

bility of approval; although, as I say, out of 600 that we look at finally, probably 400 will be approved.

Now, that is a very material reduction in the number of applications. And we hope to provide more assistance to applicants than we have been able to by diverting them at an early stage to another agency which might satisfy the requirements, when we recognize we cannot—that eliminates, then, the distasteful situation we found when we have had to spend a lot of time reviewing applications that we ultimately had to deny.

Mr. EDMONDSON. Could you tell us whether your technical assistance and your business loans approved are roughly the same?

Mr. O'MALLEY. Roughly approximating previous level.

Mr. EDMONDSON. About half of the fiscal year 1967 level?

Mr. O'MALLEY. No, they are roughly approximating what our production was in the fiscal year 1967.

Mr. EDMONDSON. So you think fall off has been on public works?

Mr. O'MALLEY. That is correct, because we very materially changed the procedures in public works with regard to the acceptance of an application.

Mr. EDMONDSON. It absolutely baffles me that a change in procedures could result in a tremendous reduction in grant approvals. I just do not follow it.

Mr. O'MALLEY. Because it is delaying the acceptance of applications.

Mr. EDMONDSON. Is this considered to be constructive?

Mr. O'MALLEY. Yes, it is, because we do not want any longer to accept applications, if we can avoid it, that we know at the outset are probably not approvable.

Mr. CLAUSEN. If the gentleman would yield, do you have an established criteria to determine how you decide whether they are approvable or not?

Mr. O'MALLEY. Yes, we have established criteria of course.

Mr. CLAUSEN. Can you explain that?

Mr. O'MALLEY. Well, by and large it is directed, I suppose, to the question of economic impact. The first criteria of course would be whether the area is eligible. Second yardstick would be the need situation in the area, that is what the employment rate might be in one area as contrasted to another, or what the family income might be in one area as contrasted to another.

Obviously, in an area where the unemployment rate is so high that the grant rate is 80 percent, it is established as an area that has greater need than one in which the grant rate is 50 percent. So those areas are examined very carefully. It is not a solution of the problem, but it is an orderly construction of it at which we look first.

And then we examine the application itself, of course, and particularly the results of it as far as the criteria established by the act, that is what it will do to reduce unemployment in an area where there is high and persistent unemployment or where there is low or median family income.

Mr. EDMONDSON. Can you tell us what your funding availability is at the moment and under what restraints you are operating from the Bureau of the Budget?

Mr. O'MALLEY. Our appropriated funds for public works, for instance, this year is \$175 million. We are operating at the moment