

Senator JAVITS. I would like to emphasize and call attention to the figures you bring forth in your statement, because I think they are so important. We speak loosely of 25 percent of the population living in a poverty situation, and 35 million Americans. Now those figures are out of date. I note it is now 32.7 million Americans and 17.1 percent of the population, and you expect, if these social security improvements go in, it will reduce that figure by one and a half percent, is that correct? That is an absolute one and a half percent.

Mr. COHEN. I said one and a half million persons.

Senator JAVITS. One and a half million persons?

Mr. COHEN. Yes. I actually think it is going to turn out to be a little larger. I hope that by July 1, 1967—these figures presented in the testimony are for 1965—the number in poverty possibly will be less than 30 million.

Senator JAVITS. Realizing your worst fears, I would like to ask you this question. We, in the Committee on Labor and Public Welfare, were all interested in the hospital modernization bill, which is critically needed, and which the administration submitted last year, calling for \$1 billion a year for 10 years. You are not even proposing that this year in the budget. We are all interested in facilities for higher education. You are proposing \$408 million under the authorization and \$72.9 million under the fiscal year 1966 appropriation.

Part A of my question: Does this represent a calculated policy of the administration to cut down on major construction in this period, as these are two major construction propositions?

Part B: Has the administration considered, assuming the answer to A is in the affirmative, whether this would give us a backlog crisis situation like we faced after World War II, and whether in view of the fact that the Vietnam war, as these things go, is not a big war, is this justified?

Mr. COHEN. I think two streams of thought came together in this fiscal year. As you know, Senator, when we proposed the hospital modernization program last year, the hospitals of the United States were very unenthusiastic about our recommendations, because the proposal did not provide what they thought was an adequate Federal subsidy for the modernization program. As a result of that, I believe we never did have hearings on the proposal in your committee.

Senator JAVITS. One day of hearings in April 1966.

Mr. COHEN. One day of hearings. I guess that one day indicated that there wasn't much prospect of arriving at a solution to the problem. I think it is true that the administration does not wish to accelerate construction programs this year. When we reviewed the problems of hospital modernization programs last fall, we were aware that there are, as well, a whole series of problems with respect to the development of the extended care facilities for the medicare program and nursing homes.

We called a group of people in and discussed the problem. They gave us food for thought in saying that: "You had better look out before you expand and modernize." They said: "There is a kind of a Parkinson's law at work in medical facilities. If you construct more and build more, doctors in the communities will fill them up."

They asked us specifically to consider, before we went on an extensive new construction program, as important and as serious as we