was made in May 1965 to Mr. Hamlin. At the time he owned and operated a small farm in a remote section of Fayette County, Mississippi. His farming operation consisted of a few acres of cotton and corn plus some production of garden produce for home use. In 1963 he also worked four days a week in a box factory. However, he was laid off during the year and received unemployment compensation until September 1963, at which time this source of off-farm income stopped. His yearly income from farming was \$365, including home use of garden produce. Mr. Hamlin's family includes himself, wife, and 9 daughters aged six months to 21 years. Several of his children did not have their own shoes.

In February, 1964 he received a small operating loan from the Farmers Home Administration for two cows to supply milk for his children and to pay pressing living and farming expenses. However, his farm and financial condition ruled out a larger operating loan for the basic farm improvements required to reorganize his resources and enable him to get maximum returns from his farm.

The EO loan program did make this possible. Mr. Hamlin received a loan in May 1964 in the amount of \$2,200 to buy beef cattle, develop pasture through land clearing, fertilizing, and seeding and to buy materials to repair his farm buildings. This has resulted in a definite improvement in his farming operations and

an increase in net farm income. In February 1966, he received a subsequent Economic Opportunity loan for \$300. At that time he had five beef cows with calves and a registered bull. He had cleared 8 acres, and fertilized and seeded the land for pasture and had cross-fenced the area to control grazing.

Later in 1966 he obtained a regular FHA operating loan for \$1,000 for 6 more cows with calves. This gave him a total of 15 cows and the registered bull. He then had 18 acres of permanent pasture crossfenced with access to water in each pasture. His herd this year produced 11 calves, the gross return from which was \$985. In addition, he placed his cotton and corn acreage in the cropland diversion program. As a result, he receives \$200 in payments yearly. His family also has developed their potential for producing vegetables and small fruits for home use to the extent that the garden they have now returns the equivalent of \$300 a year in produce. The following is a comparison of Mr. Hamlin's yearly farm returns before and after he received the loan assistance:

BEFORE	
Net income from row crops-----	\$365
Estimated value of produce for family use-----	50
Total -----	415
AFTER	
Net income from calf crop-----	\$800
Estimated value of produce for family use-----	300
Cropland diversion payments-----	200
Total -----	1,300

Mr. Hamlin's conversion to a beef cattle enterprise although requiring considerable initial work to clear land and seed, fertilize, and fence pasture now enables him to work more time at off-the-farm jobs. As a result in 1966 he earned approximately \$2,000 from work in a cotton gin and as a farm laborer.

In analyzing the impact of the EO loan on this borrower, two points are notable:

(1) The loan enabled him to tripe his net income from his farm by reorganizing his resources and converting from an extremely marginal row corp operation to livestock production, which is more suitable to his situation and resources. Although his income from farming remains very low and will probably never be sufficient to support his family, his farm serves both as a "home-place" stabilizing family living and as the source of an important proportion of his total income.

(2) It was not possible for the Farmers Home Administration to supply all of the required financial assistance in this case without the EO loan program, since an adequate farm improvement and development plan, including the prospect of enough income to pay living expenses and meet debt payments, could not be worked out under the regular FHA operating and ownership loan program terms and conditions.

Mr. QUIE. To go to another subject, you mention on the bottom of page 5:

Scattered across this country more than 3,150 community resource development committees and 562 multicommities are working today on job development and training, housing, health, education, recreation, and other services and facilities beneficial to rural communities.

Is this all inclusive, or are these USDA programs which you are speaking of here?

Secretary FREEMAN. These are lay programs in which USDA has played a part and participated, many of which were begun by the initial rural area development drive that we started in 1961. Many had their derivation from other beginnings and out of this has come a great many different kinds of citizen groups and committees working in a number of different areas.

This would be the total figures as we have amassed them from various rural counties with the orientation as I have set it out.

Mr. QUIE. Would a third of those be community action agencies?

Secretary FREEMAN. No. The last information I had was there were about 700 CAP's, although none of these were CAP organizations.

If I might volunteer a statement in that connection, to me it is an encouraging thing that there has been across the country over a period of time, of course, that preceded this act increasing concern on a communitywide, countywide, and beginning on a multicounty basis a variety of kinds of organizations to meet the needs of the community.

Now, the opportunity is to bring them together to develop long-range programs that will combine resources and set targets that are meaningful.

Mr. QUIE. Would cooperative extension committees on a county basis be considered one of the resources development committees?

Secretary FREEMAN. The county extension may be a participant in these committees and in many cases they were the prime movers in organizing them. Their own advisory groups related to their own special mission as such would not be included.

Mr. QUIE. The cooperative extension county committees have always been engaged in programs to assist people and the poor. Would that not be true?

Secretary FREEMAN. Yes.

Mr. QUIE. One feature which I have long believed in, and was happy that my amendment was incorporated last year, was that there would be one-third participation of the poor made a part of the community action agencies and rural programs.

Would you not say that ever since they were initiated the people to be helped have participated in the program, using, for example, the cooperative extension committees made up of farmers and as cities moved out some of the city people were placed on the board.

Soil conservation boards are made up of farmers who are being helped by conservation programs. The ASCS committees are made up by county committees. Would I be correct in assuming that Federal programs in agriculture have always been operated on the local level by the people who actually participate in the program?

Secretary FREEMAN. Yes, you would be, but I think you started your question and statement in terms of the participation of the poor. I would tend to say that those that the poverty program reaches were not generally a part of this committee structure.

It was those who were in a little economically improved status. You could not say someone who was in the poverty level was never elected to an ASCS committee. The same thing is true for the extension service.

Usually, these are community leaders. One of the things that is useful and encouraging is a product of the poverty program and there being a centralized place to really reach out and to get some of the very poor people participating in these committees which I don't think was the case before in the main.

Mr. QUIE. There was no particular effort made to bring in the poor people previous to that?

Secretary FREEMAN. That is correct, and usually they were not in a position of giving any direction of forming policy.

Mr. QUIE. My observation of some of the first rural action agencies in operation was that the case was the same there. There were nonpoor and special effort had to be made. I also know from my own experience of living close to some of these people and getting to know their incomes that they could be classed as poor individuals when they first got started in some of these programs. Also, as I recall while the REA was lending money to people, many of the recipients were poor individuals who were helped through the years.

Secretary FREEMAN. Approximately 75 percent of our FHA farm ownership and operating loans in the normal course of business go to people with incomes of \$3,000 or less a year to live on which means that in fiscal year 1967, 60,000 families in this category would be reached by these farm programs.

Mr. QUIE. You mention in your testimony and the press reports that a small amount of \$5 billion of the budget of USDA is misleading because there are a number of projects that do help the poor.

In the President's budget, he estimated about \$25.5 billion goes to help the poor. Are those programs listed in the \$5 billion budget that you list?

Secretary FREEMAN. I would have to check. I think that ran more to programs that were more directly related to some type of welfare or special poverty kind of project. The agriculture programs are not by and large especially tailored as such. They are available to everyone but their wide sweep means they do reach a very substantial number that are below the \$3,000 a year income level.

As a matter of fact, there are more people on the farms that can qualify on that level than there are in the urban areas as you are well aware.

Mr. QUIE. Who provides the initiative in the technical action panels?

Secretary FREEMAN. The initiative comes from the Farmers Home Administration who on a State and county basis and if there should not be a Farmers Home Administration in a given county office, if there is a multicounty administrative arrangement, it would then be the Soil Conservation Service and then it would be the ASCS.

Mr. QUIE. Do you have any problem finding individuals in either the Farmers Home Administration or the Soil Conservation Service to provide this kind of initiative?

Secretary FREEMAN. I have no trouble suggesting to them that they do it. I sometimes have trouble seeing to it that they do it effectively.

Mr. QUIE. Do you think you need OEO to help you tell them?

Secretary FREEMAN. Yes; I think this is a very real help. OEO reaches people in the rural areas and poverty programs of the kind that these programs have not reached.

Mr. QUIE. You need OEO for help now to provide the initiative for the TAP's?

Secretary FREEMAN. Not for the TAP's as such. They work very closely with the OEO committees on a joint basis because there is much to be done. However, even if you assumed the maximum effective operation to reach the poor through the technical action panels, there are many additional things that need to be done. There are a whole host of programs that you could perhaps call "people" programs that reach into a number of fields where our programs would not normally reach.

Mr. QUIE. So you don't need OEO to step in and help you with the programs you are presently operating but you need them to fill in the gaps?

Secretary FREEMAN. To fill in the gaps in some programs we operate. OEO would not be particularly helpful in the soil conservation program or in the ASCS commodity-operated program. We would like help from OEO in housing where we don't have funding for grants in poor areas.

Certainly, the OEO program delegation for loans has been extremely helpful and important and the general contribution in mobilizing the community in helping to organize the community and to bring new people and new and creative ideas into it have been extremely helpful.

Mr. QUIE. May I ask one last question, Mr. Chairman?

Do you need help from OEO in the feeding program? I would like to have you comment on why so many people seem to be starving in Mississippi according to the press reports we are receiving, when the Department of Agriculture has a direct distribution program and the Food Stamp program.

Secretary FREEMAN. The food programs are not adequate. There are malnourished people in this country and there is no question about it. We have been in the process of expanding these programs as rapidly as we could. The feeding programs are not only a matter of making food available. They are equally a matter of making it possible for this food to be used in the most effective manner.

So, in terms of getting information to people about the programs, in terms of getting people to sign up in the program, in terms of getting people to participate in the program, in terms of getting people to have adequate education to use the resources, in these areas we do need and welcome OEO help.

Mr. QUIE. Why hasn't the Extension Service been educating these people with respect to these programs? That is their main purpose.

Secretary FREEMAN. You are right, but they have not reached out to really get to the poor people on the basis they should. It has been partly a matter of inadequate funding, of personnel, and I think I must say quite honestly, it has been a matter of not zeroing in on this problem as the Extension Service should have done.

Mr. THOMPSON. Mr. Secretary, I think your statement is unusually good. I have just some general comments.

First of all, I am impressed much by the breadth of your work and by the obvious effort that you have made to coordinate those programs available to you with the programs of OEO.

I agree quite thoroughly with Mrs. Green and the others who have stated that perhaps we ought to investigate thoroughly to see if possibly we can put a more realistic ceiling on the amount the poor can earn.

At best, even those who own their own homes and have paid off their mortgages and are relying on social security and perhaps even a modest pension from another source have a terrible time getting along.

If this committee has jurisdiction or could do it, I would think it would be an extremely wise thing for us to study the feasibility of

increasing the ceiling so that these people can make considerably more than they make now because the ceilings are completely unrealistic.

I find the new congressional district which I have, to be largely rural. One of the problems is with respect to people leaving the farms and the lack of counseling in the various school systems.

The type of counseling that the youngsters are getting orients them to an education or some training other than agriculture in an area where, for the most part, the farmer is better off certainly on the national average.

Most of them are doing quite well. It is not your fault that the dairy farmers are not doing very well. It is the courts' fault in the *Blair* case. I do think with respect to counseling at the elementary-secondary level, more emphasis could be given to agricultural pursuits.

In three counties there is just one elementary level counselor and at the secondary level there are a totally inadequate number whose training is somewhat lacking.

I have no other comment except to commend you for your efforts and to say that I think you have made some very fine and constructive suggestions.

I yield back my time.

Chairman PERKINS. Mr. Scherle?

Mr. SCHERLE. Mr. Secretary, as an Iowa farmer I realize what poverty means, particularly in rural America. We appreciate the consideration that the OEO and the Department of Agriculture is giving our occupation. I feel quite differently than you, in that farmers do not want handouts.

Agriculture is not a welfare program. If we were allowed to make the kind of money that free enterprise is entitled to without the Government forcing second-hand citizenship upon us, I don't think there would be any need for OEO programs or any other consideration in the field of poverty for rural America.

I attended a meeting not too long ago at the White House and Gardner Ackley made the statement that the farmer is better off today than he has ever been in the history of America. He must be using the same graphs and documents that McNamara is using because they are both completely unrealistic.

I am sure you are aware of the fact that agriculture now is 72 percent of parity, about as low as it has been since the depressed thirties.

I think the prices we receive for our products today are quite reminiscent of those we received back in 1940. If you stop to consider the cost of production today, you will see that farm prices are nowhere near in line with these increased costs.

We have been told many times that as soon as the surplus is gone we would see higher grain prices in America. Well, from all outward appearances the surplus is gone unless it has been re-stored in Texas. Sometimes it appears maybe the administration is hoping that the war will bail out you people in the administration with regard to the farm problems.

Secretary FREEMAN. Is that a question, Congressman? Can I answer now?

Chairman PERKINS. Let the Secretary respond.

Mr. SCHERLE. If you wish.

Secretary FREEMAN. You come from Iowa, Congressman. I think you know the net income per farm in Iowa is nearly \$4,000 higher than it was in 1960, that the price of corn is significantly higher even at this

time of the year than the average it was in 1960, that the correct figures on parity are not 72. Parity income when Federal payments are included is nearly 80 percent. I must say for the record you are totally misinformed.

Mr. SCHERLE. For your information, Mr. Secretary, I think you are way off base in regard to farm figures. I have known it to be the case in the past that you do make mistakes. For example, consider the cattle estimate you made this past spring. You were off about 4 million head. Do you realize what this mistake will cost the cattle feeder?

Now, my question is:—

Chairman PERKINS. Do you want him to respond to the war situation?

Mr. SCHERLE. I do not think the chairman has to coax the witness to respond.

Secretary FREEMAN. The statement made in connection with the war and its effect I think quite demeans your own personal stature.

Mr. SCHERLE. Mr. Secretary, it was not a statement. I said it "appears."

Secretary FREEMAN. It is a little bit disgraceful. You should be ashamed of yourself.

Mr. SCHERLE. Mr. Secretary, I am not, in light of your testimony.

Secretary FREEMAN. Then you don't have enough sense to be ashamed of yourself.

Mr. SCHERLE. I question that statement, particularly coming from you, Mr. Freeman. Perhaps the lack of sense is on your side of the table.

Now, Mr. Secretary, I have heard that it is the objective under Manpower grant to Iowa to replace the rural extension director for an urban director; is this true?

Secretary FREEMAN. No.

Mr. SCHERLE. It is not?

Secretary FREEMAN. No, not to my knowledge.

Mr. SCHERLE. Can you tell me what percentage of the people in the State of Iowa are now in the poverty group under the \$3,000 limit?

Secretary FREEMAN. No, I don't have that number in mind.

Mr. SCHERLE. What percentage of today's farmers throughout the Nation are now in the poverty group?

Secretary FREEMAN. The definition of \$3,000 net income—there would be, I expect, close to one-half of the farmers across the country who would be making less than \$3,000 net income, mostly the smaller farmers.

Mr. SCHERLE. But you have no idea how many are in this category in the State of Iowa?

Secretary FREEMAN. I do not have that number at hand. I would be glad to submit it for the record.

(The figure referred to follows:)

The 1960 census indicates that approximately 44 percent of the farmers in Iowa earned less than \$3,000 net income per year. Because of increases in farm income in Iowa since 1960 it is believed that this percentage has been reduced considerably.

Mr. SCHERLE. Was there any force put upon the Extension Directors to organize under OEO?

Secretary FREEMAN. There was no force. The Extension Directors were told to cooperate long before the establishment of local and educational groups.

They have been doing that for a very long time.

Mr. SCHERLE. It is my understanding that none of these county poverty programs were initiated until the Extension Directors in the various counties were instructed to set these up and got the ball rolling.

Is this true?

Secretary FREEMAN. No, I don't think it is true. There were many committees organized in which the Extension Service did not necessarily play a part. I think it is true when we began organizing rural development area committees back in 1961 that the focal point on that organizational effort was the Extension Service.

Mr. SCHERLE. You made the statement, I think it was last spring, that you were happy that farm prices were going down.

Secretary FREEMAN. I never made any such statement at any time and you are totally misinformed once again.

Mr. SCHERLE. Mr. Secretary, the information that I have and, of course, I can't be at all sure of these things personally but I do read a lot and I am certain in every case the press is not always wrong and you have not been misquoted every time you have made a statement.

Secretary FREEMAN. I have been misquoted a very liberal amount when I have made statements.

Mr. SCHERLE. I have much more faith in the accuracy of the press than you do, then, Mr. Secretary.

I read in the paper that you made the statement that you were happy that prices were going down. I realize that we in agriculture only number 6 percent of the total population and I know this small number does not constitute a huge "vote bloc."

Now, my question is in response to the statement you made at that time. Prices have been going down consistently. I read in the paper this morning where livestock prices now are higher than they have been perhaps in the last year or so. I sold prime fat cattle last spring at \$25 a hundred and lost money. I saw in the paper last week where you and the President jointly submitted a resolution to withhold the flow of dairy imports into this country.

You restricted them by, what, about half? Is this true?

Secretary FREEMAN. You asked a few questions a moment ago. Let me clear the record here. At no time did the Secretary of Agriculture say he would like to see farm prices go down. You made reference to cattle and hogs. Hogs were selling in Iowa for about \$15 when I became Secretary of Agriculture.

Last year they were up as high as \$30. They are right now selling for \$22.50 and there has been a substantial increase in hog prices.

Where cattle is concerned the same is true. They have not gone up as high but they have been substantially strengthened over what they were back in 1960. I have already made allusions to soybeans, to corn, and to net farm income in Iowa which under the feed-grain program has been a very sharp upward movement and, as I say, the highest net farm income per farm in Iowa in history.

Now, the question in connection with the dairy imports, the President, by Executive order, pursuant to law, cut back the dairy imports about 3 million pounds a year and the action was taken 10 days ago.

Mr. SCHERLE. You used existing law to accomplish this under the Agricultural Adjustment Act?

Secretary FREEMAN. That is correct.

Mr. SCHERLE. Why was this not done sooner?

Secretary FREEMAN. If it had been done sooner, it would have hurt the farmers of this country by adversely affecting our position in the Kennedy round negotiations which ended very advantageously to the grain farmers of Iowa.

Mr. SCHERLE. I think first of all we are going to find out in a very short period of time that agriculture did not come out very well in the tariff negotiations in the Kennedy round.

Second, I think we have caused a great hardship to the farmer by not instituting dairy import restrictions earlier when the very Congressman from your State and the rest of the States asked you and the President to take immediate action.

My next question is why not use the same existing law and restrict meat imports? We have asked you this question ever since the session began.

Secretary FREEMAN. The Congress of the United States in 1964 in cooperation with and in concurrence with the meat industry both producers and processors, reached an agreement in connection with a level of meat imports which it was felt that this country could and perhaps should accept and which would not adversely affect cattle prices.

That level has not been reached and that point in terms of quotas has not been triggered and as such the law that the cattle industry recommended in 1964 is still on the books and is still being administered.

Mr. SCHERLE. Isn't it true that this is the only thing they could get through at that time? If this bill were in effect for a hundred years with the loopholes that are now in it, it would never be triggered.

Secretary FREEMAN. No; that is not true.

Mr. HAWKINS. Mr. Secretary, I would also like to commend you on a very excellent statement. I think perhaps you have been too good to Iowa and not as good as you should have been to Los Angeles.

I do have one or two serious questions.

I perceived from the record that rural loan title 3-A loans gradually have decreased from fiscal year 1966, which was \$35 billion, to \$24 million in 1967, and currently the fiscal year 1968 to \$20 million.

Does this represent an absolute increase or is this a revolving fund that is being used over and consequently this apparent decrease is not one actually?

Secretary FREEMAN. It represents a revolving fund. Repayments have been good and that money is being loaned out and the program level has not been reduced.

Mr. HAWKINS. With respect to Community Action agencies in the rural areas, it would appear to me from the testimony that you have given there is perhaps a much more essential function that they serve in the rural areas than that which they serve in urban areas.

In other words, would it be possible if the program were fragmented for you to deal with multicounty organizations as one agency and actually render another type of service that you are now rendering in a coordinated way through a CAP agency that involved other Federal agencies?

Secretary FREEMAN. I am not quite sure how to answer that question.

Mr. HAWKINS. Perhaps I can rephrase it a little better. It would seem to me that people living in rural areas are much more isolated than those who live in urban areas and, consequently, for any single Federal agency to render a service on its own would involve an administrative expense first of all which would necessarily be duplicated by every other Federal agency.

Consequently, it would seem to me in the case of the rural CAP that would involve not one but many, many counties, and that because of this it would be almost impossible to try to fragment the service and render the type of service that you are now rendering through a coordinated agency.

Secretary FREEMAN. I would certainly agree. We could not possibly have an office for every Federal department for every county in the United States.

Mr. HAWKINS. But you can find it economical to share in the cost, let's say, along with other Federal agencies.

Secretary FREEMAN. That is correct, and the whole concept of the CAP agency and the TAP groups within the Department of Agriculture is to have this outreach so that you can use people presently on the spot to provide a conduit and in many cases provide actual staff help for departments and programs that are not staffed in that locality.

Mr. HAWKINS. With respect to the situation referred to in Mississippi, the implication was left that because of certain sensational stories about people starving that pressure was put on the OEO and the OEO in turn had to somehow put the pressure on you. If I can recall, was it not a request of a cooperative relationship that existed between the Department of Agriculture and OEO that brought what little relief was brought to these people?

Secretary FREEMAN. Yes, it was. We have been expanding the food program and the food stamp program for the last 6 years until now it reaches every county.

That is not to say it reaches everyone in the county. There have been some counties that did not put a program into effect because they said they didn't have any money and could not afford to pay the administrative costs. In those cases we approached OEO who came in and picked up the tab for some of the administrative costs in those counties.

Conversely, when we have had some question in terms of the proper level of the food stamp program in regard to the amount of money people were spending for food and certain people with intermittent or very low incomes did not have funds available, OEO came in and made arrangements for a loan to these people so they could qualify under this program, so it is a very good example of cooperation.

I want to hasten to say that this program has not reached everyone. It is going to require more funding, it is going to require more resources, it is going to require more emphasis and it is going to require more coordination to reach the essential diet, which had been gradual.

Up to 6 years ago we didn't have a food program and now we have 1,600,000 people on the food stamp program. Six years ago we didn't have anyone working on this program. Now we have 700 throughout the United States.

I am not satisfied but I think we have made some progress and if

we can keep it running, we should be able to reach everybody we want to reach.

Mr. HAWKINS. What is your opinion with respect to the amount of money being spent on rural poverty? Would you say not enough money was being spent? We were perhaps left with the impression that you were in agreement with the amount now being spent.

Are you in agreement that enough is being spent or that more could not be effectively spent if made available?

Secretary FREEMAN. No, sir; I did not mean to leave that impression at all. I think we are now in a position and have progressed organizationally enough that we would effectively and efficiently spend more funds to carry these programs forward more rapidly.

Mr. HAWKINS. Thank you.

Chairman PERKINS. Mr. Steiger?

Mr. STEIGER. Thank you, Mr. Chairman, and good morning Mr. Secretary.

One of the problems that has disturbed me—and I touched on it with Mr. Shriver and others in their testimony—has been what I would judge to be a failure in OEO to adequately cope with rural poverty.

According to the figures that Mr. Shriver gave us, some 32 percent of the community action agency funds for fiscal year 1967 went to rural areas. This will be increased to 36 percent in fiscal year 1968.

I know that you are deeply concerned about this particular problem and discuss this in your testimony. I wonder whether or not you have any thinking for this committee in terms of the fact that so much of the Community Action program funds are earmarked and not versatile?

Has this problem come to your attention and the fact that this makes it more difficult for a rural CAP agency to effectively meet the needs of their area?

Secretary FREEMAN. Frankly, I don't think it is earmarked very much. It is one of the programs in which there has been rather wide discretion as to how CAP is going to spend its money locally.

There has been a good deal of flexibility and I think that is very important and as a result there are a whole variety of different CAP programs which are developed to local indigenous needs and it is a matter of local resources to have more CAP's and have more money for those that are operating satisfactorily.

Mr. STEIGER. Let's take Wisconsin. Only 28 percent of the funds in Wisconsin are versatile and the balance is earmarked for specific programs and specifically in my State for the Headstart and Nelson programs but this has created some very real problems for the local CAP agency.

Secretary FREEMAN. The local CAP agency needs more resources I would certainly agree.

I don't think that the programs that are pending—you mentioned two—that the Job Corps program or the National Youth Corps or the Nelson program—these, I think, are very meritorious as well. I believe within the resources that the distribution of funds is about as equitable and wise as could be made.

Mr. STEIGER. Wouldn't you think we ought to go to a greater degree of versatility and less earmarking to allow the CAP agency to have the greatest flexibility to meet its own needs?

Secretary FREEMAN. I think the CAP agency has wide discretion. The problem is they don't have enough money. I really don't think it is a limitation on their discretion. It is a limitation on their resources.

Mr. STEIGER. What kind of work are you doing with the Department of Agriculture or with OEO to try to alleviate the problem of the older farmer who no longer is capable of farming but who is still employable if we can provide a skill to make the kind of transition necessary from agriculture to some kind of a job opportunity so that he can maintain his self-respect?

Secretary FREEMAN. No. 1, I think the OEO loans proper have been very helpful in trying to develop some supplemental source of income.

We had a demonstration over in the patio of the Department of Agriculture about a month back with an elderly gentleman doing a little part-time farming who got such a loan, and he was a very skillful woodworker and he got a lathe and woodworking equipment. He is now selling items he makes successfully. We have had a program with local people to try to stimulate industry and bring new jobs to communities so this kind of a person could have—and many of them are women—full or part-time jobs to supplement that income.

The program of loans under the FHA for recreation has resulted in many cases where men who felt they could not farm actively but could convert some of their lands into recreation facilities like camping, picnicking areas, sometimes fishing, sometimes hunting—a good bit of this has taken place.

Many of these people have wanted to and have successfully worked on the Nelson Act projects—various kinds of conservation and environmental improvement programs.

There are a good many different things that are taking place along these lines.

Mr. STEIGER. In view of the fact that some 46 percent of our Nation's poor live in rural areas, are you satisfied that at the level of 36 percent which is estimated for the fiscal year 1968 we are doing enough for our poor?

Secretary FREEMAN. No, I am not satisfied but I approve of the direction in which they are moving which is more. In other words, the percentage we have put in the rural areas after a rather small start initially has been steadily growing.

It is true that 45 to 50 percent of the poverty is in rural America with roughly 30 percent of the people there.

But I don't think it necessarily follows that you should say 50 percent of the resources should be going for poverty or whether it should be 60 or 40. It started out with a rather small percentage going to the countryside because the cities were, by and large, able to organize, apply, get funded, and get moving more quickly and there are very special problems in getting these programs moving in the rural areas.

We have recognized this and we are beginning to move, I think, very aggressively in that direction. I am not satisfied rural areas are getting all we can get but I am pleased that we are making strides toward the goal.

Mr. STEIGER. OEO has funds for only 50 new rural CAP agencies in fiscal year 1968. Do you think there should be more?

Secretary FREEMAN. I think there should be many more.

Mr. STEIGER. Do you think it is possible to effectively spend more than the President requested in the OEO budget?

Secretary FREEMAN. Yes, I think we could spend more money responsibly and effectively. I think we could spend a lot more money on other things that the Department of Agriculture would responsibly like to do. I would like to spend more money on soil conservation, watersheds, and in a number of other places which I could mention.

Mr. STEIGER. Could you guess how much more money OEO could effectively spend?

Secretary FREEMAN. No, I would hesitate to put a dollar sign on that. I am sure that in these CAPS they could use a good deal more.

Mr. STEIGER. Have you worked with OEO to encourage them to spend a greater share of their funds in rural areas?

Secretary FREEMAN. Very much so. We work very closely with them in that respect and have suggested from time to time that a little more emphasis in rural America might be in order.

Mr. STEIGER. I will yield the balance of my time to Mr. Quie.

Mr. QUIE. Following along the line of Mr. Steiger, you mentioned you wished you had some more money to use in the Forest Service and the Job Corps program operates 42 or 47 percent.

You also mentioned one of those two figures in your testimony.

What kind of work are these young men doing in the Forest Service which is fulfilling a need that had gone wanting for some time?

I am not talking about the help this program gives to the young men, but I am talking about the help they give to the Forest Service in trying to accomplish some of the work it is trying to do.

Secretary FREEMAN. Building trails, building camping and picnic areas, building recreation areas, doing tree planting and tree thinning where needed, fighting fires.

Mr. QUIE. Could you put a dollar figure on that, the value to the Forest Service, assuming the Forest Service was going to go out and hire this work done to accomplish its purpose?

Secretary FREEMAN. I don't have that figure, but I could get it and submit it for the record.

(Figure follows:)

We estimate the dollar value to the Forest Service from these services to be \$16,890,000.

Secretary FREEMAN. Incidentally, I saw it down in Indiana, at a place called Saddle Lake 10 days ago where the Forest Service built in conjunction with the Public Law 566 watershed recreational facilities for changing clothes, picnicking, camping, and necessary retention walls. They brought in sand and developed a really very, very attractive and very desperately needed swimming and boating and recreation area which would serve a lot of people and bring some money into that community.

Now, the difference between what it would have cost to contract that out than to have the boys do it I don't know, but I do know the project was extremely worth while from the standpoint of the end product.

Mr. QUIE. When the picnic tables are built, and the trails put in and so on within the area of the Job Corps camp, do you expect to be

moving the camp later on? Is that the plan or do you expect to transport the boys over longer distances?

Secretary FREEMAN. I expect it will very obviously be from area to area, but in most of these areas there is more than enough work to be done for the number of people in the camps.

I don't think that faces us with a very serious logistical problem. In terms of planning and thinning trails and roads—we are so desperately short of those and need that kind of work that there is just a great deal of conservation work that needs to be done without having to travel very far to do it.

Mr. QUIE. If you are using it primarily for conservation work, thinning, working with the trees, that would be one thing, but I would imagine you would run out of picnic tables to build and trails to build.

Secretary FREEMAN. Maybe picnic tables, but we use a lot of them in other work, too. I can assure you that they are easily transported to the work areas or vicinities. I don't think there is much danger of running out of work on the camps.

Mr. QUIE. If you were given additional money could you place a substantially increased number of young men to work in the Forest Service?

Secretary FREEMAN. Yes.

Mr. QUIE. How many do you think you could assimilate in this coming year if such were the case?

Secretary FREEMAN. Of course, you would have to build the physical structures, but let me give you by way of an example: when the accelerated Public Works program went into effect in 1962 we put 10,000 people in the woods in 2 weeks.

Mr. QUIE. Could you duplicate that?

Secretary FREEMAN. You couldn't quite duplicate that because of the mechanics of getting these boys and the recruiting and the medical care and clothes to stock the camps in which they could be placed, but given the necessary leadtime to take care of the logistics we certainly could use 10,000 more to good advantage.

Mr. QUIE. You undoubtedly have an interest in building the picnic tables, thinning the trees, building the trails, and so on, but what kind of interest does the Department of Agriculture have in the boys themselves or is this the responsibility of OEO?

Secretary FREEMAN. Legally, the responsibility runs to OEO. We have been learning on the job so to speak as to how you mesh the relationship and the operation so the education, the discipline problems, the effort to stimulate and inculcate good citizenship now is being delegated by OEO to the Conservation Corps director, except broad standards and policy direction which is established nationwide and which draws then upon the best talent and understanding and most recent information in that connection.

So, I would say there is an increasing delegation of day-to-day operation responsibility including the handling of the young men as well as the physical work that is done.

Mr. QUIE. How many of these young men have been hired in the Forest Service after they completed their training in the Job Corps?

Secretary FREEMAN. The other day when I spoke at the graduation ceremony out in Indiana, I recruited one personally and took him

aboard. There are quite a few, as a matter of fact. I don't have the exact number.

Mr. QUIE. Would you please provide that information for the record. Secretary FREEMAN. I would be happy to.

(The information requested follows:)

The Forest Service states that approximately 150 corpsmen have been employed in full time jobs.

Mr. QUIE. Do you have information as to the number of boys who have gone into conservation-type work as a result of their training in the Job Corps centers, not hired necessarily by the Job Corps center?

Secretary FREEMAN. Let me check that, too, for the record and submit it.

(The information requested follows:)

Approximately 640 have been placed in conservation and conservation related jobs including farming, fishing and forestry.

Mr. QUIE. Would you also provide information on the number of young men who have completed their training who have gone into the work in the area in which they are trained.

I understand not all of them have been trained for conservation work. Some have been taught to run heavy equipment and so on.

Secretary FREEMAN. They very often go from the basic Job Corps training camps to another center where they get advanced training in connection with whatever skill they are going to follow.

I take it that that would be included in your question, those that went on for advanced training?

Mr. QUIE. You could add that to it, those who have graduated and gone on to advanced training and to urban centers. I understand the number is small for those who made the transfer, but I think plans are to increase this in the future.

(Information requested follows:)

From the beginning of the program until February 20, 1967, 6,470 that have graduated have been placed in jobs or gone on to advanced training or urban centers.

On page 14 at the bottom of the page, these are the recommendations and improvements in the changes that should be made, and you say:

We also believe that a start should be made on joint funding and administration by two or more Federal agencies of local anti-poverty projects.

Could you elaborate on that?

Secretary FREEMAN. One example would be what I described a moment ago under the fod programs where OEO picked up the local administrative costs and where the Federal Government made the food available and paid the transportation costs to get it there under the Food Stamp plan where they are making certain loans in order to qualify under the Food Stamp program.

This is a jointly funded type of operation. I think there are endless kinds of combinations that might be made. For example, joint programs on housing. If grants could be made under OEO and loans could be made under FHA and then training programs leading to jobs again under the Labor Department, you have a joint program in some respects—I guess we can call it impact programs in certain places.

As I read it this is more or less a general statement which encourages

the combination of different kinds of programs with joint funding to reach a common goal.

Mr. QUIE. Isn't this being accomplished now? How is that different?

Secretary FREEMAN. I don't think it is much different. I think it is mainly encouragement to do more and coordinate better and combine funds more effectively.

Mr. QUIE. We get the impression from your statement that we should start to do this. Your statement also gives the impression that none of this was done before.

Secretary FREEMAN. Then I think the statement should be corrected and I stand corrected because it has been going on. I think specifying it in the law merely means validating it and specifying more.

Chairman PERKINS. I took it from Mr. Quie's question that he was implying nothing more than a leaf-raking operation had taken place.

Mr. QUIE. I don't know what you were listening to, Mr. Chairman.

Chairman PERKINS. I thought you wanted to know what else was being done?

Mr. QUIE. Of those in the training corps work, I wanted to know how many had jobs since I said I understood they were trained in other fields such as the heavy equipment operation and I wanted to know how many got jobs in this field and the Secretary mentioned that some were even transferred to an urban training center. He suggested he would put in information concerning that training.

But I didn't get the impression that I was asking questions with the implication that there was only leaf raking operations at least in the woods there would be enough leaves to rake so you would not have to move them more than once.

Chairman PERKINS. You certainly train those youngsters in masonry, carpentry, even before they are transferred to the urban centers and sawmill in many instances do their own construction work and different types of construction.

Am I correct that is before they are transferred to urban centers, that is the ones that are transferred to a more comprehensive program?

Secretary FREEMAN. There is a good deal of that. If you will pardon the personal reference, just the one I was in a week ago, they had grouped certain kinds of directions in which the boys might want to move.

One might be heavy machine operations in trucks and they started and got very basic beginning training and then used these machines themselves.

Another was in the carpentry and woodworking area with a course in tools, how to take care of tools, and so on, and that goes on to using other skills.

Another might be in the cooking area, where some might be interested in food and cookery. I think another one was directed toward office work, machines and that type of thing.

So, there was, of course, the basic education training.

One of the boys that graduated at the ceremony I was privileged to participate in had been a high school dropout.

He was only 16 years of age. He had done poorly generally in high school. He had gotten to that camp. He had done so well on general

educational development tests that he had already gotten a high school diploma and he was going to enter a university in New York this fall at 16 years of age.

It was a striking and exciting example of really just finding someone with exceptional talents and getting him moving.

Mr. QUIE. From the Harris Survey, I note that only 29 percent of those who graduated from the conservation training said they were given enough training. This seems to be quite low and when you look at the others. Also in the Harris Survey where they gave the percentage of people in the occupation of what they are trained for, conservation was not included. Yet 3 percent received training in conservation farming and went into it.

I would ask, Mr. Chairman, that these two tables from the Harris Survey, be placed in the record. One is on page 50 and the other is on page 76 of the Harris Survey No. 3.

Chairman PERKINS. Without objection, it will be placed in the record.

(Tables will follow:)

Were you given enough training to get job

[Base: Total]

	<i>Given enough training (%)</i>
Total.....	26
Graduates	43
Negro	44
White	40
Urban	50
Conservation	29
Dropouts	16
Negro	17
White	16
Urban	18
Conservation	16
Discharges	17
Sex/type of center:	
Men	25
Urban	29
Conservation	21
Women	39
Race:	
Negro	27
White	24
Length of time in Job Corps:	
Less than 3 months.....	10
3 to 6 months.....	22
More than 6 months.....	52
Type trained for—	
Professional and technical.....	34
Clerical and sales.....	35
Service	32
Farmers, fishing.....	25
Machine trades.....	18
Bench work.....	28
Structural work.....	26

Type of job now by Job Corps training

[Base: Working now equals 57 percent]

[In percent]

Present occupation	Trained for in Jobs Corps:						
	Profes- sional, technical	Clerical, sales	Service	Farming, fish	Machine trade	Bench- work	Struc- tural work
Professional, technical.....	34	10	3	-----	3	-----	4
Clerical, sales.....	15	36	8	8	5	-----	3
Service.....	23	19	38	38	7	28	22
Farming, fish.....	-----	4	-----	3	5	3	4
Processing.....	8	2	3	8	6	21	11
Machine trades.....	4	8	13	13	20	14	4
Benchwork.....	4	2	3	8	6	10	11
Structural work.....	4	-----	5	11	10	10	16
Miscellaneous.....	8	19	27	11	28	14	25

Secreary FREEMAN. I think we will have more in soil conservation and forestry but most of the permanent employment in those agencies are at a professional level.

I think we are finding a number of boys that want to go on and would like to become a forester or soil conservationist but they would not have had time to complete that.

Let me check that out for you.

I have checked this out and find that the 3-percent figure referred to by Congressman Quie includes farming, fishing, and forestry related work. We have found the emphases to be on the forestry related work. Further I have verified my statement that most of the corpsmen require further training in order to be foresters or soil conservationists but the program has not run long enough to complete.

Mr. QUIE. I think a lot of the information being furnished is useful. The idea of men being employed in the Forest Service has been promoted for a long period of time, long before the Job Corps came in existence. This was also long before it was even advocated in the early 1960's.

Let me finish by asking some questions on the versatile program.

I was surprised in your answer to Mr. Steiger that you did not appear in favor of eliminating the earmarking of the funds. You merely answered that the community action agency programs are versatile now and if there is more money there would be a substantial amount of money available for them.

There is a tendency for earmarking programs, providing money for areas in which Congress has the greatest interest. These tend to be programs mostly for the large urban areas with the exception of the Nelson program which is primarily for the rural areas.

As we move into earmarking programs, and if it continues to operate as unwisely as it did in the last Congress, I believe it tends to take money from versatile programs and puts it into earmarking programs which had been funded by versatile programs before. If we continue to do that don't you believe this will actually short the versatile programs for the rural area?

Secretary FREEMAN. I don't want to be misunderstood on this. What I meant to say was simply this: There are some of the programs which have been delineated like the National Youth Corps, the Job Corps

camp, the OEO loans, and we could go on—the Headstart program, too.

Mr. QUIE. Perhaps there was a misunderstanding. From the beginning the Job Corps was separate and the Neighborhood Youth was separate, and so on. But at its inception, programs for narcotics, for Headstart, for Nelson programs, for legal services and adult education, were all versatile programs. That is, adult education was earmarked as part of the community action programs and all versatile programs were to be funded by the local community action program as they felt the need.

These are the earmarked funds Mr. Steiger was talking about where there was a shift from the versatile to the earmarks, but not the originally earmarked programs.

Could I have your comments on this?

Secretary FREEMAN. You are asking within the funds that go to the local community action program is the tendency sound to earmark those funds and set down what they should be spent for as distinguished from naming them in general and leaving them up to the local community action.

I have mixed emotions about that, to be quite honest. I am sure the Congress would want and as Administrator, myself, at times I would want to give priority to certain programs that I think ought to have some emphasis.

On the other hand, you would not want to foreclose unduly the discretion of the local people in the program who after all are very close to it and who ought to have as much flexibility as possible, so I would be pulled both ways.

I would say I would tend to feel there should be a maximum of flexibility, but I would not myself want to be so handcuffed if I were administering this if I believed a program for what I felt to be a good reason should have top priority that I would not be in a position to do something about it.

Mr. QUIE. As I understand, the Administrator could have full authority to do what he wanted about this. As to whether the Congress should strap the Administrator and the community action agencies by putting in earmarked programs—I would say to you, Mr. Secretary, if the Congress does move in the direction of earmarked programs, and I don't believe they should, that you should start dreaming up some for the rural earmarked programs because 36 percent of nothing is not very much. Most of the earmarked programs go to urban areas and there only remains a small amount for versatile programs, 36 percent of that isn't going to be very much for the rural.

So, if the urban areas are out getting their earmarked programs, the rural areas had better go out and try to get their programs, too. For instance in the narcotic programs, we don't have much in the rural area—

Secretary FREEMAN. Headstart and training programs, however, are helpful to the rural areas.

Mr. QUIE. Rural services are not as much help to the rural areas as the urban area. This is my concern. I think the Congress in its trial run on earmarking programs last year made a mistake. I think we ought to leave it at versatile programs because what fits a community

in my congressional district surely would be different from that of a rural community in Mississippi or Alabama.

That is all I have, Mr. Chairman.

Mr. GOODELL. Mr. Secretary, I have had the opportunity to review some hearing which occurred in another committee of Congress, before Mr. Resnick's subcommittee, and I notice that in a number of places during the course of the hearing he was very unhappy with the lack of emphasis on aid to rural areas.

He went so far at one point to say, "I know again in my own State of New York the priority goes to the city and the rural area gets what is left."

Mr. Lowell H. Watts, answering questions before that committee, who, I believe, is the director for extension of university services, Cooperative Extension Service of Colorado, made this statement.

(Mr. Watt's statement follows:)

TESTIMONY OF THE EXTENSION COMMITTEE ON ORGANIZATION AND POLICY (ECOP)*

May I first of all thank your Committee for the opportunity to present testimony as part of your analysis of development programs in rural America.

My name is Lowell Watts. I am Chairman of the Extension Committee on Organization and Policy, more commonly referred to as ECOP. With me today are Dr. G. W. Schneider, Associate Director of the Cooperative Extension Service in Kentucky and Chairman of the ECOP Subcommittee on Community and Resource Development, and W. M. Bost, Director of the Cooperative Extension Service in the State of Mississippi and a member of ECOP. We represent the State Cooperative Extension Services of the fifty states and Puerto Rico.

As you know, the Cooperative Extension Service was authorized in 1914 under the provisions of the Smith-Lever Act. The growth of Cooperative Extension educational programs across the country has resulted in the gradual development of a unique educational system which focuses upon the use of new technology and information to solve everyday problems of people at the local level. The involvement of our extension agents and our staff specialists has brought the Extension program into an extremely close relationship to the people whom we serve.

THE FUNCTIONS OF COOPERATIVE EXTENSION

Functioning as an educational arm of the Department of Agriculture and as a grass roots problem solving extension of our land-grant universities, we share with this Committee a concern for the welfare of rural America. Our close and continuing contact with people in their local environment has also brought to our attention certain types of problems and concerns which we feel are of relevance to your Committee in its review of federal assistance in the development process.

Extension's early activities might best be described as that part of an educational process aimed at promoting and encouraging change in individuals. The sum total of these changes has made and is continuing to make possible the highly efficient commercial agriculture which provides the American consumer with the world's best food supply at less than twenty percent of disposable income.

Unfortunately, the past concentration on agricultural production largely ignored the more complicated inter-relationships of individuals and families with their communities and ignored almost entirely community inter-relationships within the broad economic and social framework of the nation.

As we look at the role of Cooperative Extension today we recognize that in addition to individual learning, the processes of planning and development also require the stimulation of group decision making as basic to development. Said

*Presented by Lowell H. Watts, Director for Extension and University Services and Director of Cooperative Extension Service, Colorado State University and Chairman of ECOP; G. W. Schneider, Associate Director of Cooperative Extension Service, University of Kentucky, and Chairman, ECOP Subcommittee on Community and Resource Development; and W. M. Bost, Director of Cooperative Extension Service, Mississippi State University and a member of ECOP.

another way, the initial purpose of Extension is to enhance *individual decision making* and the second purpose is to enhance *group decision making*.

Development in a nation such as ours requires recognition of the community as a fundamental unit involved in structural change. Structural changes affecting the community will not take place until and unless there is sufficient understanding, information, and motivation by decision-makers to make such changes both possible and palatable at the community level.

NEED FOR RURAL DEVELOPMENT

Rural communities lag behind the rest of the Nation in many aspects vital to the social and economic development of our country. Chief among these are inadequate education, family income, job training, employment opportunities, health, housing, and community institutions and facilities that make for a viable society.

Moreover, rural areas do not have the organizations, agencies, and professional personnel common to large metropolitan areas which provide leadership and technical assistance for coordinated development of all aspects of their community. The large metropolitan areas have planning commissions and planning authorities and many subdivisions of government to carry out specific programs of transportation, urban renewal, housing, health, water and sewer development, job training and similar aspects of human, natural, and economic development. These planning commissions and governmental subdivisions usually have full-time technical staffs which make studies, forecast needs, and prepare proposals for use of government grant and loan programs. Consequently, the urban areas get the lion's share of government assistance.

The fact that half of this nation's poverty exists in rural areas but that a majority of funds now go to metropolitan areas illustrates this impact.

PROBLEMS IMPOSED BY RAPID PROGRAM IMPLEMENTATION

Those who live in rural areas are often viewed as ultra-conservative and as slow in adapting to new ideas. The very fact that our agricultural industry has moved forward rapidly during the past two decades indicates that this is not necessarily true. *Rural Americans will change and will innovate providing they have a full understanding and appreciation of the reason for change and are convinced the changes can be beneficial for them.*

If we review the history of agricultural development we recall the early difficult days of the county agent whose first job was to win the friendship and confidence of the farmer whom he sought to serve. Only after this confidence was achieved was the agent able to provide the innovative stimulation which resulted in progress in agricultural production techniques.

As we turn to the present day, it would appear that some parallels can be drawn. The types of problems faced in rural America are many and they are highly complex. They involve communities, regions, and trade areas which often transcend not only county but state lines.

The concern regarding local problems is relatively high. The factors that are forcing changes upon rural America are much less well understood. Local residents should not be expected to apply corrective innovations until the agencies assisting them win confidence and trust.

The rapid evolution of many different programs in a short span of time has, however, tended to confuse the small town resident and has resulted in suspicion of intent and outright opposition in some cases.

Testimony already presented to this Committee has indicated some disenchantment at the local level with many federal development programs.

Secretary Freeman in appearing before this Committee on June 6 acknowledged that, "... some local communities are prejudiced against federal assistance." He then emphasized the serious efforts being made within the executive branch of government to coordinate development programs and to develop model applications to cut down on duplication of effort and complexity of filing for federal assistance.

PROLIFERATION OF GOVERNMENT PROGRAMS

The proliferation of government assistance programs and the lack of technical assistance for dealing with them in a meaningful manner has caused confusion and frustration in rural areas. The latest *Catalog of Federal Assistance Pro-*

grams, published by the Office of Economic Opportunity on June 1, 1967, lists 459 different "domestic programs to assist the American people in furthering their social and economic progress."

With such a vast array of programs and the complicated and variable procedures and requirements for obtaining assistance under them, it is no wonder that rural communities not only lag behind but also suffer untold frustration in trying to take advantage of these programs. In my own state of Colorado one of the few successful rural community proposals has been the direct result of one individual who was willing to work almost full-time in studying various programs and in seeking guidance in proposal development. This individual has suggested that programs provide staff assistance to rural communities to assist local leadership in understanding required procedures and proposal requirements.

PROGRAM OVERLAP

The charts attached as Appendix A are illustrative of another type of problem—program overlap. Figure 1 shows Colorado counties involved in the Southern Colorado Economic Development District. Two of the same counties have been designated as redevelopment counties. Figure 2 outlines the area served by an OEO sponsored development project. Figure 3 shows area Economic Development Regions established by a division of state government. The counties previously shown are included. These regions have now been consolidated into a statewide group for compliance with statewide planning under the Federal Planning Assistance Program. Figure 4 indicates counties in the Four Corners Economic Development Region for assistance under the Public Works and Economic Development Act of 1965. And finally we note the same rural counties embraced within a newly designated Federation of Rocky Mountain States under a Department of Commerce grant. It is small wonder that local residents are confused—and these are only selected illustrations, certainly not a complete roster of available programs.

NEED FOR COORDINATED DEVELOPMENT OF ALL RESOURCES

As important as federal assistance programs are, they are but a resource and not the total answer to the problems of rural areas. Until local people are with, the limitations of these resources, and how they can best develop them, rural development fostered by government assistance programs will at best be only on a piece-meal basis and at worst will build antagonism between the federal agencies and local governments.

Local people must know the causes as well as the cures for their own unique situation. This requires knowledge and understanding of social and economic forces, knowledge of the close association between educational levels and economic well-being, knowledge of structural imbalances within their area, knowledge of the human, economic, and natural resources of their area, and—most of all—it requires the will and ability to do something about their situation.

Once the leaders of rural areas are motivated and trained to carefully analyze their situation, they are then—and only then—in position to study the various alternatives for development including the use of government assistance programs.

We spoke earlier of the need for educational programs if development efforts are to be successful. As I personally see it, there has been heavy emphasis on action phases of a myriad of new programs, but too little thought and almost no financial support to educational efforts to make the action phases fully effective. Cooperative Extension has attempted to modify its programs to assist. A few examples may illustrate. In reviewing them, please keep in mind the fact that only \$700,000 has been appropriated nationally to support state programs of Community and Resource Development in the last several years.

ROLE OF THE COOPERATIVE EXTENSION SERVICE IN RURAL DEVELOPMENT

Extension resource development work is directed at developing and marshaling the leadership of rural communities in a concerted development effort. Through systematic analysis of needs and opportunities, community leaders are

assisted in planning and developing a wide range of projects for improving human, economic, and natural resources.

Such work has many facets. It most generally starts with the identification and solution of a pressing problem or opportunity. However, once people are involved in study, analysis, and action they soon see there are many other opportunities which can be developed. One accomplishment fosters confidence and leads to the determination to take on more complex problems. Whole communities and regions have been revitalized through this approach.

Two specific examples of how this process has worked in Arkansas are attached as Appendix B.

Cooperative Extension is currently working with more than 3150 county development groups and 565 area development councils involving more than 100,000 people. In addition, it is working with more than 2300 chambers of commerce, 1100 industrial development corporations, and 3600 units of local government.

Latest reports on the number of new economic development projects which Extension workers helped to initiate during the last six months of 1966 show:

Agricultural marketing and processing-----	2,135
Nonagricultural business and industry-----	1,488
Recreation and tourist businesses-----	1,644
Other economic development projects-----	358

Extension workers estimate that some 55,176 new jobs were created during the past year through economic development projects in which they provided assistance, not to speak of added income and expansion of local business activity.

This same report shows that Extension workers assisted in the planning and development of the following number of new community services and facilities during the past six months:

Water and/or sewer projects-----	1,495
Schools and education programs-----	1,443
Recreation projects-----	1,517
Health facilities and services-----	755
Other public facilities and services-----	508

In the area of human development, Extension assisted community groups in planning and developing more than 941 job training programs involving 28,500 persons during the last six months of 1966. Extension has helped more than 700 communities organize OEO community action agencies and has assisted these agencies develop more than 1,700 programs. Extension is currently supervising 4,057 professional and subprofessional workers assigned to OEO and related low-income projects.

Appendix C lists typical work by Extension in support of agency programs in the State of Mississippi.

These results are encouraging but represent only a fraction of the program effort needed. It must be admitted, however, that these results have been achieved primarily by staff overload and program reorientation. Extension's educational efforts to support expanded development programs of other agencies have been supported by almost no increase in staff or operating budgets. It is not reasonable to expect this imbalance to continue if development efforts are to achieve their maximum potential.

THE "NEW AGENCY" PHILOSOPHY

I would be less than candid with this Committee if I failed to express to you a concern that has permeated the discussion of development programs and inter-agency coordination in many Extension Directors' meetings. I am speaking simply of the philosophy that all "new" programs designed to serve rural America or to serve the development process generally must be conducted by completely new agencies in order to protect the legislative intent and administrative philosophy behind the new program that might be involved.

As a public administrator I will readily admit that established organizations are continually plagued by the problem of updating their programs, their organizations, and their activities to meet urgent current needs. Nevertheless, I feel quite strongly that in processes as complicated as development programs, which require public confidence and involvement, it is not always desirable to have entirely new agency leadership involved. It may be entirely appropriate that a new agency be organized for some new programs in order to maintain the focus of activity intended. In this process, however, it appears that particularly in rural America, established organizations which have the confidence of local people must not and should not be bypassed or acceptance of the new program is lessened. We have found that the extension agents cannot over-identify with some programs and maintain a position of objective leadership. But the agent can greatly assist local people to understand and use programs if given the time and staff support necessary to obtain public understanding of the primary issues, program objectives, or benefits.

MULTIPLICITY OF PLANNING BODIES

The multiplicity of organizations seeking to provide assistance in rural America has already been commented upon. One factor which should be stressed involves the planning arrangements and involvement of local leadership in program development and activity.

Many of the older organizations, and this is especially true of Cooperative Extension, have for years utilized local leadership on advisory committees in order to develop programs which are of greatest effectiveness for local people. As new programs have been conceived in recent years, local leadership has also been sought in one mechanism or another to assist the program.

All too often agencies ignore the fact that the same people who are considered leaders for one program will also be used as leaders for another. When development programs involving different procedures and similar objectives involve the same people in different programs, local leadership becomes overburdened with detail, confused by differences in procedures, and disenchanted with all of the activities as a final result of the experience.

The disenchantment of overworked and scarce lay leadership is resulting in more vocal criticism of the multiplicity of planning bodies and the variance in procedures required to obtain assistance under different programs. Until or unless this can be corrected, it may be expected that serious criticism will be received from local areas.

RECOMMENDATIONS

It is not our purpose today to criticize any agency or activity. We would hope, however, that a review of problems at the local level would assist your Committee in evaluating the following recommendations:

1. *Reduced Multiplicity of Planning Bodies.*—Unless the federal government can provide some leadership in standardizing the planning procedures and in using an over-all planning group, the proliferation of planning groups and resultant disenchantment at the local level will continue. Any steps that could be taken to standardize procedures for receiving grants and to reduce planning to a single or at least a limited number of planning groups for all programs would materially increase effectiveness and reduce criticism.

2. *Establish an Educational Base for Action Programs.*—Action programs implemented without the understanding of local communities are seldom fully effective. An educational base for action programs will result in an informed public which can more effectively infuse existing local needs into programs. A continuing education-information capability to involve local leadership and inform local citizens of program concepts, purposes, and activities should be provided. Initially this function should be given far greater priority in establishing new programs.

3. *Specific Earmarking of Funds for Rural Areas.*—Rural communities do not have a professional talent to enable them to compete effectively with metropolitan regions for federal assistance. Specific earmarking of funds to be used in rural areas would protect the interests of rural Americans and equalize federal assistance.

APPENDIX A
COLORADO

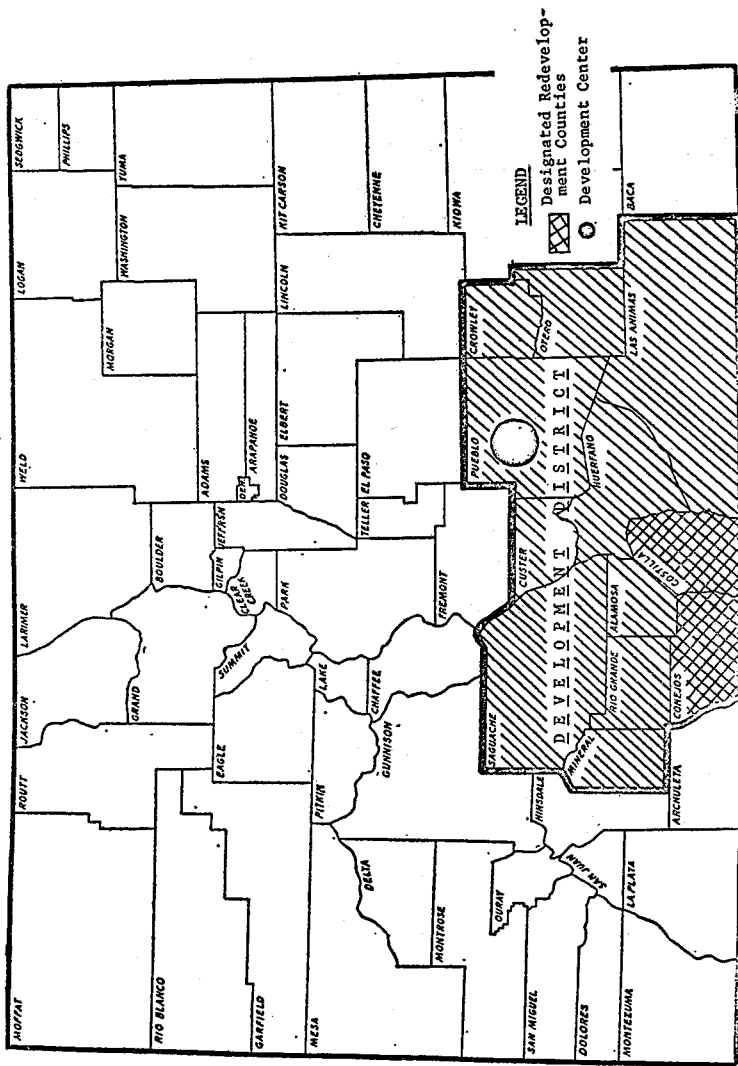


FIGURE 1.—Southern Colorado Economic Development District.

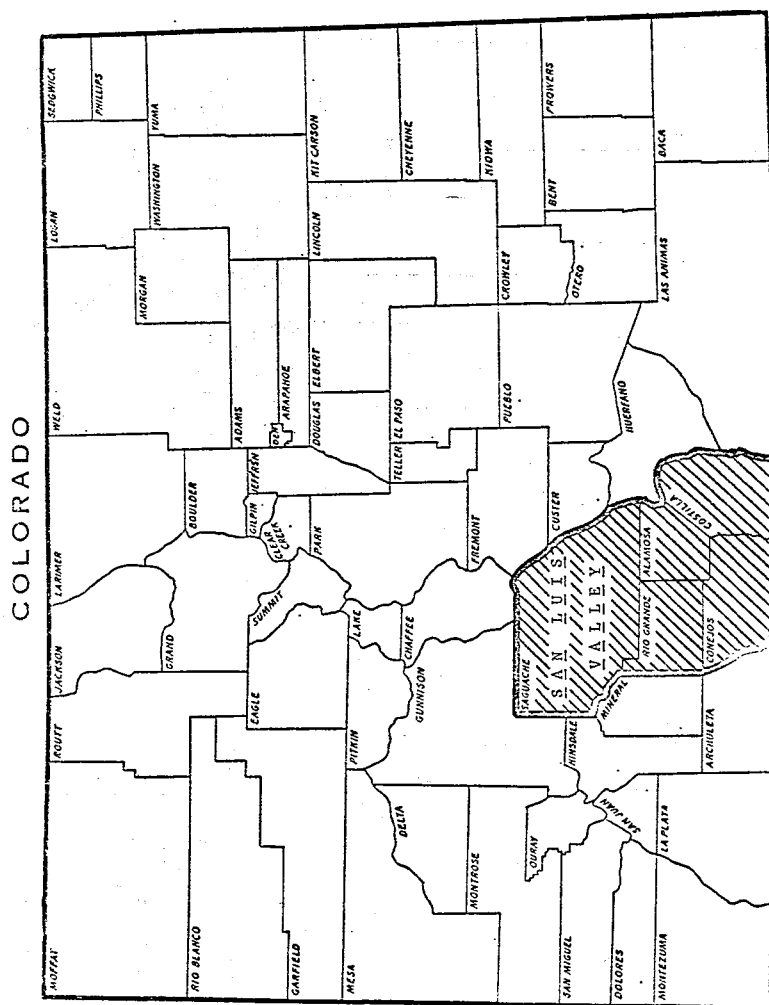


FIGURE 2.—Lazy S Community Resource Development Project.

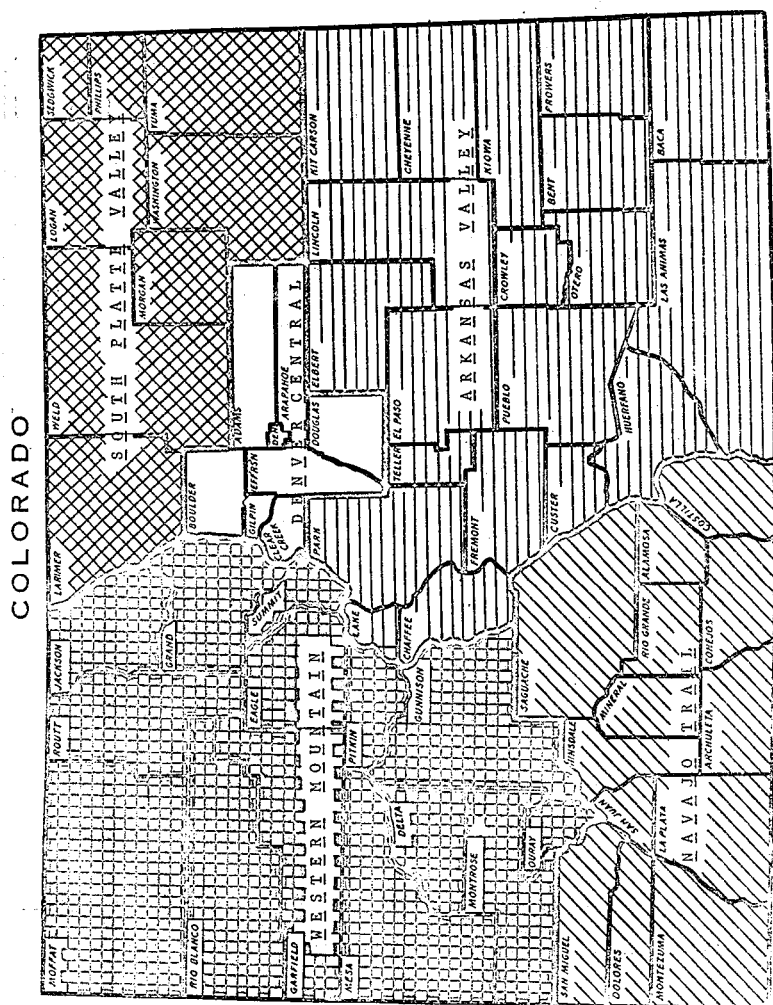


Figure 3.—Colorado Economic Development Regions as established by the State Division of Commerce and Development.

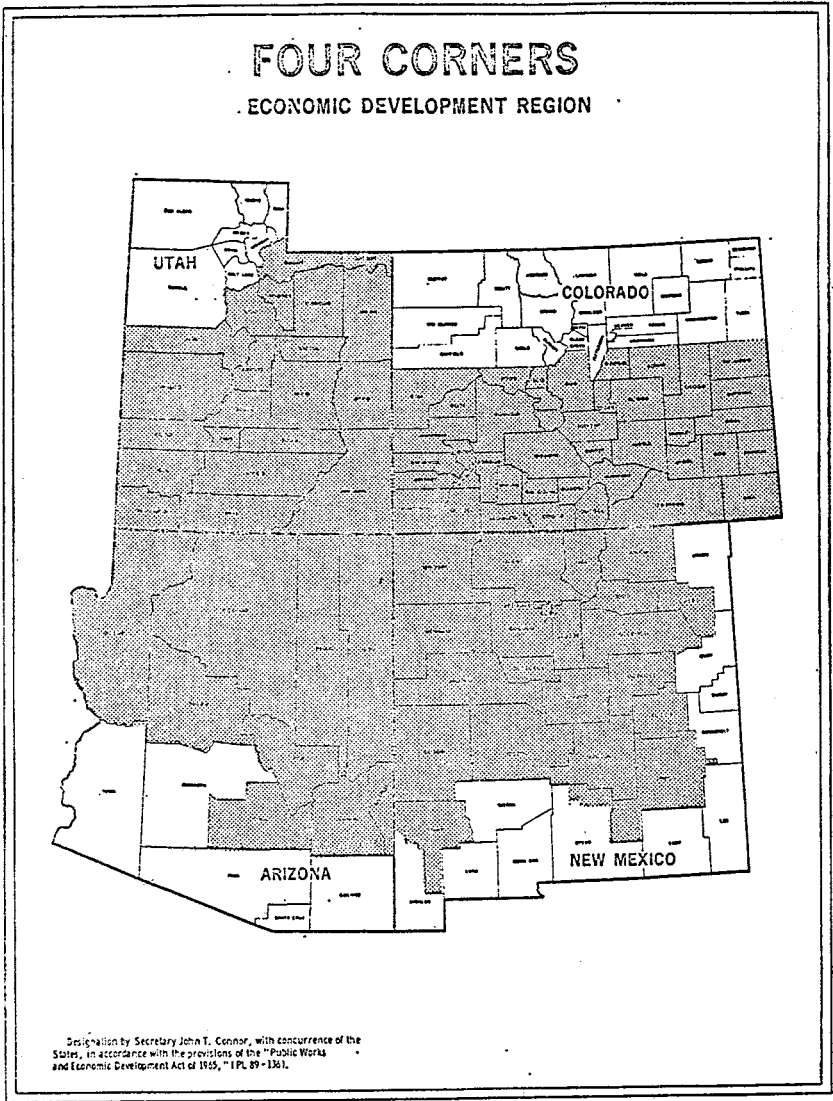


FIGURE 4.—Four Corners Economic Development Region.

*FEDERATION OF
ROCKY MOUNTAIN STATES
Economic Development Region*

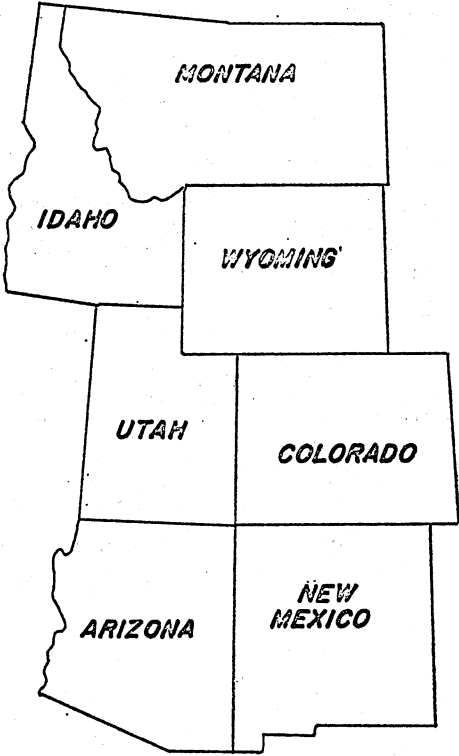


FIGURE 5

APPENDIX B—DEVELOPMENT PROGRAM COORDINATION IN ARKANSAS

The Western Arkansas Economic Development was designated in February 6, 1967 and funded in March of 1967. The counties involved were Crawford, Sebastian, Franklin, Logan, Scott, and Polk.

It was necessary that each county update its Overall Economic Development Plan and submit an annual progress report so that an Area OEDP could be developed for counties that were in compliance with EDA. County Agents in the six county area were requested by the State EDA Field Coordinator to assume the leadership in organizing county leadership to meet with the county requirements prior to development of an Area OEDP. County Development Councils previously organized for Overall Economic Development were mutually agreed upon as the organized group to update the OEDP's. Once this was completed, public hearings in each county were held by the Director of the Economic Development District, to provide further evidence of immediate and long range needs for economic development. Again the county agents working in connection with the Resource Development Agent assumed the responsibilities of selecting county-wide leadership for the public meetings and to provide current data on agriculture development.

When this phase was completed work was begun on a preliminary Area OEDP. A request was again made from the director of the district to the Area Resource Development Agent for an identification of specific problems and opportunities for agriculture business oriented industries. Each county through the County Agent presented economic data to support leadership thinking that there were further opportunities in certain areas for further agriculture business development.

The Resource Development Agent then prepared this on an area basis and submitted this to the director for use in developing an area OEDP. Four specialists on a state basis, The Extension Poultryman, Extension Vegetable Marketing Specialist, Extension Livestock Marketing Specialist and Extension Forest Products Marketing Specialist, also contributed to the area OEDP by making available to the Area Resource Development Agent, economic data on the six county area to use in projections for the OEDP.

Cooperation with the Director of the Western Arkansas Development District has been excellent in every way. Office conferences are set up periodically to discuss activities where there is mutual concern. Some examples are working with county and city leadership on industrial development, commercial recreation, educational facilities, OEO and municipal water systems for industrial development. *Extension's chief contribution is in working with local leadership to the point where they can use specialized services in planning, financing, and action.*

With the enactment of the Economic Development Act of 1965, Franklin County was designated as a re-development area eligible for 80% grants with EDA for assistance in Economic Development.

As soon as interpretations of the act were printed the Franklin County Extension Agent met with the Ozark Chamber of Commerce Industrial Committee and explained the features of the act and gave examples of how the area could make use of these funds in economic development. Shortly thereafter a large industry wanted to locate in the area but could locate only if certain facilities were provided including additional industrial water, an additional sewer, an industrial street, an airport, rail barge facilities across the Arkansas River, an industrial site and evidence of an adequate labor supply.

From the previous discussion of the Economic Development Act of 1965, leadership recognized that it was possible to enter negotiations with the industry to try to work out plans for locating in the area.

The County Development Council, the County Extension Agent, Job Development Coordinator with the community action program, Chamber of Commerce, and State Employment Security Division of the Department of Labor, coordinated efforts to conduct a detailed labor survey through the smaller communities program. This was used to prove to the industry that an adequate supply of labor existed. The Chamber of Commerce Industry Committee (of which the County Agent is a member) established contact with the State Field Coordinator for EDA to plan the facilities needed and start an application for EDA grants. In the meantime the Western Arkansas Economic Development District was funded and the Director assumed the application work and coordination with the EDA. The application has been presented to EDA. A plan for county

financing has been developed. An option has been executed for the purchase of industrial land. The project is awaiting approval by EDA. The County Agent and the Area Resource Development Agent have assumed important roles in bringing this about. In addition to securing resource people at critical times they have gathered economic data necessary for applications, met with industry representatives, with leaders, have attended discussion meetings with financing organizations and have explained the industrial program to county wide groups and organizations.

APPENDIX C.—TYPICAL RURAL DEVELOPMENT ACTIVITIES CONDUCTED BY MISSISSIPPI COOPERATIVE EXTENSION SERVICE

A. Public Housing: Individual and group contact has been made with public housing tenants. Educational programs with both adults and youth are conducted in subject matter areas such as (1) Foods and Nutrition, (2) Health and Sanitation, (3) Good Housekeeping Practices, (4) Family Living, (5) Care and Maintenance of Household Furnishings, and (6) Clothing. The state and regional administrative staffs of the Public Housing Authority have requested Extension increase this educational program. Only a token amount of this is being done because of limited staff and funds. Every housing authority in Mississippi can be serviced by Extension provided adequate funds can be made available.

B. Operation HELP, Mississippi Department of Public Welfare: Extension Home Economists in 82 (all) counties served on advisory committees, prepared and gave demonstrations on use of donated foods, wrote newsletters, compiled recipes, and presented radio and television programs. Overall, 111 Extension workers devoted 7,575 hours to this program.

C. Economic Opportunity Act, Title III, (Loans): The provisions of the Economic Opportunity Act, Title III, were explained to low-income people in 66 of 82 Mississippi counties. Extension and FHA representatives contacted 2,521 people. During and after this work, the number of OEO loans rose from 108 in January to 241 in February and to 490 in March 1966.

D. Rural Community Water Associations: One hundred thirteen rural communities were assisted with organization of community water associations in cooperation with Farmers Home Administration loans. Establishment of community water systems will mean as much to rural residents as rural electrification did during the 1930's.

E. Homemakers: Direct and specific assistance has been beamed to the low-income homemaker audiences in Mississippi. These efforts have been extended to individuals and groups. One state specialist has been devoting the majority of her time toward reaching rural homemakers who are not in organized groups. She provides two weeks of classes in areas such as money management, foods and nutrition, clothing, gardening, and family living. In the last six months she has been in eleven (11) counties and will visit fifteen (15) others by June 1968.

F. County Home Economists have been active in reaching similar homemakers. A special study in one Extension district (20 counties) showed that indigent and deprived families have been effectively reached by the Extension Home Economists as follows:

1. The Home Economists have served in advisory capacities in each of the counties to various poverty programs. Many of them have regularly served on county-wide committees with other organizations and agencies in planning, developing, and implementing "education for action" programs.

2. The Extension Home Economists have utilized the experience they had previously acquired in training volunteer leaders of adult and 4-H Home Economics groups, for the teaching of paid indigenous non-professionals who are assisting with anti-poverty programs. They have also prevailed upon the volunteer leaders, whom they had previously trained through Extension Homemaker groups, to receive additional training for teaching the deprived individuals and families.

3. The Home Economists have trained and advised with poverty program instructors to present specific demonstrations or in-depth programs (as in management, sewing, child care, foods and nutrition).

4. A vast amount of Extension information (i.e. bulletins, pamphlets, leaflets and publications) have been and are still being given to individuals, welfare employees and other agencies, and to all of the anti-poverty program

groups who request help. Countless mimeographed recipes, menus, and consumer helps are prepared in the Extension Home Economists' offices also and are made available to low-income families. Such bulletins and leaflets have been distributed in all twenty counties:

- at public meetings (as community meetings, through PTA groups, etc.).

- through schools and churches.

- at demonstrations, and special workshops.

- at commodity distribution centers.

- through grocery stores and super markets.

- home visits.

- given to the Welfare Department and various anti-poverty groups.

- mailed out from the Home Economists' offices.

- announced through the newspaper and over radio.

G. County Planning: In 1962 the MCES assumed responsibility for organizing and providing educational background materials to County Development organizations on the development, editing, and printing of comprehensive Overall Economic Development Plans (OEDP's). The county development organization consists of a broadly based citizen leadership group. Attention is given to planning for low-income groups as a part of these overall plans.

Mr. GOODELL. My own reaction from studying many of the programs in great detail, administered through the Department of Agriculture, is a comparable uneasiness, the ready acceptance of that feeling that the only place you can get innovative programs is from some new agency or separate agency.

Without asking you to repeat the description of your existing programs, I think that you believe that you do have many innovative programs and many new approaches to rural development that are originating in the Department of Agriculture today.

Secretary FREEMAN. That is correct.

Mr. GOODELL. You believe the Department of Agriculture is capable of more innovation and new approaches to rural development?

Chairman PERKINS. Would the gentleman yield to me?

Mr. GOODELL. I would like to get his answer.

Secretary FREEMAN. Yes.

Mr. GOODELL. As you come up here bearing the banner of the administration advocating the continuation of OEO you are not completely denigrating the ability of your own Department to administer these programs with some degree of innovation.

Secretary FREEMAN. I thought I was up here with flags flying for the U.S. Department of Agriculture. Don't misunderstand me.

Mr. GOODELL. It is that other little flag labeled OEO that keeps bothering me.

Secretary FREEMAN. There is problem enough, room enough, and need enough for both to be at full speed ahead.

Mr. GOODELL. I don't know where we start to cope with proliferation of a new agency. One can always say the problems are so immense that before long you could have one, two, five, seven, even 15 agencies operating all in one area.

Unfortunately, I think we have done too much of that in the past. Perhaps we had better start writing some innovation authority into the law for existing agencies rather than setting up a new agency that overlaps.

I yield, Mr. Chairman.

Chairman PERKINS. I was hoping the witness could come up with the more comprehensive statement and unless there is objection as to the statement being inserted in the record at this point, I would like to ask

permission as to just what you think will constitute a well-balanced impact program for the rural areas.

Would you compile that statement and submit it to the record for us, Mr. Secretary?

Secretary FREEMAN. Yes; I would be very happy to do that.

Chairman PERKINS. The statement will be inserted in the record at this point.

(Statement referred to follows:)

WELL BALANCED IMPACTED PROGRAM FOR RURAL AREAS

The USDA visualizes and is pursuing a three-pronged approach to the problem of impacted poverty in rural areas. Impacted poverty are those families often referred to as "boxed in." These are poor people who for the need of an opportunity have not been able to share in the general rise in our nation's standard of living. Examples are older persons who lack proper skills to obtain a job or minority groups that have heretofore been the victims of discrimination. Among this group are the current "unemployables" who through one or more programs may be elevated out of poverty.

The first prong of this approach is that of using every opportunity we have in our existing programs to help those on the threshold of the impacted group from falling into it. Our regular operating program of FHA is helping many of these rural people. For example, about three-fourths of FHA farm loans for fertilizer, equipment, land purchases and development go to families living on \$3,000 a year or less. Then too, these programs may be used by the impacted once they have climbed the ladder part way from the poverty pit. For example, a work experience program may make it possible for a poor person to get a job and with care this person could save enough to participate in a self-help housing program.

The second prong of this approach is in our recent effort under Executive Order 11307 to provide outreach to rural areas to see that all rural people benefit from the existing poverty programs now available from other agencies. This, of course, requires the cooperation of all agencies of the Federal Government. Innovations of existing programs and special type projects from versatile Community Action Program funds to provide training and employment and income potential in such areas as crafts, beautification, library work, child care for working mothers, sewing, and subprofessional aides to ongoing programs of this and other departments.

The third prong of this approach will be to continually work on new prototypes that are directed at these impacted poor which have still not been helped. These prototypes might include:

(1) Transitional housing for the homeless with concurrent training, work experience, family uplifting, and opportunity to become more self-sufficient.

(2) Career development through development of aide positions. These heads of households would be placed in a program that would match their increasing skills to the various levels of aide positions. This might take the form of a Rural Community Development Aide Corps which would establish a series of rural agri-business occupations that initially might support USDA programs in reaching the poor but lead to these persons' employment in private industry.

(3) Establishment of worker-type cooperatives capable of performing community service and home service jobs. In this connection Dr. Weltner, working with Atlanta University has developed a plan for a type of "Fix it" shops which could easily be perpetuated in any given community on a cooperative basis.

We feel the framework has been established. In order to provide the program, it will require substantial resources, particularly for rural community action in OEO, if the poorest of the poor are to be effectively reached.

Mr. GOODELL. No objection, I think it would be very helpful.

You listed certain programs under your jurisdiction. I will quote you exactly:

"Our Farmers Home Administration advanced more than a billion

dollars a year in loans to rural America, many of them at the poverty level."

Can you give us an idea how many recipients under the FHA program are at the poverty level?

Secretary FREEMAN. I would say as a rule of thumb that 75 percent of the loans that were made under the overall FHA program, certainly that are made to individuals, are to those who do not have a net income of \$3,000 or more.

Mr. GOODELL. Using the standard of \$3,000 for two people, a couple?

Secretary FREEMAN. Yes.

Mr. GOODELL. Do you utilize upward standards for increased members and family—in other words, if there are four members in the family, the scale goes up? Is that your standard of poverty?

Secretary FREEMAN. The accepted standard that has been used, I believe, is \$3,000 for a family of four.

Mr. GOODELL. There have been several standards—

Secretary FREEMAN. I am not being meticulously—

Mr. GOODELL. There has been a good deal more sophistication between what makes the difference between rural and urban family poverty and what adds an increment for each dependent.

Secretary FREEMAN. I would not try to be too precise—just to say that FHA loans reach many, many, many people in the poverty group—and I would say roughly those for a family of four with \$3,000 a year or less—farm ownership loans, farm operating loans, recreation loans, housing loans, and then the loans for water and sewers which affect many, many people in these areas.

Mr. GOODELL. Can you define the difference between your regular FHA loan programs as it affects the poor and the FHA program that you operate under delegation from OEO?

Secretary FREEMAN. First, the EO loan program is not limited to farm people. Loans can be made for nonfarm enterprises. We would not have authority to make such loans for otherwise.

No. 2, the terms and conditions are more liberal than under comparable FHA loans.

Mr. GOODELL. What are the distinctions between the recipients?

Secretary FREEMAN. The EO loans go to people who are by and large in the poverty group.

Mr. GOODELL. You have indicated in your estimate that about 70 percent of the money under the regular FHA program goes also to these people. Is it not true, also, that under the delegated OEO program you reach a hard core poor?

Secretary FREEMAN. Yes.

Mr. GOODELL. You reach people who cannot qualify under your regular FHA program?

Secretary FREEMAN. That is correct.

Mr. GOODELL. How do you administer this so there is not an overlap? Do you have an arbitrary standard?

Secretary FREEMAN. No, these are different kinds of loans. Let's take, for example, loans that are for non-farm enterprises. That is a different kind of loan.

Mr. GOODELL. What about your repayment schedule?

Secretary FREEMAN. We are held to more stringent terms and con-

ditions under the normal operating farm loans than under an OEO loan.

Mr. GOODELL. In other words, you can have more liberal terms for the repayment of the loan under the OEO program?

Secretary FREEMAN. That is right.

Mr. GOODELL. When you are administering this program, I presume you do it through your local FHA committees, the poverty loans as well as the regular FHA loans?

Secretary FREEMAN. That is correct.

Mr. GOODELL. What guidelines do you give to your local committee? Do you tell them that for poverty loans you must only consider those who are ineligible for the regular FHA loan program?

Secretary FREEMAN. In effect, yes.

In the first place, as you know, no one can qualify for an FHA loan if he can get any other kind of outside financing.

Then he would come in and ask for an operating loan. The standards for repayment he might not be able to meet. If he couldn't meet them the question of whether he might meet the same repayment standards under the OEO loan would come into play.

On that basis, a loan would be made to a man who otherwise would not qualify under our normal FHA operating standards.

Mr. GOODELL. If we gave the FHA the authority directly to make poverty type loans as distinct from their regular FHA program, they probably could administer the program effectively without the involvement of OEO. We did not give FHA the authority to move in and focus on the hard core rural poor in the basic law setting up FHA.

We did give such authority to OEO by delegation to the Department of Agriculture.

Secretary FREEMAN. That is correct.

Mr. GOODELL. It seems to me your FHA people are just as capable of administering this program without OEO looking over their shoulders.

Secretary FREEMAN. In this case the FHA-OEO relationship has actually worked extremely well, and it does have the very desirable purpose, again, of tying the entire poverty program together consistent with the principle you enunciated a moment ago—the problem of coordinating and integrating the program closely so there can be a maximum impact from the combination.

It has really worked very very well but the mere fact that here—and you could say the same thing in a sense on the Job Corps conservation camps—the fact that this does now run through one place, even though it is substantially delegated out has, I think a very beneficial effect in maintaining the strong focus of emphasis on the poor and on the reaching of the very poor.

Mr. GOODELL. Excuse me. Did you finish your statement?

Secretary FREEMAN. I was just going to say I really think we get a better return through this system for the amount invested in terms of reaching the poor and particularly the very poor, than we would get on just a direct delegation at least at this time.

Mr. GOODELL. You indicated under regular FHA programs you are limited to making loans to farmers for farm operations; is that correct?

Secretary FREEMAN. Yes.

Mr. GOODELL. Have you authority to broaden this loan authority in the FHA program?

Secretary FREEMAN. May I take back the answer in a sense and say we received authority in 1962 to make loans for recreation purposes but not for other nonfarm purposes. I had a farmer give me a haircut 2 weeks ago down in Mississippi. He got an OEO loan to put a barbershop in along with his farm operation, he had 80 acres of land and he was netting about \$1,200 a year on the barbershop. I got a free haircut. In this instance we could not have loaned him money to have a barbershop on his farm. We could lend him money under the FHA program to build a house so that he could move out of the shack he was living in. In this case a family living in an incredible shack before is now living in a decent home, has a side business, and their prospects are much improved.

Mr. GOODELL. I would like to give you an opportunity on the record, Mr. Secretary, to reply to some comments and statements that I have before me. One of them is part of a resolution that was passed by the rural community action director with reference to the Department of Agriculture.

Here is a specific quote. The resolution, I believe, passed in February of this year in the rural community action:

It has become evident that the programs that the USDA and other Federal departments do not really reach the lowest income chronically disadvantaged people in the rural areas.

Then from Mr. George Esser, Jr., executive director of the North Carolina fund:

It is our observation and experience that agencies of the Department of Agriculture are failing to make the impact that they have the ability to make because they are not reaching out.

By and large the U.S. Department of Agriculture bureaucracy does not believe rural poor can help themselves, those who do believe it cannot communicate effectively with the poor. It is the experience of most persons who have worked with the rural poor that neither the Extension Service nor the Home Demonstration Agency really reach the rural poor.

Both Farmers Home Administration and ASCS county committees are composed by and large by middle-class farmers who share the view of the U.S. Department of Agriculture bureaucracy.

We have seen, for example, loan committees applying stricter standards to small farmers, many of them Negro than they do to middle-class farmers.

Some of what you testified to today would appear to corroborate the basic view of the resolution and Mr. Esser of the North Carolina fund.

I take it you don't entirely agree with him. I take it you would like to answer for the record.

Secretary FREEMAN. I think this is a very legitimate question and it is not a very easy one to answer. Let me say first of all that the emphasis in those statements seems to be on what might be described as the very poor—15 children in a shack living in two rooms with \$250 a year income. I must say in all honesty that our programs by and large don't reach those kinds of people.

They should reach them more.

We reach some of them in education and nutrition, we reach them in food. We have not reached them previously in terms of improving their overall economic situation in the way that we should because our FHA programs do require some repayment capacity for housing, recreation

loans, farm operating loans, for farm ownership loans. These loans benefit thousands of extremely low income families. However we don't have the legal authority to reach, or didn't have to reach all of the very poor.

No. 2, the second statement I would comment there is a tendency, and I have said this earlier, traditionally to be more oriented toward the lower middle class to the poor but not the very poor. Those that have an opportunity with help and supervision and attention to succeed and, a reasonable prospect of repayment. For these poor borrowers we do a very great deal. However, when you get down to those real, bedrock very, very poor in either housing or farm operating loans or any other outside loans, neither legally or organizationally have we been set up to do very much about them.

So, I think that that criticism has much too broad a sweep. It ignores the many things for the poor that we really do. It does have a certain legitimacy in that we have not had the tools, that we lack disposition or willingness. I would remind this committee that the FHA is the successor to the Farm Security Administration. This was one of the great innovative, creative organizations in terms of meeting the problems of the depression—but all of the resources and the full legal capacity have not been available since.

So I would have to say there is an element of truth in the statement where the extremely poor are concerned but the statement in its impact is not accurate in that it fails to recognize the very real contribution being made to all but the very, very poor.

Mr. GOODELL. Are you saying you have been unable to reach the very, very poor in the past because you did not have the legal authority from the Congress under the law to reach them?

Secretary FREEMAN. That is exactly what I am saying.

Mr. GOODELL. Have you sought, or are you now seeking in areas not covered by the OEO, the legal authority to move in this area to meet the needs of the very, very poor in the rural areas?

Secretary FREEMAN. I think the authority is now available to reach the very poor in conjunction with the OEO programs. In combination we now do have tools to reach the very poor.

Mr. GOODELL. In other words, to the extent you have the legal authority now, it is through OEO to reach the very, very poor?

Secretary FREEMAN. Yes.

Mr. GOODELL. You are not seeking, in any other areas not covered today by OEO, the authority to set up your own programs in the Department of Agriculture to reach the very, very poor?

Secretary FREEMAN. No, because I think the programs now, at least to the extent that the Congress is likely to pass them, are before the Congress and are incorporated in the current programs with the amendments now before this committee.

Mr. GOODELL. My own feeling is that you are absolutely right, that you have not had the legal authority in the past. What goes far in trying to reach the very, very poor of the farm areas is that you do now have the authority delegated from OEO.

It would seem to me, however, that this is a primary area of responsibility of the Department of Agriculture. The Department of Agriculture is talking more and more these days about trying to coordinate rural development.

I think it was before the Senate subcommittee where you said the Senate has assigned the responsibility for agricultural rural development within the Federal Establishment to the Secretary of Agriculture with a view toward better coordination and elimination of duplication.

It would seem to me the logical and efficient way to have a rural development program is to put it under the jurisdiction of the Department of Agriculture with the authority, legal authority and the obligation imposed by Congress that they move in this area to meet the needs of the very poor.

For one thing, we certainly don't want to be setting up farmers to produce commodities of which we already have a surplus. We want to be sure there is a coordination of overall commodity needs and long-term commodity needs for some future type of operation we are setting up here.

Do you have any comment on this?

Secretary FREEMAN: These programs both from the standpoint of what the Federal Government has to offer and the departments that are administering the various ones and the local organizations don't lend themselves certainly at the outset to any simple, easy, or standard organizational pattern.

As you well know, there are infinite varieties placed on the tradition and history of the various localities around the country. As such, I have not felt that we ought to try to force any kind of particular administrative organizational arrangement on local communities.

Therefore, the fact that there is some duplication on occasion and some overlapping is not necessarily bad as it has tended to stimulate a lot more attention and participation, a lot more resources and a lot more action where action is needed.

I think these things are going to work themselves out and on a pragmatic basis after a while. The one thing I have concluded is the most important is multicounty planning.

I think one of the reasons why there is need for so much planning is because localities and local groups tend to come in and ask for things they should not be asking for because they have not had enough assistance and help and professional guidance and they don't have a balanced plan or program.

The net result is they will come in with a little piece of a program restricted to too small a geographical area. By the time it gets to Washington, and there is behind it a community and maybe a Governor and then a Congressman and perhaps a Senator, there are not very many people down here that want to say no. I don't believe that is good.

On the other hand, if there had been logical multicounty careful forward planning with a balanced program and plan where the pieces do fit together then when decisions are made with regard to the kind of programs to be installed, they would then receive a much more effective reception.

What I am really saying here is that we are learning what kind of programs we ought to have. Fundamentally, we make two approaches: One is economic opportunity in the sense of developing resources, providing jobs, attracting industry, building a community base.

That is one part of it, so there will be jobs, opportunities, and services. Closely related to that but in a sense at least in the initial stages, a special kind of problem is that of the poor and the very poor.

OEO has concentrated and necessarily so and importantly so on reaching a group of poor that legally, and as a matter of tradition, and practice, and resources, have not been reached.

What we really need to do now is mesh both of these kinds of program efforts into a common approach so that you will have an alleviation on these miserably poor conditions with food if that is what is called for, opportunity for training and education and some progress and the jobs that make it possible for people to use the training. This in turn requires resource development, protection of water, the development of the public services, health, education, recreation, highways, and the whole thing.

Now, to put a program together that is comprehensive and basic, reaching in effect from the very, very poor to the overall community working to develop resources and provide jobs, is obviously a mammoth operation.

It is not going to lend itself to any clear and dogmatic organizational plan all over the country but is going to come about from a whole host of diverse and varying influences coming to bear upon all the different things that need to be done.

Mr. GOODELL. Many of us are deeply concerned that the war on poverty has not directed enough attention to the problems of the rural poor.

In the first place, the community action programs were designed with the guidelines and standards for urban situations. These did not automatically or easily fit into the unique problems of the rural area.

We are concerned about it because it is the rural areas that are one of the primary sources of the urban problems.

Secretary FREEMAN. That is correct.

Mr. GOODELL. I refer to the migration of the very poor from the rural areas into the urban areas. There is a very steady and increasing migration going on that causes the tremendous problems in the urban areas.

When they get to the urban areas it is much more expensive and much more difficult in many instances to reach them and help them than it would have been with an imaginative rural development program which kept them in an area where they had some opportunity and where many of them would have preferred to stay generally.

I take it you generally agree with that?

Secretary FREEMAN. I do generally agree with that; yes.

Mr. GOODELL. I was wondering if you ever responded to the President's National Advisory Commission on Rural Poverty that there be established in the Department of Agriculture an Assistant Secretary who would be solely and exclusively concerned with rural development.

Secretary FREEMAN. I was not particularly impressed with that recommendation because in effect we have that now. The Assistant Secretary for Conservation and Rural Development, Mr. John Baker, is focusing constantly on precisely this. So, for all practical purposes, we do have such a concentration at this time.

Mr. GOODELL. Did you respond to Mr. Resnick and indicate to him it was your viewpoint when he made that suggestion?

Secretary FREEMAN. No.

Mr. GOODELL. Apparently after he chaired the hearings on this whole question and had given some thought to it, he felt your present

administrative structure did not give enough emphasis to the whole broad area of rural development.

Secretary FREEMAN. I have not had occasion to discuss that with them. I always welcome constructive suggestions but I do think this is an area where we have reorganized the department with this target in mind and where the highest attention is being focused on it on my part and at an assistant secretaryship level right now.

In addition we have a program here in Washington to maintain close relationships with the other departments of Government and to carry forward our "Outreach" program.

So, I would be of the opinion, not wanting to be dogmatic about it, that we are pretty well organized with this goal in mind.

Mr. GOODELL. Thank you, Mr. Secretary.

Chairman PERKINS. Mr. Scherle, further questions?

Mr. SCHERLE. Mr. Secretary, I am sure I speak for many thousands of farmers throughout the United States, being one myself, I think so much of this so-called prosperity that we hear about from you and the President is all on paper—something like bank notes.

Agriculture in itself is very unhappy for the simple reason that they can look around and see that in other related industries the economy has advanced quite rapidly.

The majority of farmers in America today feel cheated, they feel resentful because they only have 65 percent of the purchasing power that other people enjoy in related industry.

Secretary FREEMAN. Might I point out to you that is 15 percent more than they had when I became Secretary of Agriculture?

Mr. SCHERLE. Mr. Freeman, I know what they have today and I saw an article not too long ago and I don't know whether this was your recommendation or President Johnson's that there are in excess in America today 1½ million too many farmers.

Now, was this statement yours or was this a misquote?

Secretary FREEMAN. That statement was not made by me at any time and it was not made by the President at any time. That is a totally fictitious statement that has been dreamed out of the air someplace as a number of your statements so obviously have.

Mr. SCHERLE. I must be reading strange newspapers.

Secretary FREEMAN. I agree with you.

Mr. SCHERLE. We take 135 newspapers from our district. I can't see where they are all wrong.

Secretary FREEMAN. You read 135 a week and do all those newspapers agree?

Mr. SCHERLE. With the exception of your quotes.

Secretary FREEMAN. You must have remarkable newspapers in Iowa if you have 135 agreeing with each other and you read them all week. You are a pretty learned man.

Mr. SCHERLE. They are all in agreement as to what you have said.

I find there are more and more people leaving the farms. But those farmers staying on the farm are going deeper and deeper in debt.

My question at this time is: Do you or do you not believe in farm unionization?

Do you think that the farmworkers should be unionized?

Secretary FREEMAN. I am not quite sure what you mean. What do you mean by "unionized"? Do you mean should farmers have the right to join a union if they want to?

Mr. SCHERLE. Do you believe that farmworkers should be unionized?

Secretary FREEMAN. I don't have an opinion on that one way or the other. That is up to the farmers.

Mr. SCHERLE. Do you believe as do some members of your Cabinet that they should be unionized?

Let's take the migrant worker.

Secretary FREEMAN. I think they should have the right to join a union just like anybody else has the right to join a union.

I don't believe in discriminating against farmers.

Mr. SCHERLE. Do you think unionizing the farmers would enhance the economy of the farm operators?

Secretary FREEMAN. In some cases it would and in some individual cases it might not.

Mr. SCHERLE. Would you explain what you mean by "it would and it would not"?

Secretary FREEMAN. I think in some cases an individual farm operator, if he were dealing with a group that had seen fit to come together and organize, might be able to get more skilled labor and would have a more efficient operation.

In some places that might not be the case.

Mr. SCHERLE. You don't have any reference to harvesttime do you?

Secretary FREEMAN. I have no reference to harvesttime.

Mr. SCHERLE. This is the only time that they would have supreme bargaining power—at harvesttime—is it not?

Secretary FREEMAN. I don't know.

Mr. SCHERLE. You are the Secretary of Agriculture and you are a farmer—I know you come from a farm State, yet you say you do not know the answer to that question.

Secretary FREEMAN. You are answering your own question so I don't have to answer it.

Mr. SCHERLE. I have no intention of arguing that point, Mr. Secretary. I will let the record speak for itself. May I now ask what you mean by depressed areas in rural America?

Secretary FREEMAN. I don't have any such definition before me and that phrase has not been used before today.

Mr. SCHERLE. Again, may I respectfully refer you to the record, Mr. Secretary, which speaks for itself. Let us test depressed or distressed areas. What is your definition of these words? What do they mean to you?

Secretary FREEMAN. I don't have any particular definition for that term, either.

Mr. SCHERLE. I have an article here that concerns your visit to southeast Iowa, I believe last week, when you were there to find new ideas to implement a program that might be beneficial in raising the economy of rural America.

I read here a remark, and it was in your testimony—you read it here this morning—you remarked that the people were angry when Centreville was labeled a depressed area.

It is on page 20 of your statement.

Secretary FREEMAN. This referred to the period back in 1962 under the ARA program where certain areas that had a given number of

unemployed and a given level of income came under that act and, therefore, were entitled to certain loans and assistance.

I think that—

Mr. SCHERLE. You were Secretary of Agriculture at that time?

Secretary FREEMAN. Yes.

Mr. SCHERLE. Did you develop this term or did it just come out of the present predicament you are in or why was it used?

Secretary FREEMAN. I have forgotten whether the term was actually used in the law passed by the Congress. The chairman might remember.

Did ARA come before this committee, Mr. Chairman?

Chairman PERKINS. No, it came before the Banking and Currency Committee.

Secretary FREEMAN. Whether that phrase was used in the law or not, I don't remember, but it got to be used in common parlance. Those areas around the Nation, which because of their limited economic base could qualify for loans under ARA, were generally described as distressed counties.

That is what Mr. Wilson the local banker there referred to in that case.

Mr. SCHERLE. I have one other example here I would like to refer to at this time.

We were talking about helping those in depressed or distressed areas, poverty areas, with \$3,000 income or less.

It is my understanding this program was innovated under OEO to help raise these people up from their level of poverty. Do you think training chicken pickers in southwestern Iowa, in an area where there is no demand for them, a waste of money?

Secretary FREEMAN. No, I don't think so.

Mr. SCHERLE. What would you do with them after you trained them?

Secretary FREEMAN. You would help them find a job.

Mr. SCHERLE. Doing what?

Secretary FREEMAN. Working in the local poultry processing plant.

Mr. SCHERLE. Mr. Secretary, you appear to be a little backward since these plants are at the present time completely automated. There is very little hand chicken-picking going on anywhere to my knowledge beyond, perhaps, individual farms.

Secretary FREEMAN. I must say I am not very expert on chicken picking.

Mr. SCHERLE. Apparently none of the OEO people are.

The other thing that I have here is that the OEO hires people in the poverty group to come in and work at the rate of \$1.25 an hour and pay them in script similar to Monopoly-type money.

Would you say this was degrading?

Secretary FREEMAN. I have never heard of any such instance and know nothing whatsoever about it.

Mr. SCHERLE. We have one of these projects operating in my district. This is the type of thing I have been making reference to today. Why do you have a project like the illustration I have outlined?

Secretary FREEMAN. What do you have reference to?

I can't understand your question. It does not make any sense.

Mr. SCHERLE. I don't think that the hiring of chicken pluckers and paying the poor with "play" money makes any sense either. It is a shameful waste of taxpayers' money.

Secretary FREEMAN. Your question does not make sense.

Mr. SCHERLE. I have been citing a particular example—a statement

of fact. My question to you was: Why do you have such projects in existence? Do you have any facts you can cite to refute my statement?

Secretary FREEMAN. I thought you were questioning me.

Mr. SCHERLE. The record would seem to indicate, Mr. Secretary, that you do not know what this is all about.

Secretary FREEMAN. If you want me to sit here and listen to you make statements I will sit and relax and listen to you.

Mr. SCHERLE. With all due respect to the position you hold, Mr. Secretary, from some of the evasive responses or answers I get from you, perhaps it would be better if you would listen to me, a respect, I might add, that you fail to show Members of Congress at times. I yield back the balance of my time.

Chairman PERKINS. I thank you for your appearance here, Mr. Secretary. In my opinion you have made an excellent statement.

I personally feel that we need more concentration in the rural areas. Your point of view that it is more effective to coordinate all of our efforts through the Office of Economic Opportunity at present than to utilize independently your department on rural poverty problems has been most helpful to the committee.

Again, thank you very much.

At this time the committee will recess until 2 p.m.

(Whereupon, at 1 p.m. the hearing was recessed to reconvene at 2 p.m. the same day.)

AFTER RECESS

(The committee reconvened at 2:10 p.m., Hon. Carl D. Perkins, chairman of the committee, presiding.)

Chairman PERKINS. The committee will come to order.

I want to take this opportunity to welcome Secretary Stewart Udall back before this committee. I personally feel that the Secretary of Interior is one of our great Americans. I had mixed emotions when he left the committee to assume his Cabinet post. I hated to see us lose his intelligent and effective hand on legislative matters but was delighted that the affairs of the Department of Interior would be in able leadership. He has been before this committee so many times, we more or less feel that he still belongs, is still part and parcel of this committee.

It is a real pleasure for me to welcome you here, Mr. Secretary, and we are delighted to hear your viewpoint.

As you know, we are having a debate in the Congress whether to keep the present Economic Opportunity Act under the Office of Economic Opportunity or transfer the functions to the various Federal agencies.

We are delighted to have you here with us today.

STATEMENT OF HON. STEWART L. UDALL, SECRETARY OF THE INTERIOR; ACCOMPANIED BY ROBERT BENNETT, COMMISSIONER OF INDIAN AFFAIRS; AND BARNEY OLD COYOTE, SUPERVISOR, JOB CORPS CONSERVATION PROGRAM, DEPARTMENT OF THE INTERIOR

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

It is a real pleasure to be back before my old committee in these imposing surroundings and, also, as I look at the nameplates, to realize how near the throne I would have been had I stayed.

Mr. Chairman, I am surrounded here by some of my best Indians. I would like to introduce them, if I may.

Commissioner Bob Bennett, who is the Commissioner of Indian Affairs, and Mr. Barney Old Coyote, who supervises the Department's Job Corps conservation program.

I have a prepared statement. I would like to file it with the committee, and I will read most of it, and summarize some of the highlights, if I may, Mr. Chairman.

Chairman PERKINS. Go ahead. Proceed in any manner you prefer, Mr. Secretary.

Secretary UDALL. I am grateful for this opportunity to make a statement regarding the proposed 1967 amendments to the Economic Opportunity Act. We approach this meeting today with a special interest because we now have the experience of 2½ years with anti-poverty programs. We view the proposed amendments to the anti-poverty program for 1967 with particular interest because we can now measure some of the effects of the war on poverty and more clearly see its potential for the future. As we review the anti-poverty program, it is clear that the effort to help the poor through the Office of Economic Opportunity needs to be continued.

The Economic Opportunity Act initiated a strong, effective, and coordinated effort to wage the war on poverty. The act further provided means through which the needs of the underprivileged could be more clearly identified. In this connection, I am mindful that not all agencies—Federal, State, and local—have been or are now in a position to share a broad perspective of the needs of our citizens.

It is the Office of Economic Opportunity and the Economic Opportunity Council, which I serve on, whose sole concern is the Nation's poor, that enable us to focus more clearly upon the needs of the underprivileged. This is leading to a more effective application of the Nation's resources in order that the poor can share more fully in the promise and opportunity of the American system.

In discussing the Economic Opportunity Amendments for 1967 and the national anti-poverty effort, I would like to direct my remarks to two basic areas of particular interest to me: (a) The continuation of special efforts to assist the American Indian; and (b) the Job Corps conservation center program as it is administered in the Department of the Interior.

It seems to me that we have learned more about poverty and the people in poverty than we had anticipated because of the Office of Economic Opportunity, a vital force that has already improved the lives of the poor and renewed hope for many. We now have a real opportunity to build upon our experience with the war on poverty to strengthen and improve its programs and to continue the development of new and better techniques.

I, therefore, urge the continuation of the Office of Economic Opportunity and the adoption of the administration's proposed amendments to improve the correlation of our efforts and not lose sight of the major objectives in the war on poverty.

EFFECT OF ANTIPOVERTY ON INDIANS

The Economic Opportunity Act program is directly aiding Indians as never before—through the application of greater resources, new techniques, and a concentration of effort. It is complementing

previous and continuing efforts to lift the Indian out of deprivation. The American Indian people have had a long history of poverty.

We know, for example, that unemployment is running at a much higher rate on some Indian reservations than even in the most impoverished counties of this country. Unemployment among Indians is 10 times that of the national average. Moreover, there is inadequate housing, inadequate roads, inadequate water supply, and an atmosphere of economic depression rarely found anywhere else.

The Bureau of Indian Affairs has historically been the Federal agency primarily responsible for the economic, social, and political development of the Indian people for whom the United States has a special trust responsibility. Over a long period, significant advances have been made, but it has become evident that if Indian people are to achieve economic and social equality with other American citizens, additional resources must be brought to bear on their problems.

The Office of Economic Opportunity has already been instrumental in renewing efforts to help Indians and broadening resources available to them. Indians are doing more to help themselves and Indian tribes are becoming increasingly aware of the many additional and new programs available to them. They are being encouraged more than ever to deal with all agencies—Federal, State, and private—that can provide resources and assistance to help them solve their own problems.

The Office of Economic Opportunity, this Department and its Bureau of Indian Affairs, together with other agencies, are working hard to see that Indian people benefit from all relevant Federal programs. An Indian task force of the Economic Opportunity Council was formed last year to strengthen such interagency cooperation, at my recommendation.

There is no quick solution of the complex problems of the Indian people and their resources. The Indian people know this and I compliment them and their tribal leaders for their efforts to help themselves.

The impoverished Indian has benefited in many ways through the Economic Opportunity Act and the coordination of efforts made possible through the Economic Opportunity Council.

The overall impact of the program is impressive. There are Job Corps conservation centers on eight reservations; 6,500 in the Neighborhood Youth Corps; community action programs on 105 reservations including such components as Headstart, Upward Bound, and legal services; 300 VISTA's assigned to reservations; more than 1,000 small business loans, totaling \$2.2 million; additional job training for unemployed Indians under work experience programs.

I would like to give you two specific examples, Mr. Chairman, in order to get down to cases, of Indian benefits under Economic Opportunity Act programs.

OEO spearheaded a pilot program to help solve inadequate housing and lack of job training on the Red Lake Reservation in northern Minnesota. Both of these have been continuing problems for Indians on all reservations.

Through OEO funding, the reservation community action agency provided training for 30 Indian men in the home-building trades. The

Department of Housing and Urban Development provided funds for the necessary materials. The Labor Department supplemented OEO training with an MDTA program. The Bureau of Indian Affairs provided house designs and specifications and the use of heavy equipment. Public Health Service provided water and sewer facilities. Ten new homes constructed during the training are now providing low-rent housing.

But this just dramatizes how many different agencies and departments are needed to put together a large program.

All 30 trainees were successful in obtaining employment following their training. Seven of the men were accepted into full membership in the carpenter's union, 15 found employment in various trades as apprentices and helpers, and 8 were employed in laborer and clerical positions.

The success of the pilot program at Red Lake has led to jointly funded home builder training programs on 10 other reservations where over 500 additional Indian homes will be built.

In other words, we used invaluable experience to introduce other programs that were similar.

Another example is the Rough Rock Demonstration School project on the Navajo Reservation in Arizona which for the first time enabled the Indian people to run their own school.

The Bureau of Indian Affairs turned over to the tribe the complete facilities of a new \$3.5 million boarding school it had built for 210 Navajo children and the funds for 1 year of operation. Through an OEO demonstration grant, the tribe provided special enrichment features in the curriculum. The school is operated by a Navajo Indian corporation organized by their tribal council.

With the help of an increased staff and VISTA assigned to the school, education has become a blend of new techniques and tribal culture. With the interest of this committee in education, you see immediately what opportunity is afforded here.

New methods of teaching English as a second language are being tried. Since many children come from non-English-speaking homes, some classes are taught in the Navajo language. Tribal craftsmen are employed as part-time faculty to teach children their traditional skills.

Adults, too, have become involved in their children's education, many for the first time. Parents sit on the local school board and are encouraged to attend classes and visit dormitories. Teachers and counselors make regular home visits to better understand the children and their parents.

The Rough Rock school doubles as a focal point for community activities in an effort to integrate education and community development. Community action programs for the area make full use of the school facilities for the many OEO-funded adult education and community development activities.

SUMMARY OF ANTIPOVERTY BENEFITS TO INDIANS

Economic Opportunity programs are enabling Indian groups to more quickly identify and resolve their own problems. These programs are an important force in motivating the existing desire in

Indian people to improve their capabilities, both as individuals and as groups. The resources of the Office of Economic Opportunity are badly needed for adult education, preschool and remedial education, for job training, work experience programs, senior citizen projects and many other programs that the Indian people have identified and requested.

We support the continuation and strengthening of the Office of Economic Opportunity. We are anxious to continue to work closely with the Office of Economic Opportunity, as we do with other Federal agencies, to provide maximum benefits from these combined resources.

There is a continuing need for the broad innovation made possible through antipoverty programs. I would stress this as one of its most important aspects. Innovative manpower, housing, health, education, and other programs can be accomplished through the responsible agencies with coordination by the Office of Economic Opportunity. This approach takes advantage of the best available experience and knowledge.

The second area I would like to comment on in detail is the Job Corps conservation program.

This is another program that should be continued under OEO in order that it remains the vital and healthy program that it has been to date.

This program helps underprivileged youngsters to become better citizens and improve their employability. It defies comparison with other methods that most of us have had experience with—colleges, high schools, public and private schools. Job Corps enrollees are constantly being exposed to dedicated and successful men and women who share with them those traits, characteristics, and attitudes necessary to get and hold a job. It is made clear to them that it is not enough to be a good mechanic, a good typist, or a good carpenter. They are helped to understand that they need to communicate effectively with prospective employers and coworkers, able to read manuals and instructions and able to put in a day's work and get in the habit of doing a job well—particularly in knowing that they are improving themselves and doing work that will strengthen, beautify, and improve the Nation. The testimony of the Office of Economic Opportunity has covered this comprehensively and has provided you with extensive materials and statistics that answer many of the questions that have been directed at this program in the past.

My purpose, therefore, is to highlight for you that portion of the Job Corps program that I am most familiar with and have administrative responsibility for . . . the Conservation Center program, as distinct from the Urban and Women's Training Centers.

Because OEO has been successful with the Job Corps program, the goals of the Economic Opportunity Act have been met. As with many other OEO programs, the Job Corps combines many resources toward making better lives for young people. In conservation centers, the resources of the OEO, the Department, the private sector and particularly the communities where the camps are located, are brought to bear upon the task of improving the lives of the Corpsmen on a day-to-day basis. In these centers, the primary purpose of the Job Corps is being met when youngsters are extended opportunities to strengthen the country by becoming better and more productive citizens.

It is in this sense that the Job Corps Conservation Center program is providing an opportunity for these youngsters to strengthen and beautify their country while they are helping themselves to become more productive members of our society.

The Departments of the Interior and Agriculture are assigned certain responsibilities by the Office of Economic Opportunity in administering the Job Corps Conservation Center portion of the antipoverty program, utilizing funds transferred from OEO. Five bureaus of this Department are involved—Bureau of Reclamation, Bureau of Land Management, National Park Service, Bureau of Sport Fisheries and Wildlife, and the Bureau of Indian Affairs.

The Office of Economic Opportunity has responsibility for program and policy formulation, recruitment of Job Corps enrollees and for their placement on completion of the program. This division of labor has, I would say, worked out quite well.

The Department of the Interior and Agriculture administer the centers which include work with education and other enrollee programs. The Department of the Interior is currently operating 38 Job Corps Conservation Centers involving 6,764 enrollees.

Already the Job Corps has contributed to the improvement of the public domain under the jurisdiction of the Department of the Interior. The estimated appraised value of the conservation work performed by Job Corps enrollees has already been represented to this committee by the Office of Economic Opportunity, and was summarized as follows:

Total estimated value to May 1, 1967, \$26,067,234.

(Of this total over \$12 million was in the Department of the Interior.)

73 miles of firebreaks and fire suppression facilities built and maintained.

66 miles of fishing streams developed and maintained.

15,000 acres of fish and wildlife habitat improvement.

2,300 miles of roads built and maintained.

7,936 acres of timber stand improved and reforested.

404 acres of watersheds restored.

10,251 units of picnic tables, fireplaces, cabins, built.

13,081 acres of trees and shrubs, planted, areas landscaped in beautification project.

This represents conservation work which the present skill level of the Job Corps enrollees enables them to perform. It is work for which the bureaus have not received funds in their regular programs but it is preserving and protecting our national heritage.

Job Corps enrollees have contributed to the welfare of the communities where they are stationed. When areas of southern Oregon, northern California, and Denver, Colo., were flooded, enrollees performed flood relief work until the residents could return to their homes and businesses. When a crop harvest crisis occurred in Grand Junction, Colo., corpsmen assisted in the orderly salvage of crops essential to the economy of the community. In some centers there are select fire-fighting crews and corpsmen have fought forest and range fires. Disaster and emergency rescue work of Job Corps enrollees is another part of the benefits that the program is bringing to the country.

The conservation and recreation work is being done in a manner somewhat similar to the CCC programs of the 1930's and early 1940's. Corpsmen are dividing their available time between an education pro-

gram and a work program. The work program is consistent with the individual missions of the Bureau of Reclamation, Bureau of Land Management, National Park Service, Bureau of Sport Fisheries and Wildlife, and the Bureau of Indian Affairs. As the CCC enrollees left behind a wealth of conservation work and recreation facilities as testimony to their contribution to the national estate—so the Job Corps enrollees of the past 2 years are beginning to complete significant work projects.

The CCC's contributed significantly to leadership roles for its "graduates" in World War II and in public and private service since. The Job Corps enrollees, although it was not specifically intended this way, are finding their way into military service, where many of them qualify as not before, while others are becoming involved in public or private service much as the CCC enrollees did some 30 years ago. We are witnessing now the rehabilitation of Job Corps enrollees who someday will hold significant jobs in this country just as we have witnessed former CCC enrollees occupying many responsible jobs and positions today.

It, therefore, seems to me that any program which combines many resources to extend opportunity to our Nation's youth and adds to our national estate should be continued and strengthened. This should be done by continuing the Office of Economic Opportunity with its responsibility for the Job Corps program.

As you consider the Economic Opportunity Act, I urge that you provide for the continuation of the Office of Economic Opportunity and the Economic Opportunity Council to—

Enlarge upon our experiences, in strengthening and continuing the antipoverty effort;

Continue and broaden the effort to help the American Indian through the entire range of programs of the Economic Opportunity Act, and

Continue the essential and proven programs such as the Job Corps, including the conservation centers, which are benefiting underprivileged youth and enhancing the national estate.

Mr. Chairman and distinguished members of the committee, I sincerely appreciate this opportunity to discuss the proposed amendments with you, and I would be delighted to answer any questions the committee might have at this time.

Chairman PERKINS. Mr. Secretary, you have given, in my judgment, what has been an excellent statement. You stated that we should keep them programs coordinated under the Office of Economic Opportunity, in order to take advantage of the experience and knowledge gained during the past 2 years. Do you feel that we can more effectively do the job by keeping these programs under the Office of Economic Opportunity, and why?

Secretary UDALL. Mr. Chairman, I would say it has been my experience, and I think most of my people would bear me out on this, in the last two and a half years, that the Office of Economic Opportunity, the people that they have had directing that program, the new funds that they have infused, has quickened action all along the line. Although at times I know there are probably people in my Department that regard the OEO people as a gadfly; and I think we have needed a

gadfly organization, and although like with any new effort, there has been trial and error, and usually errors get wide public attention. Nevertheless, overall, I think—and I am speaking now particularly of the American Indian—that there has been a lot of new initiative, there have been a lot of new innovations that have been tested, there has been an element of competition, too, between the OEO people and the Bureau of Indian Affairs but I think this is good.

It may create a little strife sometimes, but I think it is a very good thing overall and I can say very honestly for all of us that we feel the program has been so successful, and that it has worked so well that we think it is eminently in the national interest to continue it.

Chairman PERKINS. Let's be a little more specific.

Take, for instance, the Job Corps. Do you feel that the Office of Economic Opportunity can do a better job making the selections of enrollees and do a better job in training than some other governmental agencies, if we decided to take it away from the Office of Economic Opportunity?

Do you feel there would be disadvantages there?

Secretary UDALL. Well, Mr. Chairman, we have had a clear-cut division of labor between OEO and our Department and the Job Corps Conservation Centers. In fact, we had some friction and some arguments initially about where the line should be drawn, and who should do what.

I think after we got started, and down the road, that this has worked out quite well. I think that the way the program is working now, with the Office of Economic Opportunity having important responsibilities, but with us having the responsibilities for the work programs, and the responsibilities at the local level, we select the people that run the programs, is one of the things that I insisted upon.

I think this was a wise step, because I think if you are going to have a conservation camp, you need conservation-minded people running these programs, people that are not only capable of getting along with and directing young men, but who know how to infuse them with the idea of the importance of conservation projects, and the importance of work of this kind, and I think that it has on the whole worked out very well, and that is the reason I think a continuation of the present pattern would be the wise decision at this point.

Chairman PERKINS. You set forth the results here of the conservation work that has been performed by the Job Corps. Would this work have been performed but for the Job Corps, in your opinion? And part 2 of the question: What available facilities do you have in the Land Management and other agencies of your Department where you could utilize more Job Corps enrollees now, or are you utilizing all your facilities at the present time?

Secretary UDALL. Mr. Chairman, there is in the whole field of natural resources management a tremendous backlog of work to be done. If I were to be told suddenly by the Director of the Bureau of Budget or the President I could have all the money that I wanted for conservation work, I would assure you it would increase manyfold, and when we tried to locate these camps, the conservation centers, we deliberately chose those sites picked by the agencies.

One of the first things we did in this program 2½ years ago was to get suggestions from all of the different bureaus in my Department.

We ended up with five that have land management and conservation responsibilities. They compiled a big long list of possible areas where these centers could be located, and this was narrowed down to the ones where we felt we had good facilities, we had a good workload, a good work program to be carried out, and this is the way that the initial decision was made.

The work programs—and I have personally seen many of these—I think are comparable to the best work that was done in the CCC period, because of the fact that this program is half education and half work, as against the old CCC program, which was entirely a work program.

The work that we do is not as large in scope, and is not as impressive as under the CCC program, because this is an education and work program, with actual classroom work and instruction, more conveying a skill to the young man, rather than making the work program the be-all and the end-all, but I think this, again, is a good balance, and I think that it has worked out very well in practice.

Chairman PERKINS. There have been some suggestion to the effect that many of these youngsters have not been able to obtain employment and that the Job Corps centers have not been able to give assistance to these enrollees obtaining employment, when they complete their course.

Have you been able to follow through? Do you feel that you have sufficient experience to make an observation along that line?

Secretary UDALL. Mr. Chairman, what happens to the young men after their courses are completed and their placement is the responsibility of the Office of Economic Opportunity, and I know they have commented on it. I don't think I could throw much light on it that would add to their own observations, because we are not responsible for placement of corpsman.

We are responsible for the work, for the training, but not for what happens afterward, and they have the statistics, so I am afraid I couldn't help you much on that.

Chairman PERKINS. But it is your judgment that greater educational values are being derived from the fact that the Job Corps, for instance, is coordinated with the Office of Economic Opportunity?

Secretary UDALL. From the camps where I have been, the young men that I have talked to, the camp directors that I have talked to, I have always gotten a response that the work programs, the skills obtained, that this was functioning very well, and that we were having very good experience with the graduates, so to speak, in getting them jobs and having them keep the jobs, and having the whole thing turn out to be a big plus in terms of the individual, and in terms of the country.

Chairman PERKINS. Mr. Quie?

Mr. QUIE. Mr. Secretary, it was interesting to hear your comments of the good working relationship between OEO and the Department of the Interior. But some of the problems we have in this good relationship have come to my attention.

Mr. Meade, principal of a high school in Red Wing, Minn., has had the responsibility of transporting Indian children from the reserva-

tion to the local school. They also had special transportation for them so they could attend some special classes and athletic events as well.

Now for 2 years, the Bureau of Indian Affairs funded this transportation project, but last August the Bureau of Indian Affairs informed them that they were no longer going to do it. They said:

While we heartily endorse this transportation project which was instituted prior to the passage of recent federal school legislation, it does not appear possible that the Bureau will be able to participate beyond the current school year because projects of this type are eligible for funding under the Elementary and Secondary Education Act or as a component of the Community Action Program.

Well, they have a pretty good Community Action Agency in the three-county area where this Indian reservation is located, but Mr. Meade now tells me via a letter he wrote June 30, that they received no written word from OEO until June 19 on the application made last August, August of 1966, right after they found out the funding wouldn't be done by the Bureau of Indian Affairs.

They were always under the impression that assurances of funding had been given to them orally, but then later, orally, the Chicago office claims that the project never would be funded. The reason for this was that the Office of Economic Opportunity said they aren't going to fund it, because school activities, including transportation, are eligible for funding under the Elementary and Secondary Act, or by the Bureau of Indian Affairs. So, they aren't going to do it.

I understand since then, when the project was requested under 89-10, the Elementary and Secondary School Act, transportation was being provided by the Bureau of Indian Affairs, and therefore, they did not make a request under 89-10. It seemed like there should be one source under OEO, and they again have been negligent in processing these kinds of projects.

Now it seems to me there ought to have been some responsibility on the part of the Bureau of Indian Affairs in seeing to it that the program would continue. Now the local school has carried it along themselves with their other programs, but there is no money in their budget to fund it. They tried to get some money from OEO for the past year, but they say the maintenance of effort required now indicates that the local school carry it on, as it had before.

This situation doesn't seem to be a very good working relationship between OEO and the Bureau of Indian Affairs.

Secretary UDALL. Congressman, Commissioner Bennett may want to comment on this specifically. I am not aware of this particular situation. But I would say from other things that have come to my attention that this is not an extraordinary or an uncommon situation. Where you have new programs—of course, 89-10 is a new program, and I am delighted that this committee and the Congress chose to include the Indian students under the program, and where OEO has money for special educational projects, too—you sometimes do get a buckpassing game going, or saying, "Who should do it" And it takes time to get things sorted out.

If the program is truly worthwhile, I find usually a solution is worked out, and it may be that this is one where somebody failed to do their job, and as a result, a good program was not continued, but the

thing that interests me most of all is as a result of these new programs, of OEO and of 89-10 and others, that they have got so many really fine new things going that we didn't have 3 years ago.

Mr. BENNETT. The Bureau of Indian Affairs has cooperated with the activation of many new programs by providing pilot or temporary assistance from our resources. I believe that we would be happy to submit more details for the record, but this case was another situation where in the past in other programs, getting started, we have made a contribution of some kind in order to get the project off the ground, so to speak, in the hopes that as the project moves along, they will get their funding from the primary responsible agencies, whatever they might be.

So we, in order to get programs off the ground in which Indian people have been interested, we have helped finance certain parts of the program on a temporary basis, with the idea being that these projects would be financed through Public Law 89-10, OEO, or some other Federal program.

Mr. QUIE. Well, I would say most of the criticism in this case ought to go to OEO, rather than to the Bureau of Indian Affairs, who did notify the school people. In fact, the letter of the Bureau of Indian Affairs was dated May 16, 1966 and the project was requested of OEO in August of 1966. So the only criticism I would have is that there might have been some help from the Bureau of Indian Affairs in seeing to it that the project was continued, since you recognized that it was a good program, and did it on a pilot basis for 2 years.

But it seems to me that this happens so often. Programs are proposed by OEO on a year-round basis, applications are made in August, and some time after the first of the year, the applicants start hearing from OEO. Then finally, later on in the year, they either get funded or turned down. If you ran your business like that, I think you would have a lot of upset people in your clientele.

The other question I would have about the operation is in the White Earth Indian Reservation in Minnesota.

I understand that is one area where the Community Action Agency is totally made up of Indians, and it seems to me they have had nothing but trouble getting their programs in operation and finding out what the local people really want to do.

What has prevented this in the past, and why can't the tribal council actually act now as a Community Action Agency, and not go through OEO's type of operation. That way they could get the funding for their type of program themselves.

It would seem to me you would have one less office to go through in that case.

Secretary UDALL. Congressman, with regard to the relationship of the Indian people to OEO, of necessity, the Bureau of Indian Affairs, in my department, deals with the tribal councils, because under the laws passed by the Congress, these are set up as governmental entities, and they have to be the fulcrum, so to speak, as far as the activities of the Federal Government and the Indians are concerned.

I think one thing that has injected a new note, and provided new initiative, and has stirred things up, is the fact that OEO doesn't always work with the tribal councils.

In some instances, it does, and they are treated as a community action organization. In other instances, not. But when OEO does not, a local agency is formed. After all, there are many large Indian tribes that encompass many communities. It is not always a coherent, small group of people, and this enables people to organize and to get things going in a particular community that maybe the tribal council can't finance, maybe there hasn't been sufficient initiative taken at tribal council level, and this really is thinking out a new element of leadership among the Indian people, and I think this is a good thing, so that I don't see for a moment that it has always worked harmoniously, or that there have not been difficulties such as you describe, because we are going through the process of developing new centers of leadership among the Indians, as it were, of initiating new action programs, and I think in this initial period, it was inevitable that there would be some friction and some sort of pulling and hauling when it came to getting the new programs going.

So I wouldn't deny that there haven't been areas where maybe someone has dropped the ball, or where the coordination hasn't been too good, but I think that is much outweighed by the good things that have been launched.

Mr. QUIE. Mr. Secretary, would you provide for the record the relationship now? I know there have been problems with the White Earth Indian Reservation in the past, but I would like to know how it stands right now between the Bureau of Indian Affairs and the OEO and the tribal council?

Secretary UDALL. Yes. You mean in this particular instance?

Mr. QUIE. Yes, in that particular instance.

Secretary UDALL. I would be glad to.

Mr. QUIE. And, Mr. Chairman, I would ask unanimous consent that the letter from Mr. Meade which I quoted from and the letter from the Office of Economic Opportunity, and the letter from the Department of Interior, be made a part of the record.

Chairman PERKINS. Without objection, so ordered, and the response of the Interior Department will likewise be inserted in the record at the same point.

(The information referred to follows:)

RED WING PUBLIC SCHOOLS,
Red Wing, Minn., June 30, 1967.

HON. ALBERT QUIE,
House of Representatives,
Washington, D.C.

(Attention of Mrs. Maloney).

DEAR MR. QUIE: I am enclosing a copy of the application to O.E.O. that we made last August for funding for our Indian Activities bus, and also a copy of the only written notification that we have received regarding the disposal of our application.

This project was originally requested to continue an Indian Activities bus to Prairie Island after school so that our Indian students could take part in school activities. We know from past experience that this bus has been a prime factor in keeping these youngsters in school. This bus was financed for two years by the Bureau of Indian Affairs, and we were told in July of 1966, that they would no longer be able to finance this bus because a good portion of their budget had been assigned to the poverty program. A letter of verification from the Bureau of Indian Affairs is included in Section 2 of the application to O.E.O.

This application was received in the Chicago office of O.E.O. on August 17, 1966. Before the end of August, we had received verbal assurances from both the local Community Action office and from the area supervisor that the project

would be funded and that we could proceed. No word was heard until in January I inquired of the office in Zumbrota, and they again assured me verbally that the project would be funded. They told me that the Chicago office had informed them that the funding date would be effective March 1.

I did not return to the matter until about a month ago as I just assumed that this project had been funded. You will note that the date of the letter from Chicago to Mr. Christensen stating that the project is ineligible is June 19. This is approximately two weeks after my first contact with Mrs. Maloney on the second round and was written after she had called the Chicago office.

I suspect that we never would have received this notification if Mrs. Maloney had not contacted the Chicago office.

The net result of this situation is that we are now sitting with a bill for \$1,600 that is illegal to pay out of regular school funds and for which no Title I funds are available under Public Law 89-10. If this situation had been taken care of in a business-like manner by the Chicago office, we should have known the disposition of this application by at least the end of September.

I believe that O.E.O. should fund this project for the year just completed, inasmuch as the bill would not have been incurred if they had handled this matter properly. Whether or not they would fund it for coming years is now no longer an issue.

I appreciate all the help you and your office have given me on this matter and certainly hope that you will be able to carry this through to a successful conclusion for us.

Sincerely yours,

DAVID W. MEADE,
Principal.

U.S. DEPARTMENT OF THE INTERIOR,
BUREAU OF INDIAN AFFAIRS,
MINNEAPOLIS AREA OFFICE,
Minneapolis, Minn., May 16, 1966.

Mr. DAVID W. MEADE,
*Principal, Red Wing Public Schools,
Red Wing, Minn.,*

DEAR MR. MEADE: Our Area Education Specialist Mr. Frank Brady has talked with me about your recent meeting with him and has described your splendid educational program that is proving so successful in meeting the needs of local Indian students.

We recognize that the pilot transportation project involving the Bureau and the Goodhue County Welfare Department has been of help in reducing drop-out tendencies and in strengthening the participation of Indian students in co-curricular activities of the total school program.

While we heartily endorse this transportation project which was instituted prior to passage of recent federal school legislation, it does not appear possible that the Bureau will be able to participate beyond this current school year because projects of this type are eligible for funding under the Elementary and Secondary Education Act (Public Law 89-10) or as a component of the Community Action Program (Economic Opportunity Act).

We wish to offer our help as a justification resource to you as you seek alternate funding for this most worthwhile project.

Sincerely yours,

Assistant Area Director.

OFFICE OF ECONOMIC OPPORTUNITY,
GREAT LAKES REGIONAL OFFICE,
Chicago, Ill., June 19, 1967.

Mr. WALLACE G. CHRISTENSEN,
*Director, Goodhue-Rice-Wabasha Citizens'
Action Council, Inc.,
Zumbrota, Minn.*

DEAR MR. CHRISTENSEN: We are returning under separate cover your applications for Project Friendship, Component 7-4, and School Activities Transportation, Component 7-6.

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As was stated at the meeting of the Community Action Program Directors in Minneapolis on May 4, 1967, these programs are not fundable by the Office of Economic Opportunity. Project Friendship was in operation between January and June of 1966 and therefore does not meet the maintenance of effort requirement of the Economic Opportunity Act which states that expenditures from non-Federal sources shall be at least at the same level as were made prior to the application for Federal funds; Federal assistance is intended to supplement, not to replace local efforts against poverty. School Activities Transportation is eligible for funding under the Elementary and Secondary Education Act (Public Law 89-10) by the Board of Directors, Red Wing Public Schools, Red Wing, Minnesota, or by the Bureau of Indian Affairs, Department of The Interior, Washington, D.C.

Sincerely,

WALLACE MEHLBERG,
Unit Supervisor,
Minnesota, Indiana, and Wisconsin.

RELATIONSHIP BETWEEN THE BUREAU OF INDIAN AFFAIRS, OFFICE OF ECONOMIC OPPORTUNITY, AND THE WHITE EARTH TRIBAL COUNCIL

The Bureau of Indian Affairs has no formal role in the operation of Community Action Programs. At the White Earth Reservation, community action programs are proposed and sponsored by the tribal business committee. A personnel board, appointed by the business committee, has authority for all personnel actions in connection with community action program employment. Program funding and direction are handled directly between OEO and these tribal groups.

The Bureau cooperates with the business committee in the operation of Economic Opportunity Act programs, providing assistance and the use of facilities as requested and available.

We believe the White Earth Community Action Program is a good one and that the relationships between Bureau personnel, the tribal business committee and the local CAP Director are excellent. We are aware of no significant problems in the program.

Chairman PERKINS. Mrs. Green.

Mrs. GREEN. First of all, Mr. Secretary, may I say that since you were a former member of this committee, it is always a pleasure to see you back in the room, and to have a chance to talk with you about matters of mutual interest and concern.

Have you had a chance to personally look at the surveys that were made by the Harris group in regard to the Job Corps in conservation camps?

Secretary UDALL. No, I have not.

Mrs. GREEN. Is there someone in your Department who has been charged with this responsibility, and is there a memorandum by the Interior Department which would answer or at least respond to some of the charges that have been made in the Harris study in regard to the cost, the effectiveness of the training, and the placement of the graduates or the dropouts after they have completed their Job Corps work?

Secretary UDALL. Well, Mr. Old Coyote, who is with me, is my top person, and I am sure he is familiar with it, and I am familiar with the tenor of the report. I haven't gone into it in detail, and I am sure that we do have a response of our own, and that we can provide you with it, if you would like to see it.

Mrs. GREEN. Yes, may I have that? I am not going to ask that it be made a part of the record at this time, but if I might have any comments that you would have.

Mr. OLD COYOTE. I must revert back to what the Secretary said previously about this being a particular responsibility of the Office of Economic Opportunity. The placement of corpsmen after they have completed their training at Job Corps camp, including conservation centers, even though we do have knowledge of the Harris survey and the Harris poll, we have not analyzed it, within a particular context of your question, but if this would be of help to you, we would be happy to furnish such material, although we don't have it at this moment.

Mrs. GREEN. Have you personally read the Harris survey?

Mr. OLD COYOTE. I have not read it extensively. I have seen it, I know what it says, and I have a general idea of what its contents are, but in detail, no.

Mrs. GREEN. You stated that the five bureaus in the Department are responsible for administering the Job Corps conservation camps. Do you subcontract any of that out?

Secretary UDALL. I will let him answer specifically, but as far as the leadership, the top people, are concerned, for example, let's say there is a Job Corps conservation camp in a national park, on an Indian reservation, we have very carefully selected national park people. These are usually younger men, coming up through the ranks, who are particularly gifted in working with young people and who are knowledgeable on conservation work, and we carefully screened and selected these people to head the camps, and of course, we furnish the main staffing at the top on this, and I think the contracting out that we do is relatively minimal.

Mr. OLD COYOTE. Yes, it would depend largely upon what this contracting out would mean. I would say very simply that those centers, those camps, that were announced as a particular location, remained the total responsibility of the Department. None of this responsibility is subcontracted; the total operation is the responsibility of the Department.

However, there are activities of those camps, for example, there may be a need for a particular skill in constructing a particular utility, or a particular conservation practice, and this then may be considered as being subcontracted out, but the total responsibility remains with the Department.

Mrs. GREEN. Could you give me examples of subcontracting? Do you subcontract, for instance, to some of the big corporations?

Mr. OLD COYOTE. No, we don't.

Mrs. GREEN. To whom did you subcontract?

Mr. OLD COYOTE. This would be on a purely local basis. For example, if they were installing, say, a particular visitors' center, at a national park service—I use this only as an example—that maybe portions of that particular project that the corpsmen will be doing would be subcontracted out, to provide the finished product so that it comes up to the specifications of the Park Service. For example, roofing, masonry work, this type of thing.

Mrs. GREEN. Now is all of the education work in the centers, including vocational training, done by the one of the five departments? None of that is subcontracted?

Mr. OLD COYOTE. No, this, again, is the total responsibility of the agencies, and—

Mrs. GREEN. You do not subcontract it?

Mr. OLD COYOTE. Here again, I should condition my remarks in terms of what is now in operation. That is to say, there are some facets of the Job Corps program that have been contracted out, say, for example, with the National Education Association. There are contracts for teachers to come into these centers, and they come into these centers as if they were any other Job Corps employee, that these people, then, become a part of the installation.

Mrs. GREEN. Yes, but that is on OEO contract.

Mr. OLD COYOTE. This is the point I was leading up to.

Mrs. GREEN. In the conservation camps that you run, do you subcontract out to any other group?

Mr. OLD COYOTE. Not in the sense that OEO does, no.

Chairman PERKINS. Would the gentlelady yield to me?

Mrs. GREEN. Yes.

Chairman PERKINS. If I correctly analyze your testimony you are stating that the conservation work, that you select your own personnel, but insofar as the educational work is concerned, that is the responsibility of the Office of Economic Opportunity, and you are unaware of what the Office of Economic Opportunity does in all situations, and there may be instances where they subcontract. Is that correct? Is that the point of your statement?

Mr. OLD COYOTE. No, as the Secretary stated, we select people to work with these youngsters that are placed in Job Corps Conservation Centers. We are aware of the educational arrangements that are made through the Office of Economic Opportunity. If it is an NEA contract, we know about this. We also appointed educators and counselors that come into these centers, so that we do know that they are coming, we do know that here is a particular teacher, here is a particular counselor, and this was even under the previous arrangement, which was replaced by an agreement between the Secretary and the Director of OEO, beginning July 1, where the total responsibility for recruiting and selecting and appointing the total staff is now within the Department, but even in the previous arrangement, there was consultation across agency lines, so we did know who was being appointed.

Secretary UDALL. I think the real answer that the question Mrs. Green has, do we do this kind of large-scale contracting for operating such as OEO does with the other centers, the answer is, "No."

Mrs. GREEN. You run your own educational programs?

Secretary UDALL. That is right.

Mrs. GREEN. Well, this was my impression. Then I do not understand why you say, after the person has graduated, that you don't have any responsibility to see whether he is placed in a job or whether he stays in a job, this goes back to OEO. I would think that the results would have a decided impact on the kind of training you have. If you don't know what happens to the kids afterwards, then how do you know whether the training that you are giving in the conservation camps is accomplishing the purpose, or is any good?

I would think they would have to be under the same agency, and closely tied together.

Secretary UDALL. Under the division of labor that was agreed upon, the OEO recruits, they select the young men that go into the conser-

vation centers. They place them when they are through, and I certainly would agree with you that there has to be a coordination or you will not do the followthrough that is necessary, nor will you get the results that you want, but they have had the primary responsibility for the placement, for the keeping of the statistics, and so on. I am not saying that there isn't a direct and careful coordination between the two as to how the work program is going, because they do oversee that, in a total sense. They do oversee the training in terms of what kind of skills we are producing, and whether these are marketable in terms of the market, but we don't have the statistics. This is the main thing that I am trying to say.

Mrs. GREEN. I think all the surveys show that the OEO places hardly any. There has been very little followthrough, very little attempt to follow through, so we really don't have any idea what has happened to these kids; we don't know whether they have been trained to hold jobs.

Let me turn to one other thing, if I may. With both you and the Commissioner here, I will take advantage of that opportunity.

In Oregon, all the schools are run through the State department of education. In how many States is this true, where you don't have segregated schools?

Mr. BENNETT. Outside of the one which is a nonreservation boarding school, all the education plans in Oregon are run by the State, and also the State of Washington, also in the State of Montana except one, which is on the Northern Cheyenne Reservation.

Mrs. GREEN. Are you saying that Oregon and Washington and Montana are the only three States?

Mr. BENNETT. No; in the State of Minnesota and the States of Wisconsin, Michigan, and Idaho and Colorado, except in Colorado we do run a dormitory, but we do not run the school.

Mrs. GREEN. Then in about 40 States, the Bureau of Indian Affairs runs the school, and in about 10 States or less, they are run by the State department of education.

Mr. BENNETT. Except that we do not have Indians in all these other States, so I would say that it would be in the neighborhood of about 15 or 16 States that we operate schools, and in about 10, where we have an appreciable number of Indian students where the schools are run by the State.

Secretary UDALL. The situation is more complicated than this, though, and I want to be sure that the Congresswoman understands.

The policy of the Department of the Bureau of Indian Affairs has been, over a period of several years, to wherever possible get Indian children in the public schools, and therefore, the answer is that in every State there are children in public schools. The remaining Bureau of Indian Affairs schools, where you have Indian children in schools that are run by the Bureau of Indian Affairs, or I think I can say to you almost exclusively in areas where there are no public schools nearby, and where because of remoteness, or because of the fact that Indian reservations are located in areas that are not adjacent to other communities, that these are the remaining Bureau of Indian Affairs schools, and this means in a State like my own of Arizona, with a large Navajo Indian Reservation, for example, of Alaska with the native villages, these are the main areas where most of the Indian children today are still in Bureau of Indian Affairs schools.

Mrs. GREEN. Will you refresh my memory as to the provisions in the Civil Rights Act which makes this kind of an arrangement possible, and not a violation of civil rights?

Secretary UDALL. I don't think that the Civil Rights Act as such really touches Indian school situations because it is not a matter of segregation by isolation, rather than the segregation of people being physically located where it would be possible to have some kind of school integration. The policy has been in a very studied and systematic way, of contracting with the public schools, and of getting Indian children in public schools. Everyone has agreed that this is the best end result, and this has been a very major change in Indian education over the last 6 or 8 years.

Mrs. GREEN. This has implications both in the education program and in the Office of Economic Opportunity. Are you saying that, for instance, in the provision in the Civil Rights Act that requires the Department to cut off the funds, if there is segregation, that there is no special provision that would allow the Indian schools to continue, on the segregated basis, except in cases of isolation?

Secretary UDALL. Well, I don't, because the Indian schools were never segregated in the sense that we have thought of segregation, where the school was set up as a separate school, with certain people being excluded, or certain children being excluded, and that they were set up in almost all instances because there were no other schools nearby.

Mrs. GREEN. Well, now, let's take a—

Secretary UDALL. And that in order to have a school, you had to set it up as a Federal school. The interesting thing about Indian education today, the remaining schools that are run by the Bureau of Indian Affairs, is that this is the only truly Federal school system, unless you look at the military schools abroad, that is run by the Federal Government, and it is only that today, not because we would like to have it. We would prefer to have all of the Indian children in public schools, but these are in almost all instances remote areas, areas that are not, you know, even within busing distance of public schools.

Mrs. GREEN. Well, I am really trying to find out why there isn't as much concern here as there is in other areas. We hear so much discussion that you must have people together, or they are not going to be able to learn. Now you state that it is a matter of isolation. In Oregon, at Chemawa, on the northern edge of Salem, a large city, there are schools close by; and yet you have an entirely segregated school. Now what is there in the Civil Rights Act that allows this to continue, and the funds to continue to pour into it and nothing to be said about it? There isn't the problem of busing. There isn't any other problem. We simply as a matter of policy are segregating and saying, "This is an Indian school." and is this good in terms of education? I feel quite the contrary. I feel the procedure in Oregon, where the schools are not run by the Bureau of Indian Affairs, but where they are run by the State department, and they have the same kind of programs that all other youngsters have, was far preferable, as far as bringing these people into the mainstream of society.

Secretary UDALL. I would agree with you that is far preferable, and that has been our policy. I am not familiar with this particular

locality, this particular situation. Commissioner Bennett can comment on it.

Mrs. GREEN. I am sure there must be a hundred of those across the country.

Secretary UDALL. But I don't think that the Civil Rights Act, any Civil Rights Act that I am familiar with, as drawn, really reaches or is intended to reach this situation of isolated schools that are maintained not deliberately to have been any segregation, as a matter of policy.

Mrs. GREEN. Well, that Chemawa School—

Secretary UDALL. As far as Indian schools are concerned. As a matter of fact, just the contrary, but there has been the segregation that is inevitable when you have remoteness and isolation, since there are only certain people that are there, and there is no opportunity to weave them into any other school system, which is obviously the trouble.

Mrs. GREEN. I think I have taken more than my time. But let me prepare a list, I think I can, of at least a hundred schools that are not isolated, and they are segregated, and that are not isolated but that are of Indians only, and I think this is a violation of the Civil Rights Act.

Secretary UDALL. I would like to have you look into the problem, too, because if there is a very long list, the Commissioner's education people aren't doing their job right, because it is our policy to get them into public schools, wherever possible.

Mrs. GREEN. Well, let me just pinpoint one. How about Chemawa? Here it is, near the heart of an urban center, and it is entirely segregated.

Mr. BENNETT. Chemawa houses most of the students from Alaska, who do not have educational opportunities. I think about 80 percent or more of the student body is made up of students from Alaska. We do have the problems of out-of-State children coming into another State, and out-of-district children coming into the certain school districts. We do have the problem, also, of the availability of existing school districts to absorb large numbers of students, because the need for Chemawa was a facility for the Alaska students will be no longer needed when we get school facilities built for them in Alaska, and we do have many, many situations. We do have situations where non-Indians do attend Bureau schools, we have situations where we have dormitories that are built by the Bureau of Indian Affairs for students to have accessibility to public schools, some of which are also operated by the State under a contract with the Bureau of Indian Affairs, and so we in carrying out our responsibility, it is in the direction of public schools, and integrated schools, and we are moving in this direction as fast as we can. I think the—

Mrs. GREEN. Is this with all deliberate speed?

Mr. BENNETT. Ma'am?

Mrs. GREEN. Is this with all deliberate speed?

Mr. BENNETT. Well—

Secretary UDALL. It had better be.

Mr. BENNETT. We have, again, the problem of housing the children in the public schools, but at least two-thirds of all Indian children and youth of school age now attend public and mission schools.

Mrs. GREEN. Let me ask one more question: Isn't it true that you do have elementary schools that are within a block or two blocks of another public school, where the one school is for Indian children?

Mr. BENNETT. Yes, we do have those situations, and we are working with them on the integration of the two schools, but in many of those situations we were there first, and the public school came later, to take care of the public school responsibility, and they were not built to take care of the Indian children. So now we are in the position of having to work up an integrated construction program to take care of both.

Mrs. GREEN. But under the Federal impact law, you had a public school, and you have gone in afterward, also, and built an Indian school, right close by.

Mr. BENNETT. Well, we had this situation, where the public school has used up their eligibility, and still has students out of school. We have had to come in with Bureau schools in order to house the students.

Chairman PERKINS. I think, Mrs. Green, that there was an amendment to the impact law that provides that those schools be integrated.

Mrs. GREEN. The whole direction of my questioning has been, why doesn't the civil rights law apply, why doesn't title VI apply?

Chairman PERKINS. Mr. Reid.

Mr. REID. Mr. Secretary, Commissioner Bennett, and Mr. Old Coyote, I would like to welcome you all here this afternoon, and I appreciate your thoughtful testimony.

Mr. Secretary, if I could ask you to turn to page 3 of your testimony, where you say in the first paragraph at the top of the page that unemployment among Indians is 10 times that of the national average.

In broad strokes, could you tell us a little bit how you are progressing, whether you feel that we are making any measurable impact into actual and lasting employment, and what some of the special problems might be? Is this legislation directed to meeting those particular problems?

Secretary UDALL. Well, I would like the Commissioner to give you some quick statistics on this. I think that we have been making a significant impact in the last 2 or 3 years. I think one of the programs on employment that has helped most is the EDA program, which earlier was called area redevelopment. We have a piece of legislation pending before Congress now that I am going to testify on later this week, and that I hope you have a chance to vote for. It is keyed to Indian resources development, and would give the Indians for the first time the opportunity to go into the money markets, to go to the banks, to mortgage property, to conduct their economic affairs the way the rest of us do. It would open up further opportunities.

I am not even halfway satisfied that we are doing enough. I think we might do much more, but Commissioner, would you just give me some quick figures on this?

Mr. BENNETT. In the past 3 years 67 plants have been established, largely from capital commitments of private enterprise, and 4,700 new jobs have been committed by these plants, when they become fully operational. Out of the total employment of 2,458, there were 15 Indians as reported on December 31, 1966, and \$6.5 million has already been paid, new plant to Indian wage earners who will earn an additional \$4 million at the annually computed rate.

Mr. REID. Commissioner Bennett, could I ask you, just to put it in perspective, what is the total now of the American Indian work force, and what percentage are unemployed?

Mr. BENNETT. The percentage that are unemployed is in the neighborhood of 40 percent of the work force.

Mr. REID. And that is out of a total of how many, approximately?

Mr. BENNETT. The total Indian population on or near the reservation is in the neighborhood of 400,000, and we have the total work force here, 130,895.

Mr. REID. That is the work force?

Mr. BENNETT. Yes, male and female.

Mr. REID. And of that, 40 percent are unemployed?

Mr. BENNETT. Yes.

Mr. REID. What are the skills that would appear to be most needed, and most related to lasting job opportunities?

Mr. BENNETT. Well, it relates to their overall social and skill development, because the Indian labor force, for many years, depended upon their jobs in industry, migrant work, around and close to reservations, so between this kind of work and other opportunities available, they more or less had a relatively stabilized economy.

With the mechanization of agriculture, we had the deepest inroad upon the employment of Indian people, and in order to qualify them for skills, we have the adult vocational training program, and the relocation program, which involves employment, relocation for employment opportunities, but more important than that, we have started a new program which takes into consideration the training of the whole family, where the wage earner is given training to—as a matter of fact, it is prevocational training, so that after this training period, they can be trained for a skilled job, and the wife is trained in home management, and budgeting, and also as a secondary wage earner in the family. The children are trained in their public schools that are available, and we have preschool training, and it is entire family training of the pilot program.

Mr. REID. Now how does the Office of Economic Opportunity relate most explicitly to results in this area?

Mr. BENNETT. Well, the Office of Economic Opportunity has been working with us in the training opportunities which we developed on the reservation, but what I was talking about is in the training program off the reservation.

Mr. REID. Training off the reservation.

Mr. BENNETT. And on the reservation, we have cooperative programs in housing, for instance, where the Office of Economic Opportunity contributes to the program to provide training for people who are engaged in building homes on the reservation, and as has been pointed out in the testimony, we have a commitment for the engineering and the preparation of the site, in matters of this kind, and there are other agencies involved, too, but here is their greatest contribution as far as the Bureau is concerned, in training opportunities on the reservation.

Mr. REID. Do you have a correlation, Mr. Commissioner, between unemployment and school dropouts? In other words, does the basic education part of what Mrs. Green was talking about earlier directly relate to these figures?

Mr. BENNETT. Well, I do think that the lack of education contributes to unemployment, but for the present wage earners, it may not be able to correlate it to school dropouts, because at some point in time, particularly the Navajo Reservation, when the people who are in the wage-earning age group now did not have schools to attend, so there is—it is directly related to lack of education but the lack of education may be based upon other factors than just school dropouts.

Mr. REID. Thank you, Mr. Commissioner.

Could I ask you, Mr. Secretary, to give us a brief résumé of this for the record? I would like one personally, if I may, and any figures that you might have that particularly relate the OEO programs to the problem and to the need, and to the other programs that you mentioned that are going to be introduced.

I think it would be helpful to see the whole thrust of what the Government is trying to do in this area, and wherever you can, where effective steps have been taken. I happen to be a believer in the anti-poverty program, but I have long felt that much needs to be done to clarify both results and pinpoint areas where improvement could be made, and I think some successes in this area as well as perspective on the problem will be very useful.

(The information follows:)

OEO PROGRAMS ON INDIAN RESERVATIONS

Indian unemployment (and underemployment) is estimated to be approximately 40 percent of the labor force. A number of factors serve to contribute to this high percentage. The average number of school grades completed by the Indian labor force is estimated to be 8.4 as compared with 10.6 for the U.S. labor force. Although we do not have data to show the correlation between educational deficiencies and unemployment, it is undoubtedly a significant contributing factor. The educational requirements for jobs is steadily increasing. In addition, Indian populations are more often than not located in extremely rural areas, that lack employment opportunities.

Problems of motivation further contribute to Indian unemployment. Programs are needed that provide intensive and extensive counseling for the whole family. The wife as well as the breadwinner must become convinced that full-time participation in the world of work is a satisfying experience that will contribute to family solidarity and social betterment.

A great many Indians lack salable vocational skills. Most public and private schools that offer programs of vocational training require a tenth grade or better education. Programs in basic education are needed to enable the unemployed to meet these minimum educational levels.

There have been a variety of OEO programs that have provided benefits to Indian people in preparation for employment. Head Start programs, which provided pre-school experience for 7,500 Indian children in fiscal year 1967, offers a step toward a long range solution of Indian education problems. OEO programs have also contributed to the enrichment of elementary and secondary education for Indian children. The Rough Rock School project on the Navajo Reservation is one example. A number of the 300 VISTA assigned to reservations have assisted in school programs. They have also conducted adult education programs on reservations.

There have been several vocational training components approved in Indian Community Action programs. The home builders training program at the Red Lake Indian Reservation, which trained 30 Indian men all of whom subsequently found employment, has already been mentioned in the testimony. OEO plans to extend this training in the construction of 500 additional Indian homes in fiscal year 1968. We have been unable to obtain from OEO figures on actual Indian participation in various Community Action vocational training programs.

Two additional OEO programs contribute to increasing employability of Indian people. The Neighborhood Youth Corps, administered by the Department

of Labor under the Economic Opportunity Act, provided employment and work experience for 6,544 Indian youth last year. Some 2,980 Indian adults participated in work experience programs administered by the Department of Health Education and Welfare under Title V of the Economic Opportunity Act.

Secretary UDALL. Well, of course, if I may comment generally, because I think I see and agree with the main point that you are making here and it has seemed to me that when I look at the past history of our Indian people, that one of the main reasons for failure is that everybody in the Federal Government, as well as the people in the States and all of us said, "Well, the Indian people are the problem of the Bureau of Indian Affairs," and you could never get everyone involved; and that is the reason, over a year ago, with the Economic Opportunity Council, which works under the Vice President, and Sargent Shriver, I tabled this as a major item of business, making the point that what we really need to do is to marshal the resources of the Federal Government to help the Indian people. They are not a problem of the Indian Bureau, and the Office of Education, for example—I am still not convinced they are doing nearly enough. Here is a group of people that are entirely a responsibility, many of them, of the Federal Government. Many of their schools are the only Federal schools, so why shouldn't we use them and get a lot of our money for experimental programs, because they not only are ideally situated, but certainly we should begin by helping them.

The same way with the manpower training programs, the Department of Labor, with the economic development loans. If we can reach out and bring all of the resources of the Federal Government to bear on the problem, as we are increasingly doing, then we should make some headway; but as long as we sat back and treated the Indian people as a problem that the Indian Bureau was dealing with, you are just going to hobble along at not really making the big strides that you can make if you get a big input from everyone concerned.

Mr. REID. Well, I think that makes much sense, and my final question, Mr. Chairman, would merely be; Do you have the mechanics through the Vice President's Council of Coordination so that you can marshal the full resources of the Federal Government, or do you need some additional help to strengthen your pace, to act effectively and to encourage coordinated action across the board, including the Office of Education, OEO, the Department of the Interior, and wherever else it may be indicated and useful?

Mr. BENNETT. Well, out of this one meeting of the Council where we discussed Indians came a committee that has been set up, and which is functioning, and I can say to you that I know from several instances that they are getting results. I think there has been significant improvement.

Mr. REID. Thank you.

Chairman PERKINS. Mr. Thompson.

Mr. THOMPSON. Mr. Secretary, it is wonderful to see you here as an old friend and seatmate for a number of years. I would like to commend you on your statement.

I gather from your response to the questions by the chairman, that you are, notwithstanding that there have been wrinkles to be ironed out, satisfied with the relationship between your Department and OEO. Is that a correct interpretation?

Secretary UDALL. Yes, I think that our working relationships are very good. I think the total effort is productive, and I think the friction and the conflicts that we did have in the initial stages, I think were inevitable. You can't introduce a new program that has the broad scope and thrust that OEO had and not have conflicts and controversy, but I think we worked most of our problems out, and in my view, the thing that we would like to see happen is to have the program continued, and strengthened. I think this is our basic reaction at this point.

Mr. THOMPSON. Well, 3 years ago when this program was put together, I don't think as one who was extremely active, and was a member of the select committee which, shall we say, devised it, any of us knew with any degree of detail precisely in what exact direction any of the programs would go. It was innovative. It was sort of a bouillabaisse, all put together, and like a good bouillabaisse, it has been most satisfactory. One might say there are too many mussels in it, or not enough shrimp, or something like that. Nevertheless, I think that the experience has been good.

I think we are at the point now where some of us, with particular interest in certain sections, are sort of in a *nunc pro tunc* fashion asking for results which we couldn't reasonably have expected 3 years ago.

I note with interest that you say that your two major interests are of the continuation of special efforts to assist the American Indian. I know from having been a next-door neighbor of yours for 6 years that you did have this interest, and you have continued it, and you said that you want the Job Corps conservation center as it is administered to continue.

With respect to the school situation, it is a bit difficult, admittedly, for one from a State like New Jersey, which was inhabited principally by the Delawares and the Leni Lenapes, who have disappeared long since to understand Indian problems. Our nearest Indian neighbors, as I understand it, are the Senecas and Mohawks in New York. We see them only when and where there is steel construction.

My understanding, from what little I know about Indians, with respect to their schools especially, is that any segregation involved has been a *de facto* segregation, one of geography. I have been to your State. I can't conceive of many of the Indian children being transported or being integrated into other school systems without a great inconvenience. As a matter of fact, in Montana in particular, the weather conditions would almost prohibit it. I am somewhat startled to know that there are Indian schools in white school districts, inhabited solely by Indians, but you do state it is a matter of policy that they be integrated wherever possible. Is that my understanding?

Secretary UDALL. It is only a matter of policy, but this changed the whole picture and I will say it worked very well.

The Indian child has some very serious handicaps; he is very disadvantaged, more handicapped than most. He has a language barrier. He has normally a home in which in the past there has been largely a degree of illiteracy. He has a cultural barrier he has to get across, as well.

This means that the more school integration there is, the better, and this is the reason some years ago the Department made this as a

major decision, to get the children in public schools. I think we should do this everywhere possible.

There are these situations that you are familiar with where remote necessity prevents this. The question there, it seems to me, is providing superior schools. It may be that special efforts of the type that we are not doing now are going to be needed to bridge the gap for these children that have such serious handicaps.

Mr. THOMPSON. In an aside at one point during a colloquy, Mr. Hawkins suggested that it might possibly be that you have difficulties arising out of treaties with tribal councils. Is that a factor in the school situation?

Secretary UDALL. Congressman, the whole Indian problem relates back to the fact that as a matter of high national policy we chose to make treaties with Indian tribes to give them a piece of land, large or small, worthless or having some worth, and to put them on it, to deliberately separate them from society and say, "You stay there and leave us alone and we will leave you alone."

Quite frankly, this was our policy a hundred years ago. We provided very minimal support in terms of economic development in those early stages. This is the reason that we today are left with so many serious problems that aren't easily resolved, that these people are physically segregated and you do have a de facto segregation.

It is not merely in terms of schools; they are out of the mainstream in terms of highways, in terms of economics. This is one of the reasons for the Indian economic development legislation that we presented this year. We would like to get them into the economic mainstream. They can't go to the banks and borrow money. Although they are Indian communities, they can't float municipal bonds. I can go right down the list.

It is no wonder they have made so little progress because they are not in the mainstream of America.

Mr. THOMPSON. Do you find to any extent there are tribal councils or groups of Indians who resist integration because of their culture, because of their beliefs?

Secretary UDALL. Many of them resist integration for cultural reasons; yes. Many of them because of their own cultural background are not particularly attracted to some facets of our society, and I think for good reasons. Bridging this cultural gap of educating them, of giving them opportunity so that they can decide how they want to adapt to our society, this is another very special problem we have.

The idea of a competitive society just as we have runs frequently across the grain with them. Yet this competitiveness is one of the main elements, one of the main strands of our society.

Mr. THOMPSON. There are no Indians on this committee, I can assure you of that.

I note one particular thing that interests me, that 300 VISTA volunteers have been assigned to reservations. Have they worked out well?

Mr. BENNETT. Yes; they have. In order to cooperate with them, we, as a Bureau have made available to them facilities that we have. In other words, if we have a school that has a room that is not used, that is available for the purposes of the VISTA program, equipment,

housing, we have as a Bureau facilitated their program. They have made a real contribution to the program and we have cooperated with them to the full extent possible.

Mr. THOMPSON. I am glad that they have worked out well.

The VISTA section of the act is of particular interest to me because I was the original sponsor of what was called the Domestic Peace Corps. This met great resistance, very likely because of its name. So, one day, under a rather odd set of circumstances, sitting around in my office with another fellow, this whole program came up. We invented the name VISTA, Volunteers In Service To America. I said:

How can anyone object to this? It sounds like good people coming around to pick up your used clothing and taking it to some needy neighbor, or some person who rings a bell on a cold December day asking for money for the poor.

Actually, in its active form it is in better shape than was the original proposal. It has been highly successful. I think, though, I use this example to say, that we are sitting, some members of this committee and myself, in judgment of a three-year-old program innovated by us, without a chart, with nothing more than a compass.

I think in the circumstances, and in that context it has been remarkably and spectacularly successful. It is easy, I think, to introduce one or a series of letters showing disappointment with respect to one program or showing how red tape has caused some frustration.

But I note with some interest that those applications or the applications for OEO programs, no matter where they are administered, by whom, or how, are coming in from all over the United States and are being advocated by those who would turn the whole program back to the States or turn it all off or fragment it. I think it is too early; my view is that it is much too early to even consider, with any degree of seriousness or responsibility, fragmentation, spinning off, because then I think the whole program would lose its inventiveness.

Now, you have had problems, Mr. Secretary, which you have alluded to with respect to coordination and so on, but some of your remarks are that you have been able to work them out and that you are satisfied that they are working out, and I am very glad to hear this.

Secretary UDALL. Congressman, I would be less than candid, and I know my own committee expects candor, to say that we didn't have some serious problems in the early stages.

I had a tug of war with Sargent Shriver over several matters where the question of who should do what and how a program should be carried out. I think almost all of those disputes have been solved. Most of the friction has been eliminated. I won't say that all of it has.

I think the fact that OEO has been in the picture, that they have a mission, they have a mission that none of the rest of us have, they are a command post in terms of the impoverished people of the country; they think about this every day when they get up; this has enabled them to be a spur and to be a gadfly and to propose new ideas and to stir things up.

I think to the older agencies, although we might resent some things, this has been a good thing. I think the programs have worked out and have been very effective in most instances so far as we are concerned.

Mr. THOMPSON. I agree with you.

I will conclude by saying this, and I say not on a personal basis, but on an objective basis, with respect to you and your incumbency as the Secretary of the Interior, I think that you can be enormously proud of your achievements and of the achievements of your Department.

Although I am not a historian, I venture to say that many, many years after both you and I are gone your name will be in the books as one of the truly greatest, if not the greatest, Secretaries of the Interior.

Secretary UDALL. Thank you.

Chairman PERKINS. I concur in that statement, Mr. Secretary.

Mr. Scherle.

Mr. SCHERLE. Mr. Secretary, there appears to be mutual appreciation here this afternoon.

Mr. Secretary, I have always had a great respect and fondness for the Department of the Interior. I have never ceased to be amazed at the protection you give to our natural resources and heritage. As an outdoor man myself, I am greatly appreciative of this.

I have just a few questions, Mr. Secretary.

How many projects are there now as a part of the OEO that fall under your jurisdiction?

Secretary UDALL. I don't know that any of us here at the table could give you a specific answer because probably the answer today is different from a week ago.

You know, some are phased out and there are new ones that come on the line.

I would be delighted to furnish to you and the committee what the total number of projects were as of, say, the end of the fiscal year ending July 1, but I don't have it at my fingertips.

Mr. SCHERLE. Now, these individual projects we have reference to are all separate grants, are they not?

Secretary UDALL. In most instances, yes.

Mr. SCHERLE. Like the Job Corps, and so on?

Secretary UDALL. Yes.

Mr. SCHERLE. Would you give me or submit for the record a cost ratio of the grant in regard to the number of enrollees and the amount of most involved?

Secretary UDALL. Yes; we can do that, also.

Mr. SCHERLE. Fine.

(The information follows:)

COST RATIO OF GRANT TO JOB CORPS IN REGARD TO THE NUMBER OF ENROLLEES

The Job Corps Conservation Center program is the only program through which there is an identifiable direct transfer of funds to the Department of the Interior from OEO. All other OEO grant programs are funded and administered directly by the receiving organization, other than Interior, i.e., Labor for Neighborhood Youth Corps, etc.

During the period July 1, 1966 to May 1, 1967, Job Corps centers operated by the Department reflected a total of 4,525 corpsmen man-years with an operating cost of \$24,222,000.

This indicates an operating cost per enrollee man-year ratio of \$5,352. The figure does not include amortization capital costs, agency direction, or other costs funded by OEO. (Ref: "Job Corps Reports", June 1967, Office of Economic Opportunity, pages 62 through 69.)

Mr. SCHERLE. Now, under the Department of the Interior, who has responsibility if anything goes wrong under this program? Is it your responsibility as the Department head or is it your subordinates or are they subservient to the OEO?

Secretary UDALL. No. The way my Department is setup, the buck goes to my desk. So I will have to say I am responsible, Congressman. I do have with me today the two people who are the ones that I would look to primarily to make decisions, to alert me to the decisions that I have to make, Mr. Bennett, the Indian Commissioner for the Indian program, and Mr. Old Coyote, who handles the Job Corps program.

Mr. SCHERLE. Since OEO has come into existence, it has always been a concern of mine as to how this came to be a part of your Department. Were you obligated to take them or did you ask for them or just how did they come to be your responsibility?

Secretary UDALL. Congressman, there are two answers. Of course, OEO was given the broad responsibility it had toward poverty. We were aware all along, in fact we testified and it was our view, that the Indian people, because they are the most impoverished group, should participate in as many of the programs as possible. So, they were blanketed in in terms of the way the legislation was written generally.

Generally, so far as the Job Corps centers are concerned, I go back to my days of Congressman, to something like the old CCC. Those of us who pushed this idea for several years were very pleased when the Job Corps, as it came to be known, was included as part of the total poverty program. Now there are two agencies that have large outdoor areas, the Department of Agriculture and the Forest Service, and my own Department with all the outdoor areas, and the question came up as to how should this be divided up between Interior and Agriculture.

This was a problem. That was quite a tug of war. Then we had the problem with us and OEO as to what they should do and what we should do. We wrestled around with this for several months. We finally came to a settlement and as I say, I think it worked out quite well.

Mr. SCHERLE. Mr. Secretary, as long as there still appears to be a problem of wrestling with the question as to who has responsibility, don't you think it would be a good idea if the responsibilities that you now have over certain segments of the OEO which have been assigned to you, if you just took them over completely and abolished the OEO to that extent?

Secretary UDALL. No; I really can't agree at all conscientiously on that. Let us take, for example, the Indian programs because both in terms of budget, in terms of people, in terms of drive, this has introduced a new element into the Indian picture. This has introduced an element that is competitive in the very best sense with the Bureau of Indian Affairs which, of course, has had the responsibility for over a century.

If you simply say, "Well, we will give you that portion of the budget, of the OEO budget that is now going to Indians and you get so much more money," I don't think this would be nearly as effective as having the focus that you have, the leadership, the drive you have in the Office of Economic Opportunity, itself.

For many reasons, I would like to see it remain as it is rather than to change it at this point.

Mr. SCHERLE. Mr. Secretary, from what I have seen within the confines of your Department, I would say that your people are very well qualified to lead, particularly in the various elements of national concern. If you have to bring in and train new people to run and guide those under your very concern, it would appear to me it would be easier if you could do it. As long as you have the title, maybe you should have the responsibility.

Secretary UDALL. I think, as I said before, when you get to the Indian people and their problems, we need the Department of Labor with their manpower training, we need the Commerce Department with their economic development loans, we need the Office of Education doing as much as they can to help strengthen Indian education.

I don't think that it would really be best to center everything that concerns Indians in my Department because, having these other programs I think adds an extra element that gets more action and more progress.

Mr. SCHERLE. Then in your own mind you do not feel that there is duplication and overlapping and a lot of wasted effort?

Secretary UDALL. I don't see any waste in the program in terms of either wasted manpower or effort. In fact, I think the extra leadership and extra drive, the innovative effect is the thing most worthwhile.

Mr. SCHERLE. Mr. Secretary, I think there was a grant made to the Zuni Indians not too long ago somewhere in the vicinity of \$200,000 to \$250,000; I am not sure of the figure. I have always been a great admirer of Indian craftsmanship, particularly of the Hopis, the Navajos, and the Zuni Indians. In fact, my wife is quite fond of this merchandise.

Will this grant that is being given to them detract from the creative ability that these people have and merchandise the end product to the extent that a sort of "Made in Japan" type of stigma may attach to their craftsmanship?

Secretary UDALL. No; quite the contrary, because the Indian Bureau and our Indian arts and crafts people, the very thing we have tried to do is to encourage the development of skills of the native crafts.

I think I can speak for both Commissioner Bennett and me when I say that if the time comes when the American people, themselves turn to using machines for turning out what I would consider fake Indian jewelry and Indian artifacts, I think this will be a very sad day if it comes.

There is no way we can prevent Japanese imitations or imitations from other people, but as long as the Indian feels so strongly about his culture that he wants to develop his own art, I think we should encourage it in every way we can.

Mr. THOMPSON. Would the gentleman yield?

Mr. SCHERLE. Yes.

Mr. THOMPSON. I share your admiration for this work. I can't help wondering, despite its beauty and their great skill and their ability to market it, why they are still among the most impoverished people on earth. It might be that to educate more of them to do this magnificent handwork themselves would help them more than any danger that their work would be duplicated by someone else. Would you not agree?

Mr. SCHERLE. Mr. Thompson, I did not mean that to be the context of my question. If I left that impression, I am wrong.

The thing I was concerned about was, what is the \$250,000 to do in this regard? Is it to manufacture this merchandise on a quantity basis? Is it to train additional people so they can also participate in this? In other words, what is the money for?

Secretary UDALL. As I recall the program, it is training, marketing, encouraging a better organization. The Indian too often in the past, with this very careful and beautiful handwork, has produced the product but somebody else makes the profit. We both need to have more skilled young people who can develop these skills as well as marketing programs that serve the Indian.

The Indian people, themselves, with their own marketing programs, have often been highly successful. This is the thing we have been encouraging more and more with some of the tribes that you mentioned earlier.

Mr. SCHERLE. Under the present system of developing this craft and sales, would anyone of you know what the average income would be for those who are involved in working silver turquois?

Secretary UDALL. I could make a guess. We might furnish you a figure on that. I think the best artisans and craftsmen in some of these southwestern Indians do quite well and increasingly well.

Mr. SCHERLE. I have seen a published statement on one as high as \$30,000.

Secretary UDALL. Like you, I have purchased some—my wife is equally fond of them—for various gifts. It pleases me to see them get such handsome figures. I wish they all would get it for that kind of work.

Mr. SCHERLE. Thank you.

Chairman PERKINS. Mr. Hawkins.

Mr. HAWKINS. Mr. Secretary, I join in welcoming you to this committee and commend you on a very excellent presentation. Those of us on the committee perhaps who had less seniority than you had are pleased that you have gone on to better things.

Secretary UDALL. There are days when I wonder.

Mr. HAWKINS. At least, it gave us more seniority, anyway.

With respect to the school problem, so that we don't leave that on a negative note, I would like to indicate that on another committee we are studying the question of bilingual education. We have looked with great admiration on the project known as Rough Rock demonstration. To me, this certainly is a most inspiring example of new techniques being employed.

I certainly want to say that if in cooperation with OEO you have been able to initiate this demonstration of a school project, certainly I think it goes a long way to justify the cooperative relationship which has been worked out because this, I believe, has been an excellent example.

I am hopeful it will serve to show us what should be done among the Spanish-speaking people and other non-English speaking people of our country.

I have several rather simple questions to ask you. One pertains to the service on the Economic Opportunity Council since we have had so little testimony about this. Does the Council meet regularly and, if so, what are its functions? In what way has the Council contributed to the cooperative relationship that exists between your agency and other Federal agencies?

Secretary UDALL. Director Shriver has been very systematic with the Economic Opportunity Council. They have met every month. I am not able to attend all of them. I attend as many as I can.

Of course, the fact that the Vice President, himself, was directed to serve as Cochairman is also very important. He takes a lively interest in it.

The agenda of these meetings normally is directed toward the big problems, the problems that cut across the different departments and also the troublesome issues. It is a trouble-shooting entity. Why aren't we doing a better job? Why aren't we moving faster in this area?

This is the reason why I told Sargent Shriver that I wanted to have a meeting of the Council on Indians, I wanted to indoctrinate all these other people or get them to see the Indian problem that I saw, to enlist their interests, to enable us to do what we could to establish a sort of permanent subcommittee of the Council that would talk about improving the overall effort in terms of Indians.

I would say the Council to me has been a very positive force and it makes a very good place to discuss the broader issues.

Mr. HAWKINS. But it is not a Council in name only; it is a working Council which does meet regularly and it does have specific functions?

Secretary UDALL. Yes; indeed.

Mr. HAWKINS. With respect to the placement data which I think you discussed with the gentle lady from Oregon, these statistics that were compiled by the Office of Economic Opportunity, I would merely, Mr. Chairman, at this point like to indicate that heretofore this report has been furnished to this committee.

I just noticed that it does furnish specific statistics on verified placement in jobs in school or in the military. It is based on data including 2,381 Conservation Corpsmen as well as 4,068 in the training centers. I think the data included 52,985 youths that had entered jobs in the military or schools, of which 76 percent had gone into jobs.

I think to leave any inference that we have not had placement success, the data furnished to this committee is perhaps slightly erroneous, and if any further data is needed certainly we should join in requesting the information, but I think it should be known that perhaps so much has been furnished to us that some of us really haven't had time to read it.

This next question is one which has reference to the Indian task force. You indicated this was a task force which was suggested by the Council that we today do have such a task force in operation?

Secretary UDALL. This was a subcommittee of the task force; you can call it whatever you want. This grew out of the meeting that the Economic Opportunity Council had to discuss the Indian problem and the feeling that there was a need for a coordinating committee to assure that a maximum effort was made on behalf of the Indian problem.

I must say in the last year or last 18 months I think we have gotten some results and very concrete ones.

Mr. HAWKINS. Does this consist of Indians, themselves?

Secretary UDALL. No. I am talking now about the Economic Opportunity Council, itself, that consists in the case of my Department—a subcommittee of the Council.

Mr. HAWKINS. In the CAP agencies that operate on the reservations, are Indians integrated throughout these agencies and, if so, how are they selected?

Secretary UDALL. The Indians are integrated wherever there are Job Corps camps on Indian reservations. These are not, however, camps that are just Indian youths. They are camps like the others, generally. Of course, the Indian youth participate where they are accepted in the Job Corps where they undertake the same responsibilities that other corpsmen do.

I am told, just to give you a statistic, there are about 450 Indian youngsters in the Job Corps today.

Mr. HAWKINS. These are all the reservations?

Secretary UDALL. No.

Mr. HAWKINS. These are Conservation Corps?

Secretary UDALL. That is right.

Mr. HAWKINS. In addition to that, I assume there are youngsters somewhere else, are there not?

Secretary UDALL. There are Indian youngsters—

Mr. HAWKINS. Those who leave the reservation I assume are lost in the total population.

Secretary UDALL. That is right.

Chairman PERKINS. Mr. Steiger.

Mr. STEIGER. Mr. Chairman, thank you.

I want to join in welcoming the Secretary and in paying particular tribute to Commissioner Bennett from the State of Wisconsin. It is a great pleasure for me and an honor for our State to have him as the Commissioner of Indian Affairs.

In your testimony on page 7 you say:

There is a continuing need for the broad innovation made possible through anti-poverty programs. Innovative manpower, housing, health, education and other programs can be accomplished through the responsible agencies with coordination by the Office of Economic Opportunity.

I am somewhat surprised, Mr. Secretary, that as I read that statement, what I end up with is a somewhat different change than I would have expected. It seems to me that coordination might better come from the Bureau of Indian Affairs rather than from the Office of Economic Opportunity.

Secretary UDALL. Well, I wouldn't want to mislead you because in terms of the total effort being made today, so far as the Indian people are concerned I think that the organization that has and must have the paramount responsibility is the Bureau of Indian Affairs.

I think that with the large and broad responsibilities that it has we did not anticipate, nor has OEO displaced the Bureau of Indian Affairs in terms of its paramount responsibility.

But as far as the Indian people as part of the poverty group in the country and how they and their problems and the total national effort fit together, OEO, I think, has an oversight function, a coordinating function. I think I should clarify it for you.

So far as the Indian programs or Indian advancement, Indian development is concerned, the Indian Bureau and my Department has to have the dominant role. As far as the poverty people of the country, I think that OEO quite properly is the agency, as I indicated earlier in

my testimony, that has to give thought to their problems day by day and hour by hour in a way that we do not.

Mr. STEIGER. In your testimony, also on page 7, you said that "economic opportunity programs are enabling Indian groups to more quickly identify and resolve their own problems."

The Bureau of Indian Affairs has had the responsibility for Indians for, as you indicated, over a century. Now, what is it that OEO has done that BIA could not do and did not do and why did you not request from the Congress the kind of authority necessary to more quickly identify and resolve the problems of Indians through BIA?

Secretary UDALL. Let me give you one very good example from a personal experience which will show you what I mean in this regard.

The OEO, in one of the major grants they have made to the largest Indian tribe, which occupies the largest land area which is as large as West Virginia, incidentally, the Navajos, made a legal grant that set up a legal aid program. This is really much more than what we normally think of, people just getting advice, because you are dealing with people who have every little awareness of our legal system as well as their own legal system that they are trying to develop.

Now, this is something that, if you had left it up to the Bureau of Indian Affairs to initiate, I doubt that it would have been initiated at this point. It was badly needed; it was very important to carry it out. It has been very well funded; it is now in its second year; and I think it is going to be a highly successful program.

Since legal aid has been one of the major innovative things that OEO has tried out in poverty areas generally, they said logically are there Indian areas where we should try out this idea to see what we can do in terms of educating people as to their rights and helping them to protect their rights.

This is where OEO provided an innovative thrust that I don't think the Bureau of Indian Affairs would have under normal circumstances, and to the benefit of the Indians.

Mr. STEIGER. You indicated, if I can just clarify one little bit further, in your statement, on pages 7 and 8, "With the coordination of the Office of Economic Opportunity." That is not really quite what you mean, if I understand the answer you gave; it is still BIA that must have the greatest share of the effort to help the Indians in conjunction with OEO. Is that correct?

Secretary UDALL. So far as the Indians are concerned, the Indian people, their future, their problems, I think that the Indian Bureau of necessity has to have the paramount role and OEO is providing a new thrust and is entering into the picture. But certainly they are not coordinating Indian affairs. This is the job of the Indian Commissioner. But they are coordinators of the overall poverty program.

To come back to the example I used a moment ago, if they are going to do something about aiding the impoverished people of the country, getting better protection of their legal rights, understanding their legal rights, they have the paramount responsibility in this field; they do the coordination. They, in this instance, decided really what should be done in this limited area so far as the Indian people are concerned.

The answer is a little bit complicated, but my answer is yes and no.

Mr. STEIGER. You mentioned the \$780,000 services grant from OEO to the Navajos.

Prior to that grant, didn't the Navajos have a contract with BIA and, if they did, is that not a duplication of effort between the BIA Indian counsel and the Indian legal service staff?

Secretary UDALL. I happen to be very familiar with this because of the long lawsuit I had, but the Navajo Tribe had their own lawyers representing them generally as far as their legal affairs were concerned. They also had a small section—as I recall it, of one or two lawyers, that either spent part time or full time advising individual Navajos, a hundred thousand of them, you see, spread over an enormous area.

What the OEO grant did was to enlarge the thing—and this did not come from Federal funds; financed this program themselves. They could not afford to enlarge it, and in this instance I believe the tribal council felt it was a very useful program. They presented it to OEO; OEO decided to fund it and you had a full-blown program rather than what was a very modest beginning of a program.

Mr. STEIGER. You may be familiar with the comprehensive evaluation of the OEO Community Action programs on six selected Indian reservations, done in September 1966 by Human Science Research, Inc., of McLean, Va. I was interested in looking through the study and let me quote two criticisms that were made of CAP components.

No. 1:

Indians find two chief problems in connection with preemployment CAP components. Primarily they are disturbed because there is so little orientation toward the employment of family heads. Most components deal with children or adolescents. The intent behind this approach of preparing the next generation for the future does not impress many Indians * * *.

The other quote:

The other objection rests upon widely held feeling that many CAP jobs are "make work" operations and contribute nothing that the reservation can use, except the wages of those employed, which funds immediately flow out of the reservation to surrounding white communities where stores and services patronized by Indians are largely found. This means that should CAP operations cease the reservations population would be just as poor as before . . . more immediate practicable modification of this approach may be to train Indians for and help establish services, trades, and small stores (perhaps cooperatives) on the reservations, themselves.

Could we have from you for this committee any comment on these two?

Secretary UDALL. I think this is a very good point. This is a sound analysis.

One of the reasons that we are attempting not only to get the type of economic development where you locate a factory or a plant on an Indian reservation but we then must see to it that the Indians, themselves, capitalize on this by building the community facilities, either themselves, or encouraging others to do it by leases, so that the money stays in the Indian community and turns over.

I think Commissioner Bennett gave me the figure that if you get a new industry to establish itself and if you want to get the full benefit of it, that for every 100 jobs that you get on an industrial payroll, if you can also keep the money in the community you get 60 more jobs from service industries and other industries. This is oftentimes lost

under what I hope we can regard as the old way of doing things on Indian reservations. You have to have the total approach.

In other words, I think this is sound economically, what you have read.

Mr. STEIGER. This was a report done a little less than a year ago.

Has there been any attempt or any effort made to redirect the CAP components on the reservations to avoid these things?

Secretary UDALL. This has been a problem I am afraid I discussed with my Indian Commissioner long before the report came out.

We have been aware of it. We have been concentrating on it. We have had some success in some areas. It is the problem of economic viability. This is the big and total problem.

Indian communities are not unlike newly developing countries in the sense that you have to develop the total economic approach. Unless you do, you have all of these handicaps such as you were describing a moment ago.

Mr. STEIGER. One of the other statements made in the study is as follows:

The BIA was almost wholly ignored in the first year of operation—not because, in general, the BIA was unwilling to help and not wholly because the Indians perceived the BIA as unable to help. Indians wanted this program for themselves and they wanted it badly enough to turn their backs on their traditional external sources of help.

Is that a valid criticism?

Secretary UDALL. I don't know that from what you read I can get the context that you have in mind. I would say on the whole, I used the word before, I think OEO with their new ideas and their new programs have provided innovative influence in Indian affairs. They challenge the Bureau of Indian Affairs in some ways; because they have had extra money, they have done things that the Bureau of Indian Affairs couldn't do. Most of these things have been very constructive.

My feeling is that the problems are so serious that we confront so far as Indian people, that having new ideas and new people and a new thrust has been a good thing rather than a bad thing.

Mr. STEIGER. That is all, Mr. Chairman.

Chairman PERKINS. Are there any further questions?

Mr. HAWKINS. I have none.

Chairman PERKINS. Thank you very much, Mr. Secretary. You have been here now almost two hours and a half. We thank you for your presentation. You have been most helpful to our committee.

Secretary UDALL. Thank you, sir.

(Whereupon, at 4:15 p.m., the subcommittee recessed, to reconvene at 10 a.m., Wednesday, July 12, 1967.)

(The following was subsequently submitted for the record:)

STATEMENT OF MRS. DOROTHY STEFFENS ON BEHALF OF THE WOMEN'S
INTERNATIONAL LEAGUE FOR PEACE AND FREEDOM

I am Dorothy Steffens appearing on behalf of the Women's International League for Peace and Freedom. I am an educator by profession but have worked in the planning and coordination of programs for underprivileged youth of Washington, D.C. Because my special knowledge of the war on poverty has principally been concerned with the D.C. area, I shall base my testimony on my work with the poverty programs in Washington.

Since its founding by Jane Addams in 1915, the League has been deeply concerned with the conditions under which people live and work, and with the development of human potential. It is not only women, however, who are aware that a whole community is impoverished when a large number of its members fail, because of lack of opportunity, to achieve their fullest potential. No American can remain untouched by the menacing consequences of poverty, the spread of slums, the decay of social services and the human waste which leads to violence, crime, and chaos.

The 1960's saw the long-overdue beginning of a coordinated national effort to rehabilitate America's urban and rural poor. The Executive and Legislative branches of our national government are to be commended. However, it has not been without its trials and trauma. To use the words of the President in his March 14, 1967 Message on Urban and Rural Poverty, "Few undertakings in our time have generated as much hope, produced as many immediate and beneficial results, or excited as much controversy as the anti-poverty program. . . ."

As a professionally interested observer, and then evaluator, of one community's participation in this "war on poverty", I have personally seen and experienced the hope, the beneficial results, and the controversy which characterized the first stage of this national undertaking. Last June, exactly one year ago, I was called from my work as a suburban educator to set up a program which would allow the public and private agencies administering anti-poverty programs to evaluate their efforts *with* those people they were trying to reach, the under privileged youth of Washington, D.C. The result was last October's Conference on Planning for Washington's Children and Youth, the full report of which was published under the title, "The Day After Summer" and is appended hereto.

Washington, D.C. is not a typical city. However, there are several fundamental and unusual implications of last summer's Washington, D.C. experience which are applicable to communities throughout the nation and which are directly related to the total concept of the "war" which we are fighting. This is the war to raise human hopes and aspirations, to bring a large group of excluded Americans into the mainstream of an affluent society, to change society's "burdens" into producers and contributors; in short, to promote the fullest measure of human potential. Some of the provisions which have allowed the Office of Economic Opportunity to promote this struggle for self-realization of the underprivileged are today under attack and could be greatly affected by the proposed amendments to the Economic Opportunity Act. I would like, therefore, to address myself to the desirability of retaining these provisions.

INCENTIVES TO COOPERATIVE EFFORTS

The availability of OEO funds for special programs for youth led to one of the first efforts in Washington to coordinate programs among a wide variety of public and private agencies. As any day's City Life Section of the Washington Post illustrates, there has been repetition, overlapping and enormous gaps in essential services to citizens. Even more than most cities, Washington has been plagued by what one critic called "non-self government" which has produced a monumental failure on the part of the service-providing civic agencies to act cooperatively or even knowledgably in relation to one another.

However, as a result of OEO funding, last summer saw the beginning of machinery which would allow for communication and exchange of information between agency heads, their staffs, and citizen representatives in the development and implementing of local poverty programs.

The thirteen members of the Summer Planning Committee under which last summer's youth programs were planned and operated, included representatives from religious and voluntary groups such as the Archbishop's Committee on Community Relations. The Council of Churches, the Health and Welfare Council and the Urban Service Corps. Local D.C. government agencies included the Departments of Welfare, Recreation, and Public Schools and the Office of Program Coordination of the D.C. Government which, incidentally, took a leadership role in the Committee. Poverty program representatives came from the Metropolitan Citizens Advisory Council and the United Planning Organization, which provided staff and funds and office space from its budget. While differences in basic orientation and customary practice between these groups made for prolonged and sometimes acrimonious discussion, they learn to control individual

biases in a common concern for the needs of D.C. children and youth. They also received considerable support from Vice President Hubert H. Humphrey and from the Presidential Advisor for National Capital Area Affairs, Mr. Charles A. Horsky.

However, one cannot ignore the fact that the initial catalyst was the availability of new sources of income for innovative anti-poverty programs. While the overall record for creative innovation in the District of Columbia is far from good, the pattern for cooperation has been established and provides a model for other communities. This year, 1967, the planning in D.C. began much earlier, has included many more than the original thirteen agencies, and has been formalized by the D.C. Commissioners in an Inter-Agency Committee. This Committee is composed of the representatives of all local agencies and groups involved in direct service to D.C. residents of Washington's neighborhoods. This promises to have far-reaching efforts on patterns of communication within this federal city and alone would justify the OEO approach to funding special innovative anti-poverty programs.

COMMUNICATION BY AND WITH THE POOR

A lesson which emerged with startling clarity at last October's evaluative conference, and has been confirmed in the months since, is that there is no real dichotomy of interests or inability to communicate between low-income youth and the rest of society. The 600 twelve to twenty-five year-olds who represented neighborhood youth at the Conference sessions communicated clearly and productively with the 600 social workers, teachers, recreation workers, volunteers and local and federal administrators who symbolize the more affluent world. The result of the setting up of machinery for communication between the neighborhoods and agencies has been the remarkable accomplishment of the *planning and funding* of programs for twenty different neighborhoods in D.C.

The success of this continuing dialogue serves to confirm the findings of Dr. Hylan Lewis' excellent studies of Washington's urban poor, *Cross-Tell*; and to demolish outmoded concepts of a radically different "culture of poverty" whose members are locked into a tight world from which they are unable to touch or be touched by the rest of society. Where we are dealing with common human concerns—jobs, housing, recreation, schools, welfare, etc.—poor people and the affluent world can communicate very well indeed. The great need now is to continue to use local and federal anti-poverty programs to provide channels of mobility between the low and middle income groups. By providing alternatives, we obviate the need for demonstrations, riots, crime—acts which are the ultimate protest of a frustrated and desperate people.

OEO programs such as the Job Corps, Neighborhood Youth Corps, Legal Services, Upward Bound, Community Advisory Councils, and a host of others such as the last summer's planning effort of Washington, D.C. have narrowed the gap between the poor and the rest of society. Removing these programs to established federal agencies at this particular time would inevitable result in decreased communication. The reason for this is that in the old-time agencies programs are fitted into agency molds and become services for the people rather than services *with* the people. More than any other program or service provided by the government, the poverty programs demand and, in fact, cannot really succeed without the direct participation and involvement of those who these programs are to benefit.

DEMOCRACY AND INVOLVEMENT

Basic to our system of government is the concept of participatory democracy—that individual citizens have the right and the ability to take part in finding solutions to their own problems. Perhaps the deepest tragedy of the "self-perpetuating cycle of poverty" and the one with the most serious consequences for our form of government has been the hopeless acceptance of their inevitable fate by the more than 30 millions of Americans who live below and outside of our economic structure. The emphasis which the OEO has placed on involving these people as participants in local programs through representatives on policy-making and advisory boards has provided a living lesson in democracy. I have personally witnessed the startling metamorphosis of young persons and adults after several weeks or months of membership on boards or committees where they are listened to with respect and acceptance. Young "dropouts", kids who have been "busted"

(pailed) at some time in their past, former addicts, toil-worn grandmothers, aspiring students, have grown into effective articulate leaders of their peers able to exercise a common sense and wisdom and reasonableness which bodes well for the future of the nation.

We must be willing to encourage and develop the participation of these people in the planning for their own lives.

Traditional programs promote dependency. The OEO programs promote leadership development. This is probably the single most significant contribution of the anti-poverty program to date. In Washington, we now have 20 Neighborhood Planning Councils in which youth, parents, professionals and government staff representatives contribute to the setting of priorities and the determination of programs for their own neighborhoods. These Councils have actually set the program and the budget for this year's youth programs.

In Washington, therefore, as in communities throughout the nation, OEO has been the catalyst for developing leadership among those who have been traditionally excluded from local decision making. It has provided the opportunity for an emerging group of capable and knowledgeable "indigenous" persons who are a continuing network for reaching into the slums, and who serve as living proof that there is indeed hope within "the system."

Just as parents are ambivalent about the developing and competing powers of their own adolescents, so too are existing governmental and private agencies taken back by the vigor and imagination of this developing segment of our society. And just as we must expect to see adolescents make some errors of youthful enthusiasm and excess, so too, will there be errors and problems as this hitherto undeveloped and neglected group of Americans emerges into full citizenship.

My overall concern in this testimony is to urge that OEO be permitted to continue to function without crippling amendments; that the Community Action Programs be funded at increased strength as probably the most fundamental and promising aspect of this "war"; that Job Corps, Neighborhood Youth Corps, VISTA, and other OEO programs remain under OEO direction; that involvement of youth and parents be increased and their role strengthened by providing leadership training resources for them; and that the Office of Economic Opportunity remain the central agency for planning, coordinating and evaluating programs already begun.

RESOLUTION ON SOCIAL WELFARE BY WOMEN'S INTERNATIONAL LEAGUE FOR
PEACE AND FREEDOM—U.S. SECTION

(RESOLUTIONS AT ANNUAL MEETING, ASILOMAR (PACIFIC GROVE), CALIFORNIA,
JUNE 19-24, 1967)

To: The President of the United States.

Senator Lister Hill, Chairman, Senate Committee on Labor and Public Welfare.

Representative Carl D. Perkins, Chairman, House Committee on Education and Labor.

Mr. John W. Gardner, Secretary of Health, Education, and Welfare.

Mr. W. Willard Wirtz, Secretary of Labor.

Mrs. Esther Peterson, Assistant Secretary of Labor.

A. Philip Randolph Institute.

The Women's International League for Peace and Freedom, at its Annual Meeting at Asilomar, June 19-24, 1967, recognizes the need of the United States government and its citizens to take measures to correct the malfunctioning of an economy which has a growth rate of 5.5% a year, a gross national product of \$750 billion (1966) while allowing 33,000,000 of its citizens to exist in utter deprivation. No American can remain untouched by the menacing consequences of poverty—the undermining of faith in political and civil rights, the mass frustration produced when legitimate hopes are unfulfilled and the decay of social services which leads to violence, crime and chaos. All America is involved in the plight of the migrant workers, the deprived American Indians, the Spanish Americans in the New Mexican hills, the habitants of the tent cities of Mississippi, the displaced miners of Appalachia, the rumbling masses of the urban ghettos and the young lives on the streets of cities everywhere.

There is little evidence that current programs designed to eradicate poverty have made significant progress or that they can do so in the future. We urge

that greater support and funding be given to the programs administered through the Office of Economic Opportunity and that intensive research be undertaken with the purpose of revamping our welfare systems.

Noting the careful and definitive planning that has gone into the A. Philip Randolph Institute's proposal, "A 'Freedom Budget' for All Americans", we urge, furthermore, that this study be considered in designing legislation which would earmark a substantial percentage of our future economic growth for the eradication of poverty.

THE PRESBYTERY OF WASHINGTON CITY,
THE UNITED PRESBYTERIAN CHURCH
IN THE UNITED STATES OF AMERICA,
Washington D.C., June 15, 1967.

HON. CARL D. PERKINS,
Rayburn House Office Building,
Washington, D.C.

DEAR CONGRESSMAN PERKINS: The General Council of the Presbytery of Washington City at its meeting June 12, 1967 passed the following resolution which is sent to you for the consideration of yourself and your committee:

"The General Council of the Presbytery of Washington City favors the continuation of the Office of Economic Opportunity as the Agency for the coordination of the war on poverty, with substantial increase in appropriations for its programs."

Faithfully yours,

JOHN H. GROSVENOR, Jr., *Stated Clerk.*

B'NAI B'RITH WOMEN,
Washington, D.C., June 30, 1967.

HON. CARL D. PERKINS
Chairman, Committee on Education and Labor,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN PERKINS: B'nai B'rith Women wishes to express its continuing support for our country's War on Poverty. Therefore we support the continuation of a central agency (such as the Office of Economic Opportunity) to concentrate on the problems of the poor. We believe it is too soon to end this experiment or to weaken the effectiveness of the agency. A central agency is needed for the development of many facets of a program which is designed specifically to meet the needs of poor people and to coordinate the many poverty-related programs of all Federal agencies.

The enclosed resolution concerning the Anti-Poverty Program was approved at a recent meeting of the Executive Board of B'nai B'rith Women representing 135,000 members, in session at Washington, D.C.

We will appreciate it if you will include this in the House record of the hearings.

Sincerely,

Wallye Rosenbluth
MRS. ARTHUR G. ROSENBLUTH, *President.*

ANTI-POVERTY PROGRAM

Whereas, the various Anti-Poverty programs have as their major goal the elimination of poverty for all Americans, and

Whereas, one purpose of these programs is to enable deprived groups to live in dignity, and

Whereas, an additional purpose is to provide opportunities to increase self-respect, and

Whereas, the Anti-Poverty programs are designed to assist deprived groups to develop constructive community channels for self-help, and

Whereas, the Anti-Poverty Program also seeks realistic solutions to these problems originating initially from those immediately affected,

Therefore, be it, resolved, That B'nai B'rith Women continue its support of programs designed to raise the economic level of the disadvantaged, be actively involved in community action projects which support the Anti-Poverty programs, and

Be it further resolved, That B'nai B'rith Women intensify educational efforts among its members and the communities in which it has chapters to establish a climate favorable to these programs and encourage community participation in seeking and implementing solutions to meet individual community needs.

SUNNYVALE COMMUNITY COUNCIL,
Sunnyvale, Calif., May 10, 1967.

HON. JOSEPH S. CLARK,
U.S. Senate,
Washington, D.C.

DEAR SENATOR CLARK: The Sunnyvale Community Council has had the unique experience of working in many capacities with our local War on Poverty agency. We were active in establishing the Economic Opportunity Commission of Santa Clara County, Inc. Also one of its Area Service Centers. We have had a component contract with both the County EOC and neighborhood Area Service Center (the latter unilaterally cancelled due to budget "oversight"). We share board members with our local ASC Board. We are supervising semi-professional workers who are on the EOC payroll. We have recently completed an overview of what is being accomplished in the City of Sunnyvale by the EOC Delegate Agency staff. (See attached program outline.)

The Sunnyvale Community Council undertook this evaluation of local programs when the Central EOC, at the urging of Area Service Center Directors, set aside evaluation of the year's work. The Directors stated, "It is too soon to evaluate." Yet this Community Council feels that the trend toward establishing parallel services with already existing agencies is one that needs evaluation. It seems there is not enough money in Poverty funds to recapitulate services exclusively for the "poor." Rather we would encourage local War on Poverty programs to cooperate with on-going volunteer and civic groups.

Evaluation is the tool of assessment vitally needed by such a massive, loosely organized program. The guideline for yearly evaluation should not be discretionary on the part of local poverty groups. (It should be noted here that the Research and Evaluation Department of the County EOC has never been adequately used and recently was eliminated from the budget.)

Accounting procedures of the EOC also have been a concern of the Sunnyvale Community Council. In doing a superficial check of budget items and "in kind" contributions, we have found a few discrepancies between the Area Service Center's statements and apparent facts. We must rely on the federal auditors and accountants to maintain the established guidelines for accuracy in reporting budget items. We call upon the Congress to tighten the OEO guideline for local accountability in fund dispersal.

The Economic Opportunity Act described a grand plan for breaking the chain reactions of poverty. Its one failure lies in the hands of the men who have begun to implement the plan." More careful selection of qualified staff; greater training for professionals as well as the poor; a longer look at needs, problems, possible solutions and goals before acting (in other words—good social planning;) are first steps in the process of retooling society for greater participation by the "lower fifth." In addition, tighter fiscal accountability, independent evaluation of programs and coordination with existing community services are needed before Community support will be forthcoming.

We look to Congress to reorient this massive program so it will achieve its laudable goals.

Sincerely,

ROBERT E. LAWSON, *President.*

FEBRUARY 24, 1967.

On December 10th of last year, the Economic Opportunity Commission of Santa Clara County, Inc. "gave priority to manpower development with special emphasis on coordination of community resources" as the prime goal of the War on Poverty in this county. (pg. 67—Budget Proposals)

To this broad goal of making changes in the social fabric of our county, the EOC has defined and added the following definition of the role the Area Service Center will play in pursuing the goal:

ASC will:

1. Provide a new, expanded and coordinated social treatment service program located in an area where the clients live.

2. Focus existing and new facilities and resources toward a comprehensive solution of individual, family, community and area problems.

3. Extend and make possible realistic coordination; cooperative team work; integration of agencies, citizens and available service workers serving the neighborhoods and area.

4. Develop and expand the utilization of residents as paid semi-professionals, work-study, and VISTA programs, etc., to provide needed service in the area.

5. Encourage local residents to seek solutions to their own problems through participation in planning and the operation of ASCs.

6. Develop program proposals to meet the problems and needs within their respective areas, following the study and identification of the social, cultural, physical and economic problems of the area. (pg. 84—Budget Proposal)

The following report, taken directly from the 1967-68 Budget Proposals of the EOC, (written by the Directors of the various areas) has been compiled by this office in order for us to look at the EOC program as it is implemented in Sunnyvale. It includes the complete Budget Proposal, outline of 1966-67 programs, proposed programs for the coming year, justifications of budget increases, numbers served, enumeration of "in-kind" contributions to Area #7. Also included is a synopsis of other area programs so you may have a basis for comparison. (We ask that you consider this a working copy since our typing puts it in the "worked-over" category.)

It is our interest and concern for the War on Poverty which prompts this report. We want to see it change society through opening doors for low income citizens and through training the unskilled so they can open their own doors. In order to do this, the cooperation and confidence of the whole community is necessary. Constant evaluation of programs, expenditures, policy decisions is needed in order for the public to have that confidence. It is our money and our "War"! If we think it is accomplishing something, we should offer our time and money to assist. If we think it is not accomplishing the goal, we should say so. This is citizen participation program and *all* economic groups are included.

Mrs. RUTH ANDERSEN,

Executive Director, Sunnyvale Community Council.

By action of February 13, 1967.

Comparative data on area service centers in Santa Clara County

Budget	Central	ASC No. 1	ASC No. 3	ASC No. 5	ASC No. 8	ASC No. 7	ASC No. 9
Personnel.....	\$212, 286	\$57, 139	\$73, 765	\$75, 953	\$52, 855	\$56, 451	\$64, 642
Consultant/contract expires.....	24, 600	0	0	0	1, 500	0	571
Travel.....	3, 600	2, 918	2, 100	2, 520	2, 400	11, 648	1, 960
Space costs.....	5, 550	4, 320	9, 255	4, 200	6, 980	4, 620	4, 050
Consumable supplies.....	7, 880	2, 736	1, 375	2, 035	2, 450	750	1, 000
Equipment.....	7, 062	1, 282	800	2, 000	2, 373	1, 800	700
Other.....	19, 200	5, 011	3, 538	2, 520	2, 373	2, 375	2, 000

	Director's salary	Number of specialists (1)	Clerical
EOC executive director.....	\$15, 000		(1).
ASC No. 1 director.....	12, 144	2	1 junior stenographer.
ASC No. 2 director.....	11, 748	1	1 senior stenographer.
ASC No. 3 director.....	12, 336	3	Do.
ASC No. 4 director.....	10, 439	2	Do.
ASC No. 5 director.....	11, 058	3	1 secretary.
ASC No. 6 director.....	11, 564	2	1 stenographer-typist-clerk.
ASC No. 7 director.....	10, 614	2	1½ clerk-typist.
ASC No. 8 director.....	11, 196	2	1 stenographer.
ASC No. 9 director.....	10, 152	2	Do.

¹ Not listed.

1590 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

Area	Total budget	Local share	Federal share
Central administration	\$263,278	\$231,072	\$221,935
VISTA	13,224		13,224
Program development	32,959		32,959
Manpower development	20,962		20,962
ASC No. 1	73,406	12,401	61,005
ASC No. 2	67,888	15,003	52,885
ASC No. 3	90,833	17,790	73,043
ASC No. 4	80,437	13,800	66,637
ASC No. 5	89,228	17,709	71,519
ASC No. 6	75,961	24,380	51,581
ASC No. 7	78,144	18,486	59,658
ASC No. 8	71,521	24,401	47,120
ASC No. 9	74,923	19,375	55,548
New careers	284,549	36,500	248,049
Citizenship training and naturalization service	42,437	8,280	34,157

Comparative program data and people served in other service centers

(Taken from budget proposals for 1967-68)

Number in program	Program	In cooperation with—
Area service center No. 1:		
30	Preschool comp. education	Gilroy Schools.
1,200	Summer Headstart	Do.
15	Out-of-school NYC	NYC.
225	Fix-it, fix-up projects	
10	Nelson amendment	Santa Clara County.
13 families	Self-help housing	
764 contacted, 661 served	CSO credit union	CSO.
300 referrals	California Rural Legal Assistance	Legal aid.
15 families	Home economics class	
314	Day care center	VISTA.
12	Family life education	
Area service center No. 3:		
1,416	Information and referral	
1,000 (approximately)	Community groups	
60	Welfare rights	
200	Neighborhood councils	
120 per month	Transportation	
150 per month	Social activities	
	Redevelopment of Mayfair	City of San Jose and Santa Clara County. Schools in area.
	Direct services/I & R	
	Job development program	Central EOC.
	Welfare rights	County welfare department.
	Community mental health program	California Mental Health Association.
	Placement referrals for San Jose City housing	San Jose Housing Authority.
	County housing authority	
	4 neighborhood councils	Other county groups.
50 to 60 per month	Self-help workshop	
11	Nelson amendment	Santa Clara County.
	Leadership in establishing child care centers	Central BOC.
	Several study halls	Schools and churches.
	Several work study students	San Jose State.
	Informal program to combat teenage illegitimacy	
	Consumer education:	
	Buyers' club	
	Credit union	CSO.
	Classes	CSO.
Area service center No. 4 (program started in October):		
57	Housing	
110	Direct services	
400	Telephone referrals	
105 interviews	Job interviews	
38 placements		
37	Clothing and food	
31	Home furnishing	
65	Referred to PREP	PREP.
13	Nelson amendment	Santa Clara County.
56	Interpreters	
300	Christmas	

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1591

Comparative program data and people served in other service centers—Continued

Number in program	Program	In cooperation with—
Area service center No. 5:		
450 to 500.....	Farm-labor placement.....	Farm labor bureau.
500.....	Summer trips.....	San Jose Recreation Department.
70.....	Day care center.....	
120.....	English classes.....	
50.....	Driver's education.....	
75.....	Sewing classes.....	Viking Sewing Center.
1,000.....	Self-help tool project.....	
30 per month.....	Rent subsidy program referrals.....	San Jose Housing Authority.
200.....	Thrift shop.....	
250 to 300 per month.....	Library.....	
50.....	Home economics classes.....	
	VISTA.....	
	NYC.....	
75.....	Tutoring.....	Bellarmino College.
	Headstart.....	
350 to 400 per month.....	Information and referral.....	
Planned.....	Welding and job training.....	San Jose City College.
	Medical clinic.....	
	Operation Community Concern.....	
Area service center No. 8:		
1.....	Library study center.....	City of Santa Clara.
15 per week.....	Women's club.....	
320.....	Health clinic survey.....	
16 per week.....	Information and referral.....	
37 asked.....	Job development.....	
21 referred.....		
14 dropouts.....	NYC.....	NYC.
29 in school.....		
5.....	Nelson amendment.....	Santa Clara County.
200 per day.....	Summer recreation.....	
Planned.....	Demonstration cities program.....	U.S. Government.
	Self-help housing.....	
	Child care center.....	
Area service center No. 9:		
2,478.....	Election of poverty representatives.....	
314.....	Job development.....	
53.....	Legal aid (intake-ref).....	
237.....	I. & E. and transporting.....	Palo Alto schools.
46.....	Preschool.....	
85.....	Rehire retired resources.....	
96.....	2 volunteer exchange programs.....	
Planned.....	Tutoring.....	
	Co-op housing.....	
	2 more volunteer exchanges.....	
	Volunteer community organizers.....	
	Church groups to assist elderly.....	
	Public relations and public information.....	
	Teaching English to Spanish speaking.....	

EXHIBIT A

The major goals of the program have been to fulfill priority needs of low-income residents of the Sunnyvale-Santa Clara area, or Area 7 of the Santa Clara EOC operation, which is composed of 20 census tracts. Its boundaries are Bayshore Freeway to the north, Fremont and Stevens Freeway to the south, Highway 17 to the east, and Stevens freeway to the west.

Ethnic Composition: There is a total of 115,273 in this area, with 13,411 or 11.6% being of Spanish Surname and 2,562 or 2.3% being non-white.

Income: A total of 29,079 families reside in the area, and of these 3,426 or 11.7% had an income of \$4,000 or less.

Age Distribution: Of the total population, 47,631 or 41.3 percent were 18 years of age and under, and 4,838 or 4.1% were 65 years of age and over.

Employment: The total Male Labor Force is 23,230 with 1131 or 3.9% unemployed. Of the 27,149 employed 7,710 or 28.3% are unskilled. The total Female Labor Force is 4,184 with 1,219 or 8.5% unemployed. Of the 12,950 employed, 4,184 or 32.3% are unskilled.

Education Attainment: Of the 57,709 persons who are 25 years of age and over, 13,883 or 24.0% have completed 8 years of schooling or less. Of the persons who are of Spanish surname and 25 years of age and over (5,583), 3,171 or 56.7% have completed 8 years of schooling or less.

Housing: There are 33,984 housing units in this area, and of these 1,603 or 4.7% are classified as deteriorated or dilapidated.

Headquarters for the Area Service Center 7 is currently located at 2470 El Camino Real, Santa Clara in a location nearest the Sunnyvale-Santa Clara border and in the center or middle line of both cities, thus easily accessible to both areas. The building houses all staff and personnel, plus an extra office for publication of all office memos and duplications.

In addition, we're now using a building donated by the Santa Clara Chamber of Commerce for use as a training center at 1425 Lafayette St., Santa Clara. It is in an easy-to-reach location, but somewhat difficult for those in Sunnyvale with-out transportation.

Both buildings are equipped with phones—the main office having three lines for in-coming and out-going calls.

The following material describes the program which are already incorporated, endorsed and approved by the Area Board and the Economic Opportunity Commission to meet some of the needs of the low-income residents of Area 7.

SECRETARIAL TRAINING

Class seeks to train or equip women with the skills necessary to obtain jobs as secretaries or office aids and clerks. Since this is a wide open field with an unending demand, and many women are aware of this fact, but financially unable to attend the various Secretarial Schools, we have tried to duplicate the training, but without cost.

With the help of experienced volunteers, the class teaches grooming habits, poise, personality, mechanics of office work—proper work attitude, handling people who enter the office in various situations, proper telephone usage, filing systems, typing, proper English usage, spelling, Business English terminology, and business forms.

Termination of program depends on student's own rate of progress, efficiency and readiness. Thus the student is not compelled to learn everything or nothing in six weeks or less. Upon termination, or that time which we felt students were ready for employment, we would place them in the ASC office to work one week doing work as it would be performed in an actual paying situation. Meanwhile, every attempt would be made to place them on a job.

The center is currently renting typewriters from Santa Clara County. Business Schools as well as one of our area high schools have donated manuals to assist instructors with the classes. Response has not been as favorable as expected, mainly because relatively few people know of its availability, due to its newness. Nonetheless, eight students have already begun classes on a regular basis, and report enthusiastic participation and added knowledge.

The center feels that it is a very worthwhile program and with adequate promotion may become exceedingly successful.

SEWING CLASSES FOR WOMEN

Classes designed to be a source of fun—due to the relaxing recreational nature of the activity. Secondly, as a source of pride—the feeling acquired from having accomplished something by one's own initiative, ability and efforts. Thirdly, and probably most important to many of the women involved, the necessity of a mother with several children to be economical in the selection and purchasing of wearing apparel for her family.

Several sewing machines were obtained from private residents as well as from one of the local Sewing Centers. Several manufacturers or companies have donated short ends of material for practice work in the class. Classes, under the supervision of three volunteer teachers, are now offered at three separate times during the week and 25 women of low-income families are presently enrolled, with an expected increase after the first of the year.

Favorable response and continuous attendance by the same women indicate that they are satisfied and in need of the program, and thus, we feel, it has been quite successful.

In the coming year, we hope to be able to open a child car center, so that more women will be liberated to attend classes.

TUTORING PROGRAM

To help an adult to improve his English so that he can find a job; to encourage a child to practice his school lessons so that he will finish high school.

There are many adult men in Santa Clara County who are skilled enough to work but do not speak English well enough to be hired. There are a surprisingly large number of jobs waiting to be filled by qualified men in this area, but they require English-speaking men. One goal of the tutorial is to help a man to improve his poor mastery of English, or to help a child to want to do his work, to encourage him, and to show him the horizons that will open to him if he tries.

No knowledge of Spanish is necessary. In fact, volunteers who can converse in Spanish may do their students a disservice by not forcing them to use English.

Students are given individual assistance and currently fifteen are receiving benefits from such aid. Several mothers have signed their children up and anxiously await the first tutoring session. Grades of the children involved are reportedly improving and show signs of increased interest in the classroom.

MEDI-CHECK

To diagnose disease and refer to practicing doctors. Because poverty in this county is not localized but is spread widely, it is not possible to bring doctors to the poor; the poor must go to the doctors. But on their own they do not go, whether from fear or ignorance. If encouraged and told the significance of disease, and made to understand that their cost will be small if any, and further convinced that they won't be hurt, they'll go.

Medi-Check employs medical students who will give an hour or two a week in poor neighborhoods and labor camps, talking to the parents and children and recommending further care by a physician when appropriate.

Several recipients have profited from this program at the rate of four per week. Thus it is one we hope to expand in the next fiscal year. Additional funds are needed to offer transportation to those who need it to get to the clinic doctor's office or hospital.

DRIVERS EDUCATION

This program was primarily aimed at the large segment of women who could obtain employment if they had access to transportation, ie, many had transportation available, but did not know how to drive themselves, and thus still had a problem. The training is done by volunteers, but insurance difficulties as well as the lack of a car for training, in some instances, have lowered the actual participation number. However, five are now being given private instruction, with a waiting list of thirty-seven.

AUTO MECHANIC SHOP

A session designed to equip the untrained and unskilled man with the art of automobile repair, so that he can do mechanic's work, for which there is a demand, as well as keep his own car in operation, and thus be able to maintain a job. The program has enrolled sixteen regular students with many more waiting to sign up. Several have been placed as Service Station Attendants as a result of the training.

Although the class is being taught by volunteers, we're having a very hard time getting volunteers and instructors who have on-the-job experience. We have gone through four instructors in six or seven weeks. We also desperately need facilities to teach the courses in, such as, abandoned service stations.

We are able to place any men we can train. But without funding to pay instructors and obtaining adequate facilities, we cannot get adequate training to the class.

EMPLOYMENT

This is still the major problem encountered in the Area 7 office, since the large majority comes for reasons that pertain to jobs. We have thus sponsored job counseling which aids on the average of fifty people or more per month. In

addition, fifteen or more per month are placed on jobs within the area. We've also succeeded in placing approximately seven per month in On-the-Job-Training. The large flow increases and it will definitely be necessary to continue the program into the next year.

BUTCHERING COOPERATIVE

This program is operated primarily out of the migrant labor camps located in our area where the residents have a real need for meat during the winter rains when there are no crops to pick.

Members of the cooperative pool their money together and then board the Service Center bus for a trip to the livestock auction in Hayward, California. The participants are then taught how to bid on livestock. Once purchased, the livestock is placed on the bus and brought to a ranch in San Jose where it is slaughtered by the participants of the Coop with guidance provided by a professional butcher who volunteers his time. The meat is then inspected by a licensed government meat inspector and placed in freezers donated by the Sunnyvale Freezer Company to be drawn out during the coming weeks by the Coop members.

In later trips the Coop participants must do their own bidding and the only assistance provided by the Service Center is transporting the larger animals and providing what technical assistance is needed in the slaughtering.

RECREATION PROGRAM

Our recreation program involves nearly 500 children living in Sunnyvale and Santa Clara. It is operated entirely by volunteers and the parents of the children involved in the program. Through the help of all involved, the children are able to raise enough money to purchase an old school bus in which they take many trips to places that they have never seen before. Their mothers help prepare lunches and snacks and often both mothers and fathers accompany their children on the longer outings.

The Recreation Program has a goal of helping each child learn what he can accomplish on his own if he will try. The children also learn what they can accomplish as a group working together such as selling old clothes they have collected at a flea market to earn enough money to buy a can of anti-freeze for the bus and tire chains so that they can go through the snow.

In this program we have gained the greatest community support as is evidenced by many of the exhibits in our packet such as food from local businessmen, swimming facilities and volunteers who serve as recreation leaders.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1595

Office of Economic Opportunity APPLICATION FOR COMMUNITY ACTION PROGRAM		FORM APPROVED. BUDGET BUREAU NO. 116-R018
CAP 7. COMPONENT PROJECT: CONDUCT AND ADMINISTRATION		
<i>This form is to be used to apply for a conduct and administration grant under Section 205 of Title II-A Economic Opportunity Act of 1965.</i>		
NAME OF APPLICANT AGENCY Economic Opportunity		COMPONENT PROJECT NO. DO NOT FILL IN (For Administrative Use)
Commission of Santa Clara County, Inc.		7-1-G
7.1 BRIEF DESCRIPTIVE TITLE OF PROJECT		
Santa Clara-Sunnyvale Area Service Center #7		
7.1.1 SUMMARY OF PROJECT Describe the component project, using only the space below:		
Multi-purpose service center located at the grass roots level to work together with the low income persons to meet the needs of the poor.		
7.1.2 WORK PROGRAM Attach a description of the work program for this component project, following the requirements for such a work program contained in the CAP GUIDE.		
7.1.3 AREA AND GROUP TO BE SERVED		
7.1.4 LOCATION AND TYPE Describe the location within the community of the people to be served directly by this component project and the type of population to be served (pre-school, aged, families with children, etc.)		
Santa Clara-Sunnyvale, migrant farm workers, urban unskilled & semi-skilled, preschool, aged, teenagers, low-income families, children, in-school & out of school youth.		
7.1.5 POPULATION TO BE SERVED How many people will be served directly by this component project?		How many of these are poor?
115,273		3,580 families
7.2 DELEGATION OF ACTIVITIES TO OTHER AGENCIES		
The following information is to be provided if any part of this component project is to be carried out by an agency or organization other than the applicant.		NAME AND ADDRESS OF DELEGATE AGENCY
TYPE OF AGENCY Is the delegate agency a (check one):		
☐ PUBLIC AGENCY ☐ PRIVATE NONPROFIT ORGANIZATION ☐ INSTITUTION OF HIGHER EDUCATION		
☐ OTHER (Specify)		
7.2.1 SCOPE OF DELEGATION Attach a statement describing:		
a. The degree of responsibility that the delegate agency will have in carrying out the component project.		
b. The qualifications of the delegate agency to undertake and complete the component project.		
c. The way in which the applicant agency will supervise and/or coordinate the activities of the delegate agency.		
7.2.2 ASSURANCE OF COMPLIANCE ON CIVIL RIGHTS Attach a fully executed copy of the Civil Rights Assurance Form for each delegate agency.		
7.3 PREVIOUS APPLICATION		
Has this component project, in substantially its present form, ever been the subject of a previous application for Federal financial assistance?		
☐ YES ☐ NO If "Yes", attach an explanatory statement.		
7.4 BUDGET		7.4.1 BUDGET DETAIL Attach a statement giving the basis for estimating the cost of this component project, in accordance with the instructions set forth in the CAP GUIDE. Where convenient, the cost estimates should be shown as CAP Form 23 (Budget for Component Project).
COST CATEGORY ESTIMATED COST		
1. PERSONNEL	\$ 56,451.	7.4.2 PERIOD OF GRANT How long will this component project be financed by the grant requested in this application?
2. CONSULTANTS AND CONTRACT SERVICES	-0-	
3. TRAVEL	11,646. ?	
4. SPACE COSTS AND RENTALS	4,620.	
5. CONSUMABLE SUPPLIES	750.	
6. RENTAL, LEASE, OR PURCHASE OF EQUIPMENT	1,800.	May 1, 1967 - April 30, 1968
7. OTHER COSTS	2,875.	
TOTAL ESTIMATED COST OF PROJECT	\$ 78,144.	NUMBER OF MONTHS
NON-FEDERAL CONTRIBUTION	18,486.	
FEDERAL GRANT REQUESTED UNDER TITLE II-A	\$ 59,658.	
CAP FORM 7 JAN 65		GSA GC 65-11582

1596 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

OFFICE OF ECONOMIC OPPORTUNITY COMMUNITY ACTION PROGRAM COMPONENT BUDGET			(FOR GEO USE)		Budget Bureau No. 116-P019.2 Approval expires June 30, 1967
			APPLIC. NO.	MONTHS APPR.	
NAME OF GRANTEE: Economic Opportunity Commission of Santa Clara County, Inc.			Program year ends	GRANT NO. CG-	PROGRAM YEAR ACT. NO.
NAME OF ADMINISTERING AGENCY Office of Economic Opportunity			TITLE OF COMPONENT Area Service Center #7		COMP. NO.
COST CATEGORY	(FOR APPLICANT USE)			(FOR GEO USE)	
	A. PREVIOUSLY AP- PROVED PROGRAM YEAR	B. EXPENDED THROUGH MONTH 11, YR. 66	C. REQUEST THIS ACTION	D. APPROVED BY GEO THIS ACTION	E. TOTAL APPROVED BY GEO
1. PERSONNEL	\$ 37,477	\$ 6,397	\$ 56,451.	\$	\$
2. CONSULTANTS AND CONTRACT SERVICES	-0-	300	-0-		
3. TRAVEL	1,000	440	11,648		
4. SPACE COSTS AND RENTALS	3,000	764-	4,620		
5. CONSUMABLE SUPPLIES	1,375	528	750		
6. RENTAL, LEASE, OR PURCHASE OF EQUIPMENT	800	232	1,800		
7. OTHER COSTS	1,500	250	2,875		
TOTAL COST OF COMPONENT	\$ 45,152	\$ 8,911	\$ 78,144	\$	\$
FEDERAL SHARE	2,682	--	18,486		
FEDERAL SHARE	42,470	8,911	59,658		

Changes in this approved budget may be made only in accordance with the appropriate provisions of the CAP GUIDE - (Financial Instructions).

EXPLANATION OF GEO CHANGES IN BUDGET OR WORK PROGRAM, AND SPECIAL CONDITIONS:

This component exceeds non-federal share limits of 20%.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1597

Office of Economic Opportunity APPLICATION FOR COMMUNITY ACTION PROGRAM	FORM APPROVED. BUDGET BUREAU NO. 116-R019
BUDGET FOR COMPONENT PROJECT	

This form is to accompany each component project form (CAP 6, CAP 7, or CAP 8) in applying for a grant under Sections 204, 205, or 206 of Title II-A, Economic Opportunity Act of 1964. Applicants are not required to use this form -- they may substitute a typed budget which contains the same information in the same order as on the form.

NAME OF APPLICANT Economic Opportunity Commission of Santa Clara County, Inc.	DO NOT FILL IN: (For Administrative Use)
BRIEF TITLE OF PROJECT Area Service Center #7	COMPONENT PROJECT NO. 7-1-G

B-1.0 PERSONNEL

B-1.1 PERSONNEL EMPLOYED BY APPLICANT AGENCY

NUMBER OF PERSONS	POSITION OR TITLE	SALARY PER MONTH	PERCENT OF TIME ON PROJECT	MONTHS TO BE EMPLOYED	COST
1	Director	846		1	846
1	Director	888		11	9,768
1	Specialist (Community Dev. & Job Dev.)	664		1	664
1	" " " "	697		11	7,667
1	Specialist (Information & Referral & Agency Coordinator	664		5	3,320
1	" " " "	697		7	4,879
2	Community Aides	408		12	9,792

COST OF FRINGE BENEFITS (Indicate basis for estimate)

SUB-TOTAL, PERSONNEL EMPLOYED BY APPLICANT AGENCY \$

D-1.2 PERSONNEL EMPLOYED BY DELEGATE AGENCY(IES)

NUMBER OF PERSONS	POSITION OR TITLE	SALARY PER MONTH	PERCENT OF TIME ON PROJECT	MONTHS TO BE EMPLOYED	COST

COST OF FRINGE BENEFITS (Indicate basis for estimate)

SUB-TOTAL, PERSONNEL EMPLOYED BY DELEGATE AGENCY(IES) \$

TOTAL, PERSONNEL \$

1598 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

Office of Economic Opportunity APPLICATION FOR COMMUNITY ACTION PROGRAM		FORM APPROVED. BUDGET BUREAU NO. 116-R019			
BUDGET FOR COMPONENT PROJECT					
This form is to accompany each component project form (CAP 6, CAP 7, or CAP 8) in applying for a grant under Sections 204, 205, or 206 of Title II-A, Economic Opportunity Act of 1964. Applicants are not required to use this form -- they may substitute a typed budget which contains the same information in the same order as on the form.					
NAME OF APPLICANT		DO NOT FILL IN: (For Administrative Use)			
BRIEF TITLE OF PROJECT Area Service Center #7		COMPONENT PROJECT NO. 7-1-G			
B-1.0 PERSONNEL					
B-1.1 PERSONNEL EMPLOYED BY APPLICANT AGENCY					
NUMBER OF PERSONS	POSITION OR TITLE	SALARY PER MONTH	PERCENT OF TIME ON PROJECT	MONTHS TO BE EMPLOYED	COST
1	Clerk-Typist	378.		1	378.
1	Clerk-Typist	397		5	1,985.
1	Clerk-Typist	417	100%	12	5,004.
COST OF FRINGE BENEFITS (Indicate basis for estimate)					
Based on 10% of Salaries					4,430
(See attached sheet for personnel explanation)					
SUB-TOTAL, PERSONNEL EMPLOYED BY APPLICANT AGENCY					\$ 48,733.
B-1.2 PERSONNEL EMPLOYED BY DELEGATE AGENCY(IES)					
NUMBER OF PERSONS	POSITION OR TITLE	SALARY PER MONTH	PERCENT OF TIME ON PROJECT	MONTHS TO BE EMPLOYED	COST
30	Volunteers at \$1.50 per hr. - 6 hrs. per month each month x12 months (See Work Program)				3,240
	Volunteer Recreation Leaders (See Work Program)				4,478.
COST OF FRINGE BENEFITS (Indicate basis for estimate)					
SUB-TOTAL, PERSONNEL EMPLOYED BY DELEGATE AGENCY(IES)					\$ 7,718.
TOTAL, PERSONNEL:					\$ 56,451.

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1599

APPLICATION FOR COMMUNITY ACTION PROGRAM BUDGET FOR COMPONENT PROJECT (Continued)		
CONSULTANTS AND CONTRACT SERVICES		
D-2.1	CONSULTANT SERVICES	a - 10-67
NATURE OF SERVICES	BASIS FOR FEE ESTIMATE	FEE TO BE PAID
		\$
SUB-TOTAL CONSULTANT SERVICES		\$
OTHER CONTRACT SERVICES		
NATURE OF SERVICES	BASIS FOR COST ESTIMATE	FEE TO BE PAID
		\$
SUB-TOTAL, OTHER CONTRACT SERVICES		\$
TOTAL, CONTRACT SERVICES		\$
TRAVEL		
ITEM	BASIS FOR COST ESTIMATE	COST
20,000 miles @ 10¢ a mile	Based on 1660 miles average per month during first 3 months of program year September, October, November.	\$ 2,000.
	Bus service - See Work Program *	9,648.
TOTAL, TRAVEL COSTS		\$ 11,648.
SPACE COSTS AND RENTALS		
ITEM	BASIS FOR COST ESTIMATE	COST
Office Rent	Present monthly rent is \$250. per month to be raised to \$292.50 due to improvements.	\$ 3,500.
	Recreation facilities - See Work Program *	1,120.
TOTAL, SPACE COSTS AND RENTALS		\$ 4,620
CONSUMABLE SUPPLIES		
ITEM	BASIS FOR COST ESTIMATE	COST
	Formula used is 10 staff members at \$75 each. Even though our first 3 months, we averaged \$67. per month.	\$ 750
TOTAL, CONSUMABLE SUPPLIES		\$ 750
RENTAL, LEASE, OR PURCHASE OF EQUIPMENT		
ITEM	BASIS FOR COST ESTIMATE	COST
	Present payments on equipment bought under lease-purchase are \$126.20 per month. We are requesting additional funds to purchase another typewriter	\$ 1,800.
TOTAL, RENTAL, LEASE, OR PURCHASE OF EQUIPMENT		\$ 1,800.
OTHER COSTS		
ITEM	BASIS FOR COST ESTIMATE	COST
	Self-participant craft materials	\$ 850.
	Phone	1,200.
	Utilities	825.
TOTAL, OTHER COSTS		\$ 2,875.
GRAND TOTAL, COST OF COMPONENT PROJECT		\$ 78,144.

1600 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

SANTA CLARA - SUNNYVALE

AREA SERVICE CENTER

Budget
1967-1968

JUSTIFICATIONS

Travel

Due to our area being so widespread, and the people to be served are not concentrated in any given pockets, we have been averaging 1660 miles per month at 10¢/mile. $106 \times \$166.00 \times 12 = \$1,992.00$

SPACE COST

Space cost and rentals, the reason for our requesting \$500.00 additional is that our present rent is \$250.00, and our rent will be increased to \$292.50 as of June 1, 1968.

CONSUMABLE SUPPLIES

We are using the formula of \$75.00 per staff member. $10 \times 75 = 750$, even though, using the first 3 months of our program year (September, October and November) as a base, for calculating our expenses on Consumable Supplies, we are averaging \$67.00 a month times 12 month = \$804.00.

RENTAL, LEASE, PURCHASING OF EQUIPMENT

Our present payments on lease purchase contracts for our equipment are \$126.29 per month. $126.29 \times 12 \text{ months} = \$1,515.48$. We are requesting \$1,800.00 in order to allow us enough funds to purchase 1 more typewriter.

OTHER COST

Self-Participant Crafts and Materials: We are requesting \$850.00, to continue and expand the operation of the Training Center, which has been equipped with the necessary tools and equipment, to conduct classes for light auto-mechanics for service station employment, also the typing and office preparation classes are part of the programs conducted in the training center, the sewing classes are part of the programs conducted in the training center.

PHONE

Our phone averages \$98.57 per month. $12 \times 98.57 = \$1,182.84$, which is why we are requesting \$1,200.00.

Utilition

We are presently averaging \$69.00 per month for lights, gas, water, and garbage for the center office and the training center. $12 \times \$69.00 = \828.00

ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967 1601

SANTA CLARA - SUNNYVALE AREA SERVICE CENTER

PERSONNEL

Budget Explanation 1967 - 68

The Director's approved salary is (1 month)	846.00
Anniversary date is June 1, 1967	
5% salary increase from 6/1/67 - (11 months)	42.00 @ mo.
Monthly salary as of 6/1/67 - (11 months)	888.00

Specialist, Community Development & Job Development	
Specialist approved salary is	664.00
Anniversary date is 6/1/67	
5% salary increase as of 6/1/67 is	33.00
Monthly salary as of 6/1/67 (11 months)	697.00

Information & Referral, and Agency Coordinator Specialist	
approved salary is	664.00
Anniversary date is October 1, 1967	
5% monthly salary increase as of 10/1/67 - (7 months)	33.00
Monthly salary as of 10/1/67	697.00

2 Community Aides are new positions to begin with the program year May 1, 1967. Do not require 5% increase.

Clerk Typist - Step I approved salary	378.00
Anniversary date 11/1/67	
5% salary increase from 11/1/67 (5 months)	19.00
Monthly salary as of 11/1/67	397.00

Clerk Typist proposed monthly salary	417.00
No salary increase. This position is being created within the guideline allotted to this center by the SOC, and is needed to assist in the increased workload of the Director and the Specialists and the large number of recipients that we are now serving.	

The number of personnel that require a 5% salary increase and the amount are as follows:

Director - \$42.00 X 11 months =	462.00
C.D.S. & Job Development Spec. - \$33.00 X 11 months	363.00
I&R and Agency Coord. Spec. \$33.00 X 7 months	231.00
Clerk Typist - \$19.00 X 5 months	95.00
TOTAL 5% salary increase	<u>1,151.00</u>
Outside guide line	\$1,151.00

SOC guideline for personnel	\$47,840.00
Proposed budget	\$49,626.00
Less 5% salary increase	<u>1,151.00</u>
TOTAL adjusted budget	\$48,475.00
Less SOC Guideline for personnel	<u>47,840.00</u>
Amount over guideline	\$ 635.00

1602 ECONOMIC OPPORTUNITY ACT AMENDMENTS OF 1967

THE CLEVELAND ELECTRIC ILLUMINATING CO.,

June 22, 1967.

HON. CARL D. PERKINS,
House of Representatives,
Washington, D.C.

DEAR MR. PERKINS: As you know, a large number of businessmen are serving on the local councils of the Community Action Programs throughout the country.

The members of the Business Leadership Advisory Council to the Office of Economic Opportunity have felt for some time that these businessmen participants in the Community Action Programs should be called together to exchange ideas, reflect constructive criticism and present their views to the staff of the Office of Economic Opportunity.

This was done last week and I had the pleasure of chairing a meeting of more than 50 such businessmen in an all-day session in Washington. I enclose the list of those who attended.

At the close of the session several of those present suggested that the group should reflect its views on the pending legislation in the Congress affecting the Office of Economic Opportunity. As a result of this discussion in which many people participated, the enclosed resolution was presented and unanimously adopted.

I thought you would be vitally interested in the views of businessmen who are closest to the Community Action Program attack on poverty.

Cordially yours,

RALPH M. BESSE.

A RESOLUTION TO THE CONGRESS OF THE UNITED STATES PASSED UNANIMOUSLY BY THE COMMUNITY ACTION SUBCOMMITTEE OF THE BUSINESS LEADERSHIP ADVISORY COUNCIL CHAIRED BY RALPH M. BESSE, CHAIRMAN, CLEVELAND ELECTRIC ILLUMINATING CO.

Whereas those in attendance at this meeting are representatives of a variety of business interests throughout the Nation;

And whereas we are actively engaged in the War on Poverty through service on Community Action boards and through private efforts to alleviate poverty in our own communities;

And whereas we are vitally interested in the continued success of the Community Action Program;

We therefore strongly recommend:

(1) that the Office of Economic Opportunity, whose work is really just beginning, remain intact and that it be the central organization to lead the efforts in the War on Poverty.

(2) that the funds recommended in the President's message to Congress for the Office of Economic Opportunity effort for the coming year be passed by Congress.

(3) that this include the maximum amount of versatile funds for Community Action.

ATTENDEES AT JUNE 14 BLAC/CAP MEETING

Francis Quillan, Senior Vice President, Prudential Insurance Company of Newark, New Jersey 07100.

Robert E. Katz, Director of Urban Program, Westinghouse Defense and Space Center, Towson, Maryland 20691

Frederick Lee, Vice President, Olin-Mathieson Chemical Corporation, Washington, D.C. 20000.

Frank Plummer, President, First National Bank, Montgomery, Alabama 36100.

Floyd Delaney, Chattanooga-Hamilton County CAP, Chattanooga, Tennessee 37400.

Will Hellerman, Vice President, Nationwide Insurance Company, Columbus, Ohio 43200.

William B. Collier, Jr., President, Collier-Lewis Realty Company, Chicago, Illinois 60600.

- Dr. William Sharp, Combined Insurance Company of American, Chicago, Illinois 60600.
- Marshal G. Hardesty, Vice President, Iowa Electric Light and Power Company, Cedar Rapids, Iowa 52400.
- Max E. Ingeman, First Security State Bank, Salt Lake City, Utah 84100.
- Marvin Buckels, Executive Vice President, Denver, Colorado 80200.
- Norm Nicholson, Vice President, Kaiser Company Oakland, California 94600.
- Dr. Edward Ballard, Bank of Finance, Los Angeles, California 90000.
- Edward M. Barrett, Secretary and General Attorney, Long Island Lighting Company, Mineola, New York 11501.
- Paul J. Johnson, Chairman, Community Renewal Team of Greater Hartford, Hartford, Connecticut 06100.
- Charles T. Williams, Vice President, Schenley Distillers, New York, New York 10000.
- John R. Taylor, John R. Taylor Company, Incorporated, Greensboro, North Carolina 27400.
- Albert V. Hampton, President, Family Savings and Loan Association, Los Angeles, California 90000.
- Martin Abelow, 851 Broad Street, Utica, New York 13500.
- E. J. Schuett, Executive Assistant to the Vice President for Technical Services, Trans World Airlines, Incorporated, Kansas City, Missouri 64100.
- Frank L. Cavan, Labor Relations Staff, Ford Motor Company, Dearborn, Michigan 48120.
- Charles A. Womack, P.O. Box 521, Danville, Virginia 24540.
- Paul M. Lund, Assistant to the President, Illinois Bell Telephone Company, Chicago, Illinois 60600.
- Rodney E. Austin, Personnel Manager, R. J. Reynolds Tobacco Company, Salem, North Carolina 27100.
- James H. Davis, III, President, Kanawha Block Company, Charleston, West Virginia 25300.
- Charles W. Garrison, Senior Vice President, Bambergers, Newark, New Jersey 07100.
- Harold E. Boehm, Towmotor Corporation, Cleveland, Ohio 44100.
- Jack Gordon, President, Washington Federal Savings & Loan Association, Miami, Florida 33100.
- Lorenzo N. Hoopes, Vice President, Safeway, Oakland, California 94600.
- Mike Zapponi, Lake County Community Action, Lakeport, California 95453.
- Harry M. Oliver, Jr., Vice President, Marsh & McLennan, Incorporated, Chicago, Illinois 60600.
- Richard Bennett, Bennett Pontiac, Great Falls, Montana 59401.
- Pablo Ayub, M.D., 1201 West Missouri, El Paso, Texas 79900.
- Joe Renders, Public Relations, Great Falls, Montana 59401.
- Ethel Payne, United Beauty School Owners and Teachers Association, Incorporated, Chicago, Illinois 60600.
- John F. Farrar, Attorney at Law, Rapid City, South Dakota 57701.
- Milton K. Cummings, First Vice Chairman of the Board of Directors, Community Action Agency, Huntsville, Alabama 35800.
- Jesse Robinson, Robinson Research, Compton, California 90220.
- Arthur White, Vice President, Daniel Yankelovich, Incorporated, New York, New York 10000.
- Miss Pat Goldman, U.S. Chamber of Commerce, Washington, D.C. 20000.
- Tom B. Scott, Jr., President, First Federal Savings & Loan, Jackson, Mississippi 39200.
- J. M. Gaston, President, Dallas County-City of Selma Economic Opportunity Board, Selma, Alabama 36701.
- John Herndon, Beaufort Jasper Economic Opportunity Council, Ridgeland, South Carolina 29936.
- John Wheeler, President (BLAC member), Mechanics & Farmer's Bank, Durham, North Carolina 27700.
- Juan Lozano, Mexico.
- George Esser, Jr., Executive Director, North Carolina Fund, North Carolina.
- Wright Elliott, National Association of Manufacturers, New York, New York 10000.

BLAC MEMBERS IN ATTENDANCE

Arthur Gartland, Cronin & Gartland & Company, 15 Broad Street, Boston Massachusetts 02100.

Cabell Brand, President, Ortho-Vent Shoe Company, Salem, Virginia 24153.

Olcott Smith, Chairman, Aetna Life Insurance Company, Hartford, Connecticut 06100.

Vernon Alden, President, Ohio University, Athens, Ohio 45701.

Ralph M. Besse, Chairman of the Board, Cleveland Electric Illuminating Company, Cleveland, Ohio 44113.

