

Arthur Hadley. It is an interesting article. I must say that it combines imagination with—which I respect—with some arithmetic which I deplore.

But, on the point that you asked, they put a price tag of \$4,000 a head, per year, on a person—

Chairman PROXMIRE. The payoff?

Secretary WIRTZ. The cost, if we do not train them, is \$4,000 a head. Our figures on training them are going up now, incidentally, because we are moving further and further into the hard core. And our figure—I forget the figures I gave you last year—but we are talking now in a range—where a year ago we were talking in a range between \$1,500 and \$2,500, we are now talking in the range of between \$1,500 and \$3,500. And, if we were not, we would be wrong, because what this means is, we are moving on the hard core.

So, the cost, to whatever extent, what I gave you last year, has been refined—it points in the direction of larger costs per year if we do not do it, as illustrated by General Gavin's \$4,000 a year, and if I had to pinpoint, taking all the programs into account, our costs when we do it, the salvation cost now is between \$2,500 and \$3,000 once, or the alternative is that you lose \$4,000 a year the rest of their lives.

Chairman PROXMIRE. To the extent you can supplement this and break it down, and give us more information for the record, I wish you would. I anticipate that on this program, which asks an increase in appropriations, if Congress is called upon to spend more money, there may well be a serious fight in the Appropriations Committee on the floor. It would be very helpful to this committee to be able to make this kind of finding—because, obviously, if there is a rapid payoff from our spending more on manpower training, it is just bad from the standpoint of good banker-mentality arithmetic—it is bad not to fund this, and not to increase this, this is a superlative investment. It will pay back in a period of a very few years from increased revenues, and from reducing the deficit.

So, from the most conservative principles, it seems to me this is an expenditure which can be justified, and we would like to have the ammunition to do it.

Secretary WIRTZ. I would like to add to the record a careful statement of the fullest amount of the information we have.

(The information subsequently furnished for the record follows:)

REPLY TO QUESTIONS CONCERNING COST-EFFECTIVENESS STUDY OF MANPOWER TRAINING PROGRAMS AND ANTICIPATED INCREASE IN PER CAPITA TRAINING COSTS FOR SEVERELY DISADVANTAGED PERSONS

An unemployed individual with a family on welfare can cost the country roughly \$4,000 a year—and that is the only dollar cost. The cost in human terms—a wasted natural resource—is far higher. The same human being, trained, given the opportunity for rewarding work, and decently housed, may in five years be earning more than twice this amount. Not only would the Government save \$4,000 per year after a moderate initial investment in training and supportive services over a relatively brief period; it would then over a short span of years be directly and fully reimbursed through taxes collected from the individual. More importantly, the individual would contribute to society values that multiply his own pride and worth.

The Department of Labor is engaged in a cost-benefit analysis program in which preliminary studies indicate that approximately one-third of every Federal dollar invested in MDTA training is recouped within two years in savings from unemployment compensation, public assistance, and other Government expenditures.