ally. We have endeavored to work cooperatively with these programs at all levels, and now have underway a special project designed to assist and encourage state and local public welfare agencies to increase their effectiveness through a closer working relationship with the anti-poverty programs.

In our view the community action agencies are the heart of the overall anti-poverty effort. They are the cohesive force which engages the constructive participation of people living in poverty. Without them the total effort would suffer a serious loss of identity and direction. By the same token their potential can be greatly enhanced through adequate financial support. We have been concerned that the yearly enlargement of the number of earmarked funds, worthy as they are, may be at the expense of the "versatile" Community Action Program. We therefore strongly urge that this essential core of the war on poverty be given financial support at a level that will enable it to realize its genuine possibilities.

Inasmuch as the the local sources of revenue for Community Action Projects continue to be severely limited, it is obvious that a requirement of local contributions at a rate of 20 percent will result in a curtailment of programs. We therefore recommend that, at least for the time being, the 10 percent contribution rate be continued.

We also support the proposal to allow up to ten percent of the CAP funds to be used for research and demonstration. There is a continuing need for innovation in the war against poverty, and the capacity of OEO for initiating new and imaginative programs has been amply demonstrated. The resources for research and demonstration should therefore be provided at as high a level as can be constructively utilized, which might well be more than 10 percent of the CAP appropriation.

We fully recognize that a flexible and ground-breaking effort such as the war on poverty should have close Congressional surveillance, with legislative adjustments adopted as experience is accumulated. It is our impression, however, that the tight Congressional rein and the constant uncertainty as to funding have held the OEO too much to short-term projections as to program planning and development. We believe that there is now a sufficient base of sound experience to justify authorizing appropriations for at least two years at a time. This, of course, should be on the condition that the authorization are commensurate with the program requirements.

We should like to comment briefly on two aspects of the Economic Opportunity Act which have a direct bearing on the programs of the public welfare agencies. One is the title V Work Experience and Training, and the other is the treatment of income received by public assistance recipients (title VII).

Since the bill now before your Committee does not call for any changes in title V, we are not offering any legislative recommendations at this time. Your Committee is well aware of the history and achievements of this program. We wish only to add that public welfare agencies generally regard this program as a resource of great promise. The local projects did not come into being fully developed. But recognizing the urgent need for these projects, the public agencies, aided by the excellent planning and leadership of the Welfare Administration, have moved energetically to perfect the operation and content of these projects. The special virtue of this program is that it provides a combination of services and training specifically designed to prepare for employment those who may have a combination of such handicaps as inexperience, illiteracy, lack of motivation, or social ineptitude. The results so far should be measured against the fact that these trainees are burdened with many handicaps to employment and would ordinarily be expected to receive financial assistance in substantial amounts for long periods. No other efforts or approaches have demonstrated comparable results in the training of persons starting out with these disadvantages.

In a statement filed with your Committee last year our Association expressed serious reservations with respect to the proposal for dividing responsibility for title V between HEW and the Department of Labor. But in view of the fact that this proposal was enacted, and is just now going into effect, we raise no further objections at this time, but we shall maintain a continuing interest in the future effect of this arrangement.

Our other comment is with respect to the proposed formula change for the exemption of income received from OEO programs in determining need for public assistance. We have long advocated greater incentives for public assistance recipients to earn extra income. We agree that the proposed changes in title VII