

ESTABLISHING PRIORITIES AMONG PROGRAMS AIDING THE POOR

HEARING BEFORE THE COMMITTEE ON FINANCE UNITED STATES SENATE NINETY-SECOND CONGRESS SECOND SESSION

—————
FEBRUARY 15, 1972
—————

Printed for the use of the Committee on Finance



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1972

78-252

5361-12/13

COMMITTEE ON FINANCE

RUSSELL B. LONG, Louisiana, *Chairman*

CLINTON P. ANDERSON, New Mexico

HERMAN E. TALMADGE, Georgia

VANCE HARTKE, Indiana

J. W. FULBRIGHT, Arkansas

ABRAHAM RIBICOFF, Connecticut

FRED R. HARRIS, Oklahoma

HARRY F. BYRD, JR., Virginia

GAYLORD NELSON, Wisconsin

WALLACE F. BENNETT, Utah

CARL T. CURTIS, Nebraska

JACK MILLER, Iowa

LEN B. JORDAN, Idaho

PAUL J. FANNIN, Arizona

CLIFFORD P. HANSEN, Wyoming

ROBERT P. GRIFFIN, Michigan

TOM VAIL, *Chief Counsel*

MICHAEL STERN, *Assistant Chief Clerk*

(II)

CONTENTS

Witnesses

	Page
Hon. James D. Hodgson, Secretary, Department of Labor, accompanied by: Malcolm R. Lovell, Jr., Assistant Secretary for Manpower	29
Hon. Philip V. Sanchez, Director, Office of Economic Opportunity	5
Hon. George P. Shultz, Director, Office of Management and Budget	2
Hon. Elliot L. Richardson, Secretary, Department of Health, Education, and Welfare, accompanied by: John G. Veneman, Under Secretary, HEW	16

Additional Information

Articles:

“Demand of HEW for Reinstatement of Dismissed Campbell County Schoolteacher”	93
---	----

Communications:

Byrd, Hon. Harry F., Jr., a U.S. Senator from the State of Virginia, letter to Hon. Elliot L. Richardson, Secretary of HEW	91
Severinson, Eloise, Ph.D., Regional Civil Rights Director, Department of Health, Education, and Welfare, letter to Mr. G. Hunter Jones, Jr., Superintendent, Campbell County Schools, Rustburg, Va.	92

Tables and charts:

Federal outlays benefiting the poor by analytical cate- gories: Human investment/maintenance	14
Federal outlays benefiting the poor by analytical cate- gories: Poverty entitlement/normal entitlement	14
Federal outlays benefiting the poor by functional program areas	14
Federal outlays benefiting the poor, by major programs (ranked by estimated fiscal year 1973 amounts)	15
Federal outlays benefiting the poor by Federal agency	15
Federal programs benefiting the poor—Estimated Federal outlays benefiting the poor	18
1972 outlay savings	50
Budget estimates (administration requests) for appropri- ations and final congressional appropriations, fiscal years 1970-71 inclusive	54

IV

Tables and charts—Continued

	Page
Deficits in Federal funds and interest on the national debt, 1954-73 inclusive.....	55
The shift in budget emphasis from national defense to human resources.....	56
Reasons for termination from the WIN program during fiscal year 1971.....	63
Nature of termination from selected manpower programs..	63
The WIN program has not kept pace with increases in the welfare rolls.....	74
Summary of status of Work Incentive Program participants, as of Dec. 31, 1971.....	78

Appendix A

Federal programs aiding the poor (from the Committee on Finance pamphlet "Information on Federal Programs To Aid the Poor").....	95
--	----

Appendix B

Committee of jurisdiction and date of initial authorization of Federal programs aiding the poor.....	133
--	-----

Appendix C

Department of Health, Education, and Welfare comments on public testimony received on H.R. 1.....	145
---	-----

Appendix D

Bibliography of evaluations of poverty programs—Prepared by the Department of Health, Education, and Welfare.....	183
---	-----

SUBJECT INDEX

	Page
Opening statement of the Chairman.....	1
The income strategy: H.R. 1.....	16
HEW programs providing direct benefits to the poor.....	17
Making the hard choices.....	26
Conclusions.....	29
60-second history of manpower programs.....	29
Objectives of H.R. 1.....	30
Ongoing manpower programs.....	30
Difficulty of evaluating results of manpower programs.....	32
Summary.....	33
Lack of information.....	33
Assessing priority by the Office of Management and Budget.....	34
Evaluating the 168 poverty programs.....	35
Evaluations of the effectiveness of OEO programs.....	36
HEW appropriations and authorizations.....	39
Effectiveness of HEW programs.....	40
Incentives needed to become self-supporting.....	42
Necessity for a variety of programs.....	43
Many programs help disadvantaged—not necessarily poor.....	43
Programs aiding those well above poverty level.....	44
Prosperous economy best antipoverty program.....	45
Date of origin and committee jurisdiction of programs.....	45
Block grant approach to reduction of poverty expenditures.....	46
Possible reduction or elimination of 168 programs.....	47
The Federal budget deficit.....	52
Increasing taxes.....	53
Coordination of programs.....	55
Defense and Human Resources expenditures—A switch in priorities.....	56
Promises to abolish poverty.....	57
Cost of revenue sharing.....	58
Possible reduction or elimination of existing programs.....	59
Proposed Department of Human Resources.....	60
Personnel required to implement H.R. 1.....	61
Computerized job banks.....	62
Reasons for termination from WIN program.....	62
Manpower revenue sharing.....	63
Presidential veto of manpower bill.....	65
Veto of OEO bill including a child development program.....	67
Proposed employment program under H.R. 1.....	68
Effectiveness of manpower training programs questioned.....	71
Ineffectiveness of the WIN program.....	72
Cost of WIN program.....	77
Discrepancies in the wage rates.....	78
Child care under H.R. 1.....	80
Federal budget deficits.....	87
Number of HEW employees.....	87
Remoteness of big government.....	88
Campbell county school situation.....	89

ESTABLISHING PRIORITIES AMONG PROGRAMS AIDING THE POOR

TUESDAY, FEBRUARY 15, 1972

U.S. SENATE,
COMMITTEE ON FINANCE,
Washington, D.C.

The committee met, pursuant to recess, at 10:05 o'clock a.m., in room 2221, New Senate Office Building, Senator Russell B. Long (chairman) presiding.

Present: Senators Long, Ribicoff, Byrd, Jr., of Virginia, Nelson, Bennett, Curtis, Jordan of Idaho, Fannin, and Griffin.

OPENING STATEMENT OF THE CHAIRMAN

The CHAIRMAN. For almost 2 years now the Committee on Finance has been spending a major portion of its time grappling with a difficult problem of rewriting the welfare laws to make them achieve the purpose intended by the Congress: to provide assistance to poor persons who could not help themselves and to provide a temporary source of support for the able bodied while they can be prepared for economic independence through employment.

During the course of the committee's deliberation, we have become particularly conscious that the desire to help the poor has been so strong in the Congress that over the years we have authorized one program after another to help them, with no central mechanism to assure an orderly coordination among these programs.

While this legislative activity has shown an admirable compassion, it has also produced problems, sometimes undermining efforts to help welfare recipients become economically independent. Senator John Williams in 1970 demonstrated very convincingly how adding one benefit on top of another for poor persons could effectively eliminate any incentive for an able-bodied welfare recipient to seek employment because of the crippling effect it would have on the family's income in cash and kind. This is a major deterrent in our efforts to solve the welfare mess.

During our committee's hearing on H.R. 1 last August, Senator Ribicoff stated that there were presently 168 Federal programs providing \$31 billion in benefits for the poor. He suggested that a substantial portion of this amount might better be spent in direct aid to the poor and asked that the Department of Health, Education, and Welfare set priorities among these programs. The priority listing was not provided, for the Department said they could not rank programs administered by other departments.

Senator Ribicoff has made a very worthwhile contribution in highlighting the enormity of the problem of legislating a program of aid to the poor with no knowledge of the effectiveness of legislation we have already enacted. He has kindled the interest and the concern of the entire committee. He is to be commended for exposing a crucial information gap which must be closed. Commonsense demands it; legislative responsibility requires it.

It is the purpose of these hearings today to discuss these plans with the principal officials of Government having responsibility for them in an effort to arrive at an understanding as to which of the poverty programs the administration considers of highest priority, which of lower priority, and which might be eliminated altogether. We welcome the administration's suggestions of ways in which these programs can be made more effective in helping the poor.

We are pleased to have as witnesses today the Honorable George P. Shultz, Director of the Office of Management and Budget; the Honorable Elliot L. Richardson, Secretary of the Department of Health, Education, and Welfare; the Honorable James D. Hodgson, Secretary of the Department of Labor; and the Honorable Philip V. Sanchez, Director of the Office of Economic Opportunity.

I am confident that these men can make significant contributions to our work.

I believe it would be appropriate for Mr. Shultz to coordinate the testimony of the witnesses here this morning. I would, therefore, urge Senators to direct their questions regarding specific programs to the head of the Department having jurisdiction over it. Broader questions which transcend individual programs, of course, may appropriately be asked of any particular witness.

Mr. Shultz, I suggest that we might ask you to lead off in this matter.

STATEMENT OF HON. GEORGE P. SHULTZ, DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET

Mr. SHULTZ. Thank you, Mr. Chairman.

I have a prepared statement which, with your permission, I would like to make a part of the record, although what I would like to do here is just make a comment or two and then, if it is your wish, to just proceed down the line here with whatever opening comment the other administration witnesses may wish to make.

Let me say first, Mr. Chairman, that the administration, the President, has recognized the problems highlighted in your opening statement. Those problems lie behind the development of a strategy, an income strategy, for dealing with the problem of poverty. I think that Senator Ribicoff, in one of your hearings about a year ago or so, said—I believe I am quoting accurately—"To me, frankly, a person is poor because he doesn't have money." I think that is a good, simple, direct statement about the problem, it is a recognition of that principle that lies behind the income strategy that the administration has pursued in presenting its welfare reform package.

I think there is a question of who knows best. Does the Government know best what is good for everybody or do the people themselves

know best what is good for them? I put that down myself as a question of dignity.

Then there is the question of proliferation. As you brought out in your statement, as these problems had gradually been recognized, we have had one program after another added on. Even if they are individually good, by the time you add them all up they are sometimes operating at cross-purposes, sometimes overlapping, sometimes generating bureaucratic fights, and so forth. So, I think there is a question of proliferation. Finally, I would say that when you add them all up, as you did in this committee in your hearings, and as we have done, they presently constitute a large work disincentive. So you have to say to yourself, "How can we so group them together, rearrange them, cash them out where that can be done, so that you at least eliminate the disincentive and, if possible, have in most relevant ranges of income a genuine incentive?"

This, as your statement points up, is what the whole effort at welfare reform is all about.

Now, in terms of the administration's allocation, I would call attention, first, to the fact, as I am sure we are all only too aware, that we have a very tight budget situation, not only this year but as we look ahead for as many as 5 years. We see no budget opening, no fiscal dividend—to use the old terminology—at all. We are very tightly constrained. It is a measure of the administration's priorities that we budget in the outyears \$5.5 billion for H.R. 1. We are placing one of our biggest bets, so to speak, on this income strategy.

Beyond that, I would call attention to the administration's big effort, as represented by general revenue sharing and the various special revenue-sharing proposals, to consolidate programs, not only in the poverty area but also in other areas. At the same time, those proposals would put a greater degree of discretion in the hands of people closer to the problem so that the design of programs that best suits one city can be designed that way. If what is needed somewhere else is different, they can so fit the funds to suit their circumstances. I think these proposals are very directly responsive to the problem that you have mentioned.

That is some overall material. Why don't I then, following your suggestion, just go down the line here, starting with Mr. Sanchez and then Secretary Richardson and then Secretary Hodgson. We always go from left to right. [Laughter.]

(Prepared statement of Mr. Shultz follows:)

STATEMENT OF HON. GEORGE P. SHULTZ, DIRECTOR OF THE OFFICE OF MANAGEMENT AND BUDGET

Mr. Chairman and Members of the Committee: I am pleased to appear before you today as you continue your deliberations on H.R. 1. As the President has said on many occasions, this bill is the most important single piece of domestic legislation before the Congress. I hope that my colleagues and I can assist in your deliberations and speed the final consideration of this bill by your committee. The question you have posed for discussion today is, I believe, a very good one. Namely, what is the relative value of programs that make spending decisions for the poor as compared to a program approach that would give dollars to the poor so that they may make their own spending decisions.

Over the years the Federal Government has initiated many categorical programs to aid the disadvantaged. Hundreds of evaluations have been made of

these programs. These evaluations have consumed much intellectual energy and have resulted in many specific analyses—some of which were supplied to this Committee last fall.

These studies have raised many useful questions and have provided some valuable insights as to the effectiveness of individual programs. They have also brought us to a reexamination of the relative role of Federal, state and local governments, in designing programs to meet local and individual needs. However, they have not given us the comprehensive understanding necessary to make firm comparisons between programs which provide services in different functional areas such as health, education, housing, manpower and income maintenance. Even within functional areas they have often only illuminated the fact that changes in variables and conditions, other than the service rendered, counter or reinforce the programs in unknown and immeasurable ways.

As we considered these evaluations and the profusion of service programs, it became clear that what was lacking was an overall strategy which addressed the relative emphasis which should be placed on (a) income assistance; (b) the need for new institutional structures; and (c) specific service delivery programs. The overall strategy is what has been provided by this Administration for the first time.

In hearings before this Committee last fall, Senator Ribicoff said, "To me, frankly, a person is poor because he doesn't have money." The Administration agrees with that point of view. It is one of the basic underpinnings of H.R. 1. H.R. 1 is designed to give dollars to the poor so they may make their own choices. Furthermore, the bill you have before you is responsive to the notion that, wherever possible, cash assistance is preferred to indirect or in-kind aid. It provides for conversion of food assistance benefits to cash assistance.

This is what we have come to refer to as the "income strategy" in social programs. As a part of this overall "income strategy," the Administration has sought to reform Federal income maintenance programs to provide strong incentives for work. In some cases under existing programs, recipients who increase their earnings have less total income due to reductions in their benefit levels. The Administration believes strongly in the principle that increased work effort should always be rewarded through increased total income. This important principle is an integral part of the welfare reform proposals contained in H.R. 1.

We believe that the income strategy coupled with reform is the proper course for the future. Our own resource allocation plans reflect this belief.

Over the past several weeks, I have appeared before the Appropriations Committees of both the House and Senate. One point I have stressed in these hearings is the extremely tight fiscal outlook over the next several years. The high priority this Administration accords welfare reform and the income strategy is, I believe, accurately reflected in our long range planning. Faced with a choice between an income strategy and higher levels for programs that are designed to solve the problems of the poor for them, we have clearly chosen to follow the income strategy.

As the budget document shows, we are prepared to put an additional \$5.5 billion into the income strategy embodied in H.R. 1 when it becomes fully effective.

There can be no clearer indication of intent and purpose. Although this income strategy is the mainstay of our approach to aiding the poor, it is not possible to convert to cash payments all programs which provide benefits to the poor.

For example, some programs involve the creation of or experimentation with new delivery mechanisms which can serve not only the poor but also the rest of our population. In these cases reliance on cash payments is not adequate because needed services are not available for purchase. Perhaps some examples will illustrate the approach. We have funded programs to experiment with and to establish neighborhood health centers, community mental health centers, and we are proposing programs to aid the growth of Health Maintenance Organizations. Federal programs create the centers, finance the staff, provide for the initial operating costs and for outreach, and in some cases also pay for the ongoing costs for services rendered.

But it should be clear that what we are attempting is the creation of the facility and that eventually the facility will be able to cover its costs by payments from the population served. Again we are saying that the worth of the facility should be tested and decided by the people it serves. And the people served—both poor and non-poor—will be paying either from their income or from their insurance coverage. This approach to develop an infrastructure which proves itself by earning

reimbursements and payments from the people served is in marked contrast to proposals which aim at continuing Federal funding.

Another new institutional structure which is tailored to the needs of the poor is the President's proposed Family Health Insurance Plan. This plan would provide health insurance (on an income-tested basis) for those to whom it is not available through an employment plan. This Administration has proposed extending health insurance, available as part of employment benefits, to all working persons through the National Health Insurance Standards Act. For poor families who will not be so protected we have proposed the Family Health Insurance Plan which utilizes the risk spreading principle of insurance.

Finally, in some programs, the Federal Government continues to assist the poor through existing institutions. These include services which help individuals earn their own income. The most important of these include education, manpower training and vocational rehabilitation. In addition we are continuing to support services to the poor through existing institutions because there is currently no effective way of cashing out these services. For example, housing aid for low income families is now provided through subsidies attached to homes and apartments.

There is a widespread belief that simply increasing the ability of people to pay for housing will not result in the needed increase in supply. We are testing this belief through an experimental program of housing allowances to be conducted by the Department of Housing and Urban Development. Education aid for the disadvantaged is channeled through the public school system because of the long tradition of free public education for all. Even here we are planning experiments with educational vouchers to see if the income strategy can work in this area.

Where cash payments to individuals cannot replace government supported services, our strategy is to move the decision points closer to the people served. This is one of the primary aims of the special revenue sharing proposals. These proposals in the areas of education, manpower training, and urban and rural community development—the proposals that involve programs directly benefiting the poor—will allow states and localities to use monies now being distributed through many narrow categorical grant programs in the manner that best fits their needs.

National interests and priorities would be served in setting the amounts devoted to each area, but governments more closely responsible to those affected would choose the programs and projects which most effectively met the needs of their people. Where it is now not possible to provide the poor with money to choose the services, we have proposed, as far as possible, to allow the choice to be made by State and local governments, not the Federal bureaucracy.

In summary the basic elements of the Administration's approach are:

- a. To rely on income assistance where most feasible;
- b. To cash out those in-kind programs which can be accommodated now by an income approach; and to experiment with other in-kind programs to see if in the future they can be cashed out;
- c. To use Federal funds to develop the infrastructure of service-delivery organizations, which are ultimately expected to be able to cover their costs by charging the people they serve;
- d. To make available to the poor—in health especially—the insurance approach, which is now available and used by the rest of our society;
- e. To bolster our existing institutions—particularly in vocational rehabilitation and manpower training—while experimenting with new ideas which may provide fruitful income approaches in these areas; and
- f. To recognize that local assessments and choices are more likely to match local needs and therefore to utilize revenue sharing as a substitute for many categorical grants.

STATEMENT OF HON. PHILIP V. SANCHEZ, DIRECTOR, OFFICE OF ECONOMIC OPPORTUNITY

Mr. SANCHEZ. Well, Mr. Chairman, as you know, the President's budget for the fiscal year 1973 does provide an estimated \$31.5 billion in Federal outlays of direct benefit to poor persons.

The funds, as your committee previously discussed, are found spread out through 166 programs administered or partially administered by about 12 departments and agencies.

The material which my department is providing for the record, which is more detailed than my opening comments will be, Mr. Chairman, does attempt to discuss at greater length the Federal benefits to the poor during the period encompassed from fiscal year 1966 through fiscal year 1973.

The estimates, I might point out, are an OEO analysis based on agency data and other sources such as Census Bureau reports, and they do result from a year's extensive work to upgrade the quality—and they are refined figures, refined from that which you have previously received from us.

For example, there are new—and, I should point out, more precise—estimates for vocational education, the so-called black lung benefit programs for disabled coal miners, vocational rehab and health professions' scholarships.

Accordingly, these figures do constitute a marked improvement in accuracy over the 1971 figure and the June 1971, estimates.

One may ask, Mr. Chairman, why the Federal Government does not abolish this multitude of programs and simply distribute the \$31.5 billion to the poor people.

Well, in the first place, about half is already in the form of cash grants of various kinds, as you know, but I think that a more thoughtful answer requires a brief look at the makeup of the 166 programs.

There are two important ways of looking at the manner in which the poor benefit from Federal programs. On the one hand, we ask, are these benefits that the poor receive specifically because they are poor, or because they are, for example, children, elderly, veterans, and so forth, and also happen to be poor. This is a question we refer to as poverty entitlement versus normal entitlement.

On the other hand, we ask, are these benefits designed to provide the means to basic needs of life which poverty denies the poor or do they seek to aid current and future generations to escape poverty altogether?

We make here a distinction between maintenance, then, and human investment programs. All benefits—all benefits—must be considered in understanding the total Federal impact on the poor, although we may differ about the relative merits, priorities, and, of course, emphasis.

Almost half of the cash and noncash benefits to the poor, \$14.2 billion, come from normal entitlements, whether with a maintenance or human investment purpose.

Of course, these programs serve both poor and nonpoor persons. Our estimate is of the portions which benefit the poor.

Now, I do not believe that many would suggest either cashing in these programs to increase cash grants for the poor alone, or excluding only the poor on grounds that "their share" of medicare, social security, vocational rehabilitation and the like had been converted into increased cash grants under a welfare reform program.

The remaining \$17.3 billion is in poverty entitlement programs, most—that is, \$13.2 billion of it—under maintenance.

Almost \$6 billion—that is, \$5.9 billion—of this is already in such cash grants as aid for families with dependent children, and most of the rest is in food and health programs.

H.R. 1 would have the effect of cashing out most of the food stamp program and as for medicaid it would be replaced by the administration's proposed family health insurance plan which, although not a direct cashing out, would be coordinated with welfare reform.

We are left, then, with what—with the \$4.1 billion of human investment, the human investment portion of poverty entitlements.

Now, there might be a certain, I suppose, short-term efficiency about cashing out this relatively small investment and using the money to reduce income-defined poverty; however, converting the human investment budget to cash payments would completely eliminate what we are now doing to enable disadvantaged families to escape poverty by their own efforts.

I believe the large costs of such an action would far outweigh the small cash benefits.

A preferable alternative is to retain effective human investment programs in conjunction, of course, with an income strategy.

The declaration of purpose of the Office of Economic Opportunity states in part that it is "the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training."

Now, while there is a widespread acceptance of the thesis that one of the most effective means of eliminating the paradox of poverty is to increase cash assistance to the poor, to derive supplemental sums by cashing in essential programs in social research, education, manpower training, which represent a relatively small portion of the total Federal antipoverty effort, is, in my judgment, to eliminate forever any hope of helping the poor to break out of the cycle of poverty and, of course, to move into normal lives in the economic mainstream of America.

Programs in research, education, and manpower training, rather than nibbling at the symptoms of poverty, are actually seeking to reach its very roots.

The effective utilization of the authorities and resources of this investment in human resources, combined with an income strategy, offer a real rather than rhetorical means of achieving a national goal of assuring all citizens "an income adequate to sustain a decent level of life" and, of course, finally, "to eliminate poverty among our people."

Mr. Chairman, the fact that I believe that human investment programs which seek to improve the capacity of poor people to function in our society are crucial to our efforts to eliminate poverty, does not in any way imply that all we are doing is good.

It is important that we continually examine our effectiveness; it is important that we continually examine our programs and compare their effectiveness with alternative means of accomplishing, of course, the same ends.

OEO is increasingly moving to evaluate not only its EOA Act programs but also programs of other departments and agencies that do, after all, have a significant impact on the poor.

Currently underway or about to be initiated are major evaluative efforts dealing with manpower training, housing, day care forms of compensatory education, and health services.

Now, while the state of the art in evaluation studies leaves much to be desired, I am confident that the information generated by the studies will be of immense help to the Congress, the executive departments and to State and local officials as they, too, seek better ways and better means of dealing with the problems of poverty.

Although my office accounts for only a small portion—about 3 percent—of the estimated Federal outlays benefiting the poor in fiscal year 1973, the agency will continue to exercise a vital role in carrying forward the Federal effort to reduce poverty among some 25.5 million Americans by the most effective approaches possible.

Our budget should be viewed in the context of several key policy and programmatic emphasis which will be central to administration plans for OEO over the next 18 months; that is a more formalized role for OEO as an executive branch advocate for the poor and a strengthened social research, evaluation, and development program.

We are preparing, Mr. Chairman, to extend the agency's role as governmentwide advocate for the poor people. Although OEO has always had a legislative mandate to speak for the poor, the agency has not had a formal plan, as you know, nor a specific operational mechanism for exercising this crucial responsibility.

Through a stronger emphasis on advocacy, then, OEO hopes to enlarge the positive impact of public policies on the problems of poverty, with a relatively small investment of agency resources.

In August of 1969 the President first announced the intention to focus the Office of Economic Opportunity on social research and development. He reaffirmed this purpose recently when he said, and I quote: "Our goal has been to make the Office of Economic Opportunity the primary research and development arm of the Nation's and the Government's ongoing effort to diminish and eventually eliminate poverty in the United States."

By testing, then, and evaluating ideas and incubating new programs, we can have a significant effect on the direction of the national antipoverty efforts and other benefits to the poor.

Accordingly, the benefits to the poor through these programs are much greater and more long lasting if the funds were simply converted into cash grants and paid out on a one-shot basis.

Mr. Chairman, I would, in time, welcome any questions your committee may have, but I imagine at this time you would like to proceed to the next witness.

(Prepared statement and attachment follows. Hearing continues on page 16:)

STATEMENT OF HON. PHILLIP V. SANCHEZ, DIRECTOR, OFFICE OF
ECONOMIC OPPORTUNITY

Mr. Chairman and members of this Committee, I welcome the opportunity to appear before you today to discuss the efforts of this Administration to alleviate the plight of poor people in America.

The President's Fiscal Year 1973 budget provides an estimated \$31.5 billion in Federal outlays of direct benefit to poor persons. These funds are found in 167 programs administered by 12 departments and agencies. The material which I am providing for the record discusses at greater length Federal benefits to the poor during the FY 1966-1973 period.

These estimates are an OEO analysis based on agency data and other sources such as Census Bureau reports, and result from a year's intensive work to upgrade their quality. For example, there are new, more precise estimates for vocational education, "black lung" benefits for disabled coal miners, vocational rehabilita-

tion, and health professions scholarships. Accordingly, these figures constitute a marked improvement in accuracy over both the January, 1971 and June, 1971 estimates.

One may ask why the Federal government does not abolish this multitude of programs and simply distribute \$31.5 billion to the poor. Well, in the first place, about half is already in the form of cash grants of various kinds. But a more thoughtful answer requires a brief look at the makeup of the 167 programs.

There are two important ways of looking at the manner in which the poor benefit from Federal programs. On the one hand we ask, "Are these benefits the poor receive specifically because they are poor, or because they are children, elderly, veterans, etc., and also happen to be poor?" This is the question we refer to as *Poverty Entitlement vs. Normal Entitlement*. On the other hand, we ask, "Are these benefits designed to provide the means to basic needs of life which poverty denies the poor, or do they seek to aid current and future generations to escape poverty altogether?" We make this the distinction between *Maintenance* and *Human Investment* programs. All benefits must be considered in understanding the total Federal impact on the poor, although we may differ about their relative merits, priorities, and emphasis.

Almost half of the cash and non-cash benefits to the poor—\$14.2 billion—come from Normal Entitlements, whether with a Maintenance or Human Investment purpose. Of course these programs serve both poor and non-poor persons; our estimate is of the portions which benefit the poor. I do not believe many would suggest either cashing in these programs to increase cash grants for the poor alone, or excluding only the poor on grounds that "their share" of Medicare, Social Security, Vocational Rehabilitation, and the like had been converted into increased cash grants under a reformed welfare program.

The remaining \$17.3 billion is in Poverty Entitlement programs, most—\$13.2 billion—under Maintenance. \$5.9 billion of this is already in such cash grants as Aid for Families with Dependent Children and most of the rest is in food and health programs. H.R. 1 would have the effect of "cashing out" most of the Food Stamp program. As for Medicaid, it would be replaced by the Administration's proposed Family Health Insurance Plan, which—although not a direct "cashing out"—would be coordinated with Welfare Reform.

We are left, then, with the \$4.1 billion Human Investment portion of Poverty Entitlements. There might be a certain short-term efficiency about "cashing out" this relatively small investment and using the money to reduce income-defined poverty. However, the Human Investment budget to cash payments would completely eliminate what we are now doing to enable disadvantaged families to escape poverty by their own efforts. I believe the large costs of such an action would far outweigh the small cash benefits. A preferable alternative is to retain effective Human Investment programs, in conjunction with an income strategy.

The Declaration of Purpose of the Office of Economic Opportunity Act states, in part, that it is "the policy of the United States to eliminate the paradox of poverty in the midst of plenty in this Nation by opening to everyone the opportunity for education and training . . ."

While there is widespread acceptance of the thesis that one of the most effective means of eliminating the paradox of poverty is to increase cash assistance to the poor, to derive supplemental sums by cashing in essential programs in social research, education, and manpower training, which represent a relatively small proportion of the total Federal anti-poverty effort, is to eliminate forever any hope of helping the poor break out of the cycle of poverty and move into normal lives in the economic mainstream of America.

Programs in research, education and manpower training, rather than nibbling at the symptoms of poverty, are seeking to reach its very roots.

The effective utilization of the authorities and resources of this investment in human resources, combined with an income strategy, offer a real, rather than a rhetorical, means of achieving a national goal of assuring all citizens "an income adequate to sustain a decent level of life and to eliminate poverty among our people."

The fact that I believe that human investment programs which seek to improve the capacity of poor people to function in our society are crucial to our efforts to eliminate poverty does not imply that all that we are doing is good.

It is important that we continually examine the effectiveness of our programs and compare their effectiveness with alternative means of accomplishing the same ends.

The Office of Economic Opportunity is increasingly moving to evaluate not only its Economic Opportunity Act programs but also programs of other departments and agencies that have a significant impact upon the poor. Currently under way, or about to be initiated, are major evaluative efforts dealing with manpower training, housing, day care, forms of compensatory education, and health services. While the state of the art in evaluation studies leaves much to be desired, I am confident that the information generated by these studies will be of immense help to the Congress, the Executive departments, and to state and local officials as they seek better means of dealing with the problems of poverty.

Although OEO accounts for only a small portion (about 3%) of estimated Federal outlays benefiting the poor in Fiscal Year 1973, the agency will continue to exercise a vital role in carrying forward the Federal effort to reduce poverty among some twenty-five and a half million Americans by the most effective approaches possible. The OEO budget should be viewed in the context of several key policy and programmatic emphases which will be central to Administration plans for OEO over the next 18 months: a more formalized role for the agency as an Executive Branch advocate for the poor, and a strengthened social research, evaluation, and development program.

We are preparing to extend the agency's role as governmentwide advocate for the poor. Although OEO has always had a legislative mandate to speak for the poor, the agency has not had a formal plan or a specific organizational mechanism for exercising this crucial responsibility. Through a stronger emphasis on advocacy, OEO hopes to enlarge the positive impact of public policies on the problems of poverty, with a relatively small investment of agency resources.

In August 1969, the President first announced the intention to focus the Office of Economic Opportunity on social R&D. He reaffirmed this purpose recently: "Our goal has been to make the Office of Economic Opportunity the primary research and development arm of the Nation's and the Government's ongoing effort to diminish and eventually eliminate poverty in the United States." By testing and evaluating ideas and incubating new programs, OEO can have a significant effect on the direction of national anti-poverty efforts and other benefits for the poor.

Accordingly, the benefits to the poor through these programs are much greater and more long-lasting than if the funds were simply converted into cash grants and paid out on a one-shot basis.

Mr. Chairman, I welcome any questions you or the members of the Committee may wish to raise. Joining me today are the principal resource people of OEO who deal specifically in the areas I have discussed. Dr. Thomas Glennan, Assistant Director for Planning, Research and Evaluation; William Plissner, Acting Controller and Gordon Fisher, a program analyst in the Office of the OEO Controller.

ATTACHMENT FOR THE RECORD

The President's budget request for Fiscal Year 1973 provides an estimated \$31.5 billion in Federal outlays for direct benefits to poor persons through expenditures and direct loan programs. (Direct loan programs account for \$0.1 billion of the total.) These funds will be distributed among 166 programs administered by 12 Federal departments and agencies. Table I gives the latest estimates of Federal benefits to the poor during the FY 1966-1973 period.

The estimates in Table I were compiled by OEO for OMB, using both data supplied by the agencies running the programs and data from other sources (e.g., the Census Bureau). These figures are the result of intensive work during the past year to upgrade the quality of estimates of Federal support for the poor. This work increased the internal consistency of the estimates, adopted improved estimating techniques, and incorporated data sources which had previously not been used. Among the programs for which new, more precise estimates became available were vocational education, "black lung" benefits for disabled coal miners, vocational rehabilitation, and health professions scholarships. Accordingly, we feel that these figures represent a marked improvement in accuracy over the estimates in both last year's budget and over the June 1971 revision.

Federal benefits to the poor may be classified in several ways. Table I shows a categorization by general purpose. HUMAN INVESTMENT outlays—estimated at \$5.3 billion for Fiscal Year 1973—include those programs intended to benefit the poor by assisting them to break out of the cycle of poverty. This cate-

gory includes programs that actively promote education, the development of work skills, and community and economic development; examples are the ESEA Title I program, JOBS, and Community Action. MAINTENANCE programs—estimated at \$26.2 billion in Fiscal Year 1973—provide income support and certain essential services to sustain individuals' and families' levels of living. This category includes such programs as Social Security, public assistance, Medicaid, Food Stamps, and Comprehensive Health Services. Although proportions have varied from year to year, Human Investment outlays have never accounted for more than 20% of total Federal benefits to the poor during the Fiscal Year 1966–1973 period.

Another categorization (shown in Table II) is by eligibility criteria. POVERTY ENTITLEMENT programs—\$17.3 billion in Fiscal Year 1973—are programs for which persons qualify specifically because they are poor or have low incomes. Examples include public assistance, Medicaid, and JOBS. NORMAL ENTITLEMENT programs—\$14.2 billion in Fiscal Year 1973—are programs for which persons qualify for some reason other than their poverty—e.g., because of prior work experience (Social Security), age (Medicare), or mental or physical handicaps (Vocational Rehabilitation). In general, the proportion of total Federal benefits to the poor in the Poverty Entitlement category has been increasing during the Fiscal Year 1966–1973 period.

Perhaps more familiar is the classification by functional program area—i.e., income security/cash, income security/in-kind, education, health, manpower, and other. (See Table III, which provides absolute dollar figures for Fiscal Years 1966 through 1973 and expected percentage increases over the Fiscal Year 1971–1973 period.) Income security/cash programs—Social Security, public assistance, veterans pensions, unemployment compensation, and so on—continue to be the largest single component of Federal benefits for the poor, making up an estimated 50% of the total in Fiscal Year 1973. These programs account for \$2.4 billion of the \$6 billion growth in the total during the Fiscal Year 1971–1973 period. Another \$1 billion of the growth during this period is in health programs—e.g., Medicare and Medicaid. The greatest percentage increase during this period is in income security/in-kind programs (food and housing payment programs), mostly due to increases in Food Stamps and housing payment programs. The second largest percentage increase is in manpower programs, due in large part to the new Emergency Employment Assistance program.

It should be noted that since its inception, this statistical series has been based on the Census Bureau definition of poverty, which involves the application of poverty thresholds to families' total annual money income (before taxes) from all sources including government transfer payments. Thus, if a family (or individual) receives a Federal income transfer payment but remains in poverty even after receipt of that payment, the dollars in question would be included in this statistical series of estimates. However, suppose that a family's income before transfer payments is below the poverty threshold, but that it receives a Federal transfer payment which raises its total money income above the poverty threshold. In this case, the dollars which raised the family out of poverty would not be counted in this statistical series, since the family is no longer in poverty by the standard Census Bureau definition. No up to date estimates are presently available on the amount of Federal income transfer dollars going to families which are lifted out of poverty by income transfer programs. It is not possible to derive estimates of that amount which would be strictly comparable with the income security/cash component of the Federal-benefits-to-the-poor statistical series. However, it would be possible to derive rough order-of-magnitude estimates of that amount from other statistical sources (although it would not be statistically legitimate to add those order-of-magnitude estimates to the \$31.5 billion to yield a single total, because of the way in which the Federal-benefits-to-the-poor series is defined).

Preliminary estimates indicate that at least \$11 billion (35%) of the \$31.5 billion of benefits to the poor in Fiscal Year 1973 will go to the aged poor, who made up 18% of the total poverty population in calendar year 1970.

(Tables IV and V show Federal outlays benefiting the poor by major programs and by agencies.)

Beyond merely counting programs and dollars, a full analysis of the Federal anti-poverty effort would require an examination of the effects of the programs on the poverty population. On the simplest level, one should find out whether the programs are reaching the population groups whom they are intended to reach. Going further, it is desirable to find out what effect the programs are having once they do reach the people.

Even the first of these two questions is not a simple one to answer, since the definition of the group a program is intended to reach varies from program to program. Within the Poverty Entitlement category alone, legislative and administrative criteria for different programs speak of "the poor," "the disadvantaged," "the needy," people "of financial or cultural need," and "persons of low and moderate income." Determining the relationship of these various criteria to the Census Bureau poverty definition is not always easy. In the case of Normal Entitlement programs, which are intended to serve non-poor as well as poor persons, it is even more difficult to make an equitable determination as to the proportion of program benefits which ought to be going to the poor.

Bearing in mind the above caveats, however, one can cite the following examples from the analysis of the 166 programs. A high proportion of food stamp beneficiaries—92%—meet the Census Bureau definition of poverty (although this figure is based on monthly rather than annual income data), and it is believed that a similar proportion of commodity distribution beneficiary families are poor. The proportion of poor beneficiaries for HUD's homeownership assistance and rental housing assistance programs (Sections 235 and 236 respectively) is in the 10%-15% range. Among Economic Opportunity Act manpower programs, close to 100% of all participants are poor, while between 50% and 66% of the participants in the two original MDTA (Manpower Development and Training Act) programs are poor. Turning to Normal Entitlement manpower programs, an estimated 61% of vocational rehabilitation participants are below the poverty threshold, at least 35% of Emergency Employment Assistance participants are poor, and close to that proportion of Employment Service beneficiaries are believed to be poor. In the area of education, some 96% of Head Start beneficiaries are estimated to be below the poverty threshold. Thirty-two percent of Title I ESEA beneficiaries are estimated to be poor—although it should be noted that this program is targeted on low-income areas rather than directly on low-income individual students.

For the educational opportunity grant and college-work study programs—both of which are directed to students with inadequate resources, without reference to the poverty line as such—the proportion of beneficiaries who are poor is in the 30%-45% range. In vocational education—one of the major Normal Entitlement education programs—some 15% of the students are estimated to be poor.

In the area of evaluating the effects of programs once they reach the intended beneficiaries, some knowledge is beginning to become available, but much remains to be learned. The Office of Economic Opportunity has emphasized development of a capacity for evaluation, and we are moving increasingly to apply this capacity not only to our own programs but also to programs of other departments and agencies that have a significant impact upon the poor. The evaluation of Head Start which we completed three years ago has received considerable attention. It has survived a large amount of reanalysis, and appears to have affected the thinking of policy-makers concerning not only Head Start but also day care. Our evaluation of Upward Bound, completed two years ago, has received less attention. Among the evaluation projects completed last fiscal year were evaluations of Special Impact and Adult Basic Education. The first was a large, independent evaluation of a group of demonstration projects; it should be of most interest of those involved in similar projects.

It does not support expansion of the Special Impact Program at this time, and probably was involved in the Department of Labor decision to discontinue participation in the program. It has been studied by program people at OEO and EDA and probably at the Department of Agriculture. The examination of Adult Basic Education identified serious problems in existing programs and describes an improved programmatic model. It was received with enthusiasm by the program people in the Office of Education and will receive further dissemination and possible implementation under their sponsorship. Other major evaluative efforts currently under way or about to be initiated deal with manpower training, housing, day care, forms of compensatory education, and health services. While the state of the art in evaluation studies leaves much to be desired, I am confident that the information generated by these studies will be of great help to the Congress, the Executive departments, and to state and local officials as they seek better means of dealing with the problems of poverty.

One may ask why the Federal government does not abolish these many programs and simply give the money directly to the poor, thus ending income-defined poverty. The points at issue are more complex, however, than a few aggregate dollars and people numbers would indicate. To begin with, an estimated 50% (\$15.6 billion) of the \$31.5 billion requested for Fiscal Year 1973 already is in the form of income transfer payments of various kinds. Of the remaining programs, many (accounting for an estimated \$4.6 billion in Fiscal Year 1973) are Normal Entitlement programs, serving poor and nonpoor persons alike. On one hand, it would probably not be equitable to deprive both nonpoor and poor persons of these programs in order to increase cash grants for the poor alone. On the other hand, it would clearly be inequitable to apply an income test and exclude only the poor from these programs on the grounds that "their share" of the program had been converted into increased cash grants.

Furthermore, looking at aggregate totals obscures the issue of short-term vs. long-term efficiency and effectiveness. There is a certain short-term efficiency about "cashing out" all non-cash programs and using this money to end income-defined poverty. However, such an action would do little to enable disadvantaged families to remain out of poverty by their own efforts; the long-term costs would be quite high. A preferable alternative is to retain effective Human Investment programs (in conjunction with an income strategy) which enable persons and families to break out of the cycle of poverty and to remain out of poverty through their own efforts. In addition, some of these programs enable the poor to have more of a say in the decisions that directly affect their lives. By concentrating resources where they can have the maximum multiplier or leverage effect, these programs can bring about improvements in community and institutional practices toward the poor and in the allocation of public and private resources for antipoverty purposes. Accordingly, the benefits to the poor through these programs are much greater and more long-lasting than if the funds were simply converted into cash grants and paid out on a one-shot basis. The long-range cost of an effective Human Investment strategy would thus be less, while the results would be the same or even better than those of a cash-only strategy.

This should not be taken, however, as an argument that current income transfer programs are adequate, or that each and every non-cash program benefiting the poor should be preserved. OEO was founded on the principle that in an affluent nation it is unjust and inequitable for a family to have to exist on \$800 or \$1000 or \$1200 a year. We continue to support that principle, and to advocate that the great inequities in current income transfer programs be rectified as is provided for in H.R. 1.

Although OEO accounts for only a small portion (about 3%) of estimated Federal outlays benefiting the poor in fiscal year 1973, the agency will continue to exercise a vital role in carrying forward the Federal effort to reduce poverty among some 25½ million Americans by the most effective approaches possible. The OEO budget should be viewed in the context of several key policy and programmatic emphases which will be central to administration plans for OEO over the next 18 months: a more formalized role for the agency as an executive branch advocate for the poor, and a strengthened social research and development program.

We are preparing to extend the agency's role as governmentwide advocate for the poor. Although OEO has always had a legislative mandate to speak for the poor, the agency has not had a formal plan or a specific organizational mechanism for exercising this crucial responsibility. Through a stronger emphasis on advocacy, OEO hopes to enlarge the positive impact of public policies on the problems of poverty, with a relatively small investment of agency resources.

In August 1969, the President first announced the intention to focus the Office of Economic Opportunity on social R&D. He reaffirmed this purpose recently: "Our goal has been to make the Office of Economic Opportunity the primary research and development arm of the Nation's and the Government's ongoing effort to diminish and eventually eliminate poverty in the United States." By testing and evaluating ideas and incubating new programs, OEO can have a significant effect on the direction of national antipoverty efforts and other benefits for the poor. The evaluation capacity which we have developed in our work with the urban and rural graduated work incentives experiments is already being brought to bear in consultation with HEW in the design of an evaluation of the proposed welfare reform program. We feel confident that we will play a significant role in this field.

TABLE I.—FEDERAL OUTLAYS BENEFITING THE POOR BY ANALYTICAL CATEGORIES: HUMAN INVESTMENT/ MAINTENANCE

[In billions of dollars]

Category	Fiscal year—							1973 request (est.)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual	1972 estimate	
Human investment.....	1.8	2.5	3.1	3.1	3.4	4.2	4.9	5.3
Maintenance.....	9.5	11.0	12.8	14.3	16.3	21.3	25.7	26.2
Total.....	11.3	13.5	15.9	17.5	19.7	25.5	30.6	31.5

Note: 1. Estimates in these tables do not reflect possible effects of revenue sharing proposals. 2. Details may not add exactly to totals due to independent rounding.

TABLE II.—FEDERAL OUTLAYS BENEFITING THE POOR BY ANALYTICAL CATEGORIES: POVERTY ENTITLEMENT/ NORMAL ENTITLEMENT

[In billions of dollars]

Category	Fiscal year—							1973 request (est.)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual	1972 estimate	
Poverty entitlement.....	4.9	6.0	7.4	8.1	9.6	13.8	17.5	17.3
Normal entitlement.....	6.4	7.5	8.4	9.3	10.1	11.8	13.1	14.2
Total.....	11.3	13.5	15.9	17.5	19.7	25.5	30.6	31.5

TABLE III.—FEDERAL OUTLAYS BENEFITING THE POOR BY FUNCTIONAL PROGRAM AREAS

[In billions of dollars]

Functional program area	Fiscal year—							1973 request (est.)	Percent change 1971-73
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual	1972 estimate		
Income security/cash.....	8.1	8.3	9.0	9.8	10.7	13.2	15.2	15.6	+18
Income security/in-kind.....	.3	.3	.4	.6	1.1	2.4	3.2	3.6	+50
Education.....	.5	.9	1.1	1.1	1.2	1.5	1.7	1.7	+13
Health.....	.8	2.1	3.1	3.6	4.1	5.0	6.2	6.0	+20
Manpower.....	.9	1.2	1.4	1.4	1.5	1.9	2.3	2.6	+37
Other.....	.5	.7	.9	.9	1.2	1.5	2.1	2.0	+33
Total.....	11.3	13.5	15.9	17.5	19.7	25.5	30.6	31.5	+24

TABLE IV.—FEDERAL OUTLAYS BENEFITING THE POOR, BY MAJOR PROGRAMS (RANKED BY ESTIMATED FISCAL YEAR 1973 AMOUNTS)

[Dollar amounts in billions]

	Fiscal year 1971 actual		Fiscal year 1972 estimate		Fiscal year 1973 request (estimate)	
	Amount	Percent	Amount	Percent	Amount	Percent
Social security.....	\$7.6	30	\$8.1	26	8.8	28
Public assistance (payments).....	3.8	15	4.9	16	4.6	15
Medicare.....	1.9	7	2.1	7	2.5	8
Medicaid.....	2.3	9	3.0	10	2.3	7
Food stamps.....	1.4	5	1.8	6	2.1	7
Manpower programs for the disadvantaged (manpower training services).....	1.2	5	1.3	4	1.3	4
Veterans' pensions.....	.9	4	1.1	4	1.2	4
Social services for public assistance recipients.....	.5	2	1.0	3	.9	3
Community action excluding OEO health and nutrition) and related programs.....	.6	2	.6	2	.6	2
Unemployment insurance.....	.6	2	.7	2	.6	2
All others.....	4.7	18	6.0	20	6.6	21
Total.....	25.5		30.6		31.5	

TABLE V.—FEDERAL OUTLAYS BENEFITING THE POOR BY FEDERAL AGENCY

[In billions of dollars; percent in parentheses]

	Fiscal year—							
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual	1972 estimate	1973 request (estimate)
DHEW.....	8.3(73)	10.0(74)	11.7(74)	13.1(75)	14.6(74)	18.1(71)	21.7(71)	22.1(70)
Agriculture.....	.2(2)	.2(1)	.3(2)	.5(3)	.9(5)	2.2(9)	2.8(9)	3.1(10)
Labor.....	.5(4)	.5(4)	.6(4)	.6(3)	.7(4)	1.7(7)	2.4(8)	2.5(8)
VA.....	1.0(9)	1.0(7)	1.0(6)	1.0(6)	1.1(6)	1.3(5)	1.4(5)	1.6(5)
DHUD.....	.1(1)	.1(1)	.2(1)	.2(1)	.3(2)	.4(2)	.6(2)	.8(3)
OEO.....	1.0(9)	1.4(10)	1.8(11)	1.7(10)	1.7(9)	1.4(5)	1.0(3)	.8(3)
All others.....	.2(2)	.3(2)	.4(3)	.4(2)	.4(2)	.5(2)	.6(2)	.6(2)
Total.....	11.2	13.5	15.9	17.9	19.7	25.5	30.6	31.5

Mr. SHULTZ. To move one step further to the right, then, with Secretary Richardson—

STATEMENT OF HON. ELLIOT L. RICHARDSON, SECRETARY, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE; ACCOMPANIED BY JOHN G. VENEMAN, UNDER SECRETARY, HEW

Secretary RICHARDSON. Thank you, Mr. Chairman, and thank you, George. I am glad to be put in my right place for once.

Mr. Chairman, and members of the committee, I am particularly pleased to join with my colleagues in appearing before you to discuss what I feel is the very heart of governmental decisionmaking: the process of choosing among worthy programs competing for scarce resources.

Senator Ribicoff suggested last August 2 before this committee that the time had come for the executive branch and Congress to examine what we are getting for our poverty expenditures, particularly compared with putting money directly into the pockets of the poor. As Mr. Shultz and Mr. Sanchez have said, we have a great deal of sympathy with this idea, and in fact H.R. 1 reflects just such a strategy. I shall devote the rest of my statement today to describing the results of the process by which HEW has arrived at priority decisions among our programs for the poor.

THE INCOME STRATEGY: H.R. 1

H.R. 1 is the single most important result of this process. When the present administration took office, a complete analysis of basic welfare programs was ordered by the President. After intensive review of the programs and the evaluation work which had been done on them for years, a conclusion was reached: the most fundamental problem confronting poor people is a lack of money. With this in mind, we set out to design a program to effectively put money in the hands of the poor, either through assistance for those unable to work, or through training and employment for those who can work. Most important to remember, this program was not just one more to add to our already long list, but one to replace several existing public welfare programs. H.R. 1 lays the groundwork for combining and consolidating our income maintenance programs for the poor by replacing food stamps with cash benefits, streamlining and standardizing the Federal assistance programs for needy adults and families, and by forming the core of a new relationship with social services and manpower programs.

An essential part of the income strategy is the decentralizing of social services programs to increase flexibility at the State and local levels to tailor service programs to their particular needs. We have also drawn several services programs into a close relationship with H.R. 1 in order to further the movement of recipients from the welfare rolls into jobs. Vocational rehabilitation, manpower training programs, child care, and alcoholism and drug abuse programs are examples of this new relationship. But in order to address specifically the study which Senator Ribicoff quoted, let me now turn to an analysis of the HEW antipoverty programs, which in one way or another attack the problems of poor people.

HEW PROGRAMS PROVIDING DIRECT BENEFITS TO THE POOR

At this time I shall distribute a study of Federal outlays benefiting the poor. This is a revised version of the study which Senator Ribicoff quoted last August, and it outlines 167 programs which in fiscal 1973 are estimated to provide \$31.5 billion in benefits to the poor. The Department of Health, Education, and Welfare administers 77 of these programs and \$22.1 billion, or 70 percent, of the \$31.5 billion. And, I should point out, \$16 billion of HEW's \$22.1 billion goes to the poor in the form of cash, either social security or public assistance payments.

(Tables outlining Federal programs benefiting the poor follow. Hearing continues on page 25.)

FEDERAL PROGRAMS BENEFITING THE POOR—ESTIMATED FEDERAL OUTLAYS BENEFITING THE POOR

[In millions of dollars]

CFDA program number (if any) and CFDA or other program name	Fiscal year—						1972 estimate	1973 request (estimate)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual		
13.803: Social security—Retirement insurance.....								
13.804: Social security—Special benefits for persons aged 72 and over.....	4,699	4,721	4,977	5,458	5,779	6,531	6,908	7,457
13.805: Social security—Survivors insurance.....								
13.802: Social security—Disability insurance.....	688	726	773	880	945	1,116	1,228	1,376
57.001 pt.: Social insurance for railroad workers (retirement, disability, survivor, and sickness benefits only).....	84	75	83	92	95	94	104	103
I.a. Social security and railroad retirement benefits—Subtotal.....	5,471	5,523	5,833	6,430	6,818	7,742	8,240	8,936
13.722: Old-age assistance.....	696	715	761	766	808	959	1,175	929
13.704: Aid to the blind.....	22	23	26	25	28	40	46	41
13.705: Aid to the permanently and totally disabled.....	143	158	181	206	252	341	476	464
13.703: Aid to families with dependent children.....	738	827	1,048	1,257	1,486	2,403	3,164	3,180
13.709: Emergency welfare assistance.....				2	5	10	19	19
I.b. Public assistance payments—Subtotal.....	1,599	1,723	2,015	2,257	2,579	3,753	4,880	4,632
64.104: Pension for nonservice-connected disability for veterans.....	450	436	394	327	351	427	493	563
64.105: Pension to veterans' widows and children.....	304	307	389	429	479	507	601	663
I.c. Veterans pensions—Subtotal.....	754	743	783	756	830	934	1,094	1,226
17.225: Unemployment insurance—Grants to States.....	190	196	207	206	279	523	632	516
57.001: Social insurance for railroad workers (unemployment benefits only).....	9	7	8	10	9	10	11	9
—: Federal unemployment benefits and allowances—Payments to Federal employees and exservicemen (p. 643, Fiscal year 1973 Budget Appendix).....	9	8	11	13	18	42	74	48
17.400: Trade adjustment assistance—Workers.....								
I.d.: Unemployment benefits—Subtotal.....	208	212	226	228	307	575	717	573
13.806: Special benefits for disabled coal miners.....					1	30	55	54
64.109: Veterans compensation for service-connected disability.....	53	55	59	64	71	81	86	91
64.102: Compensation for service-connected deaths for veterans' dependents.....								
64.110: Veterans dependency and indemnity compensation for service-connected death.....	28	29	31	32	36	38	35	37
64.101: Burial allowance for veterans.....	6	6	6	5	6	6	6	6
15.113: Indian—General assistance.....	6	7	9	9	15	31	38	42
I.e.: Other income security/cash—Subtotal.....	93	96	104	110	129	187	219	230
I.: Income security/cash—Total.....	8,125	8,296	8,961	9,782	10,663	13,189	15,150	15,697

10.551: Food stamps.....	52	86	139	186	456	1,442	1,841	2,120
II.a.1.: Food stamps—Subtotal.....	52	86	139	186	456	1,442	1,841	2,120
10.555 pt.: National school lunch program (school lunch program proper (sec. 4)—p. 201, Fiscal year 1973 Budget Appendix) ²	13	13	15	19	27	45	56	61
10.550 pt.: Food distribution (to schoolchildren only—p. 197, Fiscal year 1973 Budget Appendix) ²	11	12	22	25	32	43	54	55
10.555 pt.: National school lunch program (special assistance (sec. 11) only—p. 201, Fiscal year 1973 Budget Appendix) ²	1	2	4	23	93	215	383	423
10.553: School breakfasts ²		(¹)	1	2	6	11	16	18
10.552: Special food service program for children ² (nonschool food program).....				(¹)	5	12	29	30
10.550 pt.: Food distribution (commodity procurement) (sec. 6) only—p. 201, Fiscal year 1973 Budget Appendix).....	5	5	5	8	10	13	14	14
10.556: Special milk program for children.....	14	13	15	14	14	13	13	13
II.a.2.: Child nutrition programs including commodities for schoolchildren—Subtotal.....	43	45	62	91	187	351	566	615
10.550 pt.: Food distribution (to needy persons only—p. 197, Fiscal year 1973 Budget Appendix) ²	101	76	93	169	217	290	282	248
10.550 pt.: Food distribution (to persons in charitable institutions—p. 197, Fiscal year 1973 Budget Appendix) ²	13	11	17	19	17	18	20	20
10.550 pt.: Food distribution (Special food package program only—p. 197, fiscal year 1973 Budget Appendix).....				6	6	12	14	
10.550 pt.: Food distribution (Pilot food certificate program only—p. 197, fiscal year 1973 Budget Appendix).....					(¹)	1	1	1
II.a.3. Commodity distribution (excl. schoolchildren)—Subtotal.....	113	87	110	194	240	321	317	284
II.a. All food programs—Subtotal.....	209	218	311	471	882	2,115	2,724	3,019
14.146: Public housing—Acquisition (with or without rehabilitation) and construction.....								
14.147 pt.: Public housing—Home ownership for low income families (annual contributions only).....	114	123	134	156	204	262	394	478
14.148: Public housing—Leased.....								
14.607 pt.: Public housing—Modernization of projects (annual contributions only).....								
14.149: Rent supplements—Rental housing for lower income families.....		(¹)	1	3	10	20	39	66
14.104 pt.: Interest subsidy—Acquisition and rehabilitation of homes for resale to lower income families (interest reduction payments only).....				(¹)	3	17	32	51
14.105 pt.: Interest subsidy—Homes for lower income families (interest reduction payments only).....								
14.106 pt.: Interest subsidy—Purchase of rehabilitated homes by lower income families (interest reduction payments only).....								
14.103 pt.: Interest reduction payments—Rental and cooperative housing for lower income families (sec. 236) (interest reduction payments only).....					(¹)	2	11	24
II.b.: Housing subsidy payments—Subtotal.....	114	124	135	159	217	301	476	619
II.: Income security/in-kind—Total.....	322	342	446	629	1,100	2,416	3,200	3,638
13.444: Handicapped early childhood assistance.....				(¹)	(¹)	1	2	2
13.600: Child development—Head Start.....	65	280	358	334	324	345	348	357
III.a.: Early childhood education—Subtotal.....	65	280	358	334	324	346	349	359

See footnotes at end of table, p. 24.

FEDERAL PROGRAMS BENEFITING THE POOR—ESTIMATED FEDERAL OUTLAYS BENEFITING THE POOR—Continued

[In millions of dollars]

CFDA program number (if any) and CFDA or other program name	Fiscal year—						1972 estimate	1973 request (estimate)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual		
13.427: Educationally deprived children—Handicapped.....								
13.428: Educationally deprived children—Local educational agencies.....								
13.429: Educationally deprived children—Migrants.....								
13.430: Educationally deprived children—State administration.....								
13.431: Educationally deprived children in State administered institutions serving neglected or delinquent children.....	239	338	336	343	374	485	516	489
13.511: Educationally deprived children—Special grants for urban and rural schools.....								
13.512: Educationally deprived children—Special incentive grants.....								
13.410: Dropout prevention.....				(¹)	2	3	5	5
13.403: Bilingual education.....					4	16	20	29
13.478: School assistance in federally affected areas—Maintenance and operation.....	60	64	71	52	87	71	69	63
13.449: Handicapped preschool and school programs.....			2	4	6	6	7	7
13.489: Teacher Corps—Operations and training.....	(¹)	4	5	6	6	9	12	12
13.433: Follow Through.....			2	11	20	40	60	52
III.b. Elementary and secondary education—Subtotal.....	299	406	415	418	498	630	689	658
13.341: Health professions scholarships.....	(¹)	1	2	3	5	6	6	7
13.363: Nursing scholarships.....			1	1	3	5	6	6
13.342: Health professions student loans.....	3	5	3	4	3	8	11	15
13.364: Nursing student loans.....	3	3	3	3	3	6	7	7
13.418: Educational opportunity grants.....	(¹)	17	36	36	63	74	95	146
13.463: Higher education work-study.....	13	38	38	33	64	75	81	138
13.460 pt.: Higher education act insured loans (interest subsidy portion only).....		1	2	5	12	18	23	26
13.471: National defense student loans—Direct loan contributions.....	46	49	49	54	58	70	89	2
13.492: Upward Bound.....	15	25	31	31	15	26	26	28
13.488: Talent Search.....	(¹)	1	2	3	4	4	5	5
13.482: Special services for disadvantaged students in institutions of higher education.....						9	14	14
III.c. Higher education—Subtotal.....	80	140	168	173	228	300	362	392
13.493 pt.: Vocational education—Basic grants to States (nonconstruction portion only).....	9	20	26	28	32	43	55	59
13.494: Vocational education—Consumer and homemaking.....					1	3	5	6
13.495: Vocational education—Cooperative education.....								
13.501: Vocational education—Work study.....	8	8	4	3	4	12	16	18
13.400: Adult education—Grants to States.....	9	12	12	13	16	19	22	21
13.401: Adult education—Special projects.....		(¹)	1	4	3	7	4	4

15.100: Indian—Adult education								
15.104: Indian—Community development								
15.105: Indian—Contracts with Indian school boards								
15.109: Indian—Federal school facilities—Dormitory operations	75	80	89	99	116	142	165	176
15.110: Indian—Federal schools								
15.114: Indian—Higher education								
15.130: Indian—Assistance to non-Federal schools								
III.d.: Other education—Subtotal	101	121	132	147	173	225	268	284
13.714: Medical assistance program (Medicaid)	475	719	1,125	1,402	1,667	2,279	2,993	2,336
IV.a.: Medicaid—Subtotal	475	719	1,125	1,402	1,667	2,279	2,993	2,336
13.800 pt.: Health insurance for the aged—Hospital insurance (for the aged only)		727	1,009	1,163	1,201	1,361	1,566	1,738
13.800 pt.: Health insurance for the aged—Hospital insurance (for the disabled only)								160
13.801 pt.: Health insurance for the aged—Supplementary medical insurance (for the aged only)		193	375	411	495	509	560	599
13.801 pt.: Health insurance for the aged—Supplementary medical insurance (for the disabled only)								32
IV.b. Medicare—Subtotal		920	1,384	1,575	1,696	1,869	2,126	2,529
13.240: Mental health—Staffing of community mental health centers	(*)	2	5	7	9	12	15	20
13.235: Mental health—Community assistance grants for narcotic addiction and drug abuse			(*)	1	2	2	6	17
13.251: Mental health—Staffing of comprehensive alcoholism services						(*)	1	11
—: Saint Elizabeths Hospital (p. 390, fiscal year 1973 budget appendix)	8	8	9	10	15	23	22	25
13.210: Comprehensive public health services—Formula grants	34	34	36	42	55	62	48	48
13.224: Health services development—Project grants ⁵	16	31	38	41	53	109	105	101
13.224 pt.: Health services development—Project grants (Infectious diseases—Project grants only—p. 398, Fiscal Year 1973 Budget Appendix)								11
13.224 pt.: Health services development—Project grants (community environmental management—Grants—Rat control only—p. 398, Fiscal year 1973 Budget Appendix)								4
13.246: Migrant health grants	3	4	7	7	8	15	15	18
13.211: Crippled children's services	73	83	83	90	94	69	116	108
13.232: Maternal and child health services								
13.212: Dental health of children								
13.218: Health care of children and youth								
13.230: Intensive infant care projects	13	41	61	81	79	64	92	99
13.234: Maternity and infant care projects								
13.217: Family planning projects				1	6	14	30	57
13.228: Indian health services	66	73	82	93	104	123	149	161
13.229: Indian sanitation facilities	9	10	12	15	16	20	35	35
—: Other Indian health facilities—p. 404, Fiscal year 1973 Budget Appendix								
—: Community environmental management—Grants—Lead-based paint poisoning in children (p. 398, Fiscal year 1973 Budget Appendix)							3	4

See footnotes at end of table, p. 24.

FEDERAL PROGRAMS BENEFITING THE POOR—ESTIMATED FEDERAL OUTLAYS BENEFITING THE POOR—Continued

[In millions of dollars]

CFDA program number (if any) and CFDA or other program name	Fiscal year—						1972 estimate	1973 request (estimate)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual		
64.002: Community nursing home care.....								
64.007: Blind veterans rehabilitation centers.....								
64.009: Veterans hospitalization.....	95	102	108	113	121	133	154	166
64.010: Veterans nursing home care.....								
64.019 pt.: Veterans rehabilitation—Alcohol and drug dependency.....								
64.008: Veterans domiciliary care and restoration.....	24	25	26	30	33	37	37	39
64.011: Veterans outpatient care.....								
64.012: Veterans prescription service.....	15	16	18	21	23	29	35	45
64.013: Veterans prosthetic appliances.....								
64.019 pt.: Veterans rehabilitation—Alcohol and drug dependency.....								
64.014: Veterans State domiciliary care.....								
64.015: Veterans State nursing home care.....	9	9	9	12	14	16	17	19
64.016: Veterans State hospital care.....								
49.001: Alcoholism counseling and recovery ^a								
49.003: Comprehensive health services.....		10	54	72	121	169	160	134
49.004: Drug rehabilitation.....								
49.005: Emergency food and medical services.....								
49.006: Family planning.....								
IV.c. Other health—subtotal.....	364	448	549	636	753	896	1,042	1,122
IV. Health—Total.....	839	2,087	3,058	3,613	4,115	5,045	6,162	5,986
17.211: Job Corps.....	229	321	299	236	144	174	185	190
17.222 pt.: Neighborhood Youth Corps (in-school portion only).....	57	57	79	61	58	65	72	75
17.222 pt.: Neighborhood Youth Corps (summer portion only).....	121	69	119	121	136	204	200	282
17.222 pt.: Neighborhood Youth Corps (out-of-school portion only).....	63	127	143	106	98	95	112	110
V.a.1. EOA/MDTA Manpower training services programs for youth—Subtotal.....	470	573	639	523	435	538	570	657
17.227: Job opportunities in the business sector—Optional programs ⁷	11	22	34	32	28	27	27	30
17.228: National on-the-job training ⁷								
17.215: Manpower development and training—Institutional training.....	149	141	163	160	157	223	233	236
17.212: Job opportunities in the business sector.....			4	42	86	123	141	116
17.224: Public service careers.....		*	13	17	18	58	105	63
17.223: Operation mainstream.....	10	9	31	37	42	69	78	80
17.204: Concentrated employment program.....		1	63	119	148	155	148	137
17.210: Job bank (manpower training services) (Federal fund) (portion only).....					1	7	8	9
V.a.2.: EOA/MDTA manpower training services programs not mainly for youth—Subtotal.....	171	173	307	407	480	661	739	673

V.a.: EOA/MDTA manpower training services programs—subtotal.....	641	747	946	929	915	1,199	1,309	1,329
27.003: Federal employment for disadvantaged youth—Part-time.....	6	28	24	28	28	42	46	46
27.004: Federal employment for disadvantaged youth—Summer.....	14	18	42	34	39	32	32	32
V.b.1. Other manpower programs for youth—Subtotal.....	20	46	65	61	67	74	78	78
13.747: Vocational rehabilitation services for social security disability beneficiaries.....	1	3	6	6	6	7	9	17
17.226: Work incentive program—Training and allowances.....				23	64	90	131	169
13.746: Rehabilitation services and facilities—Basic support.....	88	116	161	200	247	293	293	336
13.730: Rehabilitation services projects—Projects with industry.....								
13.731: Rehabilitation services projects—Expansion grants.....								
13.732: Rehabilitation services projects—Innovation grants ^a								
13.742: Rehabilitation facilities projects—Improvement grants.....								
13.743: Rehabilitation services projects—Initial staffing.....	4	7	10	13	13	12	27	22
13.744: Rehabilitation facilities improvement grants—Technical assistance.....								
13.745: Rehabilitation services training grants.....								
13.749: Rehabilitation services projects—New career opportunities.....								
17.207: Employment services—Grants to States.....	83	98	108	117	128	157	176	178
17.210 pt.: Job bank (Unemployment trust fund portion only).....	7	8	8	9	10	10	11	10
17.303: Minimum wage and hour standards.....							227	396
17.229: Emergency employment assistance.....								
Work experience (p. 96, fiscal year 1971 Budget Appendix) ^a	68	108	88	23				
15.108: Indian—Employment assistance.....								
15.117 pt.: Indian—Industrial and tourism development and on-the-job training (On-the-job training portion only).....	12	15	21	24	33	34	40	42
72.001: Foster Grandparents.....	5	6	8	8	8	9	12	23
V.b.2. Other manpower programs not mainly for youth—Subtotal.....	269	360	411	424	508	613	925	1,192
V.b. Other manpower programs—Subtotal.....	288	406	476	485	575	687	1,003	1,270
V. Manpower—Total.....	929	1,153	1,422	1,415	1,490	1,887	2,312	2,599
-----: Planning grants to city demonstration agencies (p. 518, fiscal year 1973 Budget Appendix).....								
14.300: Model Cities supplementary grants.....			1	3	25	103	144	200
-----: Technical assistance and evaluation contracts (p. 518, fiscal year 1973 Budget Appendix).....								
-----: Research, development, and evaluation (p. 103, fiscal year 1973 Budget Appendix).....								
49.002: Community Action ^a								
49.008: Legal services.....	285	390	514	531	566	585	557	597
49.009: Migrant and seasonal farmworkers assistance.....								
49.010: Older persons opportunities and services.....								
49.011: Special Impact.....								
72.003: Volunteers in Service to America (VISTA) ^a							35	42
VI.a. Community Action and related programs (excl. OEO Health and Nutrition) and Model Cities—Subtotal.....	285	390	515	534	592	688	736	840

See footnotes at end of table, p. 24.

FEDERAL PROGRAMS BENEFITING THE POOR—ESTIMATED FEDERAL OUTLAYS BENEFITING THE POOR—Continued

[In millions of dollars]

CFDA program number (if any) and CFDA or other program name	Fiscal year—						1972 estimate	1973 request (estimate)
	1966 actual	1967 actual	1968 actual	1969 actual	1970 actual	1971 actual		
14.302: Neighborhood facilities grants.....		(¹)	2	4	9	9	14	14
10.401: Economic opportunity farm operating loans to cooperatives ²								
10.402: Economic opportunity farm resource loans ³	24	24	21	9	3	2	(⁴)	-----
10.403: Economic opportunity nonfarm enterprise loans ⁴								
11.300: Economic development—Grants and loans for public works and development facilities.....								
11.301: Economic development—Loans for businesses and development companies.....	22	27	66	71	83	91	92	100
-----: Area redevelopment administration grants for public facilities (p. 235, fiscal year 1972 Budget Appendix) ⁵								
59.003 pt.: Economic opportunity loans for small businesses (direct loans only).....		5	5	5	5	16	12	12
VI.b.: Other—Miscellaneous human investment—Subtotal.....	46	56	93	89	101	118	119	126
13.754: Public assistance—Social services.....	164	194	246	239	338	525	1,040	860
13.707: Child welfare services.....	21	30	30	30	30	31	34	32
13.748: Work incentive program—Child care.....				3	14	24	44	77
10.502: Extension programs for improved family living.....	5	5	5	6	6	7	7	7
10.503: Extension programs for improved nutrition.....				10	28	45	50	50
10.405 pt.: Farm labor housing loans and grants (grants only).....		(¹)	1	3	6	3	4	3
10.420: Rural self-help housing technical assistance.....						(¹)	2	2
10.411 pt.: Rural housing site loans (direct loans only).....						(¹)	1	1
10.410 pt.: Low to moderate income housing loans (direct loans only) ⁶	5	1	1	(¹)	1	(¹)	(¹)	-----
10.417: Very low-income housing repair loans.....	2	3	5	6	5	5	10	10
10.415 pt.: Rural rental housing loans (district loans only) ⁶	(¹)	1	1	(¹)	(¹)	(¹)	(¹)	-----
-----: Self-help housing loans (direct loans—p. 179, fiscal year 1969 budget appendix) ⁶	(¹)	1						
10.554: School lunch program—Nonfood assistance ²		(¹)	(¹)	1	2	5	9	4
14.102: Housing loans—rental housing for the elderly and the handicapped (sec. 202) ⁶	11	16	16	16	21	11	-----	-----
15.103: Indian—Child welfare assistance.....								
15.116: Indian—Housing improvement.....	7	7	12	12	15	16	21	22
VI.c.: Other—Miscellaneous maintenance—subtotal.....	217	257	317	326	466	673	1,222	1,069
VI.: Other—total.....	548	703	925	949	1,159	1,479	2,077	2,034
Grand total.....	11,308	13,528	15,885	17,460	19,748	25,517	30,569	31,548

¹ CFDA—Catalog of Federal Domestic Assistance.

² Includes sec. 32 Special feeding program funds—p. 196, fiscal year 1973 Budget appendix.

³ Includes sec. 32 commodities and sec. 416 commodities—p. 197, fiscal year 1973 Budget Appendix.

⁴ Less than \$500,000.

⁵ Fiscal year 1973 figure excludes the 2 items immediately following, which are shown as separate activity lines in the fiscal year 1973 Budget Appendix.

⁶ Program not active in fiscal year 1973.

⁷ Formerly program 17.216—Manpower development and training—On-the-job training program.

⁸ VISTA included in line immediately above through fiscal year 1971.

Secretary RICHARDSON. But despite this vast expenditure—\$22.1 billion—our ability to shift funds among programs is severely limited; even where current needs are clearly identified the funds that can be reallocated are minimal. Of this \$22.1 billion, for example, \$11.3 billion will go to the poor as a result of our social insurance programs: \$8.8 billion in old age, survivors, and disability insurance, and \$2.5 billion in medicare benefits. Another \$7.8 billion is accounted for by expenditures funded out of general revenues on an open-ended matching basis. These funds, too, are “uncontrollable” in the sense that legislative changes are necessary to achieve any major reallocations. These programs are:

	<i>In billions</i>
Public Assistance (payments)	\$4.6
Medicaid	2.3
Social services for public assistance recipients .....	.9
Total	7.8

Thus, \$19.1 of the \$22.1 billion of HEW-administered programs are accounted for by programs over which we have little or no reallocation authority.

It should be noted, however, with respect to HEW's non-controllable programs, that our 1973 budget shows an increase in outlays for those programs of \$6.5 billion and that this figure would have been \$2.2 billion higher were it not for actions we are taking at the Federal level and State actions aimed at reducing the rate of growth in public assistance and medicaid.

Even the remaining \$3 billion in programs considered “controllable” contain many built-in commitments to worthwhile activities initiated in prior years. Almost all of these programs, moreover, are administered by State, local, or voluntary agencies within the Federal system, but with Federal participation limited to providing guidelines, approving applications or plans, and disbursing funds. In most cases, the program-oriented congressional authorizing committees, interest groups which have formed and solidified around categorical programs, and the rigid categorical nature of our authorizing legislation have combined to make it extremely difficult for us to convince the Congress that cutbacks in some of these programs are needed.

A rough breakdown of the \$3 billion in these programs follows:

	<i>In billions</i>
Education for disadvantaged children .....	.8
Higher education for the disadvantaged .....	.3
Early childhood development .....	.3
Vocational education .....	.2
Vocational rehabilitation .....	.4
Indian health services .....	.1
Other health programs for the poor .....	.6
Miscellaneous smaller programs, including school lunches, St. Elizabeth's Hospital, school programs for the handicapped, and so on .....	.3
Total	3.0

(These amounts include only that portion of the total appropriation for a program that is allocable to services for the poor.)

As I review these programs, the difficulty of shifting funds becomes increasingly obvious. Should we stop providing health services to Indians? Or stop financing programs to treat alcoholics or drug addicts? Or stop funding school lunches? Reduce spending for vocational education or vocational rehabilitation? Terminate other HEW programs?

MAKING THE HARD CHOICES

A. Developing an HEW strategy: *Internal Processes*.—The difficulty of these choices makes it all the more imperative that we first develop a strategy to make difficult allocation decisions within HEW. Let me describe briefly Mr. Chairman the way in which we went about this. The effort to apply the principles of planning and analysis to our decisionmaking for the coming fiscal year began last August when the Offices of the Assistant Secretary for Planning and Evaluation and the Assistant Secretary, Comptroller, worked out a number of alternative strategies which, for the first time, would force Departmental decision-makers to confront the most fundamental issues of program emphasis. In developing these alternatives, we drew upon past research and development into social programs, as well as evaluations of our current programs.

We faced directly the problem of setting priorities. As noted in opening, a substantial part of our budget allocation was already committed to reforming the chaotic welfare nonsystems; enactment of H.R. 1 was and continues to be our most important income-strategy goal.

We then concluded that the remaining budget margin projected for fiscal year 1973 and subsequent years should be directed toward the prevention of dependency and the accomplishment of institutional reform. The effort to prevent dependency responds to the deepest instincts of a society which affirms the ultimate worth and dignity of each individual whatever the cause of dependency—mental illness, retardation, drug abuse, alcoholism, or some socially imposed barrier. The main goal is a dignified and self-sufficient way of life.

Moreover, resources invested in the prevention of dependency can yield long-term dividends. One disabled individual may, during a lifetime, receive anywhere from \$30,000 to \$100,000 in public assistance payments. If he were not dependent and had an average annual income of \$8,000, the same individual in a family of four would pay taxes totalling \$42,000 over his lifetime. Thus, when a handicapped person is helped to become a contributing member of society he is transformed from a charge on the public into one who is not only independent of the government but able to contribute through his taxes to helping others.

As an example of how we applied this strategy, we asked for a \$58 million increase over the 1972 appropriation for the purpose of getting State vocational rehabilitation agencies to expand services to people on public assistance. Our objective is to increase these services over a 2-year period so that by the end of fiscal year 1974 all people on public assistance who could benefit from vocational rehabilitation will be receiving these services. We also applied our strategy to reduce our requests for appropriations in numerous controllable programs this year. In fact, we have proposed reductions of about \$725 million

in appropriations for controllable programs either because they are no longer directed at high priority public needs or can accomplish their objectives with reduced appropriations. The major reductions we are proposing are:

A reduction of \$402 million in construction grants, because we would prefer to place a greater reliance on loan subsidies, or stretch 1972 appropriations over a 2-year period.

A reduction of \$177 million in Impacted Area Aid which we would achieve by limiting payments for Federal impact to Indians living on reservations and children of military families, the original population groups for which this program was intended.

A reduction of \$50 million in the categorical formula grants for educational equipment and minor remodeling, activities which can be funded under broader forms of educational assistance.

Reductions such as these are as critical to the new initiatives we are proposing as the previously mentioned reductions in the non-controllable programs. If we had not taken action in both of these areas there would have been little room for growth in the programs which we regard as having the highest priority.

In addition to these reallocation decisions, we are making major strides in reforming HEW's internal operations. For example, we have developed and employed an operation planning system which defines short-term measurable objectives for each of our agencies; once a month I meet with each agency head to discuss progress or lack of progress toward these objectives. We have oriented our research and our evaluation efforts to feed their results into our decision-making process. Despite the widely recognized inadequacies in the art of evaluating programs to determine what works and what works best, I have made it an urgent priority of the Department to bring to bear what is known about effective evaluation and to continue to improve our evaluation methods. In short, we are doing, within the constraints of current law, all that we know how to do to strengthen our capacity to allocate resources effectively and to reform the institutions that provide HEW services to people.

B. Targeting existing programs to meet needs: *External processes.*—As important as it is to decide how much we should spend on each program, our job has only begun at this point. To employ our funds effectively, we must seek institutional reform to clear away the obstacles which hamper effective provision of services to people at the State and local level. To understand why such reform is needed, it is necessary to differentiate between the two roles HEW plays in administering these programs.

HEW administers certain programs such as the Indian health services or the social security system, directly, and for the most part, I believe, quite well. But for most of the controllable programs listed earlier, HEW plays an indirect, supporting role. The teachers, the healers, the social workers, the rehabilitation counselors are employed not by HEW but by State and local governments and private agencies. These are the frontline troops, and one of the major thrusts of our institutional reform strategy is to cut the strangulating vines of redtape which hamper their efforts. A second key aim of HEW's institutional reform is to make it possible to bring to bear Federal assistance in a manner

that overcomes, so far as possible, the barriers created by statutory compartmentalization of HEW programs; a third aim, to enlist the support of the Congress in breaking down these barriers and bringing about a greater degree of program consolidation; a fourth, to strengthen the role of our regional offices so that they, in turn, may relate more effectively to units of general purpose government—State, county, and local—and, finally, to strengthen the capacity of our regional offices to provide effective assistance to those units of general purpose government which have ultimate responsibility for the delivery of services.

As a part of the OMB's Federal assistance review program, as an example, we have instituted a Federal assistance streamlining task force (FAST) which has eliminated thousands of pages of unnecessary applications and reports, and at the same time improved our ability to choose among competing projects. We saved each State three man-months in time by reducing the reporting requirements on one program alone—community programs on aging.

In addition, we have standardized and simplified the requirements we place on grantee institutions, designing single forms to replace the hundreds of previous requirements. We are also making a major effort at grant consolidation, so that a State or local grantee can deal with one "switching station" which could package money from the hundreds of categorical programs at HEW. We are improving our capability to provide technical assistance to the frontline troops who provide the services we fund.

C. Overcoming legislative barriers to targeting resources: But ultimately we need congressional help to overcome our difficulties, which can perhaps be summarized by the phrase "hardening of the categories." We have presented or will present to the Congress a number of proposals to achieve the institutional reforms we seek.

We have requested in the 1973 Appropriations Act a provision which would allow the transfer of up to 5 percent of the appropriation of one discretionary program, provided that no program would be increased by more than 10 percent. Such transfer authority would allow limited reallocations in light of changing priorities throughout the year.

We have proposed special education revenue-sharing grants which would allow States and local educational agencies to break these rigid categorical bindings and tailor Federal funds to the particular needs of their areas. Special revenue sharing would at the same time free the Federal Establishment to do one of the things it can do best: disseminate the results of research and demonstration projects and provide effective help to State and local planners in their efforts to identify and to meet their own priorities.

We will soon propose to this Congress the Allied Services Act of 1972, the major purpose of which is to increase the flexibility of State and local managers to combine Federal funds from various HEW sources to respond efficiently to local needs.

And, most importantly, because there is no institution more in need of reform than our failing welfare system, we have proposed welfare reform as contained in titles III and IV of H.R. 1.

CONCLUSIONS

Finally, there is no denying that, even as we move closer to fulfilling the promise of this country, more and more citizens are becoming more and more distrustful of our Government. A major reason for this frustration and disappointment is what I have called an expectations gap, as rising and totally unrealistic expectations outstrip the realistic possibilities of fulfillment by our programs.

Compare for example the ever-widening distance between authorizations of the Congress for HEW and the actual appropriations. In 1964, the difference was \$200 million. In the current year, authorizations for HEW exceed appropriations by \$6 billion. Legislation pending before this session of the Congress could add another \$9 billion for next year, and larger amounts for future years. Since there is no real prospect that these authorizations can be fully carried out, what can we expect except to create expectations beyond all possibility of fulfillment, and to dash the hopes of those people with the greatest need?

We need the help of the Congress to narrow, not widen, this gap. I firmly believe that this hearing in itself can contribute to this goal, and I would like to express my appreciation, therefore, to the chairman, Senator Ribicoff, and the committee for this opportunity to testify on these very fundamental issues. Thank you.

Mr. SHULTZ. Secretary Hodgson?

STATEMENT OF HON. JAMES D. HODGSON, SECRETARY, DEPARTMENT OF LABOR; ACCOMPANIED BY MALCOLM R. LOVELL, JR., ASSISTANT SECRETARY FOR MANPOWER

Secretary HODGSON. Mr. Chairman and members of the committee, you have my statement and I will stay fairly close to that statement, but I plan to move over some of the detailed portion of it rather rapidly.

I would like to say at the outset, as, shall we say, the anchor man on the administration's relay team here this morning, it is my understanding that you wish me to speak about programs currently in operation in the Department which deal with or affect people in poverty and how they relate to H.R. 1.

So let me begin with what I would call a 60-second history of our manpower programs.

60-SECOND HISTORY OF MANPOWER PROGRAMS

This year marks the 10th anniversary of the Manpower Development and Training Act, the act which put the Department of Labor into the manpower training business. The primary concern of that act, when it was first passed, was with the technological obsolescence and, subsequently, both for this act and for delegated programs of the Economic Opportunity Act, the thrust changed and broadened and the emphasis shifted to other target groups. Our primary concern became centered upon the disadvantaged with their large minority

group components but other groups also became constituencies to which manpower programs were directed—the young, the aged, veterans, scientists and engineers, workers displaced by foreign trade, and so on. Now, importantly, all of these programs had as their primary objective the improvement of the employability of the recipient so that he or she could either become employed or better his or her previous employment status.

OBJECTIVES OF H.R. 1

However, until the work incentive program first was installed in July of 1968, no major program specifically focused on the welfare recipient or clearly and unequivocally established as its objective the movement of people off welfare rolls into jobs. In H.R. 1 the objective is not only clearly defined, it becomes more achievable for several concrete reasons. First, because the manpower components are integrated into a comprehensive welfare reform package, each element supports the other. This is not the case with WIN, even as improved by recent amendments because it remains associated with a chaotic, uncoordinated welfare system.

In addition to a clearly delineated, measurable objective—truly a rarity in social programs—H.R. 1 places responsibility on the shoulders of the Secretary of Labor more clearly and more firmly than any previous manpower program. While in all of the other programs the Secretary was assigned certain responsibilities in enabling legislation, more often than not such responsibilities were shared with other executive department officials or with States and localities with a twofold result. First, strong administrative direction was often difficult and second, accountability for ultimate success or failure was diluted. In H.R. 1 this situation does not exist; the Secretary of Labor is explicitly given the responsibility for achieving the objective of the OFP program; and here in my prepared statement I go on to tell about our plans for that achievement.

Now, I don't propose at this time to review the manpower components of H.R. 1. I did that when I appeared before you last session and you are well aware of them; but let me say only that they provide more powerful and unencumbered tools to a Secretary of Labor than were ever available before to achieve a manpower objective. Aided by resources available from other manpower programs, they will give the Department broad capability in meeting the challenge provided by H.R. 1.

ONGOING MANPOWER PROGRAMS

Let me move on now to our ongoing manpower programs and show how they benefit both individuals and the economy. As I noted earlier, manpower services benefit a wide range of citizen groups. The welfare reform legislation which is before you emphasizes the need of welfare recipients for manpower services. But it is also important to keep in mind that millions of people who have difficulty breaking into the world of work, who find themselves unemployed temporarily, or who seek to change jobs to improve their economic position, may not be

eligible for welfare but need manpower services nonetheless. For such persons, one can perhaps consider manpower services as an important preventive measure, one designed to assist people in staying off welfare. The Department has met its responsibilities to vast numbers of these people via the extensive manpower programs which I would like to describe next.

These activities fall into four broad functional areas: First, private sector jobs and on-the-job training; second, institutional skilled training and basic education; third, public service employment and work experience; and, finally, labor exchange services.

Now, income maintenance and supportive services for some persons are program elements of each of these four functional types of activity. Here I go on to describe the four.

First, with respect to the private sector jobs and on-the-job training programs, I describe the so-called JOBS programs and other similar programs in this section of my prepared statement. Let me just say that since their inception more than 1 million individuals have found employment in the private sector under these various programs.

Secondly, we describe the institutional skill training and basic education functions. These are largely classroom type programs in which over 1.5 million individuals have received institutional training services since these programs began a decade ago.

Third, with respect to public service and work experience programs, I note the new public employment program and the youth and older work programs. Since their inception over 3.5 million individuals have been employed under these programs.

All of these training, work experiences, and employment functions are supplemented by the Department's extensive labor exchange system. By that I mean the Federal-State Employment Service System which served some 9 million persons in fiscal year 1971, and is primarily concerned with finding jobs for workers, recruiting workers to fill job openings, and providing intensive services to specific target groups, such as veterans and the disadvantaged.

We are attempting to improve the effectiveness of this organization through internal restructuring and modernization of its procedures. For example, very shortly, we will have computerized job banks operating on a statewide basis in all 50 States.

Mr. Chairman, programs in each of these functional areas that I have mentioned serve both persons on welfare and not on welfare. The needs for employment, on-the-job training, skill training and labor-exchange services are common to wide-ranging sectors of our population. In fiscal year 1971, 34 percent of the new enrollees of the employment, work, and training programs were from families receiving public assistance. Some 90 percent were disadvantaged individuals. These data show clearly that the Department has extensive experience under the existing system in serving types of persons who would be referred to it under OFP.

We believe our manpower programs have accomplished much that is good. Thousands of people have been taught new skills and given the opportunity to make a better life for themselves.

Mr. Sanchez and Mr. Richardson both have discussed evaluation. We have conducted many evaluations of various programs as has the GAO and others in the academic world and elsewhere.

DIFFICULTY OF EVALUATING RESULTS OF MANPOWER PROGRAMS

Summaries of a number of the evaluations which we funded were provided to you recently. None of them, however, are ever completely satisfactory because evaluating manpower programs is a difficult and complex art which has not yet been fully mastered either in this or other countries. There are a number of measures by which manpower programs have been or should have been evaluated. Among them are the ratio of benefits to costs; relative changes in earnings pre- and post-training; proportion of enrollees placed in jobs, particularly jobs related to their training; long-term effects on enrollees' careers; changes in delinquent, criminal or other antisocial behavior and changes in national workforce productivity.

Either individually or taken together, these measures are extremely difficult to quantify or determine or to attribute directly to the effects of the training program. As an example, evaluations have criticized some programs for large dropout rates, but quite frequently dropouts do so to take jobs so that an apparent failure can really be a success.

All of this is merely to say that in evaluation of manpower programs results must be viewed with great caution. Based on my management experience, I am a firm believer in evaluation. I both support and encourage it within the Department. Further, I believe that evaluation is starting to be of considerable benefit to us in identifying some deficiencies, in recognizing our more successful programs and in utilizing results in planning and administering the overall manpower training activity.

The redesign last year of the New York City out-of-school program was, in large measure, due to the adverse findings of evaluation studies of that program, while reprogramming and allocation of funds took into consideration the relatively favorable findings with respect to the MDTA-institutional program.

Clearly, however, even in this early stage of the Nation's manpower activity we know improvements can and need to be made. As we operate today, there are numerous separate categorical programs, each with its own separate funds, eligibility requirements and rules. The Department of Labor contracts directly with a variety of organizations in nearly every community, each of which operates one or more separate categorical programs largely independently of other local programs.

The Department realized sometime ago through both our management process and our evaluation studies that needy unemployed applicants often had to apply to several different programs until they found one for which they were eligible and which had an opening, that both the public and the enrollees were confused about the available manpower programs, that standards written in Washington were not uniformly appropriate for every community in the United States, and that division of the manpower effort among separate organizations meant duplication of effort and cost. The Department has been taking administrative steps first to strengthen the local planning and co-

ordination mechanism and to place it under the aegis of local elected officials and, second, to develop a limited number of pilot consolidated manpower programs under mayors and Governors.

But these steps can be only partially effective under current law. Mr. Richardson spoke of the hardening of the categories. Well, manpower programs have the same problem and it is for this reason the administration has urged upon the Congress the passage of a manpower revenue sharing bill; for it is this step which will permit the structuring of delivery systems which will most effectively meet the manpower service needs of the many faceted populations at which they are targeted.

Now, in addition to manpower development programs, your list to us noted three other relevant programs that are administered by the Department of Labor, and here in our prepared statement is just a brief commentary on Federal workmen's compensation, grants to States for unemployment insurance and minimum wage and hour standards.

SUMMARY

Well, Mr. Chairman, I would like to summarize my statement in this way: The Department of Labor has acquired a great deal of valuable experience in manpower programs, as have thousands of local organizations around the Nation and I look forward to the challenge of building upon that experience. We must continue to provide manpower services for many individuals who will not be eligible for welfare, as well as to those who are on welfare. Manpower revenue sharing will improve the effectiveness of manpower delivery systems. H.R. 1 will give the Secretary of Labor the tools he needs to make workfare effective. Both bills are urgently needed. Each could do its job without the other, but together they provide the greatest promise of success.

So I thank the chairman and gentlemen for the opportunity to be with you today.

The CHAIRMAN. Senator Ribicoff?

Senator RIBICOFF. Thank you, Mr. Chairman.

I have many questions and if at any time other members of the committee have some questions, please feel free to interrupt me at any time.

I want to commend the staff, Mr. Chairman, for the excellent job they did in putting this information on poverty programs together.

LACK OF INFORMATION

May I call to your attention and the committee's and also to the executive branch that the committee print that lists all the Federal programs aiding the poor is just shot through with blank spaces indicating that there was no place that they could get the information to identify administrative costs, the number of administrative employees, the number of poor and nonpoor program beneficiaries. This highlights the problem we are dealing with and anybody who looks at this chart—and I think the staff should make it available to the witnesses, too—

The CHAIRMAN. I am going to ask that the chart and the explanation of the program be printed at this point in the record.*

Senator RIBICOFF. Just some comments, Mr. Chairman.

ASSESSING PRIORITY BY THE OFFICE OF MANAGEMENT AND BUDGET

I have the highest respect for the group of men from the executive branch who are with us today. They are dedicated, able men, all trying to do a job. The reason, basically, they are here is the administration has put forth a new welfare program and whether it is H.R. 1 or the Ribicoff proposals or a bill that will come out of this committee, unquestionably it will involve many billions of dollars and all of us recognize the difficult situation this Government is in on a budget basis.

You have testified that you put great priority on the President's welfare program and that is why you have committed such a substantial sum of money. But what strikes me, as I listen to all your testimony, is that each one of you says about the same thing: "It is important to evaluate, how tough it is to evaluate; we must make the studies and we must generate information."

Now, Mr. Shultz, anyone who serves in the Executive Branch of the Government realizes that next to the President of the United States you are the most important man in the Federal Establishment because of your overall budgetary powers, your supervision of every department of the Government and the dependence by the President upon your decisions. Basically, when it comes to the priorities of expenditures, you are the boss when all is said and done. Every Cabinet member, every head of every department and agency must submit to you, you spend—your staff spends days and days over every department and you are the one who must make the assessment.

Now, who, in your department, assesses the priority of the 168 programs that have to do with poverty? How is that assessed?

Mr. SHULTZ. Our Office of Management and Budget has, in a sense, two broad sections: one, a group of people who work on broad budget problems and the other a group of people who work on a variety of managerial problems. We are making a continuous effort to bring the managerial process to focus on the budget problems so that when a department brings a matter to us and says, "We need to have more money to do thus and so," we can try to force the issue of whether or not they can do that by better management rather than more money and so on. So we try to pull these together.

Within our budget group we have a Human Resources Program Division. I believe most of the programs that you have listed fall more or less within the responsibilities of that program division.

I would like to say this, insofar as the budget process is concerned: We do not regard ourselves as the decisionmaking body but rather as the group that has a responsibility for bringing to the President as clear a picture as we can of what the various choices, real choices, before him are. We bring him the points of view of the Cabinet officers, and our own evaluation.

*See appendix A, p. 95.

It is our responsibility to reflect in his budget as closely as we possibly can—and very directly on any major item—the President's evaluation and his, not our, decision. It is the President's decision and we try to see that is made basically with the advice of the Cabinet officer involved, thus being as honest a broker as we can be.

EVALUATING THE 168 POVERTY PROGRAMS

Senator RIBICOFF. Well, has OMB ever made an evaluation of these 168 programs as to which ones work, which ones are not working? Have you ever made any such evaluation?

Mr. SHULTZ. Well, in our process of budget review we go through all of the programs and we look at the departmental recommendations and our budget examiners question them. This is a kind of continuous process of evaluation. We do try to pick out areas that we think either are problem areas, or represent places where clearly big, new thrusts are coming that involve large sums of money, and give them special scrutiny.

Senator RIBICOFF. But in the process of getting together H.R. 1 for submission to Congress, did you ever make a determination of which ones of these programs would be better off for elimination and substituting for it your H.R. 1?

Mr. SHULTZ. I think that the proposals that I mentioned in my testimony are in a sense an outgrowth of this line of thinking. That is, the proposals to stop the hardening of the categories. We are all catching on to Secretary Richardson's phrase there. We want to provide, through special revenue sharing and general revenue sharing, a flow of money that we think will be more responsive to the needs of the receiving localities and individuals. The development of welfare reform has involved an effort to bring into harmonization with the overall idea of welfare reform various poverty-oriented programs. It started with putting forward the family assistance plan to begin with, but then developed as it became possible to include food stamps in the picture and as we tried to work through the health insurance picture, and so on.

So, for example, you have before you a cashing out of the food stamp program, putting it into money.

Senator RIBICOFF. I don't want the impression to be created that the responsibility of poverty is only that of the executive branch. I think the legislative branch of this Government is just as responsible for programs and priorities and we should not feel that whatever goes wrong is the fault of the executive; it is just as much the fault of the Congress.

Now, Congress is very ill equipped for evaluation and analysis. Would you recommend that the GAO, which is the sum of the Congress, should be given an independent status of evaluation and analysis of the programs that Congress passes in order to determine whether they are working?

Mr. SHULTZ. Well, from the poking around we find with GAO, I have the impression they do a lot of evaluating now. As I understand it, that is one of their functions.

Senator RIBICOFF. Yes; but do you think they only do it hit or miss when you ask them for a specific request by any committee or Congress? But to go into the problem of analyzing this, they could'nt do anything else unless they had an ongoing group to do so.

EVALUATIONS OF THE EFFECTIVENESS OF OEO PROGRAMS

Now, Mr. Sanchez, between 1965 and 1972, OEO estimates that its poverty programs alone will have cost over \$17 billion. In fiscal 1969 and 1970, for example, OEO spent over \$170 million on six consultation, evaluation, technical assistance and support contracts; and since OEO was established 6 years ago, some \$600 million has been committed to such contracts, including 44 evaluations of Headstart. But none of us—maybe you do—but I don't think any of us here know anything about what happened as a result of that expenditure. I ask you this question: Did one poor person break out of the cycle of poverty?

Mr. SANCHEZ. Mr. Ribicoff, yes; we have reason to believe that at least that much has been accomplished.

I don't think, though, that is really what you were getting at. I think that one of the things we realized or maybe faced up to, and I believe I alluded to it in my testimony, is that in spite of the figures that you have cited, in spite of the record of expenditures, in spite of the effort proposed or propounded in this field, we—you will notice—all the members here at the table, in effect, agree that the state of the art with regard to the evaluative skills of these programs is still in an undefined state.

(Mr. Sanchez subsequently submitted the following additional comments on the previous questions:)

The figure of \$17.1 billion is from OEO's press briefing on the Fiscal Year 1972 Budget (January 28, 1971), and refers to total FY 1965-1972 obligations rather than outlays. It is for all programs generated under the authority of the Economic Opportunity Act—not only programs still run by OEO, but also manpower, education, and other programs which have been transferred to other agencies. The total is made up of the following components:

\$4.1 billion—Programs still under OEO in Fiscal Year 1972 (excluding Health and Nutrition)

\$0.8 billion—Health and Nutrition programs—mainly still under OEO

\$7.5 billion—Manpower Programs now under Department of Labor plus Foster Grandparents

\$2.4 billion—Head Start—now under HEW

\$0.2 billion—Follow Through—now under HEW

\$0.2 billion—Upward Bound—now under HEW

\$1.0 billion—College Work Study—now under HEW

\$0.9 billion—Other—now under SBA, USDA, and HEW

As can be seen, \$0.8 billion has gone for Health and Nutrition. Since these are Maintenance programs, their principal purpose is simply to provide certain basic needs of life which poverty denies the poor (although there are undoubtedly some cases in which a health problem dealt with by these programs was the only barrier preventing a poor person from escaping from poverty).

The remaining \$16.3 billion in obligations was for various Human Investment programs—programs intended to enable the poor to break out of the cycle of poverty. However, \$2.6 billion of this remainder was for Head Start and Follow Through, essentially for ages 4-9. Although these programs have benefited the children participating in them, I am sure that no one expects that they would make the children able to work their families out of poverty immediately. The case is somewhat similar with Upward Bound and College Work Study (\$1.2

billion), although the expected pay off time is considerably shorter for these programs than for Head Start and Follow Through.

Thus, of the \$17.1 billion only \$12.5 billion could be expected to have immediate or short-term effects on families' poverty status. Of this, \$7.5 billion was in manpower programs. In this area, post-training participant income data is not yet available from the OEO-Labor Department longitudinal study of four manpower training programs. However, a 1971 Total Impact Evaluation of Manpower Programs in Four Cities prepared by Olympus Research Corporation for the Labor Department does have data on manpower program enrollees' pre- and post-training average wages and employment experience. (Programs covered included Neighborhood Youth Corps, Operation Mainstream, New Careers, and JOBS components of Concentrated Employment Program projects, as well as several non-Economic-Opportunity-Act and non-Federal training programs.) Although the study does not correlate these data with information on family size so as to yield information on enrollees' poverty status, it does conclude that—

"Across all cities and programs and despite unfavorable economic conditions, the average enrollee in a training program was substantially and sometimes spectacularly better off in terms of employment stability and earnings because of his program participation. The lower the pre-training wage rate the greater the wage and income gain was likely to be . . . Skill training, on the average, paid off better than non-skill training such as basic education and language training. Yet, basic education and language training alone also had significantly positive employment and earnings impacts, and some of the language training brought spectacular results as it freed technically skilled immigrants from their communications handicaps."

Since the great majority of the program enrollees will have been poor before entering training (per the entry requirements of the various programs), and since average post-training wage rates in all four cities were sufficient to bring a full-time, full-year worker with three dependents out of poverty, it seems safe to conclude that a number of participants in these programs in the four cities were indeed brought out of poverty by the programs.

There seems to have been some confusion here between contracts in general and evaluations performed under contracts. Technical assistance goes to assist community action agencies and other grantees with their ongoing programs, rather than evaluations; the same is the case with support contracts. . . . During the five-year period from Fiscal Year 1965 through the end of Fiscal Year 1969, OEO obligations for evaluation grants and contracts were \$27.1 million. During Fiscal Years 1970 and 1971, \$7.3 million was obligated for evaluation contracts.

Senator RIBICOFF. You see, Mr. Shultz made a very interesting statement in his first presentation and that was, he wasn't quite sure whether government or bureaucracies know more about how a person should spend his money than the person himself. We have quite a big problem in this country where the intellectual social workers feel that they know how poor persons should spend the money they have; and maybe it is better to give those persons money, putting it in their pocket, rather than just spending all this money on programs administered by a middle class from their pinnacle of superiority to the poor.

Now, I am very serious. Here you are in an agency with \$17 billion that you spent in 6 years, and I think I have got a right to ask you who is less poor in America because of the \$17 billion spent on the poverty program.

Mr. SANCHEZ. Well, I really and sincerely feel, Mr. Ribicoff, that we have made some impact on some of the poverty.

Senator RIBICOFF. Well, who—you say in 2 years you have spent \$170 million on consultations and evaluations. What did you get for that \$170 million that you spent in the last 2 years? I mean, what did you find out?

Mr. SANCHEZ. One of the things we found out, or let me talk about two of the things that we found out: for example, the range of programs in which we now place an emphasis is quite different, and it is a matter of record, quite different from the range of programs that we attempted to field upon the early years of the Economic Opportunity Act; so, obviously, we found out some things worked better than others.

Senator RIBICOFF. Yes, but you don't—go ahead; I am sorry.

Mr. SANCHEZ. The second thing we found out that although the evaluation and the training and technical aspects of our programs are not necessarily best performed, as you put it, you know, by the poor people themselves. We did learn one thing that may be akin to it and that is that they are better performed by those levels of government or those levels of activity or those fields that are closer to the poor people.

Let me be specific. When I came to OEO out of the national office there were approximately 55 major T. & T.A. contracts administered out of the OEO ivory tower in Washington on—allegedly on behalf of the poor people themselves. That number has been reduced to five and the upswing in this activity is now within the agencies themselves and within, hopefully, some of the arms of local government.

Those are two things we have done definitely as a result of all these expenditures.

Senator RIBICOFF. But you can't tell me at all what groups in America or who has been eliminated from poverty as a result of this \$17 billion?

Mr. SANCHEZ. Well, if I can take your question literally, I don't believe that there are any categories of people who can now say they are rich as a result of our program.

Senator RIBICOFF. I don't mean rich. I just want to take them out of poverty.

Mr. SANCHEZ. All right, out of poverty.

Senator CURTIS. Would the Senator yield right there?

Early in our hearings there was a witness who presented some statistics on how many people graduate from the poverty level each year unrelated to any governmental program. A great many of our poor people do graduate out of the poverty level every year and I think most of them are not touched by these programs.

(Mr. Sanchez subsequently submitted the following information relative to the preceding question:)

- Statistics on the poverty population are prepared each year by the Census Bureau on the basis of a nationwide sample of about 50,000 households. The Bureau estimates that the poverty population was 33.2 million in calendar year 1965 and 25.5 million in calendar year 1970. No questions about participation in non-cash government programs are asked of the household sample, so the Census Bureau data do not provide a basis for stating that the persons who escaped from poverty did so unrelated to any governmental program.

During Fiscal Years 1970 and 1971, when the poverty population averaged 25 million, OEO programs were serving an estimated average of 11 million different persons per year. Many of these people benefited from several OEO programs. Because 11 million is almost half of the total poverty population, we are confident that a number of the persons who escaped from poverty during the 1965-1970 period were served by OEO programs.

The extent of coverage of the target population varies from program to program. In our Family Planning program, for instance, we estimate that in Fiscal Year 1971 we served 500,000 of the 5,000,000 low-income women in need of family

planning services. In the Legal Services program, we estimate that in the same fiscal year, we handled 1,000,000 cases as compared with an estimated 5,000,000 poor persons who need legal services each year. The Out-of-School component of the Neighborhood Youth Corps program is aimed at poor youth aged 16 to 17 who are high school dropouts; of the estimated 300,000 youths in this category, 53,000 participated in this program in Fiscal Year 1971.

Senator RIBICOFF. Who knows or sees the result of these evaluations? You spent \$660 million in 6 years on evaluations. You have had all these consultations; who sees the results of these evaluations? Does Congress see them? Are they made available to the press? Does this committee? How do we get to see these evaluations?

Mr. SANCHEZ. They are all available.

Senator RIBICOFF. To whom do you make them available? You say they are available. Do you make them available? Do you give them to the Appropriations Committee? Do you give them to the Labor Committee? I think this is Senator Nelson's field. Are they presented to him as they are being evaluated?

Mr. SANCHEZ. Well, of course, the GAO, for example—those are specific requests so thousands automatically go.

Senator RIBICOFF. Yes; specifically, not when GAO requests, not wait until, you know, the congressional policeman comes to look at you but on your own. You are spending this money; do you make these evaluations available?

Mr. SANCHEZ. Yes.

Senator RIBICOFF. To whom?

Mr. SANCHEZ. But you ask exactly how; I can't give you an answer whether they are automatically distributed. For example, I am told that the evaluation, all of OEO's evaluations, including the performance contracting ones, were sent to all of the Congressmen.

Senator RIBICOFF. They were sent to all?

Mr. SANCHEZ. Yes, sir.

Senator RIBICOFF. In other words, the 600 consultations that were made in the last 2 years that cost \$170 million have been sent to my office?

Mr. SANCHEZ. Those that are specifically—those that are specifically entitled evaluations. There is a lot of consultation work; there is a lot of work we pay for in the consultation area, no, that is not automatically distributed. The evaluations as such are.

Senator RIBICOFF. Don't you think the committees in charge at least of your program should see the result of your evaluations so they know whether they should be authorizing or appropriating additional funds for programs that have been indicated not to work or not doing the job?

Mr. SANCHEZ. Yes. Again, if they are evaluations as such, yes, they do go automatically; they are distributed.

HEW APPROPRIATIONS AND AUTHORIZATIONS

Senator RIBICOFF. Now, Secretary Richardson, you have spoken of the expectations gap, the widening distance between HEW authorizations and appropriations. In 1964 the difference was \$200 million; in 1971 the authorizations exceeded appropriations by \$6 billion. The figure will go up to \$9 billion this year again. I don't condemn you for this; again, I condemn Congress for its own hypocrisy where we

authorize these huge sums and give the public the feeling we are doing something and never follow up with appropriations; that is not your fault. That is our fault as Members of Congress.

Now, this gap raises expectations which you and I agree are impossible of fulfillment—again, the perpetration of hoaxes upon the people of this country.

Now, if you had the power, how would you change the situation? For which programs would you increase appropriations and where would you cut back on authorizations and appropriations?

Secretary RICHARDSON. Senator Ribicoff, to answer your question I will have to answer your question in terms of structure and process first, because I believe that outside of the area of social insurance and income maintenance generally, and whatever share of Federal subsidy of health care for the poor the Congress ultimately decided to be desirable, the responsibilities for meeting human needs belong ultimately in State, local, and voluntary hands, near the people being served.

Now, that means in turn, therefore, that, in my view, the local service procedure—doctors, nurses, social workers, rehabilitation counselors—should be responsible in the first instance for determining what they can do to help and the role of the Federal Government, as I see it with respect to those people, should primarily be, first of all, to try to put into their hands the most effective tools that have thus far been developed by all the research and evaluation and testing and pilot programs that have up to now been conducted. Whether we are talking about teaching reading, the rehabilitation of handicapped, training of the retarded or whatever, we need to improve our capacity to assess the value of R. & D.

EFFECTIVENESS OF HEW PROGRAMS

You could well have asked me what do we have to show for \$5 billion spent in HEW, spent over the past 10 years.

Senator RIBICOFF. That was the next question I was going to ask.

Secretary RICHARDSON. It was 3.5 of that 5 in the last 5 years. One of the first things I did when I came into the Department was to ask for a review of this to see if we could identify 10 projects that were good enough so that we really wanted to get behind them and promote them in the field and bring them to the attention of the people—teachers, whoever they were—who might make use of it and it is true a lot of that work has, in one way or another, been wasted because projects were poorly designed; the people who carried them out were not adequately trained or not sufficiently rigorous in their indication of the problems. The controls were poorly set up and even in many cases where the projects were worthwhile nothing effective was done to bring them to the people who could have made use of them.

In any event, what I am saying is, we need to distinguish broadly between the role of the Federal Government in general and HEW in particular, in a direct income maintenance capacity or in the direct subsidy of health services, on the one side, and how we relate to all these service providers, on the other.

Now, with respect to the latter, there is, as I see it, in addition to a more rigorous approach to the management, research, demonstration,

and development projects, there is required improvement of our capacity to disseminate these results which, in turn, means the strengthening of our capacity to provide technical assistance to the service providers.

It means the strengthening of our regional offices; and on top of this, then, we go on to things that help to eliminate the obstacles that get between our capacity to help the service providers to do the job they exist to do for the people who are in real need, and this business of removing obstacles involves a whole series of steps from the elimination of redtape—I referred to the FAST task force effort in HEW.

There is involved within the categorical programs the need to enable the applicant for Federal assistance to get through the maze of categorical programs. This is the function of the so-called switching station. Someone who wants to provide, to develop, a family health center in a poor neighborhood now has to go to maybe 15 or 20 places in the Federal Government to put together the resources necessary to get this off the ground. Our switching station is conceived of as a one-stop place to which he can come, where funds can be brought to bear to help him get that program off the ground.

We need, in addition to this, with the help of the Congress, breaking down of existing categories, and here is where special revenue sharing comes in.

As Mr. Shultz said, this is one of the major initiatives of the administration along with revenue sharing addressed to the kind of problem you have identified, and especially with respect to educational revenue sharing we would take 33 present categorical programs, put them all together in one bill under five broad headings, including education for the handicapped, vocational education, education for the disadvantaged, impacted area aid and general support services; and this would go a long way in itself to enable State and local education agencies to develop real plans instead of the boilerplate they now file with the Office of Education. It would enable our people to be freed up from attending grant-in-aid machinery so they could work with State and local educators in identifying the real problems of communities and helping to put into their hands what has been learned from worthwhile research and demonstrations.

And then, finally, we hope that the Congress will agree with the President's recommendation in the state of the Union message for legislation that would help to strengthen the capacity of service providers at the State and local level to put the pieces together and create a whole that adds up to more than the sum of the parts instead as is usually the case now less than the sum of the parts because of the resources eaten up by the friction generated by compartmentalization, jurisdictional jealousy, efforts devoted to the protection of bureaucracy.

So what I am saying—the answers are not so much in my view answers that derive from shifting resources as a matter of Federal judgment from A to B or X to Y, but, rather, putting aside, as I said, to repeat once more, social insurance and income maintenance and focusing on these other programs to clear away instead the underbrush that has grown up over 10 or 15 years of categorical legislation, and to enable the people who are there in communities and who know what their needs are to do their job with our backup and support.

This, in my view, is with respect to this kind of discretionary resource the most effective thing we could do to assure that these resources are brought to bear where they are needed; in other words, to enable the people who know what the needs are to make those allocation decisions themselves, and that is what our efforts are devoted to, and I do not know of any effective measure in that general direction that is not now in one way or another an administration recommendation overall in the broad sense, already submitted to the Congress by the President, or insofar as internal administrative measures are concerned already underway within HEW.

Senator RIBICOFF. Mr. Chairman, I have many more questions but I have taken too much time. I will come back after other members have asked their questions.

The CHAIRMAN. Thank you, Senator. I would like to suggest that those of us on the committee ask questions that we want to ask of Mr. Shultz and Mr. Hodgson in this morning's session. We shouldn't tie up anymore of the President's Cabinet or his Budget Director than we have to. My guess is that there will be questions that Senators want to ask the panel here that will keep them into the afternoon and I would like to make it possible for many of them—for those of them who can—to get back to their own responsibilities. So I would like to ask, Senators, if you have questions you want to ask of Mr. Shultz or Mr. Hodgson to raise them during this morning's session.

Senator RIBICOFF. Unfortunately, I have some important questions for Mr. Hodgson and I saved it for last. I hope this afternoon I could ask questions of Mr. Hodgson.

The CHAIRMAN. We will try to free Mr. Shultz, then.

Senator Bennett?

Senator BENNETT. I will be brief. There are two or three things that have developed this morning that intrigue me.

INCENTIVES NEEDED TO BECOME SELF-SUPPORTING

Is it the administration's position that the way to solve the problem of the poor is by money rather than by help? We heard that discussed earlier—the way to handle the problem of the poor is just to give them money, then they are not poor anymore. Do you agree with that or should we continue to try to develop programs which will help them lift themselves out of poverty?

Mr. SHULTZ. Well, I think we have to encourage people and help people to lift themselves out of poverty. On the other hand, it seems to me that we have to be aware of the mix in the design of these programs. In many cases. I think, we have built up a structure that because of its complexity, its inefficiency, and the disincentives that are built into it, makes it difficult for people to help themselves, even under the best of circumstances. That is the structure we are examining and trying to correct in H.R. 1.

Senator BENNETT. That is the position this Senator takes. I think H.R. 1 will never succeed, or the idea behind it, unless its objective is to make it possible for people to move out of the situation where they must depend on the Federal Government only for money, where there is no opportunity for them to take care of themselves or contribute to their own support.

Now, H.R. 1, I think, is beginning to polarize a little. We are beginning to think that there are some people who cannot contribute to their own support and for them we must provide money and maintenance service; but our objective should be to find as many people as possible who, through Federal help, can become self-supporting either partially or totally and for them we should be concerned with incentive and opportunity to move them out of complete dependence on the Federal Government.

Don't you agree that that should be the point?

Mr. SHULTZ. Yes, sir; I do, but I would add the point that construction of a reasonable incentive pattern is greatly aided when you can accumulate as much of the program content as possible in the form of money. Then you can design a pattern to that money that encourages people to work their way out of poverty rather than a form that discourages them from trying.

Senator BENNETT. Well, into this program some of us are going to try to build what may be a new Federal responsibility, the responsibility to provide opportunities for people to be self-supporting in terms of work programs which we may have to help develop, some of which we may have to subsidize, in terms of training for work which is already implicit in all of this list, but which probably has not been focused as sharply as it might be on the actual prospect for success.

NECESSITY FOR A VARIETY OF PROGRAMS

I have been looking at this list as the morning has gone on and I realize that part of this complexity grows out of the fact that we have two basic factors here: We have types of people to be served and we have types of service; and we have to vary the type of service to fit the type of person.

For instance, in the obvious example of this and included in this list are services to Indians, in services to migrant workers and apparently there are types of programs that have to be tailored to meet this situation as an apart from services for people who are already in the mainstream of our program. So it is going to be difficult to shorten this list completely because we have those two factors.

MANY PROGRAMS HELP DISADVANTAGED—NOT NECESSARILY POOR

Then there is another thing that is very interesting to me and I would like to get it in the record in a minute or two.

If you would like to turn to the committee print that you have there and just look at two or three of these categories with me, these are not entirely programs for aiding the poor.¹ The very first thing on the list is old age assistance. Using HEW's definition of poverty at approximately \$4,000, and the money spent, only \$1,050,000,000, went to people who are poor by definition, and something like \$720 million went to people who are not poor by definition.

Aid to the blind: Out of \$70 million, only \$31 million went to blind who are defined as poor, and I am not saying that isn't a proper situation. A man can be above the poverty line and because he is blind,

¹ See appendix A, p. 95.

he is going to need help, but when we think that these are programs that are intended to aid only the poor, we discover that there are problems, many of them, to aid the disadvantaged, many of whom are not poor by definition.

Here is another one found down below—No. 28—well, the whole 28 series, educationally deprived children, \$1.5 billion goes to that class and only \$780 million of it goes to educationally deprived children who are poor by definition.

This is the figure prepared for us by HEW, I assume.

Here is vocational education—

The CHAIRMAN. Ask for their comment on it.

Senator BENNETT. Yes; I would like to ask for two—vocational education, consumer and homemaking, less than one-third of it goes to the poor. Vocational rehabilitation, only about two-thirds of it goes to the poor, and I am not sure this is an evil but I want to make the point that these 168 programs were not programs designed primarily and solely to help the poor; they are programs designed to help the people who are disadvantaged but who may not have been poor by definition.

Do you want to make a comment on that?

Mr. SHULTZ. Yes, sir; I would appreciate a chance to do that.

Let's take vocational education. At least as I have thought about it, it is not particularly a program that has as its objective helping the poor. It has as its objective the providing of help in a certain kind of education which is available to anybody in the population—

Senator BENNETT. That's right.

Mr. SHULTZ (continuing) who wants to attend a public school and has that available to them. Some of the people who take advantage of it are poor. If you say the proportion of the money spent on the poor is x amount, and if the implication is that, therefore, the program is not serving the poor, it seems to me that it is not a proper deduction. On the other hand, there are programs, portions of the manpower programs, for example, that are authorized by the Economic Opportunity Act and administered by the Department of Labor. Those funds are explicitly for the purpose of serving the poor. A tabulation of the proportion of them that actually does that is a fair sort of one cut at evaluation.

Senator BENNETT. Well, it was not my thought to criticize vocational rehabilitation because it didn't serve the poor exclusively but to make the point that when we say there are 168 programs that are now supposed to serve the poor and some of them we had better consolidate or get rid of so that we can have more money for H.R. 1, there are a lot of programs in here that have a much broader base.

PROGRAMS AIDING THOSE WELL ABOVE POVERTY LEVEL

I think the most interesting figure, and this is the last one that I will mention, because this goes right to the problem that we are wrestling with now, our chief problem in H.R. 1, aid to families with dependent children, total \$3.959 billion; total of funds that go to people who are poor by definition, an income of less than \$4,000, is

\$2.715 billion. In other words, there is \$1.250 billion going to people who are not poor by definition and this is —

Senator CURTIS. It can't be.

Senator BENNETT. There is the figure. What that means, of course, to me, is there are standards in some States that provide benefits to these people that take them well above the poverty level.

The CHAIRMAN. Is that correct or not, and if so, we would like to have it for the record.

Mr. VENEMAN. That would be correct, Mr. Chairman. I think that is the result, really, of letting the States call the shots on the levels. We match under the public assistance programs various formulas, depending upon the States; we match essentially what they set their payments levels at. Many States are paying above the poverty level as defined to be \$3,944, I think, for a family of four. They also have the situation under the WIN program where they have earnings retention, the 30% program, which in many cases a family of four would be above that \$4,000 level.

Senator BENNETT. Those are all the questions I have, Mr. Chairman.

PROSPEROUS ECONOMY BEST ANTIPOVERTY PROGRAM

Senator CURTIS. Mr. Shultz, isn't it true that a strong, prosperous economy is about the best antipoverty program we can think of?

Mr. SHULTZ. Yes, sir; I couldn't think of a better one.

Senator CURTIS. Yes, sir; because when it falls below such a standard it is the people we are talking about who are sidetracked first; isn't that right?

Mr. SHULTZ. That tends to be the case.

Senator CURTIS. Yes; and the reason I mentioned it, and I am blaming the Congress, I think that we are facing a situation in this country where we are emphasizing our problems to the point, and spending money on them and planning for them, that that very activity is taking the thoughts and minds away from a forward thrust of our economy. I don't ask you necessarily to comment on that but I do think that the greatest welfare reform we could ever have would be a prosperous economy where people who are physically able to work could get work.

DATE OF ORIGIN AND COMMITTEE JURISDICTION OF PROGRAMS

Referring to that chart, Mr. Chairman, of all of these programs, I think it would be helpful in finding a legislative answer to some of these problems, if we would have the staff call upon the Library of Congress or some such agency—Mr. Chairman, I am going to ask a unanimous consent request—it seems to me it would be helpful, Mr. Chairman, if we would have the staff call on the Library of Congress or some such agency that has the time to do it to take these programs that are enumerated and supply the date when those programs were authorized by legislation and also the committees of the House and the Senate that have jurisdiction of such legislation, because we are running into a rather complex problem here: Not only do some of these things overlap Departments but also we are dealing with a great

many Federal programs that started at different times and had their origin in different committees and it would at least illustrate—I ask that be done.

Senator RIBICOFF (presiding). Without objection, so ordered.*

BLOCK GRANT APPROACH TO REDUCTION OF POVERTY EXPENDITURES

Senator CURTIS. Mr. Shultz, if we could determine what the Federal cost of these many programs amounted to, and exclude from that the social insurances where the beneficiary has paid a tax or a contribution of some kind, and a State would offer to have all those remaining programs discontinued in their State in return for a block grant of 80 percent of the Federal expenditure determined on a per capita basis, that would lead to a sizable reduction in the Federal budget, would it not?

Mr. SHULTZ. Well, it would be, by definition of what you proposed, a 20-percent reduction in the programs covered.

Senator CURTIS. Yes.

And here, again, I think that Congress is the one who is pretty much responsible. My State doesn't have nearly as many Indians as some States but a few weeks ago I visited a group of Indians living in Omaha, Nebr., not a reservation, 4,500 Indians there. They were not eligible for any medical program under the Indian program; they were not eligible for any housing benefits; they didn't have access to any vocational schools. They said that their average education was the same place it was 100 years ago.

I have run through this list here and I find there is listed the Indian child welfare assistance, Indian general assistance, Indian housing improvement, Indian adult education, Indian community development, Indian contracts with Indian school boards, Indian Federal school facilities, dormitory operations, Indian Federal schools, Indian higher education, Indian assistance to non-Federal schools, Indian health services, Indian sanitation facilities and other Indian health facilities, Indian employment assistance and, last, Indian industrial and tourism development, on-the-job training portion only.

My question is this: How could this committee, and maybe it is not possible—it can't be answered—how could this committee in dealing with the overall welfare program, effectively bring about any change in these many Indian programs?

Mr. SHULTZ. I am afraid I am not versed enough in the regulations of how the Senate operates to know your ability to move into the jurisdiction of other committees. I know it is more difficult in the House than it is in the Senate, but that is a question you can answer much better than I can.

Senator CURTIS. I propounded the question primarily to illustrate what we are up against here because I am very concerned and I think that maybe the only answer would be to take all these programs and trade them off to the States for a block grant, because I am sure that in this long list of Federal programs that there are many of them that do not have relevance in perhaps a majority of the States, yet there is enough interest in them that they are carried on and they are urged to be carried on by the Federal Government.

*See appendix B, p. 133.

I believe that the administration's proposal for special revenue sharing offers one of the best mechanisms that I have ever heard of for doing something about this.

That is all, Mr. Chairman.

Senator RIBICOFF. Senator Byrd?

Senator BYRD. Thank you, Mr. Chairman.

POSSIBLE REDUCTION OR ELIMINATION OF 168 PROGRAMS

Mr. Shultz, you are advocating a new program of roughly \$5.5 billion. I am wondering whether of the existing programs that we now have, whether any of those could be either reduced or eliminated to help pay the cost for this program?

Mr. SHULTZ. Well, we are constantly in the process of trying to see that the programs that look as though they are really benefiting people get an opportunity to expand and those that don't appear so are held in check. We struggle with that in the executive branch in the Office of Management and Budget as a regular matter. I believe it would be most helpful in really focusing hard on the allocation question if the Congress would pass the kind of absolute and rigid spending ceiling that the President has proposed, recognizing that it is going to pinch and bite and that it is going to force some very stiff allocative decisions.

Senator BYRD. I supported that ceiling last year when the administration opposed it, so I am not going to disagree with you; but here is a list of 168 programs.

Mr. SHULTZ. If I may, Senator, I believe we have been in support, at least as long as I have been in the Office of Management and Budget, of a ceiling on spending right along.

Now, there are all sorts of ceilings and the difficulty with at least some of them is they are so rubbery that they really don't have much in them other than the word "ceiling." But what is being proposed now is a ceiling that would bind to Congress as well as the executive branch.

Senator BYRD. You are quite right and that is a ceiling I supported last year but which the administration did not support because it wanted a more flexible ceiling; but we will let that pass.

There are 168 different programs which are listed on this list. Now, my question is this: Have these programs been gone over by the Bureau of the Budget and have you been—are you prepared to recommend either the reduction of any of them or the elimination of any of them?

Mr. SHULTZ. They have all been gone over in the process of budget review and in our effort to work with the Cabinet officers and agency heads and the President in determining a program. The President's budget represents the outcome of that process.

Senator BYRD. Well, what I am trying to understand or let's phrase it this way: Senator Ribicoff and the Senator from Virginia do not have exactly the same ideas on H.R. 1, but the merits of H.R. 1 are not involved too much in the discussion today. What Senator Ribicoff, as I understand, is trying to get at and what the Senator from Virginia is trying to get at, are there existing programs which could be eliminated to help pay for the new program?

Mr. SHULTZ. Well, we have been trying to monitor the pace of expansion of Federal programs, generally. We have withheld funds in the Office of Management and Budget. I don't know that we have any that are on this particular list—

Senator BYRD. Let me ask you this:

Mr. SHULTZ. But we have withheld funds and have been taking a pounding from the Congress all year for holding up the spending of anything.

Senator BYRD. Have you recommended or do you now recommend the elimination of any programs?

Mr. SHULTZ. We had quite a list, I believe, in some of our past budgets of programs that we thought should be eliminated or changed drastically and would save substantial sums of money. These have been distributed through the program categories. I don't happen to have that list. I don't think we have accumulated it in quite that fashion this year.

I might say, Senator, that I am a veteran of the effort to rearrange the Job Corps which involved the closing down of 59 centers. I mention it because I see sitting alongside of you Senator Nelson. A great many of those scars that I bear he inflicted on me for trying to close down what at least the President and I regard as a program that was not working well, or rearranging it drastically. So I know how hard it is to do that.

Senator BYRD. 105(b) on this chart says economic opportunity farm resources loans. I see zero all across there. Does that mean it has been eliminated, that program?

Mr. SHULTZ. I am afraid I am not in position to answer on each particular item through here, but certainly that is the implication of the zero funding.

Senator BYRD. Now, during the hearings this committee held in the last Congress in connection with the family assistance plan, Secretary Richardson made this statement:

"I am certainly not in a position to say what the competing claim of this program is on all other Federal claims for existing revenue."

Isn't it reasonable to assume that in a situation where we face several consecutive years of multi-billion-dollar deficits, the adoption of a massive new social program will necessarily drain funds from—which would otherwise go into—existing programs? Wouldn't that be logical?

Mr. SHULTZ. Otherwise go to existing programs or to reductions in taxes or somewhere. And we have tried to protect what the tax system would yield at full employment and what the programs that we have, plus the programs the President has proposed, including H.R. 1, will need in the form of outlays. As I mentioned earlier, this calculation shows that we are in a very tightly constrained situation and that is by way of saying how high the President's priority is in reforming a welfare system that we regard as being totally unsatisfactory.

Senator BYRD. The committee does not want to impose on your time this afternoon and I certainly concur in that, but I wonder if

you could send to the committee, however, information showing what programs you do feel could be eliminated or should be eliminated or reduced?

Mr. SHULTZ. You mean you want us to, in effect, constitute an entire new budget review. You have the President's budget before you; it represents in excruciating detail, as you go through the appendix, what the President proposes to be spent and how that compares with the past year and before and so on.

Senator BYRD. I keep that budget right at my hand at my desk so I know the size of it; but what I am trying to understand is what programs have you eliminated, have you recommended the elimination of, or what programs have you eliminated?

Mr. SHULTZ. I wonder if I could try to answer for the record on that?

Senator BYRD. Yes.

Mr. SHULTZ. And I don't know whether you want to have this year as your timespan or the last 3 years or what.

Senator BYRD. Well, I think it might be well to do it both ways. I don't want to impose on your time but if it would be too much of a problem to make it 3 years—take this year's budget, fiscal 1973. What items in there or what items were in last year's budget, what programs were in last year's budget that are not in this budget—could you do it that way?

Mr. SHULTZ. We will try that. I might try an instance or two of things we wanted to do and the Congress wouldn't let us do.

Senator BYRD. That is all right too, but I would particularly like to find out what, if anything, has been eliminated.

Mr. SHULTZ. This process of eliminating programs is not just something that the President does or the OMB does or a cabinet officer does. Programs are the result of congressional action. We can drag our feet occasionally and we can make different proposals, but basically you are the people who put these in place and appropriate the money. We try to carry out your wishes.

Senator BYRD. Well, I think maybe I have not made myself clear. What I wanted to try to get from you is what is your recommendation for eliminating programs then, leaving out what the Congress does, and I want to say I am just as critical of the Congress as you are, maybe more so. I think Congress is responsible, along with this administration and the last administration, for a lot of the problems we have got. We are not going to solve them by just saying the administration, whatever it might be, has got to solve them or for the administration to say that the Congress must do it. We have to do it together as partners. That is the only way we can solve the Nation's financial problem. What I want to get from you, as the Director of the Office of Management and Budget, is what programs in your judgment can be eliminated. Are there 10, 15, 1, 0?

Mr. SHULTZ. Well, our judgment—we don't have an independent judgment; the President's judgment is reflected in his budget and that is the judgment that we have before the Congress and before the Appropriations Committee.

(Mr. Shultz subsequently submitted the following information:)

1972 OUTLAY SAVINGS

[In millions of dollars]

	Proposed in budget	Savings resulting from action completed in calendar year 1971
Legislative proposals before the Congress:		
1. Sale of stockpiled commodities: Legislation authorizing the sale of \$150,000,000 in surplus stockpiled commodities has been submitted to Congress. Of the 31 bills submitted, which would yield sales of \$150,000,000, Congress enacted 24 which are expected to yield sales of \$40,000,000.....	150.0	40.0
2. Shift farm operating loan program from direct to insured basis: Passed the Senate as S. 1806 and referred to the House on May 12, 1971. The House has not acted on the bill.....	275.0	0
3. Medicaid: Reform program to achieve more efficient use of medical resources: The administration's cost-sharing proposals were accepted in large part by the House in H.R. 1, but H.R. 1 is still pending in the Senate.....	444.0	0
4. Medicare: Control program costs and encourage use of most efficient providers of service. Concept of administration's major cost-sharing proposals were not accepted in H.R. 1, which is still pending in the Senate.....	400.0	0
5. Sell Government-owned designs and sites for lease construction of buildings. The House and Senate have held hearings on—but have not completed action on—a new administration bill which would require agencies to pay rent to GSA for use of Federal buildings and would also include leasing proposals with sale of Government-owned sites and designs.....	41.0	0
6. District of Columbia (Federal funds): Finance public works programs by local bonds instead of direct Treasury loans. Requires substantive legislation introduced as S. 1339. No final action yet.....	14.0	0
Total.....	1,234.2	40.0
Items being blocked by Congress:		
1. Phase out the Coast Guard Selected Reserve. Congress added funds to the administration's appropriation request.....	18.0	0
2. Public assistance grants: Terminate the open-ended appropriation for reform service functions and program. Language which would close the end of this open-ended appropriation was deleted from the enacted Labor-HEW appropriation bill. The \$121,000,000 in additional savings loss represents the uncontrollable increase in this program which this proposal would have curbed.....	111.0	-121.0
3. Reduce NERVA nuclear rocket program: Congress added \$39,000,000 to the appropriation requests of AEC and NASA for this program. \$5,600,000 will be spent in 1972.....	71.0	65.4
4. Terminate nuclear desalting program: Congress added \$1,000,000 to AEC's appropriation for this program, thus reducing the 1972 savings by a like amount.....	1.0	0
5. Reduce reactor program for space applications: Congress added \$1,500,000 to AEC's appropriation for this program, thus reducing the 1972 savings by a like amount.....	4.7	3.2
6. Terminate low priority plant protection programs: Congress included \$1,300,000 in the 1972 agricultural appropriations act for this program, thus eliminating the savings.....	1.3	0
Reform aid to higher education programs by expanding student support and aid for institutional improvement and by restricting narrow purpose aid. The enacted education appropriation bill included amounts for these 3 purposes, thus eliminating the savings in fiscal year 1972:		
7. Land grant institutions.....	10.0	0
8. College construction grants.....	42.0	0
9. Undergraduate instructional equipment.....	2.0	0
10. Redirect science development grant funds to the support of research. Congress earmarked \$3,000,000 for this program to the National Science Foundation's appropriation, thus reducing savings by a like amount.....	10.0	7.0
11. Redirect science education and terminate programs which have achieved principle objectives. Congress restored funds to the National Science Foundation's appropriation, thus reducing savings by a like amount.....	5.0	3.0
12. Reduce HEW categorical program support for psychiatric residency stipends. Congress rejected the proposed and restored funds for this program in the 1972 appropriation bill.....	7.0	0
13. Provide more efficient and complete services to public health hospital patients through contractual arrangements. Congress restored funds for full direct services in the PHS hospitals to the HEW appropriation bill.....	18.0	0
14. Income security (HEW): Limit research and training to high-priority projects. Congress restored the funds for terminated projects and added an additional \$19,000,000 to the program through the 1972 Labor-HEW appropriation bill.....	11.0	-19.0
Total.....	312.0	-61.4

1972 OUTLAY SAVINGS—Continued

[In millions of dollars]

	Proposed in budget	Savings resulting from action completed in calendar year 1971
Accomplished or in process:		
1. Redirect State action grants for delinquency prevention—included in the 1 year extension on the Juvenile Delinquency Control Act of 1968 enacted June 30, 1971.....	3.8	3.8
2. Reduce support levels for NASA's tracking and data acquisition network—accomplished administratively.....	15.0	15.0
3. Shift water and waste disposal loans (Department of Agriculture) from direct to insured basis, P.L. 91-617 was enacted Dec. 31, 1970, thereby putting this reform into effect.....	22.0	22.0
4. Increase grazing fees (Department of Interior)—the increase was made by administrative action on Dec. 11, 1970, effective Mar. 1, 1971.....	1.0	1.0
5. Increase royalties from Federal regulation of oil and gas production from outer continental shelf leases off the Texas and Louisiana coasts—increases have been implemented administratively.....	22.0	22.0
6. Terminate plans for a national fisheries center and aquarium.....	2.0	2.0
7. Terminate unrewarding developmental projects on population estimates and projections (Department of Commerce), accomplished administratively.....	.3	.3
8. Reduce retail sales surveys (Department of Commerce), accomplished administratively.....	.2	.2
9. Office of Economic Opportunity: Terminate rural loan program which has not raised the income level of the poor. These loans were stopped by administrative action in December 1970.....	13.0	13.0
10. Reduce excessive scope of the National Register of Scientific and Technical Personnel (National Science Foundation), accomplished administratively.....	.3	.3
11. Reduce excessive support level for science information system development (National Science Foundation), accomplished administratively.....	.5	.5
12. Replace formula grants to allied health professions training centers with expanded special project grants, accomplished administratively.....	2.8	2.8
13. Phase out health science advancement awards program (HEW) because goals have been achieved, accomplished administratively. A \$4,000,000 savings in outlay is projected in 1973.....	0	1.0
14. Reform medicare by eliminating improper payments to extended care facilities and modifying the hospital reimbursements formula—Accomplished administratively.....	150.0	60.0
15. Reform medicare by placing a limitation on physicians' charges under supplementary medical insurance—Accomplished administratively.....	60.0	50.0
16. Reduce number of hours of work permissible to qualify for welfare benefits under unemployed fathers programs—Accomplished administratively.....	15.0	15.0
17. Increase user charges on current commodity surveys (Department of Commerce)—Accomplished administratively.....	(1)	(1)
Total.....	307.9	208.9
Not Being Accomplished as Planned		
1. Sale of stockpiled commodities. A total of \$595,000,000 reduction in the fiscal year 1972 estimate of receipts from the sale of surplus stockpile commodities will not be realized because of market conditions and other factors.....	770.0	175.0
2. Increase nuclear powerplant license fees: Lower estimates are due to delays in putting new regulations into effect while complying with the Administrative Procedures Act and to a revised revenue base.....	9.5	6.5
3. Reduce plutonium production: Original estimate was based on shutting down 2 reactors at Hanford, Wash. Plans now call for 1 reactor to continue in operation through fiscal year 1974.....	45.0	34.0
4. Terminate the special milk program.....	84.0	0
5. Remove wool price supports from the parity index: The Agriculture Act of 1970 did remove wool price supports from the index. The reduction in savings is a result of an increase in the amount of wool being supported (though still at a level less than parity).....	4.0	0
6. Close Milan Trade Center.....	.3	0
7. Terminate helium purchase contracts: The termination is currently under litigation.....	45.0	19.0
8. Close less efficient SBA field offices: Change is due to agency emphasis on decentralization program.....	1.3	.1
Total.....	959.1	234.6
Proposals having no 1972 impact but resulting in savings in subsequent years:		
1. Increase Federal Crop Insurance premiums: Introduced as S. 1601 on Apr. 21, 1971. Hearings were held by Senate Agricultural Subcommittee on Research and general legislation. Bill still pending in the Senate.....	12.0	0
2. Sell National Capital airports. DOT is in the final stages of drafting legislation to accomplish this. It is now expected that receipts will exceed amount estimated in budget.....	105.0	0
3. Sell Alaska Railroad. Legislation has been introduced as H.R. 9619 and referred to the House Commerce Committee. No hearings have been held.....	100.0	0

See footnotes at end of table.

1972 OUTLAY SAVINGS—Continued

[In millions of dollars]

	Proposed in budget	Savings resulting from action completed in calendar year 1971
Veterans' Administration:		
4. Avoid duplicate burial benefits for individuals also assisted by social security and other Federal programs. Introduced as H.R. 3348 on Feb. 2, 1971. No action taken by the Congress.....	54.0	0
5. Provide compensation only for active cases of tuberculosis. Introduced as H.R. 3347 on Feb. 2, 1971. No action taken by the Congress.....	46.0	0
6. Require private insurers to reimburse Government for policy holders treated in VA hospitals. Introduced as H.R. 3350 on Feb. 2, 1971. No action taken by the Congress.....	80.0	0
Total.....	397.0	0

¹ Less than \$100,000.

THE FEDERAL BUDGET DEFICIT

Mr. SHULTZ. I think it may be worth taking note of the fact that if you take the most recent 7-year span, going back to the first 3 years of those 7, outlays increased at a rate of about 17 percent a year. If you take the second 3 years of those 7, outlays increased at a rate of about 9 percent a year. If you take the President's budget as a proposal—and if the Congress were to put this rigid spending ceiling on what you advocate, we could make good on that proposal—the increase in outlays is 4 percent between 1972 and 1973. So I think that is at least some broad measure of an effort here.

Senator BYRD. Well, I am sorry you brought that up because I did not intend to make a comparison, but since you make the comparison, I will make the comparison in another way which, to my way of thinking, is more meaningful.

If you take by your own figures the total accumulated Federal funds deficit for the 4 years of your administration, the accumulated Federal funds deficit would be \$124 billion.

Now, if you want to do it on a unified basis, it will be \$88 billion; but in any case it will be more than double in either case than the 4 years of the preceding administration. I didn't want to bring out a comparison but since you initiated the comparison I thought—

Mr. SHULTZ. I would be delighted to comment on that because I think it gets directly back to Senator Curtis' point.

Senator BYRD. I wish you would.

Mr. SHULTZ. I think the question is, do we want the Federal budget to contribute in its maximum, responsible way to an expansion of the economy. The President's judgment has been, yes, we do. It should be as expansive a budget as we can responsibly put in place, not only for the economy as a whole but also all of the subcategories that it affects. If we have the kind of expansion that we hope for and expect in the current year, as the Senator pointed out, that is going to be one of the biggest antipoverty programs that you can have.

So I think that it was well that the Congress basically went along with the President's recommendation last fall and cut tax rates, even though that was a consciously done thing that everybody knew would result in a greater deficit in the Federal budget. But it seemed as though that was an appropriate thing to do to expand the economy.

INCREASING TAXES

Senator BYRD. I disagree with it 100 percent. I think it was the wrong thing to do. You cut taxes in December and you come back in January and talk about an increase in taxes.

Mr. SHULTZ. No one is talking about that.

Senator BYRD. The newspapers report talk about an increase in taxes.

Mr. SHULTZ. No, sir; no one is talking about an increase in taxes, no discussion whatever. The President has recognized, however, there is a problem facing the country that is a result of court decisions that may very well affect drastically the method of financing of the public school system. At the same time, this is coincidental with, I think, a growing recognition of the regressiveness and the undesirable aspects of the property tax. If you are not going to finance public schools one way, how are you going to finance them? What the President has suggested is that the value added tax ought to be thought of as one possibility.

Senator BYRD. You just said a moment ago no one said anything about more taxes. Now you are saying yes, we have to have more taxes.

Mr. SHULTZ. No; I am saying there is a possibility of substituting one form of tax for another form of tax; that isn't more taxes. It is the same amount of taxes. We must support public schools somehow or other.

Senator BYRD. I am willing to put into the record and be chastized if need be. A year or 18 months from now, I want the record to show, in my judgment, you, if you are Budget Director next year, or your associates, are going to come down to this committee and ask this committee for a smashing tax increase. Maybe you won't do it. I will be glad to say I was completely wrong; but I fear I shall be proved right.

Mr. SHULTZ. Well, if we are able to hold the outlays, and this is now in the lap of Congress, we will be all right in fiscal 1973.

Senator BYRD. You said you would be all right in fiscal 1971; you said we would be all right in fiscal 1972—yet we have the greatest deficit in history, except during all-out war—World War II.

Senator RIBICOFF. May I call your attention—here is a vote in process now and it is 5 minutes into the vote.

Senator BYRD. I have finished, Mr. Chairman.

(Senator Byrd subsequently made the following comment and insertion in the hearing record during later questioning:)

Senator BYRD. The Director of Budget and Management mentioned in our discussion the responsibility of Congress for the huge spending programs and huge deficits which the Government is running. I made clear this morning that I condemn the Congress for that as well as not being happy with the Administration's activity in that endeavor.

During the recess I got from the Appropriations Committee of the Senate, and subsequently had the figures confirmed by the Chairman of the Senate Appropriations Committee, these figures. Now for fiscal 1970 it shows that the Congress appropriated \$8.3 billion less than the Administration recommended be appropriated.

It shows that for fiscal 1971 that the Congress appropriated \$3.5 billion less than the Administration recommended. So the deficit would be even higher had the Congress followed the Administration's budget requests.

I want to have those figures to be in the record. I have a table—

Secretary RICHARDSON. Do you have the similar figures for 1972?

Senator BYRD. 1972, I cannot give those because all the appropriations bills have not yet been enacted.

Now, I have prepared a table showing deficits in Federal funds and interest on the national debt, 1954 to 1973 inclusive in billions of dollars. I had this table prepared showing the receipts, the outlays, the deficits, or surpluses. There were only three surpluses and those were in the 3 years of the administration of President Eisenhower. Also in the table is the annual interest payment on the national debt during those years.

Now, I would not have brought out a comparison between the deficits of this administration and the previous administration except the Budget Director himself in a different way drew a comparison. The figures show that the accumulated Federal funds deficit, and these are the administration's own figures, for the 4 budget years of the present administration, the accumulated deficit will be \$124 billion; and the accumulated Federal funds deficit for the last 4 years of President Johnson's administration was \$54 billion.

(The tables referred to follow:)

BUDGET ESTIMATES (ADMINISTRATION REQUESTS) FOR APPROPRIATIONS AND FINAL CONGRESSIONAL APPROPRIATIONS, FISCAL YEARS 1970-71 INCLUSIVE

[In billions of dollars]

	Administra- tion recom- mendations	Appropriations	Reduction
Year:			
1970.....	142.7	134.4	8.3
1971.....	147.8	144.3	3.5

DEFICITS IN FEDERAL FUNDS AND INTEREST ON THE NATIONAL DEBT, 1954-73 INCLUSIVE

[In billions of dollars]

	Receipts	Outlays	Surplus (+) or deficit (-)	Debt interest
1954.....	62.8	65.9	-3.1	6.4
1955.....	58.1	62.3	-4.2	6.4
1956.....	65.4	63.8	+1.6	6.8
1957.....	68.8	67.1	+1.7	7.2
1958.....	66.6	69.7	-3.1	7.6
1959.....	65.8	77.0	-11.2	7.6
1960.....	75.7	74.9	+ .8	9.2
1961.....	75.2	79.3	-4.1	9.0
1962.....	79.7	86.6	-6.9	9.1
1963.....	83.6	90.1	-6.5	9.9
1964.....	87.2	95.8	-8.6	10.7
1965.....	90.9	94.8	-3.9	11.4
1966.....	101.4	106.5	-5.1	12.0
1967.....	111.8	126.8	-15.0	13.4
1968.....	114.7	143.1	-28.4	14.6
1969.....	143.3	148.8	-5.5	16.6
1970.....	143.2	156.3	-13.1	19.3
1971.....	133.7	163.7	-30.0	20.8
1972 ¹	137.8	182.5	-44.7	21.2
1973 ¹	150.6	186.8	-36.2	22.3
Total, 20-year.....	1,916.3	2,141.8	225.5	241.5

¹ Estimated figures.

Source: Office of Management and Budget and Treasury Department.

Senator RIBICOFF. We will recess until 2:30.

Senator Nelson, did you have some questions of Mr. Shultz?

Senator NELSON. I want to say, Mr. Shultz, I didn't know that our committee had wounded you, or that you bore any scars, but I would like to point out if we wounded you, you killed us because you closed the camps, you won the battle.

Is there going to be a resumption of the hearings?

Senator RIBICOFF. We will recess until 2:30 this afternoon.

The committee will stand in recess until 2:30.

(Whereupon, at 12:05 p.m., the hearing was adjourned, the committee to reconvene at 2:30 p.m. this date.)

AFTERNOON SESSION

The CHAIRMAN. The Chair recognizes Senator Jordan.

Senator JORDAN. Thank you, Mr. Chairman.

Mr. VENEMAN. We are short, one Secretary, but I will be happy to try to respond.

The CHAIRMAN. We will save him for the last if need be.

COORDINATION OF PROGRAMS

Senator JORDAN. Mr. Sanchez, you made a statement that we have 168 programs, which we all know, in 12 departments, costing \$31.5 billion. It looks very much like reorganization is in order if we are to get some of those programs coordinated. The various departments could be brought under one head, but I will get to that, probably, with the Secretary when we get around to him.

You said that OEO, which you administer, spends only about 3 percent of the Federal outlays for the poor.

Then I was interested in your statement that you are extending

the agency's role as governmental advocator for the poor, that you are testing, evaluating, incubating new ideas for new programs.

How many new programs do you think we need superimposed on top of the 168?

Mr. SANCHEZ. It may not necessarily be new programs, Senator Jordan. It may be new ways to do a better job with some of the subjects before us now.

Let me be specific. For example, of the experiments or new ideas being right now considered by our Office of Planning, Research, and Evaluation, these ideas or experiments impact on such subjects as housing, education, and economic development so you see none of these is new. It may be just new ways to approach old problems.

Senator JORDAN. I am glad to hear you say that because I thought maybe you were out fishing for more new programs to add to the never-ending list that we already have.

DEFENSE AND HUMAN RESOURCES EXPENDITURES—A SWITCH IN PRIORITIES

Secretary Richardson—I will move on here because I know that some of you have other appointments—first let me say I thought the article you wrote for the Washington Post was very well done. I put it in the record yesterday with some comments of my own. It is not pertinent to this particular hearing but you did say that “We have already changed priorities.” I believe that is the way you said it.

Three years ago, defense expenditures took 45 percent of the budget and human resources 32 percent, and you say now that this percentage has been reversed.

I wish you would provide for the record the data, the details, that make up that very dramatic switch in priorities from 45 percent for defense 3 years ago down to 32 percent now and from 32 percent 3 years ago for human resources up to 45 percent now. Will you respond to that, please?

Secretary RICHARDSON. I would be very glad to do that, Senator Jordan. Thank you.

(Material supplied by the Department follows:)

THE SHIFT IN BUDGET EMPHASIS FROM NATIONAL DEFENSE TO HUMAN RESOURCES

[Outlays in millions]

	Actual			Estimate	
	1969	1970	1971	1972	1973
Total Federal budget.....	\$184,548	\$196,588	\$211,425	\$236,610	\$246,257
National defense:					
Department of Defense, military: ¹					
Military personnel.....	21,374	23,031	22,633	22,600	22,300
Retired military personnel.....	2,444	2,849	3,386	3,928	4,326
Operation and maintenance.....	22,227	21,609	20,941	20,500	20,450
Procurement.....	23,988	21,584	18,858	17,944	16,082
Research and development.....	7,457	7,166	7,303	7,780	7,923
Military construction and other.....	525	1,059	1,552	1,594	1,502
Allowances ²				800	3,425
Deductions for offsetting receipts.....	-143	-148	-126	-146	-108
Subtotal, Department of Defense, military.....	77,872	77,150	74,546	75,000	75,900
Military assistance ¹	789	731	999	800	600
Atomic energy ¹	2,450	2,453	2,275	2,358	2,422
Defense-related activities.....	260	79	-70	90	79

See footnotes at end of table.

THE SHIFT IN BUDGET EMPHASIS FROM NATIONAL DEFENSE TO HUMAN RESOURCES—Continued

[Outlays in millions]

	Actual			Estimate	
	1969	1970	1971	1972	1973
Deductions for offsetting receipts ²	-\$138	-\$118	-\$89	-\$218	-\$692
Total, National Defense.....	81,232	80,295	77,661	78,030	78,310
(Share of total budget, percent).....	(44)	(40.8)	(37)	(33)	(31.8)
Human resources:					
Education and manpower:					
Elementary and secondary education.....	2,480	2,968	3,614	3,383	3,619
Higher education.....	1,230	1,381	1,428	1,442	1,371
Vocational education.....	262	289	418	531	568
Education revenue sharing.....					110
Other education aids.....	373	429	534	632	745
General science.....	490	464	522	538	596
Manpower training and employment services.....	1,560	1,602	2,380	3,318	3,918
Other manpower aids.....	142	169	223	326	387
Deductions for offsetting receipts.....	-13	-14	-12	-29	-32
Subtotal, education and manpower.....	6,525	7,289	8,654	10,140	11,281
Health:					
Development of health resources.....	1,918	2,097	2,201	2,446	2,787
Providing or financing medical services ¹	9,315	10,344	11,946	14,214	14,733
Prevention and control of health problems.....	380	473	319	382	619
Deductions for offsetting receipts ²	-2	-6	-3	-18	-22
Subtotal, health.....	11,611	12,907	14,463	17,024	18,117
Income security:					
Retirement and social insurance ¹	32,540	37,275	46,321	52,654	57,047
Public assistance.....	4,272	5,186	7,775	13,111	10,335
Social and individual services.....	888	1,331	1,617	2,477	2,297
Deductions for offsetting receipts ²	-1	-1	-1	-18	-21
Subtotal, income security.....	37,699	43,790	55,712	65,225	69,658
Veterans benefits and services:					
Income security for veterans.....	5,528	6,021	6,448	6,950	7,050
Veterans education, training and rehabilitation.....	701	1,015	1,659	2,240	2,437
Veterans housing.....	102	54	-179	-306	-289
Hospital and medical care for veterans.....	1,566	1,802	2,038	2,422	2,693
Other veterans benefits and services.....	237	260	294	322	349
Deductions for offsetting receipts.....	-493	-477	-484	-500	-495
Subtotal, veterans benefits and services.....	7,640	8,677	9,776	11,127	11,745
Total, human resources.....	63,475	72,663	88,605	103,516	110,801
(Share of total budget, percent).....	(34)	(36.9)	(41.9)	(43.7)	(44.9)

¹ Entries net of offsetting receipts.² Includes allowances for military retirement systems reform and civilian and military pay raises for Department of Defense.³ Excludes offsetting receipts which have been distributed by subfunction above.

PROMISES TO ABOLISH POVERTY

Senator JORDAN. The witnesses all expressed great expectations here today for H. R. 1—and it is not the subject matter for this hearing—but does it give you some concern, Mr. Secretary, that every administration since the late 1930's has said on occasion that the legislation which they implemented would lead us out of poverty?

Secretary RICHARDSON. Well, that gives me pause, Senator, and I do think that the problem of overpromising is a serious one, in a sense more serious now than it has ever been, because people for one reason or another look more toward governmental solution of a wide range of problems than they ever have had.

I think in the case of the welfare reform program we ought to be as rigorous in our statement of it as we can. We would not say that it will abolish poverty; we would say, rather, one, that it will establish a fairer and more uniform system of benefits for those who cannot work and, secondly, that it would create a better integrated set of measures to create work opportunities and to encourage employment on the part of those who can, subject to penalties for those who refuse to take available jobs, and that pretty clearly the system that would be established under this legislation is better than we now have, one, because under the existing system we have, in effect, 1,152 separate jurisdictions administering their own rules and determining eligibility, making payments, with wide disparities which are felt to be inequitable from area to area and jurisdiction to jurisdiction; second, because it is a system that promotes the breakup of families, since a family in which the father has deserted or has apparently deserted can be better off than a family where the father is working full time; and, further, that we can more effectively administer the program with the minimum incidence of error and fraud through a national system capable of checking Internal Revenue Service—SSA records and so on, and that we can more effectively administer the work-related provisions including job training, provision of day care, finding jobs for people and administering the penalties than we can now, because all of this would be a Labor Department responsibility.

So, all of these things, we think, are claims for the legislation that can rationally be made in the light of the point, one, that they are addressed to breakdowns in the existing system and, two, that on their face they offer the prospect of improvement.

This, I think, is as succinct and careful a statement as I could make of why we believe the program we are offering would be better is all I would claim.

Senator JORDAN. I don't want to go into the merits of H.R. 1 with you at this time. But I don't agree with you altogether on what can be expected of it.

My only suggestion is that for the same reason that the Congress has not kept some of its "promises" by authorizing much more than we have appropriated, I wouldn't want you to oversell the merits of H.R. 1 to the public. I doubt if it has any more incentive than present law, and I doubt that even with the added cost of \$5.5 billion it is going to lead us out of the wilderness of poverty.

May I ask—and I expected to have a chance to ask this of Director Shultz—how much will it cost for special revenue sharing?

COST OF REVENUE SHARING

Secretary RICHARDSON. The total amount in special revenue sharing is around \$11 billion. The President's revenue sharing program in the aggregate amounts to a little over \$17 billion. Of that, \$5 billion plus is general revenue sharing; the remainder are special revenue sharing programs in various fields, including manpower training; education's share of the \$11 billion is about \$3 billion.

Senator JORDAN. Yes. How much of this is general revenue sharing and how much of the special revenue sharing could be directly attributable to relief of the poor?

Secretary RICHARDSON. It would really be, I think—I will not give you an answer as applied to general revenue sharing. By general definition, this is revenue generally available for State and local governments for general purposes. So, in that case, I think we could say that a proportion of it represented by expenditures for the poor is the same ratio as the State's own expenditures for the poor.

In the case of special revenue sharing, you would have to look at it program by program. The only part of the special revenue sharing package that I know in any detail is the educational part because that is in HEW.

As I said earlier today, it covers 33 existing categorical programs in elementary and secondary education. All of those 33 are listed in the list of 168 programs before you and within that list the ones that are included in special revenue sharing are the programs of education for the handicapped, education, vocational education, and a number of other specific categorical types of support of elementary and secondary education including the school lunch program which is now in the Department of Agriculture; and I left out the biggest, the education of the disadvantaged, title I of the Elementary and Secondary Education Act.

The breakdown of those amounts for children of families below the poverty level is shown as well as we can show it in the tabulation furnished by Mr. Sanchez. We could add it up but I don't have it with me.

POSSIBLE REDUCTION OR ELIMINATION OF EXISTING PROGRAMS

Senator JORDAN. Do you have any hope that the \$5.5 billion which has been recommended additionally for the implementation of H.R. 1, and the \$5 billion for general revenue sharing, and whatever part of special revenue sharing will be applicable to relief of the poor are going to reduce any of the 168 presently existing programs?

Secretary RICHARDSON. H.R. 1 will eliminate the food stamp program; it will eliminate what is now called the WIN program under the Social Security Act 1967 amendments. I will leave to Mr. Lovell exactly what it does with respect to manpower, but mostly it won't.

Again, this may seem unresponsive to the committee and to Senator Ribicoff, in particular, but let me make the point as vividly as I can. With respect, let's say, to mental retardation: Now, what is a program? If you look at the problems of the retarded you can identify, let us say, basic research in brain function and brain damage and what are the causes of brain damage. You can identify the different kinds of function, the training of the retarded to be as effective as possible. You can identify provision of residential care. You can identify job training and so on.

Now, I think that the word "program" ought to be reserved for that kind of activity. Actually, we have in HEW some 30 or 40 categorical activities and line appropriations that are concerned in one way or another with these activities. I would like to see that number radically reduced but that does not mean that I would urge a reduction in program expenditures for the retarded.

On the contrary, there are, to my knowledge, no areas that would be funded in the President's budget now before the Congress for fiscal 1973 for HEW that I think should be eliminated. I would like to see the structure simplified; I would like to see greater flexibility; I would like to see greater opportunity for the States and localities to choose how they would put that part of the money that goes to them, but I don't believe that there is any function in our budget that should be eliminated.

We have said we would cut a lot of them, which I covered in my statement; we are asking for cuts in various areas totaling \$750 million—

Senator JORDAN. Yes.

Secretary RICHARDSON (continuing). In order to be able to shift these funds; but that is the most I can say.

Senator JORDAN. So the actual eliminating of any, more than two or three of the 168 programs is not likely under the legislation that is proposed?

Secretary RICHARDSON. Not in the sense of eliminating the activity, no. I really don't see how we can drop what we are doing in the field of drug abuse. We ought to be doing more. The same is true for alcoholism. If you look at the list and say what should go, you find the greatest discrepancy in the whole list between total appropriations and the share that goes to the poor in terms of benefit programs is, I suppose, the veterans' benefits. It would take a bold man, indeed, to propose that these be eliminated.

PROPOSED DEPARTMENT OF HUMAN RESOURCES

Senator JORDAN. Mr. Secretary, would there be any economy in a reorganization plan such as the President has recommended to get some of these programs that are diffused through 12 different departments into one Department of Human Resources and thereby reduce the overhead costs of administration?

Secretary RICHARDSON. Yes; it would do that, I believe, Senator. It would permit the more effective targeting of resources and a lot of what I have been talking about in the whole range from eliminating redtape through program consolidation and so on, would have that benefit; it wouldn't mean that the Federal Government could pull out of the support of services to the retarded or the mentally ill or the handicapped and so on, but it would mean that we would be getting more for the dollar and I believe there is a great deal of opportunity to achieve efficiencies of this kind; and I think that the creation of the Department of Human Resources along the lines proposed by the President would be a major step in that direction.

Senator JORDAN. Have you given any thought to what kind of saving might be achieved by such a consolidation without a reduction of service?

Secretary RICHARDSON. We don't have any very precise figure. I could give you for the record some yardstick with respect to the achievement of efficiencies through freezing up Federal personnel; for example, who now tend to massage paper and who could work instead with program people. We have estimated in the last 3 years.

HEW has in effect saved 12,000 positions by doing more work, by meeting programs, by absorbing programs, increases with existing personnel, for instance, and we think that that kind of economy could be achieved on a still larger scale.

PERSONNEL REQUIRED TO IMPLEMENT H.R. 1

Senator JORDAN. How many net new positions will be required to implement H.R. 1?

Secretary RICHARDSON. We think that there will be a savings in total positions under H.R. 1 as against the combined total of State plus local personnel at the stage when H.R. 1 would have come into existence under the present effective date.

We have estimated that there are about 192,000 employees in State and local welfare offices at the present time. Of these, approximately 70,000 are involved in the determination of eligibility and money payments. An additional 10,000 are involved in eligibility determinations for old age, the blind and disabled applicants. The first 70,000 are for families. So there are about 80,000 now in the eligibility and payments parts of the programs and these would be expected to grow to about 100,000 by the time H.R. 1 becomes effective.

Our estimate for the staffing of H.R. 1 on its effective date is about 80,000 people or 20,000 less than would be employed in the same functions under existing law as well as some additional functions insofar as H.R. 1 provides coverage of a larger number of elderly people and so on.

Senator JORDAN. I think that some of us were misinformed then by previous statements to the effect that some 60,000 or 70,000 employees were going to be recruited for implementation of H.R. 1.

Secretary RICHARDSON. I think the confusion that arose, Senator Jordan, was between the number that are engaged in determination of eligibility and money payments at the State level now and the number who would be employed under H.R. 1 by the Federal Government when it goes into effect.

The total, we have said, which would be added to the Federal payroll when it goes into effect are about 80,000. The total number who are working at the State level now, including the adult categories, which was not in one of the figures given to you earlier, is also 80,000. But, by the time H.R. 1 does go into effect the State employment rolls, judging by the rate at which they have been going up in proportion to caseload increases, would have reached 100,000; so we would be expecting to do, in effect, then, with 80,000 people more than what it would take the existing system 100,000 people to do.

Senator JORDAN. Well, we are getting a little far afield of the subject of this hearing, but I did want to bring out this numbers accounting. I think what you are saying today is that very few additional people will be required except that they will be Federal employees rather than State employees.

Mr. VENEMAN. It will be fewer people, actually.

Senator JORDAN. Fewer people to pay twice as many on the rolls?

Secretary RICHARDSON. Yes; if you continue the working poor; it is not quite that many more but it is a lot more.

Mr. VENEMAN. It is about one-third more, Senator Jordan.

COMPUTERIZED JOB BANKS

Senator JORDAN. I will move on because I know that the Secretary is eager to go and I will get on to Secretary Hodgson.

You made some very interesting comments, Mr. Secretary, when you said we were about to initiate, I believe, a computerized job bank. Why haven't we done this before?

Secretary HODGSON. We observed, when we came into office, that there were just a few experimental job banks of this kind being tried. The first year we began about 50 in various cities around the Nation. Since we felt that we had pretty well debugged this job bank procedure by that point, we expanded the number. Shortly we will have the entire Nation on a statewide job bank computerized basis since it is just a matter of going forward with a desirable modernization as rapidly as can be done, making sure that you get the bugs out of it as it goes along.

Senator JORDAN. I think that is essential in any successful job program, to have computerized job banks and I hope you will expedite it in the best fashion you can.

Secretary HODGSON. It is especially good for speeding the labor exchange activity by making information available. There is nothing more perishable, perhaps, in the informational world than a job. It is there today; it is gone tomorrow and unless you have a record of it today you don't know about it and if somebody doesn't have a record of its existence today he does not know about it. Bringing the world of the people together with the world of work through a job bank is a tremendous move forward.

REASONS FOR TERMINATION FROM WIN PROGRAM

Senator JORDAN. I understood you to say that some of the dropouts from programs like WIN were dropouts because they took employment?

Secretary HODGSON. Yes.

Senator JORDAN. Can you document that?

Secretary HODGSON. Oh, sure, not only on programs like WIN but also other programs. They drop out to take employment; they drop out to join the armed services; they drop out to move to other communities, for various different reasons.

Seventy-seven percent of the terminations of WIN, for instance, are either employed or considered to be dropouts for good cause.

Senator JORDAN. Will you give us some figures for the record?

Secretary HODGSON. I will be glad to.

(The material requested follows:)

REASONS FOR TERMINATION FROM THE WIN PROGRAM DURING FISCAL YEAR 1971¹

[Percent distribution]

Reason for termination	Percent	Approximate number of enrollees ²
Total.....	100	91, 100
Completed employability plan.....	22	20, 000
Dropouts.....	22	20, 000
Cannot locate.....	4	3, 300
Refuse to continue.....	15	14, 200
Administrative separation.....	3	2, 500
Other terminations.....	56	51, 100
Full-time school.....	1	900
Armed Forces.....	1	900
Committed to institution.....	1	900
Illness.....	10	9, 700
Pregnancy.....	4	3, 300
Care of family.....	9	8, 100
Transportation problems.....	2	1, 600
Moved from area.....	8	7, 600
Death.....	(³)	.....
Returned to welfare.....	(³)	.....
Appeal accepted.....	(³)	.....
Referred in error.....	1	800
Other.....	19	17, 300

¹ Based on a sample of 19,000 termination reports.² Extrapolated from percentages found in the sample of 19,000 termination reports.³ Less than ½ of 1 percent.

NATURE OF TERMINATION FROM SELECTED MANPOWER PROGRAMS

	Fiscal year 1972 (1st half)				Fiscal year 1971			
	Objective completed		Objective completed		Objective completed		Objective completed	
	Total terminations	Completed course	Found job before completion	Other terminations	Total terminations	Completed course	Found job before completion	Other terminations
Total.....	291, 300	117, 500	21, 900	115, 900	447, 600	188, 600	37, 700	166, 300
JOBS.....	51, 900	25, 500	6, 600	19, 800	106, 200	44, 400	13, 600	48, 200
MDTA—Institutional.....	89, 500	49, 300	3, 800	36, 400	145, 200	84, 200	6, 100	54, 900
OJT (including JOP).....	85, 300	34, 400	1, 800	49, 100	85, 500	43, 800	1, 800	39, 900
Job Corps.....	22, 600	8, 300	3, 700	10, 600	47, 200	16, 200	7, 700	23, 300
NYC—Out of school.....	28, 500	(¹)	2, 900	(¹)	45, 500	(¹)	4, 700	(¹)
Operation Mainstream.....	11, 800	(¹)	2, 900	(¹)	13, 500	(¹)	3, 300	(¹)
New Careers.....	1, 700	(¹)	200	(¹)	4, 500	(¹)	500	(¹)

¹ Information not available.

MANPOWER REVENUE SHARING

Senator JORDAN. You, like the others, say that we know improvement can be made and you expressed some concern over the difficulty, but you lay great hope in the manpower revenue-sharing bill. Now, how in the world do you think that is going to reduce unemployment—the fact that you send money to the States to spend as they choose on manpower training programs? How in the world is that going to break into what you are supposed to do under H.R. 1?

Secretary HODGSON. Well, one of the great things about a diverse country is that it presents opportunities as well as problems, and each community in this country has its own kind of problem to which it needs to tailor a solution.

With the federally established program, with Federal rules and regulations, here is what happens: Since the program manager cannot be sure that his program is relevant to every single corner of the Nation, he attempts to evolve some generally satisfactory rules and make sure that those rules are followed. In so doing, there is a considerable lack of relevance in a great many places.

Why should the city of Houston, with less than 3 percent unemployed, spend its manpower money the same as the city of Seattle, whose unemployment rate is more than 10 percent? Why should a community like Newark, with better than 50 percent minorities and great numbers of disadvantaged, spend its money approximately the same way as the city of Minneapolis, with less than 5 percent?

Since we have great differences throughout the Nation, we need to be able to accommodate those differences. If we try to do it from Washington, we are going to be in, largely as we have been, a position of trying to level or generalize. That is not the way to solve people problems. People problems should be solved at the level where they exist with the perception of need that exists there and with the tools that are tailored to fit that need. That is why we think that manpower revenue sharing with its capacity for individualizing and differentiating solutions will be very much a step ahead.

Senator JORDAN. I am impressed with the success you have had under your JOBS program because I think that is the proper course to follow to tie training in with a job at the end of the training period.

Secretary HODGSON. That is the great strength of that program.

Senator JORDAN. At that end.

Secretary HODGSON. That is the great strength of that program.

Senator JORDAN. The great strength of it.

Thank you, Mr. Chairman.

Thank you, gentlemen.

The CHAIRMAN. Might I suggest that Senator Byrd and Senator Nelson direct their questions you want to direct to Secretary Hodgson first because he has a 4 o'clock appointment and in that way we can excuse the Secretary of Labor and then we can—Senator Ribicoff had about three more questions to ask him and then we can—ask our remaining questions of those witnesses headed by the Secretary of HEW as well as the witnesses from OEO, if that would be all right, Senator. In that way we can release the Secretary of Labor so he can get back to his work. He does have a 4 o'clock appointment and I would like to cooperate with him in that.

Senator Byrd, go ahead.

Senator BYRD. Mr. Chairman, I have no questions of Secretary Hodgson.

The CHAIRMAN. Senator Nelson, have you any questions of Secretary Hodgson?

Senator NELSON. Yes.

The CHAIRMAN. Why don't you ask them now and we can finish up with the Secretary of Labor and we can ask questions of the remaining Secretary.

Senator NELSON. I have one question about the amount of public service employment that the administration would consider necessary under the workfare program and the other question relates to the components of the childcare program as desired by the administration in H.R. 1.

PRESIDENTIAL VETO OF MANPOWER BILL

The manpower question has been commented on by Mr. Shultz and the Secretary of Labor, too, today, each of them, as well as the question of categories or categorical programs and I just want to make an observation about that. The OEO programs we have discussed here and the manpower programs which have been discussed here are within the jurisdiction of the Labor and Public Welfare Committee, and both of those programs come out of the Subcommittee on Manpower, Employment and Poverty, of which I am chairman, and I think it is important to put these matters in their proper context.

I agree that manpower programs ought to be administered at the local and State level. I think that is sound and I preface my remarks, Mr. Chairman, by saying that in the course of extensive discussions and negotiations with representatives of the Secretary of Labor and the Secretary of HEW and Director of OEO, as well as the Secretaries themselves, that the relationship between our committee and these representatives of the executive branch has, I think, been very good and although we didn't always agree on specific points in these proposals, our mutual discussions and exchanges were, I think, fruitful and friendly. So I don't say what I have to say here to be unfriendly in any way, but to set the record straight. There is great confusion and misunderstanding around the country about the Congress' role in the manpower programs and in the OEO programs which I think ought to be clarified.

I say one more thing: I think—I in no way cast blame upon the Secretaries of Labor, HEW, or the people within those agencies—that the veto messages that the President read without, of course, understanding the context because we had not been in any negotiations, but I do think it needs to be said. We in Congress expended over a year on the manpower bill doing what the administration wanted and then received a veto, which wouldn't stand analysis at all, written by somebody in the White House who didn't know anything about what went on at the level between the executive branches and the committee.

As a matter of fact, after the veto message of the OEO bill recently with its comment on the child development program and as well as after the manpower program, I received apologies from administration people within the Executive Departments—as well as from Republican legislators from both Houses of the Congress because they were astonished at the vetoes not being relevant in crucial respects to what the bills provided.

So Congress is being continually attacked for not passing programs that the administration, the President, has asked for when, in fact, we have passed them. Again the President gave a speech written for him—I know how busy he is so I am not reflecting in any way on the President. A week ago he gave a speech asking for a manpower pro-

gram which we gave to him in December 1970, with the implication being that the Congress is dragging its feet.

Now, Mr. Shultz came to me personally in the fall of 1969 and asked for the manpower program that we are talking about. I found him, as I did Mr. Hodgson, too, very able and dedicated. We accommodated Mr. Shultz. I told him we would hold hearings just as fast as we can have them. The first hearing we had to cancel because of some pressing business of the Secretary. We scheduled again immediately and started running hearings right through the fall of 1969 and the beginning of January. We marked up the bill.

Twice during the course of our effort on this bill, on which there were no delays at all of any significance, somebody in the White House wrote a message for the President attacking the Congress for delays, naming the manpower bill. There were four delays that I know of; they were delays asked for by Senator Javits representing the minority in order to get clarification in the markup as to what the administration would accept, and some of those delays lasted a week or 10 days. I didn't think they were excessive but what delays there were, that the President criticized, were delays asked for by the minority on our committee.

Now, the administration asked for a bill in which we change the whole delivery system. We had been at this and did it in about 10 months. In that delivery system the administration asked for what the administration had been saying ever since, "We want these programs back at the local level," so we designed a delivery system after months of hearings, negotiations and discussions in which the manpower programs were going to be run by eligible, prime sponsors.

The only eligible, prime sponsors of the comprehensive manpower programs were States and cities of over 75,000. The League of Cities and the Conference of Mayors wanted smaller cities eligible. The 75,000 represented a compromise reached after hard bargaining. The bill provided that the State would be prime sponsor for all areas outside cities of 75,000.

We provided that one-third of all the money in the bill would go for comprehensive manpower programs turned over to the cities and States. We provided another one-third of the money in the bill, which was public service employment money, would all go back to the cities and States. That is two-thirds of the money. We provided one-third of the money go to the Secretary to be used in his discretion as to the categorical programs, we kept categories but they were not rigid; they are much more flexible than Mr. Richardson said today that the administration wanted for HEW programs. We provided that certain categorical programs had to be maintained but we did not set any level. They could cut them down to \$10 if they wanted to; therefore, that third of the money or most of it could have gone back to the States, too.

So we designed a bill that had the support of all the spokesmen for the poor in this country, the League of Women Voters, the League of Cities, the Council of Mayors, the Governors, everybody, every group we could think of in the United States and including labor.

Then it went to the President and somebody writes a message over there attacking it on two grounds: It had public service employment

in it which the message said provided dead end jobs; two, it attacked it because of the categories in the bill, the rigid categories which were not in the bill at all. It is clear that the message couldn't have been written by any of the administration people who worked for the Secretary of Labor because they knew better.

So then we turned around and a month later introduced and subsequently passed a public service employment bill without many of the built-in training provisions to help poor people, not very well but in any way, to go up vertically. The President then signed it.

Here is a situation where he vetoes a bill where we have public service employment, which he described as dead end jobs, which didn't have it, and signed a bill in which the jobs were more nearly dead end. That is Orwellian to me.

Well, then, fine. We ended up without a manpower bill after a year's effort. We had a hearing on a public service bill in February and Secretary Hodgson appeared and opposed the public service employment bill, if my memory is correct.

Hodgson announced we now have a revenue-sharing manpower bill. The Secretary—and as the Secretary knew we had done what the administration wanted basically—the Secretary said to me, he said, “Mr. Chairman, I know we are coming up with an entirely different proposition. You must have a feeling that you come here to play ball and we changed courts on you.”

I think that was very well said because that is the way I felt—but all the time we in Congress have been getting the blame for failure to have a manpower bill when it was the administration that changed.

Now, we have something which he describes as revenue sharing. I might point out it provides Milwaukee \$300,000 less money than we now get.

VETO OF OEO BILL INCLUDING A CHILD DEVELOPMENT PROGRAM

Then we have the OEO bill before us and we had the child development program. The child development program was recommended as the top priority of the White House Conference on Children and Youth. Extensive hearings were conducted on it. H.R. 1 also contains an administration proposal for a child development program or child care. When we got through with OEO and child development legislation after months and months and months of hearings and work, the bill was vetoed on the ground that the categories were too rigid, although the 5 to 10 percent transferability that Mr. Richardson talked about today is 25 percent on the named categories in the OEO bill, so we provided five times as much flexibility. The bill was attacked, as I say, because of these categories. Next it was attacked on the ground that the child development program was communal living.

So here we are. Last week the administration again called on Congress to pass manpower legislation. The reason I have not moved on that manpower bill, and I wanted the administration to understand this, is because when we got through with the manpower bill it was vetoed; and then when we got through with the OEO bill that was vetoed and now we have got to go back and do the manpower bill

and OEO bill over again. We will get back to manpower just as soon as we complete work on OEO. In fact manpower hearings have been scheduled to begin March 6.

In negotiations over child development, we had the Secretary of HEW in. Our discussion included a number of things, including who gets free care. We finally agreed with the Secretary to push the free care level down to \$4,300 from \$6,900. Not once during these discussions was there a philosophical attack made on the fundamental proposition of the child development program, so we didn't know we were going to be sandbagged by somebody and neither did the Secretary. Somebody in the White House decided, after reading attacks on child development by the rightwing in this country, "We are going to have to call it 'communal' living."

I recite this because I think it is important for the administration to understand. It becomes very difficult to get things done when the White House has people writing veto messages who are not participating in the legislative process and do not know the bill. And when the executive branch is not able to tell us what in fact is desired.

Now, I would like to ask two pertinent questions: One, what is the difference between the communal living—it isn't communal living but I will use the veto language; it is communal living in the child development bill in the same sense that a kindergarten is communal living—what is the difference between the communal living provisions of the child development bill that was vetoed and those in H.R. 1 that the administration desires? That is my first question and, two, if we are going to have "workfare" all over this country, everybody agrees you have got to have an expansion of public employment—how many jobs is the administration prepared to come down here and support, additional public service jobs, in order to implement this program so that the promise of workfare won't be illusory to the people in this country? Is it 500,000 or 1 million? I have no notion but I am for it; I am for providing sufficient jobs through Government action for all Americans.

I have done most of the work on it in public service employment. I started it in 1964 with a \$1 billion proposal. So I have been working on it for 7 years.

PROPOSED EMPLOYMENT PROGRAM UNDER H.R. 1

I would like to know what the administration will support in the way of jobs and I want to know what we can put into the Economic Opportunity Act that won't get vetoed as communal living when it goes up to the President.

Secretary HODGSON. I will pick up the last one.

First of all, I guess I should say I am sure you realize the administration had substantive reasons for doing what it did. However, I have two objectives here today: one is to try to help this committee get at the objective it is after here; and the second is not to make it more difficult for my working with Senator Nelson in getting a new manpower bill.

Senator NELSON. Don't worry about that. [Laughter.]

Secretary HODGSON. In addition to other public employment programs, including the youth programs, and programs for older workers and the so-called public employment program under EEA, the administration in H.R. 1 has proposed a public service employment program with an authorization in the first year of not more than \$800 million.

Senator NELSON. \$100 million?

Secretary HODGSON. \$800 million for the first year for public service employment under H.R. 1. Probably the number of people that would be served by that would be around 200,000. Of course, that would depend on how long they stay on.

Senator NELSON. Say 200,000 because you are expecting each year to be a turnover?

Secretary HODGSON. Within the year.

Senator NELSON. You are only talking about 200,000 people and \$1 billion?

Secretary HODGSON. Better than that. The \$800 million would result in 200,000 people receiving jobs under the public service employment component.

Senator NELSON. So, for the first year you are saying an additional \$800 million of public service jobs over and above what is being expended under the current bill, which will reach \$1.2 billion this year? This means \$2 billion; is that what you are saying?

Secretary HODGSON. If you want to add in summer youth programs, you know you have \$1 billion there.

Senator NELSON. I was talking about public service employment exclusively.

Secretary HODGSON. That is public service employment.

Senator NELSON. Yes.

Secretary HODGSON. It all depends on when you add them in and what year. But when you say specifically as part of this H.R. 1 package, that means \$800 million specifically in this welfare bill, over and above whatever else exists will be available for public service employment.

Senator NELSON. You have better sources of information by far than I do, of course. Do you believe that that will, in fact, put any dent in the workfare objective?

Secretary HODGSON. We would not propose it if we didn't think it would do some good. We think what is needed, and that is the way we proposed this, is to have the total service.

I think Secretary Richardson contributed to a great deal of understanding of many of the subjects which have been discussed here when he asked the question, "What is a program?" Almost anything can be called a program.

As far as the Labor Department is concerned, there really are three programs in the manpower sphere: We have the world of people over here and we have the world of work over here. How do we get them together? It takes three things: First, it takes a labor exchange service, some place for the job to come together with the person; and when that comes together several things happen—counseling, referral, outreach, recruitment—all of these kinds of things are part of the labor exchange. Labor exchange is really one kind of program but

there are all sorts of little subprograms depending upon conditions that exist in the place, at the time, the stage of the economic cycle, and the rest of it.

The second thing is with regard to what we do to make sure that when these people come together they fit—training. There are many people in this country who don't have the training needed for what jobs are now open and will be becoming open. There are all kinds of training programs, and combinations and permutations of these that are needed to be put together to make a reasonable fit out of this thing. Each one of them might be called a program and one that might be appropriate for San Diego might not be appropriate for Boston and so forth. One that might be appropriate for 1973 might not be appropriate for 1978 and there might be changes for a service-based economy versus a manufacturing-based economy. There are all kinds of factors.

There is a third thing and that is work experience. Not only do people learn to enter the world of work through training but they are helped in it when they are given some work experience. This provides them not only with income but also with the things necessary to learning about the world of work.

So we have these things: work experience programs, which affect youth, older people, and other people in need. That is, there are special categories of people for special categories of work. Training—all different kinds of training, such as on-the-job, off-the-job, classroom—is also very important.

So when we speak of programs and when you ask how many hundreds of programs are there or how many dozen programs are there or how about these nine programs, really, there are only three basic programs with all sorts of combinations within them. What we are trying to do with the manpower revenue sharing concept is to recognize the fact that since these combinations differ for different needs and different locations over time, the best way to adjust to those differences and meet them is on more of a localized basis.

As the Senator has said that he is delighted with the idea of more localized attention and solutions to this problem, we want to work with him on it. We have not quite found the key and lock that both of us agree on yet, but we hope to do it before the year is out.

Senator NELSON. How does the administration plan to distribute the public service employment funds under H.R. 1? Who will be the sponsoring agency? Is this going to be handled by the Secretary?

Secretary HODGSON. This is under the responsibilities of the Secretary of Labor.

Senator NELSON. Pardon?

Secretary HODGSON. It is under the responsibilities of the Secretary of Labor; nobody else. We have devised no formula yet.

Senator NELSON. So the Secretary will just have \$800 million to dispose of?

Secretary HODGSON. That is the way it is right now.

Senator NELSON. What would be the plan?

Secretary HODGSON. Use it where it would be the most effective. We have got a planning group at the present time of several dozen people working on all the various, different planning components that go into

making workfare start off with at least a running start on the problems that we have. We hope that by the time Congress passes this bill and it becomes effective we will be able to do the job much better than we would have been able to do it without this leadtime. This leadtime is going to be very useful to us.

Senator NELSON. Well, do I understand that you have not made up your mind yet at this stage whether you would deal with this in a revenue sharing program proposal such as—

Secretary HODGSON. It would not be revenue sharing; this is the responsibility of the Department of Labor. This is a particular one that would be on my shoulders or whoever is occupying the Secretary's seat.

There has never been a program that has come from the Congress to the executive branch, where the responsibility is as clear, where the objective is set forth as clearly as this is, to move people from welfare into the world of work, and where the responsibility is as fixed on the Secretary of Labor.

Senator NELSON. It seems to me if the Secretary is going to do it by himself, it runs contrary to the whole concept of revenue sharing.

Secretary HODGSON. It does in this sense: We feel here is an objective so clear, so great and so acceptable to the Congress and generally that it requires a focus on that objective solely. However, it will be supported by localized efforts in revenue sharing.

Senator NELSON. Thank you, Mr. Secretary.

Secretary HODGSON. I should point out that this being a responsibility of the Secretary of Labor does not mean that the Secretary of Labor sitting in Washington is going to be deciding who in Yakima, Wash., is going to be hired. I will be in the position of giving out, in effect, to contractors or brokers the responsibility of doing this but I must do it responsibly.

The CHAIRMAN. Now, Senator Ribicoff had some questions he wanted to ask the Secretary.

Senator NELSON. Mr. Chairman, I have a question on child development. I would like to know what is the design of the child care program that the administration has in mind in H.R. 1 and how it is distinguished from the one that was vetoed and what elements are in it that exempt it from the charge of communal living that was in the President's veto message respecting the child development legislation?

Secretary RICHARDSON. Could we reserve that response?

The CHAIRMAN. If that is a question that Secretary Richardson is going to answer, let us wait until we have disposed of the questions we want to ask of the Secretary of Labor so we can dispose of his part of the program and let the Secretary of HEW have the floor. So, suppose Senator Ribicoff asks the questions you wanted to ask of the Secretary of Labor and then we will finish his part of the program and go on to the rest.

EFFECTIVENESS OF MANPOWER TRAINING PROGRAMS QUESTIONED

Senator RIBICOFF. Mr. Secretary, the 1973 budget provides outlays of \$5.1 billion for manpower programs, an increase of \$849 million

over 1972. Now, the federal outlays for manpower programs have risen \$4.8 billion since 1963. Who has been helped by these programs and have the welfare rolls been reduced thereby?

Secretary HODGSON. First of all, everybody who has received unemployment compensation, and there are millions of people who have received unemployment compensation, are helped by those things; and I suppose you could say that these programs have given a great many people who would otherwise have been on welfare unemployment compensation.

Second, the programs, the training programs themselves, we believe—

Senator RIBICOFF. I think you misunderstood me. I am not talking about unemployment compensation; I am talking about manpower programs, training programs. Unemployment compensation isn't involved here.

Secretary HODGSON. Well, the so-called UCFEX, payment to veterans, unemployment compensation payment to veterans, constitutes a very large part of that, is what I am saying.

Senator RIBICOFF. You mean that \$5.1 billion you say contains unemployment compensation?

Secretary HODGSON. It includes it, yes, for veterans; it is a veterans' program.

Now, the manpower training—

Senator RIBICOFF. I am at a loss here. I have your budget highlights here, special analysis, and it shows \$5.141 estimate, and outside of emergency employment assistance, which is 1.188, does not talk about what you are talking about, manpower revenue sharing, work incentive training, veterans', programs, vocational rehabilitation, employment service, others.

Secretary HODGSON. Well, I suppose I wish we were looking at exactly the same thing.

Senator RIBICOFF. I am looking at the Special Analysis, U.S. Government—this blue book which is a precis, I think, of the entire budget?

Secretary HODGSON. I am afraid that includes other departments as well as the Labor Department, that figure that you have.

But let's take a couple of basic figures. We have been talking here about training programs, the manpower training services, for which the total budget for 1973 is \$1.633 billion. We divide that amount into the private sector on the job, public sector, institutional training, work support, computerized job-placing programs, planning activities, technical assistance activities, labor market information. We would say a conservative figure for the result of that training is that at least 200,000 directly got jobs. So, if you want a tangible figure that is conservative and demonstrable, this expenditure results in that kind of a result.

INEFFECTIVENESS OF THE WIN PROGRAM

Senator RIBICOFF. What jobs did people get from these manpower training programs? You take the WIN program; it is designed specifi-

cally for welfare recipients; it has placed less than 10 percent of your enrollees in jobs; isn't that right?

Secretary HODGSON. Let me try to give you the best understanding that I can of how this operates. I am a new man to public administration. I spent the rest of my career in the people business working at the other end of the line where things are done rather than where things are decided. I have been where, for instance, the on-the-job training program known as JOBS has been placed into effect, where an employer takes large numbers of people on his payroll that he never would have taken had it not been for the financial assistance provided for their training and their indoctrination by the Federal Government.

Without this kind of assistance, these people would never enter the world of work under the traditional job standards of employers.

They came on and, in my experience, anywhere from one half to one-third of them stayed on what I would call a permanent basis. The turnover of that group, because of the assistance they got and the special help they were given, was no greater or no less than the average employee recruited and hired by such an employer.

So there is in these training programs an incentive to the employer to take people he wouldn't otherwise hire. There is also an opportunity for individuals who otherwise would not get a job. You put the two together by some Federal assistance in the form of a financial inducement to one and a financial reward to the other and that is what becomes the bridge between this world of people and the world of work. That is what makes these things work.

You do it in various different ways. In some cases you do it in a strictly classroom kind of operation where on the basis of forecasting one knows that there are going to be certain kinds of jobs open, certain schedules. Therefore, some people go into the classrooms, prepare themselves for these jobs and as these jobs open they are qualified for them and the employer hires them. Had they not had that training they would not have been hired. People do get hired as a result of this that otherwise wouldn't. Employers will employ people as a result of this that they otherwise would not. This is the strength of a manpower program. This is the way manpower programs run in this country; this is the way they run in other countries and this is the essential element of them.

Senator RIBICOFF. Let's get down to the facts. I mean, that is a generalization and, frankly, you haven't told me a thing with that answer.

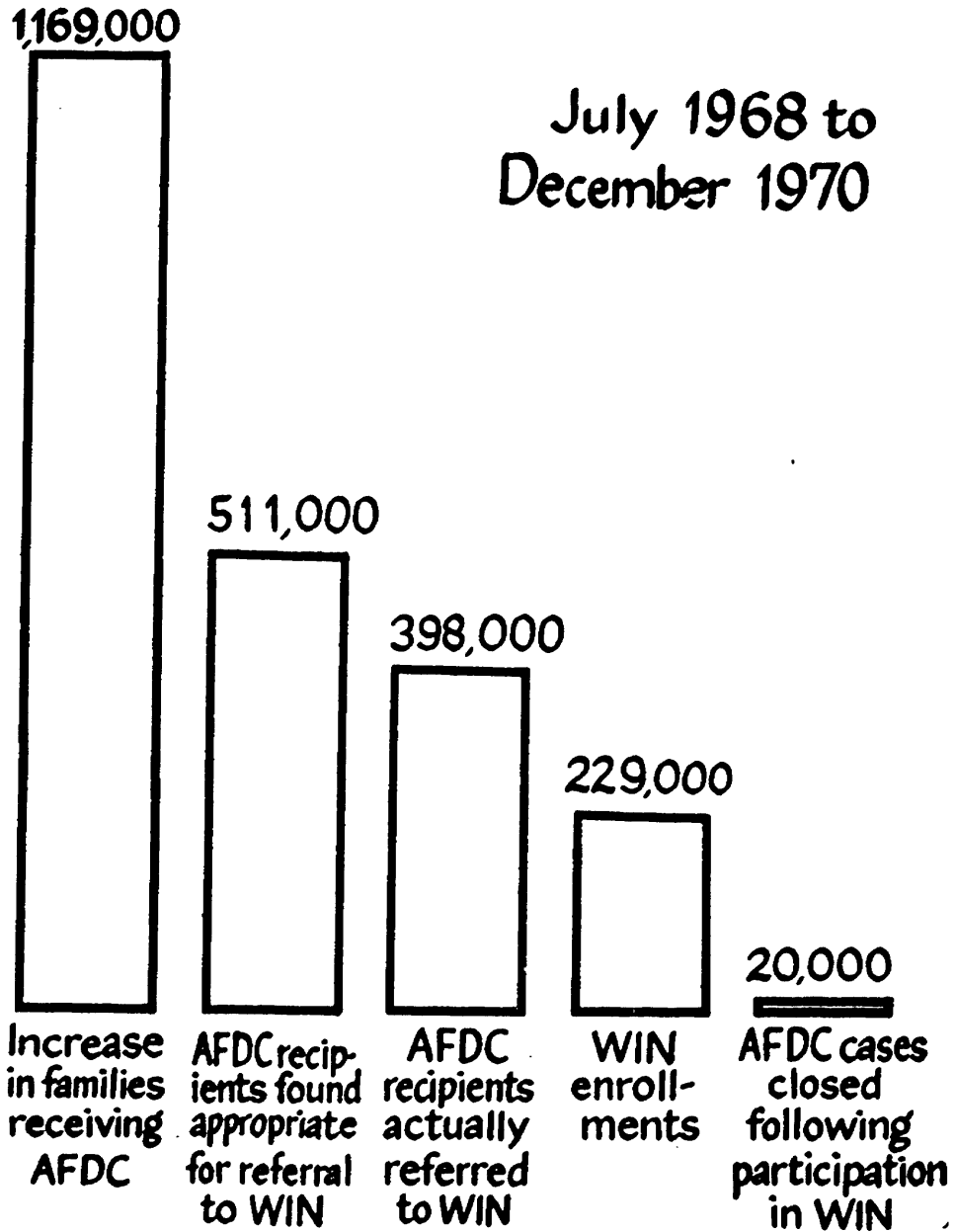
Let me read to you from the committee print of this committee. This is July 23, 1971, and I have a chart here in front of me:

Although the work incentive program was created in the hope that it would be an effective tool in helping welfare recipients to achieve greater economic independence, it has, in fact, had very little impact on the welfare rolls.

As the chart in front of me shows—and I wonder if you would give the Secretary a copy of this—this is the committee print of July 23, 1971.

(The chart referred to follows:)

The WIN Program Has Not Kept Pace with Increases in the Welfare Rolls



Senator RIBICOFF. It shows here that the WIN program began operating and from July 1968, to March 1970, there was an increase in the number of families receiving AFDC of 1,169,000. During the first two and a half years of the WIN program welfare agencies determined that 511,000 fathers, mothers and other persons over age 16 receiving welfare were appropriate for referral for work and training; however, of those determined to be appropriate, only 398,000 were actually referred; and of those referred by welfare agencies, only 229,000, less than one-half of those found appropriate, were enrolled in the work incentive program by the Department of Labor.

Finally, only 20,000 AFDC cases closed within this period were attributable to employment or increased earnings following participation in WIN.

Now, if you start with those figures and end with those figures, you have got a pretty miserable result?

Secretary HODGSON. Well, let's start with the 511,000, the individual recipients found appropriate for referral to WIN. Somebody else does that. The State welfare agencies do that. Then the ones they actually refer to WIN also is up to the State welfare agencies. They don't fall into the purview of the WIN program unless that happens so we start with the universe there as you can see of around 398,000. Obviously all of them did not enroll during this period since there were only 229,000 WIN enrollments.

There are many reasons why. One of the reasons is that because of State matching formulas many States do not choose to participate in this program. In order to increase their participation, HEW and the Labor Department created teams to go around to the various States to induce them to expand their WIN training in order to take advantage of this and to commit more of their resources to it.

They have done that to some degree.

Senator RIBICOFF. Am I correct, Mr. Secretary, while this was a joint HEW and Labor Department proposition, that once you got down to the 229,000 enrollment, it became a Labor Department operation?

Secretary HODGSON. That is correct.

Senator RIBICOFF. On its own and HEW was not in it?

Secretary HODGSON. Yes.

Senator RIBICOFF. That is correct.

You see what is bothering me, and I am trying to pass this H.R. 1 or some modification of it—

Secretary HODGSON. Yes.

Senator RIBICOFF. It is represented that by 1976 you are going to take \$1.3 million off the welfare rolls. Now—Senator Long gets me on the floor, you see, and he pushes me against the wall and he says, "Now, Senator Ribicoff, the Senator from Connecticut says \$1.3 million," and he then waves this at me and all I want to do is not get on that floor and see the distinguished chairman start waving documents at me. I will look pretty damned foolish if I don't have the answers; he will take this and say, "Now, what makes you think this is going to succeed? Here I have got these figures that show from July 1960 to July 1970 we gave them all the money they wanted

and they only took 20,000 people off welfare rolls, and we had an increase of 1.169 million" and I am going to have egg on my face; how am I going to argue that out with the chairman?

Secretary HODGSON. Well, one——

Senator RIBICOFF. And, believe me, don't you think he won't throw that at me; he surely will.

Secretary HODGSON. One of the ways I would answer it, if I were you, is this: I would say to Senator Long, "Senator, you are asking why a lot of people who are freshmen, sophomores, juniors, and seniors in college have not yet graduated." A lot of these 209,000 people are still in the program.

Senator RIBICOFF. You mean from July 1968 to 1972?

Secretary HODGSON. Yes.

Senator RIBICOFF. I would say we are doing a pretty lousy job at it.

Secretary HODGSON. I would like to have Mr. Lovell, who is in charge of this program respond to it more fully.

Mr. LOVELL. First of all, Senator, as you know, one of our reasons for wanting H.R. 1 rather than the WIN program is that H.R. 1 contains many elements which are superior to our current WIN program and which we think can get better results.

Now, secondly, these figures have changed quite a bit recently. The figures here on page 3 of your July 23, 1971, committee print which go from 1.169 million to 229,000 deal with a question of enrollment.

Senator RIBICOFF. Of what, sir?

Mr. LOVELL. Of enrollment. This is limited by the State's willingness to come up with a matching formula. However, this problem has been mitigated by the recent amendment that came out of this committee, and also by the availability of child care.

Senator RIBICOFF. You know—will you supply—you say the figures have changed since the staff supplied this?

Mr. LOVELL. Yes, I can give you that very quickly right now.

Senator RIBICOFF. Does the staff have the changes right now?

Mr. LOVELL. Let me just give you some quick figures and show where we are and it is not a great performance but is better than this.

The 229,000 figure is now 339,236—people who have been enrolled. Of that number 221,372 have left the program either by dropping out for a variety of reasons or by getting jobs.

Now, 66,671 have gotten jobs and that is equal to roughly 30 percent of the 221,372 terminations.

Now, of the roughly 100,000 that remain, they are still in the process; they are the freshmen, sophomores, and juniors. The fact that about 30 percent of the terminees have gotten jobs is not great but it is better than 10 percent. I think that with the amendments and the basic changes in H.R. 1 in terms of the more rigorous registration requirements and the clearer responsibility the Department has for it, we should do considerably better. Certainly we are not going to do 100 percent; I don't think anybody claims that.

COST OF WIN PROGRAM

Senator RIBICOFF. In other words, work incentive training in 1972 cost \$187 million?

Mr. LOVELL. Yes, the cost is estimated to be \$187 million.

Senator RIBICOFF. And out of \$187 million, 30,000 got off welfare—I mean, I am not good at arithmetic—what would that be?

Secretary HODGSON. A lot of them are still in training.

Mr. LOVELL. A lot of them are still in training although we have already placed 66,671.

Senator RIBICOFF. How long, in other words, how long do you train somebody?

Mr. LOVELL. Well, it varies with the individual's needs. It could go from 6 months to a year or for some persons over a year depending on what the individual's situation is. It costs us about \$1,000 for everybody who enrolls in the program, and probably \$2,000 for each person completing the program.

Senator RIBICOFF. Of course, you now have high unemployment so you are getting back to Senator Nelson's original proposition when you take these people on the lowest end of the scale and they can't compete in the labor market with people who are trained, equipped, and who are ambitious, who have got the work ethic; where are you going to put them to work in the private economy?

Mr. LOVELL. I think one of the great disservices that we have performed to the poor of this Nation is categorizing them as disadvantaged. It is true some are; some are drug addicts; some are alcoholics; some are physically sick and some are mentally sick. However, a great many welfare mothers are disadvantaged, only not so much intellectually, but rather, because they have had children early in life before they had an opportunity to get the training and the work experience they should have, and that they want.

These welfare people are, by and large, not lazy. They are not evil people. They are people who are struggling for options. The country has not provided an adequate quantity and what we are saying here is that we want to provide the options to them. Some of them will be compulsory options either to take training or to get work experience in one form or another. Our experience with the WIN program is that the vast majority of the enrollees are eager for these options; they don't want to stay on welfare anymore than you or we want them to.

Senator RIBICOFF. I agree with that, but the thought occurs to me, Secretary Hodgson and Secretary Richardson, as I listen, though, it is a difference between 20 and 60; I think it is important that you supply us for the debate on the floor up-to-date figures. I gather the figures the committee has before us in many instances are 2 or 3 years old, and I am sure things have happened.

Mr. LOVELL. Even a year old.

Senator RIBICOFF. A year old; so I wonder if you wouldn't have your staffs update the material that will be the subject matter of the debates so at least we can talk about what is current?

Secretary HODGSON. We will be helpful in any way we can on it.

(The Department subsequently supplied the following information:)

SUMMARY OF STATUS OF WORK INCENTIVE PROGRAM PARTICIPANTS, AS OF DEC. 31, 1971

	Number	Percent	Percent
Cumulative enrollment.....	339,236	100.0	
Terminations.....	221,372	65.3	100.0
Employed.....	49,766		22.5
Dropout without good cause.....	46,784		21.1
Dropout for good cause.....	124,822		56.4
Current enrollment.....	117,864	34.7	100.0
Occupational training (institutional, OJT, etc.).....	30,523		25.9
Preoccupational training (basic education, work experience, etc.).....	33,027		28.0
Special work projects.....	838		0.8
Job entry.....	16,904		14.3
Holding.....	30,290		25.7
Initial.....	(5,485)		(4.7)
Program related.....	(8,641)		(7.3)
Nonprogram related.....	(6,981)		(5.9)
Awaiting a job.....	(9,183)		(7.8)
In other manpower programs.....	6,282		5.3
Total placements (program completers and job entry).....	66,671	19.7	

Secretary RICHARDSON. Can I just inject one brief point and this is we think a great deal of stress can probably be placed on the point touched on both by Secretary Hodgson and by Assistant Secretary Lovell, which is that the focusing of responsibility. As it is now, it is not only split between Labor and HEW at the Federal level, but also it is fragmented even more at the local level and we think this assurance of continuity and the establishment of accountability can perhaps go farther than any single thing to assure, whatever the level of performance under WIN, a higher level of performance.

In any event, I would like to underscore once more for the benefit of the chairman and other members of the committee that so far as these provisions of the program are concerned, there are no devices from the point at which it is determined that an individual is employable, on from there, on through actual placement of that individual, that we or anyone else, so far as we know, have been able to think of or to suggest that would make any sense, that are not reflected in the bill, and which the Department of Labor would not cheerfully incorporate into it if they are there.

Senator RIBICOFF. Thank you, Mr. Chairman.

The CHAIRMAN. Thank you very much.

Senator Fannin, we were asking Secretary Hodgson the questions we had of him and we are going to excuse him unless you want to ask him a question.

DISCREPANCIES IN THE WAGE RATES

Senator FANNIN. I certainly don't want to delay Secretary Hodgson but I really am concerned about one matter. We are talking about jobs, both what we can do in the local communities and nationwide. In your statement you say: "We must be careful to set the minimum wage at a level sufficient which, while reducing financial need, avoids eliminating jobs of the poor."

I feel from the observations I have made that the Federal Government has done more to raise wage rates at the local level than the States have or the local communities by the Davis-Bacon Act.

Now, don't you think that we set a minimum wage when we apply Davis-Bacon in these local communities?

Secretary HODGSON. The Davis-Bacon Act does not reflect a wage created by the Government; but it authorizes us to go into a local area to find out what wage is paid on a prevailing basis in that area and then places that wage as the appropriate wage for payment by contractors who are bidding on Governmental contracts.

Senator FANNIN. I wish that were true.

Secretary HODGSON. Just a moment, Senator, I want to get on to what I think your point is.

Senator FANNIN. All right.

Secretary HODGSON. The trouble is that local areas mean different things to different people. For instance, if there is a building or construction project going up 75 miles from the nearest location where something else is being built, maybe the wage that the Davis-Bacon people have to find is a wage that is 75 miles away and is a totally different labor market. We are trying to minimize this kind of thing. We have asked for \$1½ million more and received \$1½ million more from the Congress this year so actually make field investigations in order to make the wage realistic so that it does not change but rather merely reflects local wage patterns.

Senator FANNIN. I wish you well, Secretary Hodgson. I certainly understand your goals but I still feel this is the greatest detriment we have to providing jobs for our people. You will admit that the wages paid on construction jobs are also reflected in the wages paid in other industries, even in manufacturing and people are certainly not going to be satisfied with a low wage rate for a skilled job. I will give you a good example.

Tucson, Ariz., and that is not an isolated area but one of the machinists at the aircraft plant there received \$3.90 an hour. His young son, working on a highway construction job under Davis-Bacon waving a flag and telling people which way to go, receives \$5.40 an hour. Now, there just is no justification for that and this man at \$3.90 an hour is very dissatisfied.

A more extreme case, and while I say it does not reflect all local areas, is at Page, Ariz. I was there with Secretary Morton visiting with some of the local people, and they said, "Well, we can't hire people here because a laborer at the plant gets \$7.20 an hour." Just a common laborer at the powerplant.

Senator RIBICOFF. Where was this?

Senator FANNIN. Page, Ariz., and this is damaging to the economy. We have all these jobs going offshore, going overseas, and we don't have jobs for these people, regardless of how well we train them, if the job is not there and it is not going to be there, don't you think we are certainly guilty of not taking action that should be taken?

I commended the President when he rescinded Davis-Bacon but then it went back on and I certainly was very unhappy about it. I think it is one of the most damaging programs that we have in this country. I don't want to delay action. I want to talk more about that; I will

do it at a later time, but I just wanted to question you on that because I think it is very detrimental to our economy.

Secretary HODGSON. I think it is generally thought that wages in the construction field have accelerated beyond those in most other areas and that was the reason, of course, for the President placing into effect last April a wage stabilization program for the construction industry. That did in fact start bringing those things down very markedly.

The CHAIRMAN. Thank you, Mr. Secretary.

Now, Senator Byrd is recognized. He has some questions of the Secretary of Health, Education, and Welfare.

Senator NELSON. We had a pending question for the Secretary of HEW in my questioning that we set aside in order to get Secretary Hodgson to answer; is that correct?

The CHAIRMAN. Will you yield for that, Senator Byrd?

Senator BYRD. I will yield for that.

Senator NELSON. I have to leave and I had given up my position to Senator Ribicoff in order that he might question Secretary Hodgson before the secretary had to leave but I had not finished my questioning.

The CHAIRMAN. You have the floor; go ahead and ask it.

CHILD CARE UNDER H.R. 1

Secretary RICHARDSON. Mr. Chairman, Senator Nelson, I would be glad to address briefly the points raised by Senator Nelson with respect to child development and, if I have not adequately responded, I hope you will return to the question.

Essentially the Administration has proposed the coverage of day care services in H.R. 1 because it is not feasible to expect the mother of school-age children to be able to accept a job unless some provision can be made for her children in after-school hours.

We do not under the administration's recommendations for this legislation, propose that the mothers of pre-school children be required to register for work, although when they are on welfare and wish to work, we would want to have day care services available for their pre-school children to the extent that these day care services can be funded.

Now, one very important point needs to be stressed because there has been a great deal of misapprehension about this, and that is for pre-school children we believe that the day care services in question should have a substantial developmental component, that is, in other words, that they should be something more than merely custodial. There should be the opportunity to screen the children in order to identify remedial health defects, for example, and the people who stay with the children, for whatever number of hours they are in day care, should have some degree of training. We recognize that the people who will need to be called upon for this service will, to a large extent, themselves be welfare mothers but we believe it is possible to provide a degree of training that can make them capable not only of being good mothers in caring for their own children but in working effectively in taking care of a group of children.

Dr. Zigler, the head of the Office of Child Development, has been working particularly toward the creation of the role which he referred

to as child care associate who is someone who has not completed merely academic requirements but who has had some training and demonstrates the capacity to work effectively with children.

Now, we recognize further that a large part of the problem at the outset will be simply the creation of sufficient numbers of day care facilities for the children of welfare mothers who want this service, and so as we visualize the pattern of administration of this bill, the Department of HEW through OCD would be charged with working with the States and local communities to try to stimulate the development of quality day care services for children. The Department of Labor would become a purchaser of day care services for families where a mother is placed in employment through the set of work-related provisions we were discussing a little while ago.

The total amount of money that would be added to Federal day care services under this legislation in addition to what we would otherwise be spending is \$750 million. Of that \$50 million would be for alteration, remodeling and construction to create new facilities, and the balance of the \$700 million would be to pay for day care slots.

It is estimated that of the total of 875,000 slots that could be funded, 291,000 would be for pre-school-age children and 584,000 for school-age children.

Now, to underscore the fact that we are not talking about merely custodial services, in calculating the number of slots that could be paid for with this \$700 million, we have used the current level of expenditures for Headstart, which is also administered by OCD, the reason why that average full day figure of Headstart is \$1,600 per child per year.

In the case of the school-age children, of course, it is not expected that they would be having full day care. I might add parenthetically that one of the things we are most interested in is working with the schools and looking at the opportunity for the funding of day care services for school-age children through this legislation as a tremendous new opportunity for development of what are essentially delinquency prevention programs, not in the sense we are dealing with delinquent children and other children on a different footing but recognizing that after-school hours can be made more constructive for the development of the child in many cases where a mother is at work and no one else is at home, than they often are now.

So the question then comes, all right, if the administration is prepared to seek \$750 million in new money for day care under this legislation, added to \$360 million under Headstart, a hundred million dollars under title IV-A for the matching of social services brings us to a total of a billion two in Federal funds, plus additional amounts under the income disregard provisions of H.R. 1, and still further amounts under the tax deduction provided for in this bill. If we are willing to support all that, what was the veto about?

That really came down to three points: First of all, there was the concern that moving into a large-scale program of Federal subsidy of day care services we simply would not be able to deliver in development of such services and the staffing of day care centers, and in finding the amount of money required for subsidy of day care services for significant numbers of families over and above welfare families, so that we

could, we were not in a position to, in effect, follow through on the implied promise of the legislation.

The second concern was that legislation in the form that finally reached the Government called for the Secretary of HEW to deal directly with prime sponsors who could be communities of as small as 5,000 people. And we estimated that the Department would be dealing with somewhere between 7,000 and 9,000 individual prime sponsors. We had found that even in dealing with 1,300 or 1,400 or whatever the number is under Head Start that this is unwieldy and there needs to be a layer of intermediate responsibility which we argued should be the State or at least a large city, and that was point 2.

The President referred in addition to the impact on the family and it was somewhere in here that communal living or something like that, I do not have the language here, was referred to. I think what the President was saying in effect was that he is prepared to urge that the Federal Government expand its commitment for developmental day care services for the children of welfare mothers; he is prepared to continue the Headstart program and to support the subsidy of day care or indirect subsidies of day care centers with an income tax deduction; but that he thought it was premature to enact legislation which seemed, in effect, to mandate the creation of a national network of subsidized day care services for all children, in a sense almost undergirding or paralleling the public school system and implying a conclusion that we are clearer about the objectives and contributions of this total combination of services than we really were, and this, I think, is what it amounted to.

He was not saying that with respect to the specific needs of families in which there is a mother now dependent on welfare but who could work and who would work if day care services are provided for her children we should not go into that, on the contrary we should, but that to generalize from where we are now and to the extent of saying we are prepared for the creation of a total national network was an additional step he did not feel we were ready to take, especially since in any event to have signed legislation implying that we were going in that direction when we could not fund it anyway, would in itself have been a misleading step.

Senator NELSON. Well, of course, I do not quarrel, I will not differ, about how large a program ought to be. The authorization was about, slightly more than twice what the administration itself is talking about, is that correct?

Secretary RICHARDSON. I am sorry, what was slightly more?

Senator NELSON. The authorization as everyone knows, is another matter than the appropriation, the appropriation is always less, substantially less, but in any event, the authorization was twice as much as what the administration was prepared to support itself.

Secretary RICHARDSON. That is true, Senator Nelson. But it is fair to say this presents a problem in itself because, and indeed, I do not want to overstate the point, we, even under H.R. 1, in saying that we are prepared to provide support for day-care services for the children of all mothers who register for work and who go to work under this program and, therefore, are absent from the home, would have to spend ultimately a lot more than \$750 million. I have forgotten

exactly what the figure is but it is a lot of money, it runs into billions of dollars, and so the commitment is in a sense there already under this legislation.

Now, under the vetoed bill irrespective of the actual level of authorization, the problem arises out of the size of the universe of families and children who are in effect declared in principle to be eligible, and so in a sense, therefore, irrespective of the authorization level if it is not enough, what you are saying in substance is, or the government would be, there are 10 percent or 15 percent of the eligible children whom we can afford to reach.

I must say that I am increasingly bothered by the circumstance that is presented again and again in the program we have in HEW, that we are reaching a fraction of those who are in principle eligible, and so we were already in trouble enough in effect in terms of the rate at which it would be necessary to expend services and funds in seeking to reach the children of welfare mothers without correspondingly taking on a still greater burden that we saw no short-range opportunity to carry.

Senator NELSON. Do I understand that the administration position is that only welfare parents, almost exclusively mothers in this case, only the children of the mothers who come under the work-fare provisions of the bill are in fact to be entitled to have their children in the development centers that the administration supports. In other words, there are to be no blue collar workers, no slightly above poverty groups who are eligible at all under the administration proposal?

Secretary RICHARDSON. Well, there would be nothing in this approach that would limit eligibility for the participation of the children in the center. Our role through the Office of Child Development would be to stimulate the development of day care centers offering as good services as possible within the range of the kind of expenditures more or less that are now common to Headstart. But we would not be running the centers and we would not be laying down standards of eligibility for participation.

But with respect to the availability of funds for the subsidy of services, the only fair answer is that we would have to concentrate our funds for the foreseeable future on the subsidy of day care services for welfare mothers except to the extent that they do go to work and the income disregard itself provides a transition under H.R. 1.

As you are aware, I am sure, apart from the availability of free care services the amount paid by a family for day care is disregarded before you determine the level of income as a base from which to calculate benefits, and further there would be an element of support through the new availability of the tax deduction. But I just do not see where the money is coming from in the short run to subsidize any significant number, I would not say none, but any really large number in the band between the welfare mothers and some other level except via the deductions.

Senator NELSON. If you do not have some schedule, starting as we did in the bill, some schedule like that which we discussed in detail and I understood you approved—we accepted your figure of \$4,300 and then started a fee schedule above that—if you are not going to subsi-

dize participation for families above the poverty level, \$4,300, then families making \$4,400 are better off to go on relief than they are holding a job because on relief they will get their children taken care of for nothing, and net out a whole lot more money than if they would be good, hard-working citizens. Is that not the notch problem you have got if you do not scale it up?

Secretary RICHARDSON. I think you can handle the notch problem for a range that involves some transition between free care taking into account the income disregard, and the charging of fees.

What I am saying is, yes, I think that in principle with respect to all free services, whether housing or day care or food or anything else, medical care, as this committee's hearings have earlier demonstrated, there should be a phaseout and in the case of day care the problem is the problem of the availability of funds, and I think what we have to anticipate is that for a lot of mothers with children there would be a period in which the primary availability of resources would have to go to the mothers who are, in effect, directly helped to become employed.

Senator NELSON. Well, if I understand you correctly, Mr. Secretary, the administration child care proposal would have the elements of the Headstart program, at least for the preschool children, a good Headstart program which includes health services, nutrition and education; that it would have a scale of subsidies above the poverty level for participation by people who are either poor or near poverty but not on welfare, and the amount of money involved is half, slightly less than half, of what was authorized in the bill that was vetoed. If my understanding is correct, I do not get the philosophical distinction between your proposal and the congressional proposal that was vetoed.

You might say well, we just do not want to spend that much but I cannot quite discern—you see, we sit here as legislators and it is a very difficult problem when the President of the United States attacks a bill as a communal program that is un-American and then my mail comes in. We in Congress are attacked for passing a measure and then the administration is supporting a proposal which, if I understand you correctly, is philosophically just exactly the same as the one the President attacked.

Now, it is very difficult in important legislative matters to expend great effort and months and months of time and then find out the administration in fact supporting what they have denounced in a veto message. I did not think that you wrote the message, I did not think you would do anything as foolish, but I think it has got to be called to the attention of the public that the administration cannot have it both ways, continuing here saying: "We are for a program which is a good Headstart program", but the same program is communal living when passed by the Congress. This is the box the President puts the Congress in and this is one reason the administration runs into difficulty here, vetoing bills and then attacking them on philosophical ground when philosophically the President is supporting exactly what we passed. I might say that I do not blame the President. I know he did not understand the bill. There is no way he could have understood it and signed that veto message. But to have somebody

over there in the White House writing messages making philosophical attacks pulled right out of the John Birch Society literature, to have mail pouring in in response to that attack, and then finding the President supporting the same philosophical position in H.R. 1 that he attacked in S. 2007 is not only disgraceful, it hampers the whole legislative process and the President's whole legislative program.

Secretary RICHARDSON. All I can say, Senator Nelson, is that I think the President did understand perfectly well what he was doing, No. 1. The veto message itself specifically dealt with the provision for a day care coverage under H.R. 1, and reiterated his support for it. He referred specifically also to the recently enacted provisions of the deduction for day care services.

The administration's position all along, as I think you know, was essentially that we could support a piece of legislation which would form a sort of underpinning for the present kinds of support of day care services or present or proposed kinds of day care services, needs for day care services that we were prepared to fund under Headstart, under title IV-A of the Social Security Act and under H.R. 1 itself. The only basis for introducing a philosophical judgment was, as I said earlier, under the heading of the question should we, in effect, develop broad legislation which seemed to be creating a Federal charter for a national network of day care centers which under the legislation looked as if they were going to be promoted federally in accordance with some kind of a Federal model, and he said, in effect, that he did not think that we were ready for that step.

I think you can justify the one side saying, given the rate at which the welfare rolls have been rising, given the costs, given the crushing burden that this in turn has imposed on State and local government, and the Federal Government itself, we have got to get a grip on that problem. That in turn means we have got to find ways of encouraging people on welfare to work, and if they are mothers with children we recognize that you cannot do that unless there is some provision for their children, so we are prepared, therefore, in these circumstances to enter into this kind of a thing on the scale necessary without implying that there is a Federal role in effect stimulating the development of a total national network of children development services. That is not to say it is not a good thing to see this process continue but that aside from the areas in which it is necessary for the Federal Government to be directly concerned, as in the case of welfare mothers it ought to be a process that evolves more slowly and without that degree of direct Federal intervention.

Senator NELSON. But, Mr. Secretary, the distinction seems to me very fine. The administration is supporting a Federal role in a child care program which is not custodial, which applies to all the people under the workfare program, plus an additional group above that, as you stated a few moments ago, so we are talking philosophically about the same thing.

Now, if the President's message had said that this is just a bigger program and goes farther at this time than we want, this program would take in that whole spectrum of blue collar workers—the middle American that the President has been talking about and has been so concerned about—those from \$4,300 up to \$9,000, who would also like

a chance to have their children in those centers, if the President said that the program was just too big or too expensive that would have been fine.

However, we are in a political atmosphere and when the President of the United States charges communal living, bringing up the specter of some kind of communism or something else, we are all adults here, we know what that means. We know it means violent outbursts by people, and I can show you my mail, and so this creates a very tough problem.

Philosophically the President is in much the same position on child care as he was on public service employment. The President used an Orwellian speech in his veto of public service employment in December 1970. He called it a dead end job bill when it was not, and then he signed public service employment in July. He raised the specter of "dead end" jobs. Well the bill he vetoed had better provisions for assuring that jobs would not be "dead end" than the one he signed—and now boasts about.

If you want to charge there is communal living involved in day care it is involved only in the administration bill. Because this is a bill which is going to say to a welfare mother, "You must put your children in that center." There was no compulsion in the bill the President vetoed, but this one is going to say to a mother for the first time in the history of this country, "You either take that job and put your kid in the child welfare center or we will deprive you of food for you and the child." This is the first time the Government has engaged in a compulsory program, advocated and supported by the President and this administration and many people in this Congress, to say to a mother, "You are going to put your kid in that center." If communal living is an apt description it applies to the administration bill and not to the one he vetoed.

Secretary RICHARDSON. I think, I cannot recall precisely what the language was, and the only bearing, as I said, of the third of the three grounds on which the President vetoed the bill, had to do rather with the question of what at this stage should be the Federal commitment with respect to the development of a national system, and you know, all hard questions are questions of degree, and the question, of course, from the beginning and in this bill is that, is it reasonable to require a mother at least of school-age children to register for work if her family and she are supported by welfare payments?

Now, there are good arguments to be made against doing this and this committee has heard such arguments, but we have been persuaded that it is fair, given the fact that the reason other people, by and large, are not dependent on welfare is because they are working. Many of the families are not dependent on welfare because the mother is working. So we concluded that it was fair to require the mother of schoolage children to register for work and accept a job if the job is available, and to help her in those circumstances by providing day care services.

Now, there is involved an additional step for the Federal Government to say, "We will undertake leadership in creating a total national network of day care services." In the first instance the Government is a purchaser of services through the Department of Labor for the

children of welfare mothers. In the second case the Government is the organizer and developer through a network of several thousand prime sponsors of a total national system, and the President's philosophical compunctions about the second step were such that he did not think we were ready to undertake it, even though he felt that it is reasonable and fair to expect welfare mothers of school-age children to register for work, and so on.

Senator NELSON. Well, I do not want to prolong this discussion longer. Mr. Secretary, if the argument had been made in those terms in the veto message itself, I would certainly concede it is a perfectly valid argument and reasonable people can come to take either side of that argument. My quarrel was with the implication that somehow or another some strange un-American philosophical doctrine was being introduced here when, in fact, the concept of the two proposals is exactly the same, except that there is a great measure of compulsion in the administration proposal. I have never seen any such compulsion in welfare legislation nationally—in some Southern States, perhaps, where they just go starve to death or walk north—but I have never seen it in any Federal legislation.

I might point out that H.R. 1, as the Secretary knows, does not stop at 6 years of age. By 1974 the requirement is that mothers with children down to age 3 put those children into a child care center whether she wants to or not.

Secretary RICHARDSON. Well, I do not want to prolong this, either. I have said the best I can of the rationale of the President's position.

Just on this last point though, as I have said to the committee before, I do not support that provision of the House-passed bill. We would prefer to see the bill remain with a work requirement attaching only to mothers of school-age children without dropping the age to 3 years.

Senator NELSON. Well, thank you, Mr. Secretary. I might say that you would have written a message that would have made more sense. You do not have to comment on that.

The CHAIRMAN. Senator Byrd.

FEDERAL BUDGET DEFICITS

Senator BYRD. Thank you, Mr. Chairman.

Just a couple of brief questions but first, Mr. Chairman, I would like to make a brief comment and ask that the comment be placed along with the colloquy that I had with the Director of Budget and Management this morning.*

NUMBER OF HEW EMPLOYEES

Now, Mr. Secretary, how many HEW employees do you have now?

Secretary RICHARDSON. It is about 107,000 now.

Senator BYRD. I beg pardon?

Secretary RICHARDSON. We have here a tabulation which I would be glad to offer for the record showing the total HEW appropriations figure, employment figures by employment levels for 1971, 1972 estimated, and 1973, together with the proposed changes that we

* See p. 54.

would bring about through reductions in this year and proposed transfer of Federal employees. With the chairman's permission, these could be inserted in the record at this point but I would be glad to testify about it.

Senator BYRD. I would just like to ask more specifically, how many employees did you have on your rolls, HEW rolls, as of January 1 or December 31, any way you may keep it.

Secretary RICHARDSON. These are estimated, these are figures for the end of the fiscal year in question. For 1971 total full-time permanent positions at the end of the fiscal year were 104,284. For the end of this fiscal year they are estimated at 102,053, but this total includes or takes into account the proposed transfer of St. Elizabeths Hospital to the District of Columbia that would account for 3,960 employees.

For next year, the end of fiscal 1973, total projected employment are 99,491, as of June 30, 1973.

Senator BYRD. For fiscal year 1971 at the end of that fiscal year you had 104,000; is that correct?

Secretary RICHARDSON. Yes.

Senator BYRD. Now, when I sought these figures last year you submitted a table but part of the table dealt with authorized spaces, or whatever you call it, and not actual number of persons. Now these, I want to be clear, 104,000 are actual number of persons that you have employed; is that correct?

Secretary RICHARDSON. Yes; that was total full-time positions. We had other employment which included summer interns, things like that.

Senator BYRD. 104,000 full time.

Secretary RICHARDSON. Yes.

Senator BYRD. Thank you, sir.

RE MOTENESS OF BIG GOVERNMENT

Now, on page 12 of your statement today in the conclusions you say, "There is no denying that more and more citizens are becoming more and more distrustful of our Government."

I certainly agree with you, Mr. Secretary, in that regard, and I think it is a very tragic situation really. As I get around a bit, I find that more and more citizens are becoming distrustful of the Government, and more and more citizens are becoming concerned about centralization of power here in Washington. I think more and more citizens are becoming concerned at the lack of consideration which the individual is receiving at the hands of Government.

I know you attribute, you give as one example of that, disparity between authorizations and appropriations, and perhaps that does enter into it. I do not think the average citizen knows much about the difference between authorizations and appropriations but anyway, that is an example you cited. But I am inclined to think there is a greater reason for it and that is what I mentioned a moment ago that so many people feel that this Government has gotten so impersonal, and I am not singling out this administration, I am not partisan about it at all, but the Government has gotten so impersonal and so huge that the individual has little chance and the local communities have little chance.

CAMPBELL COUNTY SCHOOL SITUATION

Now, Mr. Secretary, on February 4 I had hand-delivered to your office a letter from me but is dealt with a letter which I had received from the division superintendent of Campbell County school system.

But, before getting into that, I would like to ask you this: If charges are made against the school board or against a superintendent or whatnot by HEW, is it the policy of HEW to supply the school board—if it should be the school board—with the specific charges? Is that the policy?

Secretary RICHARDSON. Let me just say briefly, Senator Byrd, that I entirely agree with your observation about the remoteness of big government, and the feeling on the part of citizens that their voice is not heard, they are not considered as an important feeling in people about the Government in general.

As to the school situation, I am not sure what you mean by charges. In any event, if we have any problem with the school system they are entitled certainly to know what that problem is.

Senator BYRD. That is what I was coming to.

Secretary RICHARDSON. If you are talking about a problem with the Office of Civil Rights or with the Office of Education that involves a desegregation plan under the Civil Rights Act, part of the problem maybe, and I am only guessing, that we often are in a situation where we call to the attention of the school system what looks to us like prima facie problem which, as we read the cases requires some corrective action.

Senator BYRD. It is your policy, I would assume, to submit any facts pertinent thereto.

Secretary RICHARDSON. Absolutely; yes. Sometimes, though, school boards think we ought to go beyond this and tell them specifically what to do about it and we usually try to say: "No, with regard the responsibility of developing a plan for you, the problem is yours."

Senator BYRD. Let me ask you this: Does HEW have the power to order reinstatement of backpay for an employee who has been dismissed by a school system?

Secretary RICHARDSON. We may, yes; under the Civil Rights Act and on proper showing. We cannot do it without establishing that there was discrimination.

Senator BYRD. Well, I think I would like to read into the record, and I was hoping I might have gotten a reply from you to my letter, and I express the hope now that perhaps you will have your office look up that letter, it was hand-delivered on Friday, February 4th.

Secretary RICHARDSON. We will do that, and we would be glad to get it to you as soon as we can.

Senator BYRD (reading):

My Dear Mr. Secretary, my assistance has been sought by Mr. G. Hunter Jones, Jr., Division Superintendent of the Campbell County, Va., school system, with regard to demands placed upon him by Dr. Eloise Severinson, Regional Civil Rights Director for region III. A copy of Dr. Severinson's letter to Mr. Jones is enclosed.

Dr. Severinson's letter directs Campbell County to re-employ, with backpay, a teacher, who, school officials state, was dismissed for cause.

I want to interpolate here and say that in communicating with you on this and other issues these are not my allegations, I am passing on to you allegations made by responsible officials in a particular county.

Mr. Jones, in correspondence with me, said that:

"Mr. Oswald Merritt, a fifth grade teacher at the Altavista Elementary School hit a child with a plastic hose on January 29, 1971, which resulted in the parent seeking medical attention from the family physician, who was chairman of our school board at the time. The board was scheduled to meet that same evening, and the matter was brought to the board by him. The teacher was suspended by the board, and after hearings by the board, the teacher resigned."

End quote from Mr. Jones' correspondence to me.

I continue my letter, Mr. Secretary, to you:

An investigation was conducted by region III HEW personnel during September 1971, but Mr. Jones writes me that Dr. Severinson has refused to provide the Campbell County School Board with specific charges of any of the complaints against it.

In view of this, would you submit to me, if you will not give it to the school board, would you give it to me, the facts upon which Dr. Severinson justifies her assertion that Mr. Merritt was not dismissed for good cause?

Further, Mr. Secretary, not even the Equal Employment Opportunity Commission has the power to order the reinstatement, with backpay, of an employee, yet Dr. Severinson has taken this power upon herself. On what legal authority does Dr. Severinson base that demand?

Have you, as Secretary of Health, Education, and Welfare, been informed that this teacher was dismissed by the school board for beating a child?

Do you not agree that this is a case which your office, not necessarily you personally, but your office, should investigate?

I have protested Dr. Severinson's harassment of Virginia school officials in the past, and I await your reply as to the course of action which you intend to take in regard to the Campbell County case.

I am having this letter hand-delivered to your office.

Now, the last time I took a matter up with you you considered it to be harassment. Well, these are not my allegations. Previous allegations were not my allegations. I had complaints from Nansemond County in eastern Virginia, Isle of Wight County, Accomack County, which is on the eastern shore separated by 19½ miles from the mainland, Amherst County, Albermarle County, the County of Thomas Jefferson, Charlotte County, now Campbell County near Lynchburg.

In all of the complaints they deal with the same group of individuals and the same office within HEW. I do not say who is right but I think these school boards have the right to have the facts submitted to them so that they can know on what the complaints are based.

It seems to me, too, if when an office of HEW without giving the facts to the school board, according to the superintendent, I cannot verify this, but he is a responsible man and I am going on his record, when the school board is ordered to reinstate with backpay a teacher who has used a rubber hose on a child, then I think that it is a matter that ought to be looked into rather carefully.

I will say again, I think the people have reason to have concern, and as you expressed it, more and more citizens are becoming distrustful of our government. I think that these instances that I have written you about, particularly this last one, is another reason why they are becoming distrustful.

Now, so far as harassment is concerned, of course, it was not my thought that I was harassing the distinguished and able Secretary of Health, Education, and Welfare.

I did feel that as a U.S. Senator, that I should bring to your attention some of these grave matters and I think it is a grave matter here, in regard to Campbell County. I want to emphasize again, I am relying so far as the facts are concerned, I am relying on the superintendent of schools.

I know Campbell County well. I spoke in Campbell County just a week or so ago.

I get around Virginia a great deal, and I keep in close touch with the people of Virginia, and so long as I have the responsibility of representing the 5 million people in Virginia, then I feel I have the responsibility, even though it may be called harassment, to present the facts to the top people in government, those who are the only ones who can act when their subordinates are being accused of improper actions.

I would certainly hope that the Secretary would be willing to reply to my letter, not as Senator Byrd but as a representative of 5 million Virginians and I would hope that you would have an opportunity to promptly reply to my letter.

(The letters referred to follow:)

U.S. SENATE,
Washington, D.C., February 4, 1972.

HON. ELLIOT L. RICHARDSON,
Secretary of Health, Education, and Welfare,
Washington, D.C.

MY DEAR MR. SECRETARY: My assistance has been sought by Mr. G. Hunter Jones, Jr., Division Superintendent of the Campbell County, Virginia, school system, with regard to demands placed upon him by Dr. Eloise Severinson, Regional Civil Rights Director for Region III. A copy of Dr. Severinson's letter to Mr. Jones is enclosed.

Dr. Severinson's letter directs Campbell County to re-employ, with back pay, a teacher, who, school officials state, was dismissed for cause.

Mr. Jones, in correspondence with me, said that:

"Mr. Oswald Merritt, a fifth grade teacher at the Altavista Elementary School hit a child with a plastic hose on January 29, 1971, which resulted in the parent seeking medical attention from the family physician, who was Chairman of our School Board at the time. The Board was scheduled to meet that same evening, and the matter was brought to the Board by him. The teacher was suspended by the Board, and after hearings by the Board, the teacher resigned."

An investigation was conducted by Region III HEW personnel during September 1971, but Mr. Jones writes me that Dr. Severinson has refused to provide the Campbell County School Board with specific charges of any of the complaints against it.

In view of this, would you submit to me the facts upon which Dr. Severinson justifies her assertion that Mr. Merritt was not dismissed for good cause?

Further, Mr. Secretary, not even the Equal Employment Opportunity Commission has the power to order the reinstatement, with back pay, of an employee, yet Dr. Severinson has taken this power upon herself. On what legal authority does Dr. Severinson base that demand?

Have you, as Secretary of Health, Education and Welfare, been informed that this teacher was dismissed by the school board for beating a child?

Do you not agree that this is a case which your office should investigate?

I have protested Dr. Severinson's harassment of Virginia school officials in the past, and I await your reply as to the course of action which you intend to take in regard to the Campbell County case.

I am having this letter hand-delivered to your office.

Sincerely,

HARRY F. BYRD, JR.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE,
OFFICE FOR CIVIL RIGHTS,
Philadelphia, Pa., January 11, 1972.

Mr. G. HUNTER JONES, Jr.,
Superintendent, Campbell County Schools, Rustburg, Va.

DEAR MR. JONES: Members of my staff visited your school division during the fall of 1971 in response to a complaint of racial discrimination against the school board, filed by Mr. Oswald Merritt. As you may recall, the inquiry was conducted under the authority of the Emergency School Assistance Program.

During the visit, certain information was requested, most of which you have supplied. This office has now completed a careful analysis of that data and the information gathered by the review team during the course of the visit.

It is our conclusion that the circumstances surrounding the dismissal of Mr. Merritt support the allegation of racial discrimination in the dismissal. This action appears to be a violation of Assurance "E" of the ESAP regulation, Section 181.6 (a)(4)(v) which states that "staff members of the local educational agency who work directly with children and professional staff of such agency who are employed on the administrative level, will be hired, assigned, demoted, dismissed, and otherwise treated *without regard* to being members of minority groups."

During the review, my staff members investigated two additional complaints of racial discrimination. The cases were those of Mrs. Geraldine Clark and Mr. Donald Thomas. Both cases appear to have been examples of racial discrimination and constitute violation of the above mentioned Assurance.

In order for your school division to comply with the assurances governing the ESAP Program, the following actions will be necessary:

1. The division should immediately re-employ Mr. Merritt as a professional at a level at least comparable to that of a classroom teacher.
2. The division should award compensation to him for salary lost as a result of the board's dismissal action.
3. The division should offer re-employment and award compensation to Mrs. Clark and to Mr. Thomas for expenses and loss of salary incurred as a result of the denial of employment.
4. The division should establish a positive program of nondiscriminatory employment at all levels of responsibility.

Please advise this office within 15 days after receipt of this letter of your intention to initiate corrective action in these matters.

Failure to do so will leave our office no alternative other than to recommend that certain administrative actions be initiated to assure such compliance.

Sincerely yours,

ELOISE SEVERINSON, Ph. D.,
Regional Civil Rights Director.

Secretary RICHARDSON. By all means, Senator, I welcome your bringing the matter to my attention, and we will follow it up. I am sure it is being followed up but I will make sure that you get a reply promptly.

On the face of it, certainly the school system is entitled to any information we have as to whatever we believe to have been violations of the Civil Rights Act in any respect, and certainly it is equally clear on the face of it that we do not propose to require reinstatement of anyone who is genuinely discharged for cause. And so, we will pursue it promptly and if corrective action is indicated we will certainly take it.

Senator BYRD. I thank you, Mr. Secretary.

I would assume that HEW would have to submit evidence that the individual was not dismissed for cause. I know nothing about the individual at all.

Secretary RICHARDSON. Well, I would put it the other way around. We would have no basis for concluding that there had been discrimination in a situation where the evidence showed a basis for a dismissal for cause.

Senator BYRD. Thank you, sir.

Thank you, Mr. Chairman.

Secretary RICHARDSON. Thank you, Senator.

(Senator Byrd subsequently made the following statement on the floor of the U.S. Senate:)

[From the Congressional Record—Senate, June 1, 1972]

DEMAND OF HEW FOR REINSTATEMENT OF DISMISSED CAMPBELL COUNTY SCHOOLTEACHER

Mr. HARRY F. BYRD, Jr. Mr. President, on February 4, 1972, I wrote Secretary Richardson of the Department of Health, Education, and Welfare, calling to his attention an investigation conducted by the Region III Civil Rights Office, involving the dismissal of a teacher by the Campbell County school system.

Dr. Eloise Severinson, the director of the region III office, demanded that the Campbell County School system reinstate, with back pay, a teacher who struck a child with a plastic hose, in violation of school system regulations, and was subsequently relieved of his position by the school board. Dr. Severinson refused to provide the Campbell County School Board with specific charges of any of the complaints against the board. This investigation occurred in September 1971.

In January 1972, Dr. Severinson concluded that the allegation of racial discrimination in the firing of this teacher was supported by the facts as she saw them.

The division school superintendent sought my assistance, and on February 1, I asked Secretary Richardson for a report on this matter.

On February 25, March 2, and March 9 I sent telegrams to Secretary Richardson seeking a reply.

On March 13 he answered and stated that the case was under investigation by Mr. J. Stanley Pottinger of the HEW Office of Civil Rights.

Two months later I received a reply which had been signed for Mr. Pottinger. This letter stated:

"Based on information currently available in the case of Mr. Oswald Merritt, the Office of Civil Rights has concluded that no corrective action on the part of the district is required under the provisions of the Emergency School Assistance Program."

It is nice to know that HEW is finally willing to permit the school board to dismiss a teacher for beating a student with a plastic hose.

It is also nice to know after all this time "no corrective action on the part of the district—Campbell County—is required."

But it took HEW a long time to arrive at such a stand. I believe that some "corrective action" on the part of HEW is what is required. Now that the charges brought by Dr. Severinson have been found to be baseless, I believe that the Secretary of HEW should take immediate action to see that this employee adopts a reasonable approach in her dealings with Virginia.

The CHAIRMAN. Well, thank you very much, Mr. Secretary. Mr. Sanchez, and I hope those who represent Mr. Shultz and Mr. Hodgson also to express to them the thanks of the committee for their cooperation in helping us, providing us this information.

Secretary RICHARDSON. Thank you very much, Mr. Chairman and gentlemen.

The CHAIRMAN. The committee will go into executive session—

Secretary RICHARDSON. May I ask one more thing in conclusion, Mr. Chairman? We would like to submit for the record and have printed as a part of the record at the end, a summary addressed to the committee, which deals with a number of questions that have been raised from time to time, with respect to the administration of welfare or otherwise that we think would be clarifying, if we could have permission to offer it for the record.

The CHAIRMAN. Fine, we will be glad to have it.*

Then, that concludes the hearings. The committee will commence executive sessions on H.R. 1 on Thursday of this week.

(Whereupon, at 4:45 p.m., the hearing was concluded.)

*See appendix C.

APPENDIX A

Federal Programs Aiding the Poor

**(From the Committee on Finance Pamphlet "Information on
Federal Programs To Aid the Poor")**

Federal Programs Aiding the Poor

The information in this table was rapidly put together from readily available source material such as the Federal budget documents (fiscal 1972) and the printed hearings records of the Appropriations Committees and it should therefore be considered as a rough working document designed to give a very general overall picture of the programs rather than as a final detailed analysis. Specific cautions which should be observed are noted below.

The Selection of Programs

The programs described in the table are those listed in the material submitted by the Administration and are given in the same order. It should be pointed out that the criteria used by the Administration for including or excluding programs from the listing is not entirely clear. It might be asked for example why the program which provides a lump sum burial benefit of \$250 for deceased war veterans without regard to their financial circumstances is included while the program providing educational and subsistence allowances for veterans in school (also without regard to financial circumstances) is excluded. The table in this print does attempt to differentiate those programs which are specifically designed to assist persons of low-income (*indicated by italic type*) from those which are designed to serve the population generally (*indicated by regular type*). The designations given to programs are, however, somewhat arbitrary; for example, social security is shown as a nonpoverty program since it is designed to serve the entire population even though it is generally regarded as a major program for the prevention of poverty.

The use of the listing of programs supplied by the Administration poses the additional problem that the readily available material on these programs is not always categorized in the same manner. As a result, to retain comparability with the Administration's material, the table in some instances groups together several programs or makes rough allocations among programs of data which were available only in a combined form.

Funds for the Poor

The information presented with respect to the amount of funding benefiting the poor is taken directly from the material submitted by the Administration. The most recent figures given are based on the estimated outlays which would have been made in 1972 if the President's 1972 budget had been accepted without change. Accordingly, an attempt has been made in the other columns to *present comparable data reflecting the fiscal 1972 budget requests rather than the actual 1972 funding*.

It can be seen that, even among those programs designed primarily for the poor, there are some in which there is a close relation between the total funding and that part which goes to the poor and others in

which these amounts are quite far apart. This may be the result of different estimating methods or it may be due to programs in fact serving populations above rather than below the poverty line.

Total Funds

The total funding shown represents the best readily available figures from the budget documents or appropriations hearings for 1972 showing the level of program operation. The figures are, however, not necessarily consistent among the different programs (e.g., some figures may represent outlays while others represent obligations). Also, where administrative costs were available or allocable, they have been included in the total funding figures. In every case only Federal funds are shown.

Identified Administrative Costs

Where the budget documents showed administrative costs separately or in a form in which an estimated allocation seemed reasonably possible, these have been shown. In many programs, however, this information was not available. Also, even where administrative costs are shown, they generally represent only the administrative expenses of the Federal agency and do not reveal the costs of administration incurred by grantees. In some instances, the administrative expenditures of grantees could be substantial.

Administrative Employees That Can Be Identified

As in the case of administrative expenses, the figures for number of administrative employees are shown only where the information was available or a reasonable estimate appeared possible and do not generally include administrative employees below the Federal level. (Figures which do include non-Federal employees are so noted.)

Poor and Nonpoor Program Beneficiaries

Data with respect to the number of program beneficiaries were not available in all cases. In addition, the figures shown are not entirely comparable since in some cases the reference may be to persons, in others to training opportunities, in others to families. In some cases, where programs are combined, the number of beneficiaries is understated since figures may have been available for only some of the combined programs.

FEDERAL PROGRAMS AIDING THE POOR

Program name and program description number (see pp. 14-15)	Fiscal year 1972			Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)	Identified administra- tive costs (in millions)		
1. <i>Old-age assistance</i>	1,050	1,773.8	107.8	} 80,313 {	} 2,322,762 83,808 1,069,621 10,806,328 12,060 1,070,000 1,263,100 3,500 70,000 3,865 24,279,000 2,819,000 (²) 1,649,000
2. <i>Aid to the blind</i>	31	69.7	4.2		
3. <i>Aid to the permanently and totally dis- abled</i>	381	845.5	51.5		
4. <i>Aid to families with dependent children</i>	2,715	3,959.0	241.0		
5. <i>Emergency welfare assistance</i>	9	13.0	.8		
6. <i>Pension for non-service-connected disability for veterans</i>	353	1,458.9	17.6		
7. <i>Pension to veterans' widows and children</i>	550	1,105.4	13.4		
8. <i>Indian child welfare assistance</i>	} 57 {	5.1	(²)		
9. <i>Indian general assistance</i>		44.4	.3		
10. <i>Indian housing improvement</i>		6.6	(²)		
11a. <i>Social security—retirement insurance</i>		} 6,763 {	} 32,248.4 {		
11b. <i>Social security—special benefits for per- sons aged 72 and over</i>					
11c. <i>Social security—survivors insurance</i>					
12. <i>Social security—disability insurance</i>	825	3,651.7	235.7		
13. <i>Special benefits for disabled coal miners</i> ..	169	384.2	9.2	205	(²)
14. <i>Social insurance for railroad workers (re- tirement, disability, survivor, and sick- ness benefits only)</i>	384	1,880.0	18.0	504	1,649,000

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.

² Not available.

FEDERAL PROGRAMS AIDING THE POOR—Continued

Program name and program description number (see pp. 15-20)	Fiscal year 1972			Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)	Identified administra- tive costs (in millions)		
15. Unemployment insurance—grants to States	419	411.0	411.0	1 35,176	15,350,000
16. Social insurance for railroad workers (un- employment insurance only).....		102.2	7.2		
17. Federal workmen's compensation benefits.....	18	90.0	(²)	(²)	(²)
18. Veterans' compensation for service-con- nected disability.....	97	2,943.5	35.5	2,140	2,184,300
19. Compensation for service-connected deaths for veterans' dependents.....	22	685.6	8.3	497	379,100
20. Veterans' dependency and indemnity com- pensation for service-connected death.....					
21. Burial allowance for veterans.....	17	81.4	(²)	(²)	552,400
22a. Food Stamps.....	1,321	1,971.4	19.4	1,500	10,000,000
22b. All food programs other than food stamps.....	709	886.7	6.7	400	32,000,000
23. Public housing.....	451	825			1,000,000
24. Rent supplements—rental housing for low income families.....	64	91.3			117,000
25. Interest subsidies.....	24	299	30.0	1,600	400,000
26. Interest reduction payments—rental and co- operative housing for lower income families (interest reduction payments only).....	14	151			224,000
27a. Follow through.....	381	436.5	(²)	(²)	76,000
27b. Childhood development—head start.....			(²)	(²)	479,400

28a. <i>Educationally deprived children—handicapped</i>					133,724
28b. <i>Educationally deprived children—local educational agencies</i>					7,960,000
28c. <i>Educationally deprived children—migrants</i>	781	1,500.0	2.6	129	235,000
28d. <i>Educationally deprived children—State administration</i>					(²)
28e. <i>Educationally deprived children in institutions for neglected or delinquent children</i>					50,000
29. Dropout prevention.....	4	10.0	.4	18	(²)
30. <i>Bilingual education</i>	14	25.0	.6	27	60,000
31. <i>Teacher corps—operations and training</i>	9	37.4	.8	15,330	(²)
32. <i>Educational personnel training grants—career opportunities and education personnel development—urban/rural school development</i>	11	36.7	.7	36	18,600
33. <i>Educational opportunity grants and higher education work-study</i>	218	575.0	2.5	122	1,157,600
34a. <i>Special services for disadvantaged students in institutions of higher education</i>.....			.3		
34b. <i>Talent search</i>	49	50.1		42	180,250
34c. <i>Upward bound</i>			1.6		
35. <i>Extension programs for improved nutrition</i>	47	53	(²)	(²)	8,000,000
36. <i>Indian—adult education</i>		{ 2.6 }		{ (²) }	75,000
37. <i>Indian—community development</i>		{ 1.1 }		{ (²) }	(²)
38. <i>Indian—contracts with Indian school boards</i> ..					721
39. <i>Indian—Federal school facilities—dormitory operations</i>	165	{ 122.4 }	1.4	{ (²) }	61,000
40. <i>Indian—Federal schools</i>		{ 15.1 }		{ (²) }	(²)
41. <i>Indian—higher education</i>		{ 22.7 }		{ (²) }	(²)
42. <i>Indian—assistance to non-Federal schools</i>					(²)

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.
² Not available.

FEDERAL PROGRAMS AIDING THE POOR—Continued

Program name and program description number (see pp. 20-25)	Fiscal year 1972		Identified administra- tive costs (in millions)	Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)			
43a. Health professions scholarships.....	5	15.5	5.3	273	18,255
43b. Nursing scholarships.....		19.5			17,000
44a. Health professions student loans.....		30.0			19,093
44b. Nursing student loans.....		21.0			13,700
45. School assistance in federally affected areas—maintenance and operation.....	28	425.0	1.3	59	2,400,000
46. Handicapped preschool and school pro- grams.....	10	35.5	.5	25	162,000
47. Handicapped early education assistance...	2	7.7	.2	10	(?)
48. Vocational education—basic grants to States (nonconstruction portion only).....	116	377.0	30.3	(?)	8,793,960
49. Vocational education—consumer and homemaking.....				(?)	2,419,216
50. Vocational education—cooperative educa- tion.....				13	19.5	(?)	15,522
51. Vocational education—work study.....		6.0		(?)	289,915
52. Adult basic education—grants to States...	22	55.0	.7	38	625,000
53. Adult basic education—special projects...					(?)
54. Adult basic education—teacher education...					(?)	2,490
55. Higher Education Act insured loans.....	24	251.8	6.8	170	2,500,000
56. National defense student loans—direct loan contributions.....	1	5.0	.3	15	(?)

57. Extension programs for improved family living.....	8	19.0	(²)	5,000	1,000,000
58. <i>Medical assistance program (medicaid)</i>	2,155	3,828.0	168.0	¹ 831,383	19,000,000
59. Health insurance for the aged—hospital insurance.....	1,585	6,854.8	160.1	3,886	4,600,000
60. Health insurance for the aged—supplementary medical insurance.....	562	2,575.1	273.1	4,473	9,800,000
61. Family planning projects.....	58	90.9	2.1	(²)	1,500,000
62a. <i>Alcoholic counseling and recovery</i>	152	159.5	2.5	100	800,000
62b. <i>Comprehensive health services</i>					
62c. <i>Drug rehabilitation</i>					
62d. <i>Emergency food and medical services</i>					
62e. <i>Family planning</i>					
63. <i>Migrant health grants</i>	16	19.1	1.1	50	215,000
64a. <i>Dental health of children</i>	86	90.4	1.7	284	15,000
64b. <i>Health care of children and youth—special projects</i>					470,000
64c. <i>Intensive infant care projects</i>					172,000
64d. <i>Maternity and infant care projects</i>					
65. <i>Indian health services</i>	133	149.5	2.4	128	450,000
66a. <i>Indian sanitation facilities</i>	20	29.1			
66b. <i>Other Indian health facilities</i>					
67a. <i>Mental health—community assistance grants for narcotic addiction</i>	31	145.2	(²)	(²)	(²)
67b. <i>Mental health—staffing of community mental health centers</i>			(²)	(²)	(²)
68. <i>St. Elizabeths Hospital</i>	17	22.9	(²)	3,887	63,000

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.

² Not available.

FEDERAL PROGRAMS AIDING THE POOR—Continued

Program name and program description number (see pp. 25-33)	Fiscal year 1972			Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)	Identified administra- tive costs (in millions)		
69. Comprehensive public health services— formula grants.....	22	90.0	0.9	(²)	(²)
70. Health services development—project grants.....	74	106.4	1.0	(²)	400,000
71a. Crippled children's services.....	102	119.7	2.2	(²)	578,000
71b. Maternal and child health services.....				(²)	2,100,000
72. Community contract nursing home care....	141	22.8	.4	44	14,276
73. Rehabilitation of blind veterans.....					
74. Veterans' hospitalization.....					
75. Veterans' nursing home care.....					
76. Veterans' domiciliary care and restoration....					
77. Veterans' outpatient care.....					
78. Veterans' prescription service.....					
79. Veterans' prosthetic appliances.....					
80. Veterans' State home program.....	19	7.7	.3	39	11,299
81. Veterans' State nursing home care.....					
82. Veterans' State home hospital care.....					
83a. Job opportunities in the business sector.....	151	4.0	.3	34	11,174
83b. Job opportunities in the business sector—low support.....					
84. Manpower development and training—on-the- job training program.....					
85. Public service careers.....	31	125.8	(²)	(²)	66,800
	122				

86. <i>Manpower development and training—institutional training</i>	193	324.9	(²)	(²)	146,600
87. <i>Job corps</i>	199	196.1	(²)	(²)	26,200
88a. <i>Neighborhood youth corps (in-school portion only)</i>	72	69.8	(²)	(²)	94,700
88b. <i>Neighborhood youth corps (summer portion only)</i>	162	165.7	(²)	(²)	414,200
88c. <i>Neighborhood youth corps (out-of-school portion only)</i>	116	127.0	(²)	(²)	36,800
89. <i>Operation mainstream</i>	40	38.8	(²)	(²)	12,100
90. <i>Concentrated employment program</i>	140	172.8	(²)	(²)	(²)
91. <i>Work incentive program—training and allowances</i>	154	200	8.0	¹ 55,798	160,000
92. <i>Foster grandparents program</i>	9	10.5	(²)	15	20,000
93. <i>Indian—employment assistance</i>					
94. <i>Indian—industrial and tourism development (on-the-job training portion only)</i>	39	39.2	.4	696	17,450
95. <i>Federal employment for disadvantaged youth—part-time</i>	35	35.0	(²)	(²)	(²)
96. <i>Federal employment for disadvantaged youth—summer</i>	39	39.0	(²)	(²)	(²)
97. <i>Job bank (manpower training services [Federal fund] portion only)</i>	8	22.0	(²)	(²)	(²)
98a. <i>Employment services—grants to States</i>	146	812.0	(²)	¹ 66,796	(²)
98b. <i>Job bank (unemployment trust fund portion only)</i>	3	8.0	(²)	(²)	(²)
99. <i>Minimum wage and hour standards</i>	12	27.0	(²)	(²)	(²)
100. <i>Vocational rehabilitation services—basic support</i>	363	518.0	(²)	.....	980,000

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.

² Not available.

FEDERAL PROGRAMS AIDING THE POOR—Continued

Program name and program description number (see pp. 33-35)	Fiscal year 1972		Identified administra- tive costs (in millions)	Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)			
101a. Rehabilitation services expansion—con- tracts with industry.....			(2)		
101b. Rehabilitation services expansion grants...			(2)		
101c. Rehabilitation services innovation grants...			(2)		
101d. Vocational rehabilitation—facility improve- ment grants.....	29	52.0	(2)	(2)	45,000
101e. Vocational rehabilitation—initial staffing...			(2)		
101f. Vocational rehabilitation—training services grants.....			(2)		
102. Vocational rehabilitation services for social security beneficiaries.....	8	25.0	(2)	(2)	(2)
103a. <i>Community action operations</i>					
103b. <i>Legal services</i>					
103c. <i>Migrant and seasonal farmworkers assistance</i>					
103d. <i>Special impact</i>	599	666.9	68.0	2,300	8,000,000
103e. <i>Volunteers in service to America</i>					
103f. <i>OEO research, development, and evaluation</i> ..					
104a. <i>Model cities supplementary grants</i>					
104b. <i>Model cities planning grants to city demon- stration agencies</i>	144	450.0	0	(2)	(2)
104c. <i>Model cities technical assistance and evalua- tion contracts</i>					

105a. <i>Economic opportunity farm operating loans to cooperatives</i>						
105b. <i>Economic opportunity farm resource loans</i>	0	0	(²)	(²)		(²)
105c. <i>Economic opportunity nonfarm enterprise loans</i>						
106. <i>Work incentive program—child care</i>	66	78.0	(²)	(²)		200,000
107a. <i>Economic development—grants and loans for public works and development facilities</i>						
107b. <i>Economic development—loans for businesses and development companies</i>						
107c. <i>Economic development—planning assistance</i>	95	160.0	23.0	980		24,000,000
107d. <i>Economic development—technical assistance</i>						
107e. <i>Economic development—research</i>						
107f. <i>Area redevelopment administration grants for public facilities</i>						
108. <i>Neighborhood facilities grants</i>	15	38.0	(²)	(²)		(²)
109. <i>Extension programs for improving farm income</i>	6	23.0	(²)	(²)		(²)
110. <i>Economic opportunity loans for small businesses (direct loans only)</i>	6	49.0	(²)	(²)		3,500
111. <i>Farm labor housing grants</i>	2	2.0	(²)	(²)		(²)
112. <i>Rural self-help housing technical assistance</i> ..	2	2.0	(²)	(²)		2,000

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.

² Not available.

FEDERAL PROGRAMS AIDING THE POOR—Continued

Program name and program description number (see pp. 35-36)	Fiscal year 1972		Identified administra- tive costs (in millions)	Adminis- trative employees that can be identified	Poor and nonpoor program beneficiaries
	Funds for the poor (in millions)	Total funds (in millions)			
113a. Rural housing site loans (direct loans only) . . .	11	10.0	(2)	(2)	9,300
113b. Low to moderate income housing loans (direct loans only)					
113c. <i>Very low-income housing repair loans</i>					
113d. <i>Rural rental housing loans (direct loans only)</i>					
114. <i>Housing loans—rental housing for the elderly and the handicapped</i>	3	13.0	(2)	(2)	(2)
115a. <i>Social services—aid to the blind</i>	523	838.2	(2)	1 106,163	10,700,000
115b. <i>Social services—aid to the permanently and totally disabled</i>					
115c. <i>Social services—families with dependent children</i>					
115d. <i>Social services—old-age assistance</i>					
116. <i>Child welfare services</i>	30	46.0	(2)	1 12,500	694,000

Programs in italics are primarily intended for the poor; other programs appear in roman type.

¹ Includes State and local employees.
² Not available.

PROGRAM DESCRIPTIONS

(109)

1. *Old age assistance.*—State administered public assistance program providing cash assistance grants for needy persons aged 65 and over. Federal funding is provided in the form of matching grants to the States in accord with formulas specified in the law.

2. *Aid to the blind.*—State administered public assistance program providing cash assistance grants for needy blind persons. Federal funding is provided in the form of matching grants to the States in accord with formulas specified in the law.

3. *Aid to the permanently and totally disabled.*—State administered public assistance program providing cash assistance grants to needy disabled persons. Federal funding is provided in the form of matching grants to the States in accord with formulas specified in the law.

4. *Aid to families with dependent children.*—State administered public assistance program providing cash assistance grants to needy families with children. Federal funding is provided in the form of matching grants to the States in accord with formulas specified in the law.

5. *Emergency welfare assistance.*—State-administered program providing temporary assistance in cash or kind to needy families with children, in emergency situations. Federal funding is provided in the form of matching grants to the States in accord with formulas specified in the law.

6. *Pension for nonservice-connected disability for veterans.*—This program assists veterans in need whose non-service-connected disabilities are permanent and total and prevent them from following a substantially gainful occupation. Eligible veterans are those who have had 90 days or more of honorable active wartime or Mexican border service in the Armed Forces or if less than 90 days were released or discharged from such service because of a service-connected disability, and who are 65 years of age or older or are permanently and totally disabled for reasons not necessarily due to service. Income limitation restrictions are prescribed.

7. *Pension to veterans' widows and children (widows' pension).*—This program provides a partial means of support for needy widows and children of deceased wartime veterans whose deaths were not due to service. Unremarried widows and children of deceased veterans who had at least 90 days of honorable active wartime service, or if less than 90 days, were discharged for a service-connected disability. There are income limitation restrictions prescribed.

8. *Indian-child welfare assistance.*—This program provides foster home care and appropriate institutional care for dependent, neglected, and handicapped Indian children residing on reservations or in jurisdictions under the Bureau of Indian Affairs in Alaska and Oklahoma, when these are not available from State or local public agencies. Payments are made to parent or guardian for child maintenance.

9. *Indian-general assistance.*—This program provides assistance for living needs to needy Indians on reservations and in jurisdictions under the Bureau of Indian Affairs in Alaska and Oklahoma, when such assistance is not available from State or local public agencies. It provides cash payments to meet daily living needs (i.e., food, clothing, shelter). Counseling is also provided to recipients of assistance when necessary to help them cope with social problems.

10. *Indian-housing improvement (HIP).*—This program was established to eliminate substandard Indian housing in the seventies in conjunction with other Federal housing programs. The program is

mainly devoted to housing improvement. The Bureau of Indian Affairs, however, does build an entire house in special situations where no other program will meet the need; that is, extremely isolated areas or reservations where only a small number of homes are needed. The majority of the programs' funds are to be used for renovation and repair of existing housing. Indians who have the financial ability to provide their own housing are not eligible to participate.

11. *Social security (retirement insurance, special benefits for persons aged 72 or over, and survivors insurance).*—Provides monthly benefits as a partial replacement of the income lost to a family when a worker retires or dies. Benefits are related to past earnings and are paid to retired workers, their wives, and children, and to the widows and children of deceased workers. These benefits are financed almost entirely from payroll taxes paid by employees, their employers, and self-employed people. In addition, special benefits are payable to certain people who are more than 72 years old. These benefits are financed for the most part from general revenues rather than through payroll taxes.

12. *Social security-disability insurance.*—Provides monthly benefits as a partial replacement for the income lost to a family when a worker becomes so severely disabled that he is unable to perform any substantial gainful work. Benefits are related to past earnings and are paid to disabled workers and their dependents. Benefits are financed almost entirely from payroll taxes paid by employees, their employers, and self-employed people.

13. *Special benefits for disabled coal miners.*—Provides monthly benefits for coal miners who are disabled because of "black lung" disease. Benefits are payable to disabled miners and their dependents and to the surviving spouse and children of deceased miners. (Benefits, however, are not payable to the surviving children of a miner unless the miner is also survived by a widow.)

14. *Social insurance for railroad workers (retirement, disability, survivor, and sickness benefits only).*—Provides monthly benefits as a partial replacement for the income lost to a family when a railroad worker becomes disabled, retires, or dies. Benefits are related to past earnings and are paid to the workers, their dependents and their survivors. Benefits are financed through payroll taxes paid by employers and employees.

15. *Unemployment insurance—grants to states.*—Provides for grants to the States to pay the administrative costs of the State unemployment insurance programs and to meet part of the costs of the extra benefits payable when unemployment is high. The program is financed through payroll taxes paid by employers.

16. *Social insurance for railroad workers (unemployment insurance only).*—Provides payments to unemployed railroad workers.

17. *Federal workman's compensation benefits.*—Provides for payment of medical and burial expenses of Federal employees, who are injured or killed in work-connected accidents, and for periodic payments to the injured worker or his dependents in lieu of salary.

18. *Veterans compensation for service-connected disability (compensation).*—This program is designed to compensate veterans for disabilities due to service based upon the average impairment in earning capacity such disability would cause in civilian occupations. In order to be eligible a veteran must have suffered a disability due to service in the

Armed Forces of the United States. The basic rates of compensation range from \$25 for a 10-percent disability under wartime conditions to a maximum of \$1,120 a month for specific disabilities involving anatomical loss or loss of use of arms, legs, or for blindness.

19. *Compensation for service-connected deaths for veterans' dependents (death compensation).*—This program is designed to compensate surviving widows, children, and dependent parents for the death of any veteran who died before January 1, 1957, because of a service-connected disability. Monthly compensation ranges from \$40 for two parents to \$121 for a widow with one child.

20. *Veterans dependency and indemnity compensation for service-connected death (DIO).*—This program is designed to compensate living widows, children, and parents for the death of any veteran who died on or after January 1, 1957, because of a service-connected disability. A surviving unremarried widow, child, or children and parent or parents of the deceased veteran are eligible. There are income limitation restrictions for parents. The rates of compensation vary according to dependency status and the deceased veterans' highest pay grade while in the service.

21. *Burial allowance for veterans.*—This program provides a monetary allowance not to exceed \$250 toward the funeral and burial expenses and a flag for the burial of a deceased veteran. The allowance is payable for deceased wartime veterans whose discharges were under other than dishonorable conditions, and peacetime veterans who were discharged or released from active duty because of a disability incurred in the line of duty, died of a service-connected disability, or were in receipt of or entitled to receive compensation at the time of their death. A peacetime veteran is entitled to a flag if he served one enlistment.

22. *Food stamps; all food programs other than food stamps.*—These three groups of programs (commodity distribution, child feeding, and food stamps) provide food or cash supplements allowing the purchase of food. They are, generally, administered through the Department of Agriculture, Food and Nutrition Service. The commodity distribution program delivers surplus Federal commodities to specified points in many States. States then take over the distribution of the commodities. Other commodities are distributed through the child feeding programs. Eligibility is generally based on local welfare standards. The food stamp program provides coupons (some free and others with a Federal supplement which reduces the cost) to households below the poverty levels or receiving public assistance. State and local agencies administer the program, usually through local public assistance agencies. The coupons can be used to purchase food at participating stores. The cost of the coupons to the household is based on the household's income. The child feeding programs include school lunch, school breakfast, nonschool, and special milk programs. These programs provide a Federal contribution which reduces the cost of meals available to children in various institutions ranging from schools to day care centers. Certain equipment and administrative costs assistance is also provided.

23. *Public Housing—Acquisition, Construction and Rehabilitation (annual contributions only), Home Ownership (annual contribution only), Leased, and Modernization of projects (annual contribution only).* The low-rent public housing program is administered by the Department of Housing and Urban Development. It provides funds to local housing authorities who provide low-rent housing by acquiring existing housing, constructing housing with the local authority as the developer, or letting contracts to private developers. Beneficiary eligibility is determined by the local housing authorities in accordance with the conditions in the area. Accordingly, income eligibility standards vary as to what constitutes "low income."

24. *Rent Supplements, Rental Housing for Low-income Families.*—This program provides payments to owners of approved multifamily housing rental projects to supplement the partial rental payments of eligible tenants. The assistance provided covers the difference between the tenant's rent payments and the market rental but cannot exceed 70 percent of the market rental. Tenant payments are required to be 25 percent of their income. Tenant eligibility is determined by the income limits (set by local housing authorities) used for public housing eligibility.

25. *Interest subsidy, acquisition and rehabilitation of homes for resale to lower income families (sec. 235j—interest reduction payments only) homes for lower income families (sec. 235i—interest reduction payments only) purchase of rehabilitated homes by lower income families (sec. 235j—homes—interest reduction payments only).*—These programs are administered by the Department of Housing and Urban Development under section 235 of the National Housing Act. They are aimed at: (1) making it possible for a nonprofit group or public body to finance the acquisition and rehabilitation of housing that will be sold to lower income families through guaranteed loans and direct payments for specified uses; (2) making homeownership more readily available for lower income families by providing monthly payments to lenders of FHA insured mortgage loans on behalf of lower income families through guaranteed loans and direct payments for specified uses; and (3) assisting lower income families to purchase rehabilitated homes from nonprofit sponsors at prices they can afford through guaranteed loans and direct payments for specified uses. Under this homeownership assistance program, periodic payments are usually made to mortgagees in behalf of families purchasing their own homes. The homeowner is required to make monthly payments totaling 20 percent of his income. Eligibility is generally limited to families whose incomes do not exceed 135 percent of incomes set for admission to low-rent public housing in the area.

26. *Interest reduction payments—rental and cooperative housing for lower income families (sec. 236—interest reduction payments only).*—In this rental housing assistance program, interest reduction payments are made periodically on behalf of the owner of the housing project and are passed on to lower income families occupying the units in the form of reduced rent. The object of the program is to provide good quality rental and cooperative housing for persons of low and

moderate income by providing interest reduction payments in order to lower housing costs. This program is open to nonprofit private, not public, sponsors and families are eligible according to locally determined income limits (related to public housing eligibility). Families with higher incomes may occupy the units but do not benefit from subsidy payments directly.

27. *Child development—Headstart, Follow Through.*—Headstart is a demonstration program which provides project grants for educational, nutritional, and social services to the preschool children of the poor and their families and involves parents in activities with their children so that the child enters schools on more equal terms with his more advantaged classmates. Headstart also sponsors intensive training programs for employees of the Child Development Center. Follow Through aims to sustain and augment in the early primary grades the gains that children from low-income families make in Headstart and other preschool programs. Follow Through provides special programs of instruction as well as health, nutrition, and other education-related services. Active participation of parents is stressed.

28. *Educationally Deprived Children—Handicapped, Local Educational Agencies, Migrants, State administration, and Institutions Serving Neglected or Delinquent Children.*—The program for the handicapped provides formula grants to State agencies and State-supported and State-operated schools for handicapped children to extend and improve comprehensive educational programs for handicapped children. The program for local educational agencies provides formula grants to local school districts to expand and improve educational programs to meet the needs of educationally disadvantaged children in low-income areas. The program for migrants provides formula grants to State educational agencies with an Office of Education-approved migrant education plan and cost estimate to expand and improve educational programs designed to meet the special needs of children of migratory agricultural workers. The program for State administration provides formula grants to State educational agencies which process and approve title I, ESEA applications in order that they may improve their technical assistance capabilities to local education agencies. The program for State administered institutions provides formula grants to State agencies responsible for providing free public education for neglected or delinquent children in order that such institutions might expand and improve their educational programs.

29. *Dropout prevention.*—The dropout prevention program provides grants to local public education agencies that submit proposals for dropout prevention projects which show promise in reducing the school dropout rate. Projects must involve the use of innovative methods, systems, materials, or programs to reduce the school dropout problem.

30. *Bilingual education.*—The bilingual education program provides grants for the development and operation of new programs, services, and activities which meet the special educational needs of children 3 to 18 years of age who have limited English-speaking ability and come from environments where English is not the dominant language and who come from low-income families (earning \$3,000 or less). The programs in bilingual education are to be directed to full- and part-time pupils, potential dropouts, or dropouts from the regular school program.

31. *Teacher Corps—operations and training.*—The Teacher Corps program seeks to strengthen the educational opportunities available to

children in areas having concentrations of low-income families, and to encourage colleges and universities to broaden their programs of teacher preparation. The program uses project grants to colleges, universities, and local school districts to support projects which provide teams of experienced teachers and teaching interns who are available to serve, upon request, in schools located in neighborhoods with concentrations of low-income families.

32. *Educational personnel training grants—career opportunities; education personnel development, urban/rural, school development.*—The career opportunities program provides project grants for putting low-income community residents and Vietnam veterans to work in poverty area schools while they train toward eventual teacher certification. The urban/rural school development program provides project grants to urban and rural schools characterized by concentrations of low-income populations combined with low pupil performance and an inability to support change-orientated programs. Urban/rural school development concentrates on individual school sites or clusters of schools to develop new programs for education personnel development and inservice training of current personnel. With the aid of technical specialists each school/community site is encouraged to develop and implement re-training strategies, curricular reform, and organizational innovation based upon a complete evaluation of its own educational needs. Decisions affecting the schools will be made on a parity basis, thus actively involving school personnel, parents, and the community in the process of educational change.

33. *Educational Opportunity Grants, higher education Work-Study.*—Grant assistance for educational expenses to enable students of exceptional financial need to pursue higher education. (EOG), Students whose resources, including parental contributions, are inadequate to enable them to study at an institution may work either for the institution itself or in the public interest for any public or private nonprofit organization under arrangement with the institution, and Federal funds supply 80 percent of the wages. (WS).

34. *Talent Search, Upward Bound, and Special Services.*—Talent Search is designed to locate qualified youths of financial and cultural need with exceptional potential and encourage them to complete secondary school and begin post-secondary training. Upward Bound's mission is to serve the youth whose financial and cultural need is as great but whose potential is not so readily discernible and whose academic preparation is inadequate for success in college. Special Services is a college level program designed to serve the target populations of both as well as physically disabled students with the goal of making college retention possible.

35. *Extension programs for improved nutrition.*—These programs are administered through the Extension Service of the Department of Agriculture. They provide formula grants to improve nutrition along with advisory services and counseling. Grants are made under the Smith-Lever Act cooperative extension programs to designated land-grant colleges. Advisers working through the land-grant colleges provide assistance in improving dietary and nutritional practices. These programs are not specifically limited to serving those in poverty. The programs use paraprofessional nutrition aides to supplement the work of the land-grant college advisers.

36. *Indian—adult education.*—This program provides general instruction for Indian adults who lack adequate basic education. The program generally is limited to persons 18 years or older residing on trust land who are one-quarter degree Indian blood or more.

37. *Indian—community development.*—To strengthen community organization skills of Indian communities and to provide Indian tribes and Indian interest organizations with funds to prepare themselves to assume, under service contracts with BIA, control over and responsibility for programs and other activities traditionally provided for them by the BIA. The program provides for training and research in community development.

38. *Indian—contracts with Indian school boards.*—This program is set up to encourage Indian participation in local school affairs and to provide for operation of schools by local Indian people.

39. *Indian—Federal school facilities, dormitory operations.*—This program provides housing for Indian children attending public schools in selected districts on or adjacent to their home reservations. The Bureau of Indian Affairs performs boarding, feeding, and counseling services to allow eligible Indian students to attend public schools.

40. *Indian—Federal schools.*—This program provides educational opportunities for eligible Indian children who do not have public education opportunities to meet their needs. The Bureau of Indian Affairs provides complete education programs for eligible Indian students and, where necessary, boarding facilities are provided.

41. *Indian—Higher education.*—This program is established to encourage Indian students to continue their education and training beyond high school. Grants may be used for tuition, required fees, textbooks, and miscellaneous expenses directly related to attendance at college. Funds are intended to assist students in pursuing regular accredited college courses necessary to achieve a college degree.

42. *Indian assistance to Non-Federal schools.*—This program is established to insure adequate educational opportunities for Indian children. Funds may be used for the costs of operating minimum school program; they may also be used for the cost of school lunches, books, supplies, and other parental-type cost items for those Indian children without financial resources to cover these needs. The funds provided under these programs may not be used for capital expenditures.

43. *Health professions scholarships and nursing scholarships.*—The health professions scholarship program is designed to assist individuals in exceptional financial need to undertake the course of study required to become physicians, dentists, osteopaths, optometrists, pharmacists, podiatrists, or veterinarians. Applicants for health professions scholarships must be enrolled or accepted for enrollment as full-time students in a health professions school. The nursing scholarship program is designed to assist nursing students in exceptional financial need to undertake courses of study leading to careers in professional nursing. Applicants for nursing scholarships must be enrolled as a full-time or half-time student in a course of study leading to a diploma in nursing, an associate degree in nursing, a baccalaureate degree in nursing, or a graduate degree in nursing.

44. *Health professions student loans and nursing student loans.*—The health professions student loan program provides financial assistance in the form of long-term, low-interest loans to full-time students of

medicine, osteopathy, dentistry, optometry, pharmacy, podiatry, and veterinary medicine. Applicants for health professions student loans must be enrolled or accepted for enrollment in a participating health professions school as a full-time student. The nursing student loan program provides long-term, low-interest loans to nursing students. Applicants for nursing student loans must be enrolled or accepted for enrollment as a full-time or half-time student in a course leading to a diploma in nursing, an associate degree in nursing, a baccalaureate degree in nursing, or a graduate degree in nursing.

45. *School assistance in federally affected areas, maintenance and operation.*—Provides financial assistance to local educational agencies upon which financial burdens were placed; where tax base of a district is reduced through the Federal acquisition of real property; sudden and substantial increase in school attendance as the result of Federal activities; education for children residing on Federal property; or children whose parents are employed on Federal property. To provide major disaster assistance by replacing, repairing damaged or destroyed supplies, equipment or facilities.

46. *Handicapped preschool and school programs.*—Formula grants to States to assist them in the initiation, improvement, and expansion of educational and related services for handicapped children at the pre-school, elementary, and secondary school levels.

47. *Handicapped early education assistance.*—Project grants to support experimental preschool and early childhood programs for handicapped children through grants to projects to demonstrate exemplary services from birth through the early education years.

48. *Vocational education—basic grants to States.*—The objective of this program is to provide grants to State boards for vocational education to assist in conducting vocational education programs for persons of all ages in all communities, to assure that education and training programs for career education are available to all individuals who desire and need such education and training. States must allocate the following minimum portions of their total allotment as follows: 15 percent for vocational education for the disadvantaged, 15 percent for postsecondary programs, and 10 percent for vocational education programs for handicapped persons. Funds may be used for vocational education programs; construction of area vocational education school facilities; vocational guidance and counseling; vocational training through arrangements with private vocational training institutions; and ancillary services and activities such as teacher training and supervision, special demonstration and experimental programs, development of instructional materials, improved State administration and leadership, and program evaluation.

49. *Vocational education—consumer and homemaking.*—The objective of this program is to assist States in conducting programs in consumer and homemaking education to train persons to become more effective homemakers. Emphasis is placed on programs located in economically depressed areas or areas of high rates of unemployment. Funds shall be used for programs in consumer education, nutrition, child care, and guidance, improvement of home environment, and management of resources; the preparation of youth and adults for the role of homemakers or to contribute to the employability of such youths or adults in the dual role of homemaker and wage earner; and ancillary services.

50. *Vocational education—Cooperative education.*—The objective of this program is to assist States in conducting programs of vocational education designed to prepare students for employment through cooperative work-study arrangements. Funds shall be used for financial assistance to personnel to coordinate cooperative programs; to provide instruction related to work experience; to reimburse employers for certain costs; and to pay costs for certain services to students. No Federal funds are paid directly to the students for their work. Compensation due them for their period of on-the-job training is paid by the employer. Priority for funding cooperative work-study programs through local education agencies must be given to areas that have high rates of school dropouts and youth unemployment. Federal funds made available to a State under this part must not be commingled with State or local funds.

51. *Vocational education, work study.*—The objective of this program is to provide grant support to States for work study programs to assist economically disadvantaged full-time vocational education students, age 15–20, to remain in school by providing part-time employment with public employers. Funds may be used for development and administration of the program and for compensation of students employed by the local educational agency or other public agencies or institutions.

52. *Adult education, grants to States.*—Adult education—Grants to States program seeks to expand educational opportunity and encourage establishment of programs of adult public education that will enable adults to continue their education to the level of completion of secondary school and make available the means to secure training that will enable them to become more productive and responsible citizens. First priority is given to instruction in speaking, reading, or writing English for adults functioning at the 8th grade level or below; second priority is for programs serving adults above 8th grade and through the 12th grade level—however, only if it can be shown that needs for adult basic education have been met in the State.

53. *Adult education, special projects.*—Special projects program provides project grants to local educational agencies or other public or private nonprofit agencies to strengthen the ongoing State grant basic education program through experimentation with new teaching methods, programs, techniques, and new operational and administrative systems.

54. *Adult education, teacher education.*—Teacher education program provides project grants to higher education institutions, State or local educational agencies, or other appropriate public or private agencies for the training of personnel involved or preparing to work in adult education.

55. *Higher Education Act, Insured Student Loan Program.*—Guarantees loans for educational expenses, available from eligible private lenders such as banks, credit unions, savings and loan associations, pension funds, insurance companies, and schools, to undergraduate and graduate students enrolled in eligible institutions and pays portion of interest on these loans for qualified students.

56. *National Defense Student Loans.*—Provides funds from which institutions of higher education make loans to needy, eligible students to meet educational expenses.

57. *Extension programs for improved family living.*—These programs are administered through the extension services of the Department of Agriculture. They provide formula grants to land-grant colleges (under the Smith-Lever Act) to improve family living through improved home economics and management of resources.

58. *Medical assistance program (medicaid).*—Matching grant program to States to reimburse them for medical assistance made to persons receiving cash assistance under the aged, blind, disabled, and aid to families with dependent children programs, and, at the option of the State, certain medically needy persons who are not eligible for cash assistance. State determines content of program with certain required benefits by Federal law. Federal matching varies from 50 to 83 percent, depending on per capita income of State.

59. *Health insurance for the aged—hospital insurance.*—This program provides hospital insurance protection for covered services to any person 65 or over who is entitled to social security or railroad retirement benefits. A dependent spouse 65 or over is also entitled to medicare based on the worker's record. The covered protection in each benefit period includes hospital inpatient care, posthospital extended care, and home health visits by nurses or other health workers from a participating home health agency. It does not include doctors' services.

Under social security, workers, their employers, and self-employed people pay a tax based on earnings during their working years, which goes into a special hospital insurance trust fund to pay benefits and administrative expenses. At the present time, the annual tax rate is 0.6 of 1 percent of the first \$9,000 of covered yearly earnings.

60. *Health insurance for the aged—supplementary medical insurance.*—This program offers supplementary medical insurance protection to those 65 and over who voluntarily enroll in the program. Medical insurance helps pay for doctor bills, outpatient hospital services, medical supplies and services, home health services, outpatient physical therapy, and other health care services. Medical insurance is not financed through payroll deductions and is not based on earnings or periods of work.

Supplementary medical insurance is financed from monthly premiums paid by those who sign up for the program and by the Federal Government. The insured and the Government each pay half of the total cost of benefits. At the present time, each pays \$5.60 per month (\$5.80 beginning July 1, 1972). Almost everyone 65 and over is eligible to enroll in the program.

61. *Family planning projects.*—Project grants to provide the educational, comprehensive medical, and social services necessary to enable individuals to freely determine the number and spacing of their children, to promote the health of mothers and children, and to help reduce maternal and infant mortality.

62. *Alcoholic counseling and recovery, comprehensive health services, drug rehabilitation, emergency food and medical services, and family planning.*—These OEO-administered programs provide funds for new services, staffing, planning, and the organization and coordination of existing services and programs to serve the health and nutritional needs of the poor or disadvantaged. Funding is through grants to local community-action-type organizations or larger planning or support groups. The grants range from almost complete support of a project

to partial support of ongoing projects. In general, the projects supported serve local areas or neighborhoods that have a substantial poor population. Individual beneficiary eligibility for the services provided is most often based on OEO low-income guidelines, medicaid or medicare eligibility levels, or other need-related criteria. In most cases, the projects supported provide services (and, sometimes, direct assistance such as food or an emergency cash payment or loan) which are not otherwise available to the groups served.

[NOTE.—The alcoholic counseling and recovery program is being transferred to the Department of Health, Education, and Welfare. The emergency food and medical services program is being phased out (except for Indian and migrant projects) “in view of the significant expansion and reform of the Federal nutrition programs” (such as food stamps).]

63. *Migrant health grants.*—Grants supported under this activity provide primary health services to migrant agricultural laborers and seasonal farmworkers and their families. The objective of the program is to raise the health level of migrants to that of the general population, and to assure that migrants have access to quality health care services. State or local public agencies and nonprofit private organizations are eligible to apply for a health grant. Health services authorized include medical services to treat and prevent illness or disability, provided through family health service clinics or other arrangements; dental care, nursing services, sanitation services, health education, necessary transportation of patients to local sources of care; and training of selected migrants to work in the project as health aides.

64. *Dental health of children; health care of children and youth—special projects; intensive care projects; maternity and infant care projects.*—These project grants programs: promote the dental health of children and youth of school or preschool age, particularly in areas with concentrations of low-income families; provide comprehensive health care and services for children in low-income areas; provide necessary health care to infants during their first year of life, who have any condition or are in circumstances which increase the hazards to their health and who will not receive such necessary health care because they are from a low-income family or other reasons beyond control; and help reduce the incidence of mental retardation and other handicapping conditions associated with childbearing and help reduce infant and maternal mortality.

65. *Indian health facilities.*—To improve the health of approximately 420,000 American Indians and Alaska natives by providing a full range of curative, preventive, and rehabilitative services that include public health nursing, maternal and child health care, dental and nutrition services, psychiatric care, and health education. Specialized services are provided along with advisory services and counseling. Inpatient and outpatient medical care is provided through a system that includes 49 Public Health Service Indian hospitals, and two TB sanatoriums, 73 health centers and school health centers, over 300 other health stations and locations, and contracted arrangements with State and local agencies.

66. *Indian sanitation facilities.*—To alleviate gross insanitary conditions, lack of safe water supplies, and inadequate waste disposal facilities which contribute to the high rate of infectious and gastroenteric diseases among Indians and Alaska natives, the Indian

Health Service engages in environmental health activities, including construction of sanitation facilities for individual homes and communities. Funds are restricted to sanitation facilities, construction and environmental health activities among Indians and Alaska natives.

67. *Mental health—Community assistance grants for narcotic addiction; and mental health—staffing of community mental health centers.*—Community assistance grants for narcotic addiction and drug abuse—to help prevent and control narcotic addiction and drug abuse; to reach, treat and rehabilitate narcotic addicts, drug abusers, and drug dependent persons through a wide range of community based services in order to restore them to health as useful members of society; to develop innovative and effective methods for delivery of services; to collect and prepare and disseminate information dealing with the use and abuse of drugs and the prevention of drug abuse. This program authorizes funds on a matching basis for construction, special projects, and initial staffing of facilities offering comprehensive services for the treatment of narcotic addicts. The program also provides for specialized training programs, evaluation, surveys, field trials and demonstrations of new and effective methods of delivery services. Staffing grant funds may be used to pay for temporary periods of a portion of the compensation of professional and technical personnel with some experience in the prevention and treatment of narcotic addiction. A high percentage may be paid if the area has been designated a poverty area by the Secretary, DHEW. Construction funds may be used for new facilities or to remodel and expand existing facilities "when implemented." Part or all of the cost of specialized training programs, evaluation projects, surveys field trials, and demonstrations may be funded.

Mental health.—Staffing of community mental health centers—To assist in the establishment and initial operation of community mental health centers by making grants to meet a portion of the costs of compensation of professional and technical personnel.

Provides funds on a matching basis for salaries of professional and technical mental health personnel providing new services within a community mental health center.

68. *St. Elizabeths Hospital.*—St. Elizabeths Hospital provides treatment and care for the mentally ill who are either beneficiaries of the Federal Government or residents of the District of Columbia. Programs of the hospital are financed by Federal appropriations covering treatment and care of Federal beneficiaries and by reimbursements made to the hospital residents of the District of Columbia. Federal appropriations to the hospital are of the indefinite type, under which the hospital receives, in appropriated funds, the difference between the amount of reimbursements actually received during the year, for patient care provided by the hospital, and the total program costs approved by the Congress for the year. Treatment programs of the hospital operate on both an inpatient and outpatient basis. St. Elizabeths operates a community mental health center on its campus, which services approximately 155,000 persons representing the population of that portion of the southeast quadrant of the District of Columbia which is located south of the Anacostia River.

69. *Comprehensive public health services-formula grants.*—Formula grants to assist States in establishing and maintaining adequate

community, mental, and environmental public health services, including training of personnel for State and local public health work. By statute 15 percent of a State's funds must support mental health activities, and 70 percent of all funds are to go toward the provision of health services at the local level.

70. *Health services development, project grants.*—Project grants to support a full range of public health services to meet special needs at the community level, especially health problems of regional or national significance; develop and support, for an initial period, new programs of health services, including related training; and development of comprehensive health centers.

71. *Crippled children's services and maternal and child health services.*—Formula and project grants to provide financial support to States to extend and improve (especially in rural areas and in areas suffering from severe economic distress) medical and related services to crippled children and children suffering from conditions that lead to crippling and for reducing infant mortality and improvement of the health of mothers and children.

72. *Community contract nursing home care for veterans.*—The primary purpose of the program is to aid the veteran in making the transition from a VA hospital to a community care facility. It provides time at VA expense, if needed to marshal resources for the veteran's further care. The program provides convalescence, rehabilitation or continued care for a protracted period of time. The program is limited to veterans who are hospitalized in VA hospitals, or non-VA hospitals in the States of Alaska or Hawaii. The per diem cost of nursing home care may not exceed 40 percent of the cost per day in a veterans hospital. The length of stay is not limited for those who were hospitalized for a service-connected disability, and is limited to 6 months for these with non-service-connected disabilities.

73. *Blind veterans rehabilitation centers (blind center).*—This program consists of especially established centers at selected VA hospitals to provide rehabilitation and medical or health-related services to legally blind veterans. The veteran must qualify for admission to a VA hospital in order to be acceptable for this program. The specialized rehabilitation program usually lasts for 16 weeks after admission.

74. *Veterans hospitalization (VA hospitalization).*—This program provides inpatient, medical, surgical, and neuropsychiatric care and related medical and dental services to veterans. Hospital care includes medical services rendered during the course of hospitalization and transportation and incidental expenses for veterans who are in need of treatment for a service-connected disability or are unable to defray the expense of transportation. VA hospitalization is available to any veteran (1) who requires treatment for disabilities or diseases incurred or aggravated in military service, or (2) who has been discharged from other than dishonorable wartime service, or service after January 31, 1955, and is unable to pay the cost of necessary care and so states under oath, or (3) who is in receipt of pension or (4) who is 65 years of age or older, regardless of inability to defray the expenses of hospital care.

75. *Veterans nursing home care.*—This program is designed to accommodate individuals who are not acutely ill and not in need of hospital care, but who require skilled nursing care, related medical services, supportive personal care, and individual adjustment services

(including social, diversional, recreational, and spiritual activities and opportunities) in a homelike atmosphere designed for this treatment climate. Admissions can only be made from inpatient or member status in a VA facility or a non-VA facility at VA expense. The veteran must have achieved maximum benefits from hospitalization but still require skilled nursing home care and the related medical services for a protracted period of time.

76. *Veterans domiciliary care and restoration.*—This program provides domiciliary care in a sheltered environment for those veterans who have the potential, a 1-year program of assistance in returning to a self-sustaining independent living situation in the community. It also provides preventive medical assistance, sheltered sustenance, and assistance in returning to the community. Eligible veterans are those who have been discharged from the active service for a disability incurred or aggravated by line of duty or in receipt of disability compensation when suffering from permanent disability; or those veterans of any war if they are unable to defray the cost of necessary domiciliary care. In addition for the restoration program, a professionally determined reasonable potential to return to independent living in the community within 1 year.

77. *Veterans outpatient care.*—Outpatient medical and dental services are available to eligible veterans in VA facilities or under fee basis hometown care program when properly authorized. The outpatient care includes the availability of all professional and paramedical services, use of private physicians, the issuance of drugs and medicines, prosthetic appliances and transportation. Eligibility requirements are; veterans suffering from a disease or injury incurred or aggravated in service, adjunct nonservice incurred disabilities aggravating a service-incurred disease or injury for pre- and post-hospital care; Spanish-American War veterans; veterans entitled to vocational rehabilitation; military retirees; veterans of any war who have a total disability permanent in nature resulting from a service-connected disability; and veterans in receipt of increased pension or additional compensation based on the need for regular aid and attendance or being permanently housebound.

78. *Veterans prescription service (medicine for veterans).*—This program provides that veterans in need of regular aid and attendance will be furnished prescription drugs by the VA pharmacies upon presentation of a prescription from a licensed physician. Prescribed medicines may be dispensed directly or sent through the mails. Those who are eligible are veterans in receipt of increased compensation of pension based on need of regular aid and attendance or by reason of being permanently housebound. Eligibility for this program will continue beyond cutoff by reason of maximum limitations on annual income but only until income is \$500 over the maximum limitation.

79. *Veterans prosthetic appliances (prosthetic services).*—This program provides prosthetic and related appliances to disabled veterans so that they may live and work as productive citizens. These include artificial limbs, artificial eyes, wheelchairs, aids for the blind, hearing aids, braces, orthopedic shoes, eyeglasses, crutches and canes, medical equipment, and medical supplies. The program includes the replacement of appliances, training in their use, and repairs to such items as required. Those eligible are disabled veterans eligible for VA outpatient treatment for the condition requiring prosthetic services; veterans

receiving hospital care and VA facilities or at VA expense or receiving domiciliary, restoration center, or nursing home care in VA facilities; veterans in receipt of special monthly compensation or increased pension based on the need for regular aid and attendance.

80. *Veteran State home program.*—This program provides financial assistance to States that furnish domiciliary care to veterans in State soldiers' homes. The payments are limited to one-half of the cost of care not to exceed \$3.50 per day for each veteran provided domiciliary care. The veteran must need care (and be a war veteran) and meet one of the following conditions: (1) Has a service-connected disability for which such care is being provided; (2) has a non-service-connected disability and states under oath his inability to defray the expenses of necessary care; (3) was discharged or released from active service for a disability incurred or aggravated in line of duty; (4) is in receipt of or but for the receipt of retirement pay would be entitled to receive disability compensation. The grant payments are made as reimbursements for actual expenses for the care of the veteran and are paid to the State on a quarterly basis.

81. *Veterans State nursing home care.*—This program provides financial assistance to States that furnish nursing home care to veterans in State soldiers' homes. Payments are limited to one-half of the cost of care not to exceed \$500 per day for nursing home care. The veteran must need care and be a war veteran and meet one of the following conditions: (1) Has a service-connected disability for which such care is being provided; (2) has a non-service-connected disability and states under oath his inability to defray the expenses of necessary nursing home care; (3) or was discharged or released from active military service for a disability incurred or aggravated in line of duty; (4) is in receipt of or but for the receipt of retirement pay would be entitled to receive disability compensation. Grant payments are made as reimbursement for actual expenses for the care of the veteran and are paid to the State on a quarterly basis.

82. *Veterans State home hospital care.*—This program provides financial assistance to States that furnish hospital care to veterans in State soldiers' homes. These are grant payments made to reimburse the State for the actual expenses incurred in the care of veterans and are made on a quarterly basis. These payments are limited to one-half of the cost of care not to exceed \$7.50 per day for hospital care. The veteran must be a war veteran and in need of care and fulfill one of the following criteria: (1) Has a service-connected disability for which such care is being provided, or (2) has a non-service-connected disability and states under oath his inability to defray the expenses of necessary care, (3) was discharged or released from active service for a disability incurred or aggravated in line of duty, or (4) is in receipt of or but for the receipt of retirement pay would be entitled to receive disability compensation.

83. *Job opportunities in the business sector.*—The objective of this program is to stimulate private industry's interest in hiring and retaining the disadvantaged. The program is run in cooperation with the National Alliance of Businessmen. Technical assistance and encouragement is provided to employers to hire, train, and retain disadvantaged persons. Contracts are let to offset the added costs of counseling, related education, job training, transportation, and the full range of supportive services needed to assist disadvantaged individuals to

become fully productive workers. Individuals eligible for participation in the program include poor persons who do not have suitable employment and who are either (1) School dropouts, (2) under 22 years of age, (3) 45 years of age or older, (4) handicapped, or (5) subject to special obstacles to employment.

84. *Manpower development and training—OJT.*—This activity covers the program costs of providing employment and training in the private sector to unemployed, disadvantaged persons, and to upgrade persons in low skill occupations. It includes direct costs to employers and the cost of administering the projects by State agencies and through national contractors. The job opportunities in the business sector (JOBS) program included in this activity is operated in conjunction with the National Alliance of Businessmen. Its key feature is the concept of "hire first and then train."

85. *Public Service Careers.*—Public service careers provides on-the-job training and supportive services to enable disadvantaged persons to qualify for jobs with State and local governments and private non-profit agencies. The program incorporates the existing New Careers program. Funds are provided to State and local governments and private agencies which agree to hire and train disadvantaged persons for jobs. Each trainee must be guaranteed a job and receive all benefits and privileges given to other full-time employees. Funds may be used for staffing facilities constructed under other Federal grant-in-aid programs. The New Careers program concentrates on the critically short supply of trained subprofessional personnel in the health, welfare services, education, and other human service occupations.

86. *Manpower development and training-institutional training.*—The objective of this program is to provide classroom occupational training and related supportive services for unemployed and underemployed persons who cannot obtain appropriate full-time employment. Training or retraining in skills relevant to the local labor market is provided, usually in skill centers, or in public or private vocational schools. Funds may not be used to erect or repair buildings. Individuals eligible are those who are without employment or who are underemployed and who need training or retraining to gain employment. To receive regular training allowances, an applicant must be unemployed, head of household, or member of family in which head of household is unemployed, and must have at least 1 year's experience in gainful employment. Disadvantaged youth, age 17 through 21, may be eligible for youth allowances.

87. *Job Corps.*—The objective of this program is to provide training to disadvantaged youth aged 16 to 21, in a residence away from his normal environment. Eligible applicants shall be industries and public or nonprofit agencies having the capabilities to carry out the objectives of the program. Enrollees receive room and board, medical and dental care, work clothing, a nominal allowance for purchase of dress clothing, a monthly living allowance of \$30 minimum during an enrollee's first months of participation and up to \$50 maximum thereafter, and a readjustment allowance of \$50 for each month of satisfactory service for enrollees who complete their Job Corps training or perform satisfactorily for 6 months or longer. An allotment of \$25 maximum per month may be paid during the period of service to wives and dependent children of enrollees. Government matches this allotment, making a total of up to \$50 for the allottee.

88. *Neighborhood Youth Corps in-school out-of-school summer.*—The objective of this three-part program is to provide opportunities to students of low-income families to earn sufficient funds to remain in school while receiving useful work experience and to provide work experience, training, and support services for youths from low-income families who have dropped out of school to enable them to return to school or to acquire skills that will improve their employability.

The Neighborhood Youth Corps has three major components: (1) An in-school component which provides part-time work for students of high school age from low-income families; (2) a summer program that provides these students with job opportunities during the summer months; (3) an out-of-school program to provide economically deprived school dropouts with practical work experience and on the job training to encourage them to return to school and resume their education, or to help them improve their employability. Enrollees must not displace any employed workers nor impair existing contracts for service. The sponsor within each community must be a public or private nonprofit agency capable of planning, administering, coordinating, and evaluating the program. The in-school and summer components are open to students from low-income families, grades 9 through 12 (or the equivalent 14–21 year age group). The out-of-school program is open to unemployed youth from low-income families who are 16 to 17 years of age.

89. *Operation Mainstream.*—This program provides work-training and employment activities, with necessary supportive services, for chronically unemployed poor adults who have poor employment prospects and are unable, because of lack of employment opportunity or otherwise, to secure appropriate employment or training assistance under other programs. State and local government agencies and private nonprofit organizations may sponsor projects under this program. Emphasis is placed on establishing projects in rural areas or towns. Individuals eligible to participate must be 22 years of age or older, be chronically unemployed, and have an annual family income below the poverty line. Forty percent of enrollees must be 55 years of age or older. Job opportunities involve the betterment or beautification of communities or areas served by the project. Enrollees must not displace any employed workers nor impair existing contracts for service.

90. *Concentrated employment program.*—Concentrated employment programs are established by priority in urban neighborhoods or rural areas having serious problems of unemployment and subemployment. They coordinate and concentrate Federal manpower efforts to attack the total employment problems of the hardest hit of the disadvantaged in a way that will make a significant impact in the area. The concentrated employment program (CEP) is a system of packaging and delivering manpower services. Working through a single contract with a single sponsor (usually a community action agency), the Manpower Administration provides a flexible package of manpower programs including outreach and recruitment; orientation; counseling and job coaching; basic education; various medical day care, and other supportive services; work-experience or vocational training under a variety of individual manpower programs; job development and placement; and individualized followup after placement. Manpower employability and training services are provided only to disadvantaged residents of

the locally defined CEP target area. Here a disadvantaged individual is defined as one who is poor and does not have suitable employment and who is either (1) a school dropout, (2) under 22 years, (3) 45 years or older, (4) handicapped, or (5) one who has some other obstacles to employment.

91. *Work incentive program—training and allowances.*—The WIN program is designed to promote and encourage the employment, work experience, and training of recipients under the aid to families with dependent children. Training and incentives are administered by the Department of Labor through the State employment office. The provision of child care and supportive services are administered by the Department of HEW through the State and local welfare agencies, the funding of which is covered elsewhere in this print.

92. *Foster grandparents program.*—The foster grandparents program provides opportunities for low-income persons over the age of 60 to work part-time with children who are neglected or deprived of normal family relationships, usually in institutional settings. Foster grandparents most often work with children in pediatric wards, homes for dependent and deprived children, correctional institutions, receiving homes, institutions for the mentally retarded, for the emotionally disturbed and physically handicapped. The part-time volunteers are paid \$1.60 an hour and usually work 20 hours a week with two children during any one day. Funding is through project grants. The grants may be used for staff salaries, orientation and training, foster grandparent stipends, foster grandparent fringe benefits (such as a physical examination and accident insurance), transportation, meals, and certain consultant services and equipment. The low-income criteria is specifically the OEO low-income guidelines. This program is now administered through ACTION.

93. *Indian-employment assistance.*—This program provides vocational training and employment opportunities for Indians. It assists Indian people in obtaining a marketable skill and employment. This program may be used for assistance in job placement and for general employment counseling.

94. *Indian industrial and tourism development on-the-job training only.*—This program trains Indians for more responsible positions and involves them more deeply in management and ownership of businesses. On-the-job training is used as an inducement for industry to locate plants on or near Indian reservations and thus provide job opportunities for Indians.

95. *Federal employment for disadvantaged youth—part time.*—The aim of this program is to give disadvantaged young people, 16 through 21, an opportunity for part-time employment with Federal agencies to allow them to continue their education without interruptions caused by financial pressures. Young people enrolled as students at accredited secondary schools or at institutions of higher learning and who meet the financial need criterion of the program are permitted to work up to 16 hours per week during the school year and to work a regular, 40-hour week during extended vacation periods. To be eligible for participation in the program, applicants must be accepted for, or enrolled in, an approved and accredited secondary school or institution of higher learning, maintain an acceptable school standing, and need their job earnings to stay in school.

96. *Federal employment for disadvantaged youth (summer).*—The aim of this program is to give disadvantaged young people, ages 16 through 21, meaningful summer employment with the Federal Government, and a chance to earn needed money to enable them to return to school. Federal agencies place requests for personnel with the appropriate office of a State employment service. That office screens young people for family income status eligibility and refers eligibles directly to Federal employers. No special skills or experience are required. Youths hired as summer aides are paid at the minimum wage rate. To be eligible for participation in the program, a youth must qualify as disadvantaged under the guidelines established by the Department of Labor.

97. *Job bank (manpower training services (Federal fund) portion only).*—The objective of the job bank is to provide maximum exposure of job openings on a current basis to applicants seeking work in a public employment service office or participating agency office in a city where a job bank is operating. Grants are made to establish a listing and matching procedure of applicant qualifications against employer openings. State employment security agencies are eligible for funds to operate a job bank as part of their total program of employment services provided individual applicants. All applicants in a community are eligible to avail themselves of the opportunities in a job bank listing.

98. *Employment services—grants to States (includes employment services and administration of unemployment insurance).*—The objective of this program is to place persons in employment by providing services to individuals in need of preparation and placement of jobs and to employers seeking qualified individuals to fill job openings. Through Federal grants States operate over 2,300 local offices of State employment and those providing it. General services include interviewing, testing, counseling, and referral to placement (using job banks) or to appropriate training or other services involved in readying individuals for employment. Those eligible for participation in the program include all employers, those in need of employment, community groups, employer organizations, educational or training institutions. Emphasis is placed on the disadvantaged and those providing employment for the disadvantaged.

99. *Minimum wage and hour standards.*—This program provides standards protecting the wages of working persons by requiring a minimum hourly wage rate, overtime pay, and equal pay for men and women performing the same or substantially equal work. Additional standards apply to the use of child labor. Federal wage and hour standards apply generally to employers engaged in interstate or foreign commerce or in the production of goods for such commerce. Employees of contractors performing on Federal or federally financed construction projects, or providing goods or services to Federal agencies, are subject to special standards. For most covered employment the current minimum hourly wage is \$1.60, with time and one-half required for hours worked over 40 in a workweek. To the extent necessary to prevent curtailment of employment opportunities, certificates authorizing special minimum wage rates are issued for learners, handicapped workers, full-time students, student workers, and apprentices. Any covered employee, unless specifically exempt, is entitled to be paid in accordance with applicable monetary standards.

100. *Vocational rehabilitation services—basic support.*—Basic program of vocational rehabilitation services to persons with mental and physical handicaps. Federal and State funds are used to cover the costs of providing rehabilitation services which include: diagnosis, comprehensive evaluation, counseling; training, reader services for the blind, interpreter services for the deaf, and employment placement. Also assist with payment for medical and related services and prosthetic and orthotic devices, transportation rehabilitation, tools, licenses, equipment, supplies, and other goods and services; vending stands for handicapped persons including management and supervisory services; and assistance in the construction and establishment of rehabilitation facilities. Services are provided to families of handicapped individuals when such services will contribute substantially to the rehabilitation of such individuals who are being provided vocational rehabilitation services.

101. *Rehabilitation services expansion—contracts with industry; rehabilitation services expansion grants; rehabilitation services innovation grants; vocational rehabilitation—facility improvement grants; vocational rehabilitation—initial staffing; vocational rehabilitation—training services grants.*—These programs include: contracts or arrangements to prepare handicapped individuals, in a realistic work setting, for gainful employment in the competitive labor market; special projects to rehabilitate into employment more disabled persons; formula grants to develop methods or techniques "new in the State" for providing services and to develop new or expanded services to groups of handicapped persons with catastrophic or particularly severe disabilities; project grants to assist rehabilitation facilities in improving professional services, business, management, and other aspects of operation projects grant to assist in paying part of the compensation of initial staff of a rehabilitation facility following new construction or substantial enlargement; project grants to assist State and other agencies in providing training services to prepare clients for gainful employment.

102. *Vocational rehabilitation services for social security beneficiaries.*—Formula grants to provide necessary rehabilitation services to more disability beneficiaries to enable their return to gainful employment.

103. *Community action operations, legal services, migrant and seasonal farmworkers assistance special impact, VISTA, OEO research, development, and evaluation.*—These programs are administered by OEO, except for VISTA, which is administered by ACTION. The community action programs operate through community action agencies which mobilize and coordinate resources (both public and private) into anti-poverty action. These agencies include neighborhood service centers, State economic opportunity offices, senior opportunities and services projects, projects serving Indians, and some agencies which provide a large range of different services (from housing assistance to the organization of local planning groups). Training and technical assistance, as a supportive service to the agencies, is also provided. Funding is through grants to local programs. The legal services program provides legal services (noncriminal) to the low-income population in the project areas. Funding is through grants to local programs which provide salaries to lawyers and other staff along with certain facilities. The migrant and seasonal farmworkers assistance programs provide funding for projects covering occupational training, education, economic

development (such as cooperatives), day care, and housing assistance. Funding is through project grants. The special impact program provides funds for community development corporations in poverty areas. It is an effort to develop the economic base of selected urban poverty areas. Assistance is through project funding and technical assistance. VISTA funds individual projects in poverty areas. These projects consist of volunteers working with local groups to alleviate poverty through organizing resources and helping to coordinate community action efforts. Volunteers are paid a minimum stipend for 1 year.

104. *Model Cities—supplementary grants, planning grants to city demonstration agencies, technical assistance and evaluation.*—This program provides financial and technical assistance to enable cities to plan, develop, and carry out locally prepared and scheduled comprehensive city demonstration programs containing new and imaginative proposals to rebuild and revitalize large slums and blighted areas. Funding is through project grants some of which may be used for administrative costs related to the implementation of an approved Model Cities program. Beneficiaries are neighborhood residents and groups who must show serious social, physical, and economic problems in the area. Funding in the past has been long term although presently it is in the nature of specific grants which can be included later in the developing community development grant program which is replacing the Model Cities program.

105. *Economic opportunity farm operating loans to cooperatives, farm resource loans, and nonfarm enterprise loans.*—These programs form the rural economic opportunity loan program authorized by the Economic Opportunity Act and delegated to the Department of Agriculture by OEO. Loans are made to both individuals and cooperatives to meet the special needs of low-income rural families by providing funds to assist them in raising and maintaining their income. The loans may be used to establish small farm and nonfarm enterprises, or to combine basic real estate, machinery, and equipment purchases into one loan. These loans may be made up to \$3,500 outstanding at one time with repayments extended as long as 15 years (for individuals) or 30 years (for cooperatives). Interest is set at $4\frac{1}{8}$ percent per annum.

[Note: This program was phased out in fiscal year 1971 and 1972.]

106. *Work incentive program—Child care.*—State administered program providing child care services for recipients of aid to families with dependent children (AFDC) who are participating in the work incentive (WIN) program. Federal funding is provided in the form of matching grants.

107. *Economic development—Grants and loans for public works and development facilities loans for businesses and development companies, planning assistance, technical assistance, research and area redevelopment administration grants for public facilities.*—This group of programs is administered by the Economic Development Administration of the Department of Commerce. They provide: (1) grants for the construction of public facilities needed to initiate and encourage long term growth in designated areas where economic growth is lagging (to public agencies or private, nonprofit groups); (2) loans to encourage private investment in redevelopment, areas when projects cannot be financed through private investment sources (to businesses and development companies); (3) grants for planning in multicounty districts and

redevelopment areas (to public agencies, in general); and (4) grants for technical assistance to help solve problems of economic growth in designated areas (to public agencies and nonprofit private groups).

108. *Neighborhood facilities grants.*—This program provides grants to local public bodies and agencies to help finance multipurpose neighborhood facilities. To be eligible for Federal financial assistance, projects must be: (1) needed to carry out a program of health, recreational, social, or similar community services; (2) designed for multipurpose use; (3) consistent with comprehensive planning for the community; and (4) conveniently located for use by a significant portion of the low- or moderate-income residents of the area. Financial assistance only covers construction costs. Funding priority is given to centers designed to benefit members of low-income families or otherwise further the objectives of a community action program of OEO. Applications are rated on the degree of poverty in the service area and the extent to which the project provides needed services to low-income families in an effective manner.

109. *Extension programs for improving farm income.*—These programs are administered through the Extension Service of the Department of Agriculture. They provide formula grants to land-grant colleges (under the Smith-Lever Act) to improve farm income through better economic management.

110. *Economic opportunity loans for small businesses (direct loans only).*—This program is administered by the Small Business Administration. Direct loans (as part of an overall direct and guaranteed loan program supported by management assistance) are provided to low-income or socially or economically disadvantaged persons for small businesses (usually in economically depressed areas). Loans are made up to \$25,000 with maximum maturity of 15 years for existing and potential businesses.

111. *Farm labor housing—grants.*—Financial assistance in the form of grants is provided to public or private nonprofit organizations, or other eligible organizations for low-rent housing and related facilities for domestic farm labor. Assistance not to exceed 90 percent of the total development cost may be provided for new structures (including household furnishings) and sites, and for the rehabilitation, alteration, conversion or improvement of dwellings, dining halls, community rooms or buildings, and infirmaries used by domestic farm laborers.

112. *Rural self-help housing—technical assistance.*—This program makes grants designed to aid the development of comprehensive plans to permit an expansion of mutual and self-help housing programs under which groups of families build their own homes by mutually exchanging labor.

113. *Rural housing site loans (direct loans only), low to moderate income housing loans (direct loans only), very low income housing repair loans, and rural rental housing loans (direct loans only).*—The direct loan portion of these programs provide loans ranging from an average of \$1,000 to \$60,000, depending on the program. Interest rates range from 1 percent to 7½ percent. The loans are made to repair and improve rural housing and provide cooperative housing in rural areas for elderly persons. The very low income housing repair loan program forms the overwhelming bulk of this group of programs (over 90 percent).

114. *Housing loans—rental housing for the elderly and handicapped.*—This is a direct loan program which provides loans at 3 percent interest for the construction or rehabilitation of rental housing for occupancy by low and moderate income elderly or handicapped families. It is now being phased out and the task is being absorbed by the regular interest reduction payment program for rental and cooperative housing for lower income families (sec. 236).

115. *Social services, available to: Aged, blind, permanently and totally disabled, and AFDC families.*—To provide services through grants made to States operating public assistance programs. Federal share of the programs is 75 percent for: (1) the cost of providing preventive and rehabilitative services and (2) the cost of staff training, including educational leave and agency training session.

116. *Child welfare services.*—To establish, extend, and strengthen services provided by State and local public welfare programs for child development, the protection and care of homeless and dependent and neglected children. Each State receives a uniform amount of \$70,000 in Federal moneys for child welfare services. The balance of the Federal child welfare services appropriation is allotted to States on a variable matching formula which takes into account the child population under 21 and the State per capita income.

APPENDIX B

**Committee of Jurisdiction and Date of Initial Authorization of
Federal Programs Aiding the Poor
(Material Requested by Senator Curtis at Page 45
of This Hearing)**

FEDERAL PROGRAM

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
1. Old-age assistance.....	1935	Finance.....	Ways and Means.
2. Aid to the blind.....	1935	.....do.....	Do.
3. Aid to the permanently and totally disabled.....	1950	.....do.....	Do.
4. Aid to families with dependent children....	1935	.....do.....	Do.
5. Emergency welfare assistance.....	1967	.....do.....	Do.
6. Pension for non-service-connected disability for veterans.	(¹)	Veterans' Affairs.....	Veterans' Affairs.
7. Pension to veterans' widows and children.	(¹)	.....do.....	Do.
8. Indian child welfare assistance.....	1921	Interior and Insular Affairs.	Interior and Insular Affairs.
9. Indian general assistance.....	1921	.....do.....	Do.
10. Indian housing improvement.....	1921	.....do.....	Do.
11a. Social security—retirement insurance....	1935	Finance.....	Ways and Means.
11b. Social security—special benefits for persons aged 72 and over.	1966	.....do.....	Do.
11c. Social security—survivors insurance.....	1939	.....do.....	Do.
12. Social security—disability insurance.....	1956	.....do.....	Do.
13. Special benefits for disabled coal miners..	1969	Labor and Public Welfare.	Education and Labor.
14. Social insurance for railroad workers (retirement, disability, survivor, and sickness benefits only).	1937	.....do.....	Interstate and Foreign Commerce.
15. Unemployment insurance—grants to States.	1935	Finance.....	Ways and Means.

See footnotes at end of table, p. 144.

(185)

FEDERAL PROGRAM—Continued

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
16. Social insurance for railroad workers (unemployment insurance only).	1935	Labor and Public Welfare.	Interstate and Foreign Commerce.
17. Federal workmen's compensation benefits.	1916	.....do.....	Education and Labor.
18. Veterans' compensation for service-connected disability.	(1)	Veterans' Affairs.....	Veterans' Affairs.
19. Compensation for service-connected deaths for veterans' dependents.	(1)	.....do.....	Do.
20. Veterans' dependency and indemnity compensation for service-connected death.	1956	.....do.....	Do.
21. Burial allowance for veterans.....	1940	.....do.....	Do.
22a. Food Stamps.....	1964	Agriculture and Forestry..	Agriculture.
22b. All food programs other than food stamps.	(2)	.....do.....	Do.
23. Public housing.....	1937	Banking, Housing and Urban Affairs.	Banking and Currency.
24. Rent supplements—rental housing for low income families.	1965	.....do.....	Do.
25. Interest subsidies.....	1968	.....do.....	Do.
26. Interest reduction payments—rental and cooperative housing for lower income families (interest reduction payments only).	1968	.....do.....	Do.
27a. Follow through.....	1967	Labor and Public Welfare.	Education and Labor.
27b. Childhood development—head start.....	1965	.....do.....	Do.

28a. Educationally deprived children—handicapped.	1965	do.	Do.
28b. Educationally deprived children—local educational agencies.	1965	do.	Do.
28c. Educationally deprived children—migrants.	1966	do.	Do.
28d. Educationally deprived children—State administration.	1965	do.	Do.
28e. Educationally deprived children in institutions for neglected or delinquent children.	1966	do.	Do.
29. Dropout prevention	1968	do.	Do.
30. Bilingual education	1968	do.	Do.
31. Teacher corps—operations and training.	1965	do.	Do.
32. Educational personnel training grants—career opportunities and education personnel development urban/rural school development.	1967	do.	Do.
33. Educational opportunity grants and higher education work-study.	1964	do.	Do.
34a. Special services for disadvantaged students in institutions of higher education.	1968	do.	Do.
34b. Talent search	1965	do.	Do.
34c. Upward bound	1965	do.	Do.
35. Extension programs for improved nutrition.	1914	Agriculture and Forestry..	Agriculture.
36. Indian—adult education	1921	Interior and Insular Affairs.	Interior and Insular Affairs.
37. Indian—community development	1910	do.	Do.

See footnotes at end of table, p. 144.

FEDERAL PROGRAM—Continued

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
38. Indian—contracts with Indian school boards.	1936	Interior and Insular Affairs.	Interior and Insular Affairs.
39. Indian—Federal school facilities—dormitory operations.	1921	do.	Do.
40. Indian—Federal schools.	1921	do.	Do.
41. Indian—higher education.	1921	do.	Do.
42. Indian—assistance to non-Federal schools.	1936	do.	Do.
43a. Health professions scholarships.	1965	Labor and Public Welfare.	Interstate and Foreign Commerce.
43b. Nursing scholarships.	1968	do.	Do.
44a. Health professions student loans.	1963	do.	Do.
44b. Nursing student loans.	1964	do.	Do.
45. School assistance in federally affected areas—maintenance and operation.	1950	do.	Education and Labor.
46. Handicapped preschool and school programs.	1965	do.	Do.
47. Handicapped early education assistance.	1968	do.	Do.
48. Vocational education—basic grants to States (nonconstruction portion only).	1917	do.	Do.
49. Vocational education—consumer and homemaking.	1917	do.	Do.
50. Vocational education—cooperative education.	1968	do.	Do.
51. Vocational education—work study.	1968	do.	Do.

52. Adult basic education—grants to States.. States.	1966	do	Do.
53. Adult basic education—special projects..	1966	do	Do.
54. Adult basic education—teacher educa- tion.	1966	do	Do.
55. Higher Education Act insured loans.....	1965	do	Do.
56. National defense student loans—direct loan contributions.	1958	do	Do.
57. Extension programs for improved family living.	1914	Agriculture and Forestry..	Agriculture.
58. Medical assistance program (medicaid)..	1965	Finance.....	Ways and Means.
59. Health insurance for the aged—hospital insurance.	1965	do	Do.
60. Health insurance for the aged—supple- mentary medical insurance.	1965	do	Do.
61. Family planning projects.....	1968	do	Do.
62a. Alcoholic counseling and recovery.....	1969	Labor and Public Welfare.	Interstate and Foreign Commerce.
62b. Comprehensive health services.....	1966	do	Do.
62c. Drug rehabilitation.....	1969	do	Do.
62d. Emergency food and medical services....	1967	do	Do.
62e. Family planning.....	1966	do	Do.
63. Migrant health grants.....	1962	do	Do.
64a. Dental health of children.....	1967	Finance.....	Do.
64b. Health care of children and youth— projects.	1965	do	Do.
64c. Intensive infant care projects.....	1967	do	Do.
64d. Maternity and infant care projects.....	1963	do	Do.

See footnotes at end of table, p. 144.

FEDERAL PROGRAM—Continued

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
65. Indian health services.....	1954	Labor and Public Welfare.	Interstate and Foreign Commerce.
66a. Indian sanitation facilities.....	1959	do.....	Do.
66b. Other Indian health facilities.....	1954	do.....	Do.
67a. Mental health—community assistance grants for narcotic addiction.	1968	do.....	Do.
67b. Mental health—staffing of community mental health centers.	1963	do.....	Do.
68. St. Elizabeths Hospital.....	1852	do. ³	Education and Labor. ³
69. Comprehensive public health services—formula grants.	1966	do.....	Interstate and Foreign Commerce.
70. Health services development—project grants.	1966	do.....	Do.
71a. Crippled children's services.....	1935	Finance.....	Do.
71b. Maternal and child health services.....	1935	do.....	Do.
72. Community contract nursing home care..	1964	Veterans' Affairs.....	Veterans' Affairs.
73. Rehabilitation of blind veterans.....	1922	do.....	Do.
74. Veterans' hospitalization.....	1922	do.....	Do.
75. Veterans' nursing home care.....	1964	do.....	Do.
76. Veterans' domiciliary care and restoration.	1930	do.....	Do.
77. Veterans' outpatient care.....	1922	do.....	Do.
78. Veterans' prescription service.....	1922	do.....	Do.
79. Veterans' prosthetic appliances.....	1922	do.....	Do.
80. Veterans' State home program.....	1948	do.....	Do.

81. Veterans' State nursing home care.....	1948	do.....	Do.
82. Veterans' State home hospital care.....	1969	do.....	Do.
83a. Job opportunities in the business sector.....	1968	Labor and Public Welfare.	Education and Labor.
83b. Job opportunities in the business sector—low support.	1968	do.....	Do.
84. Manpower development and training—on-the-job training program.	1962	do.....	Do.
85. Public service careers.....	1963	do.....	Do.
86. Manpower development and training—institutional training.	1962	do.....	Do.
87. Job corps.....	1964	do.....	Do.
88a. Neighborhood youth corps (in-school portion only).	1965	do.....	Do.
88b. Neighborhood youth corps (summer portion only).	1965	do.....	Do.
88c. Neighborhood youth corps (out-of-school portion only).	1965	do.....	Do.
89. Operation mainstream.....	1965	do.....	Do.
90. Concentrated employment program.....	1966	do.....	Do.
91. Work incentive program—training and allowances.	1967	Finance.....	Ways and Means.
92. Foster grandparents program.....	1965	Labor and Public Welfare.	Education and Labor.
93. Indian—employment assistance.....	1921	Interior and Insular Affairs.	Interior and Insular Affairs.
94. Indian—industrial and tourism development (on-the-job training portion only).	1921	do.....	Do.
95. Federal employment for disadvantaged youth—part-time.	1965	Post Office and Civil Service.	Post Office and Civil Service.
96. Federal employment for disadvantaged youth—summer.	1965	do.....	Do.

See footnotes at end of table, p. 144.

FEDERAL PROGRAM—Continued

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
97. Job bank (manpower training services [Federal fund] portion only).	1968	Labor and Public Welfare.	Education and Labor.
98a. Employment services—grants to States...	1933	.....do.....	Do.
98b. Job bank (unemployment trust fund portion only).	1968	.....do.....	Do.
99. Minimum wage and hour standards.....	1938	.....do.....	Do.
100. Vocational rehabilitation services—basic support.	1920	.....do.....	Do.
101a. Rehabilitation services expansion—contracts with industry.	1968	.....do.....	Do.
101b. Rehabilitation services expansion grants.	1965	.....do.....	Do.
101c. Rehabilitation services innovation grants.	1965	.....do.....	Do.
101d. Vocational rehabilitation—facility improvement grants.	1965	.....do.....	Do.
101e. Vocational rehabilitation—initial staffing.	1965	.....do.....	Do.
101f. Vocational rehabilitation—training services grants.	1965	.....do.....	Do.
102. Vocational rehabilitation services for social security beneficiaries.	1965	Finance.....	Ways and Means.
103a. Community action operations.....	1964	Labor and Public Welfare.	Education and Labor.
103b. Legal services.....	1966	.....do.....	Do.
103c. Migrant and seasonal farmworkers assistance.	1964	.....do.....	Do.
103d. Special impact.....	1966	.....do.....	Do.

103e. Volunteers in service to America.....	1964	do.....	Do.
103f. OEO research, development, and evaluation.	1964	do.....	Do.
104a. Model cities supplementary grants.....	1965	Banking, Housing, and Urban Affairs.	Banking and Currency.
104b. Model cities planning grants to city demonstration agencies.	1965	do.....	Do.
104c. Model cities technical assistance and evaluation contracts.	1965	do.....	Do.
105a. Economic opportunity farm operating loans to cooperatives.	1964	Labor and Public Welfare.	Education and Labor.
105b. Economic opportunity farm resource loans.	1964	do.....	Do.
105c. Economic opportunity nonfarm enterprise loans.	1964	do.....	Do.
106. Work incentive program—child care.....	1967	Finance.....	Ways and Means.
107a. Economic development—grants and loans for public works and development facilities.	1965	Public Works.....	Public Works.
107b. Economic development—loans for businesses and development companies.	1965	do.....	Do.
107c. Economic development—planning assistance.	1965	do.....	Do.
107d. Economic development—technical assistance.	1965	do.....	Do.
107e. Economic development—research.....	1965	do.....	Do.
107f. Area redevelopment administration grants for public facilities.	1961	do.....	Do.
108. Neighborhood facilities grants.....	1965	Banking, Housing and Urban Affairs.	Banking and Currency.

See footnotes at end of table, p. 144.

FEDERAL PROGRAM—Continued

Program name and program description number	Year authorized	Committee with jurisdiction	
		Senate	House
109. Extension programs for improving farm income.	1914	Agriculture and Forestry..	Agriculture.
110. Economic opportunity loans for small businesses (direct loans only).	1964	Labor and Public Welfare.	Education and Labor.
111. Farm labor housing grants.....	1949	Agriculture and Forestry..	Agriculture.
112. Rural self-help housing technical assistance.	1949	.....do.....	Do.
113a. Rural housing site loans (direct loans only).	1949	.....do.....	Do.
113b. Low to moderate income housing loans (direct loans only).	1949	.....do.....	Do.
113c. Very low-income housing repair loans...	1949	.....do.....	Do.
113d. Rural rental housing loans (direct loans only).	1949	.....do.....	Do.
114. Housing loans—rental housing for the elderly and the handicapped.	1959	Banking, Housing and Urban Affairs.	Banking and Currency.
115a. Social services—aid to the blind.....	1956	Finance.....	Ways and Means.
115b. Social services—aid to the permanently and totally disabled.	1956	.....do.....	Do.
115c. Social services—families with dependent children.	1956	.....do.....	Do.
115d. Social services—old-age assistance.....	1956	.....do.....	Do.
116. Child welfare services.....	1935	.....do.....	Do.

¹ Veterans' compensation and pension programs date back to the Revolutionary War.

² 1935-66.

³ No recent substantive legislation. These committees reported last legislation in 1947.

APPENDIX C

**Department of Health, Education, and Welfare Comments on
Public Testimony Received on H.R. 1**

Public Testimony on H.R. 1
Senate Finance Committee
January-February 1972

During the public testimony on H.R. 1, a great deal of valuable testimony was received and developed by the Senate Finance Committee. Certainly, legislation as far-reaching, and as controversial, as this landmark bill deserves intense public scrutiny, discussion and debate from every point of view. We believe the Committee's public hearings have been extremely useful for accumulating more valuable background data for the further consideration of H.R. 1.

As might be expected, there were some statements and allegations read into the record with which DHEW does not agree. Others point out problems in the current welfare structure that H.R. 1 is specifically designed to correct. In order to enable Committee members and other interested citizens and organizations to have access to additional information bearing on these matters, we are submitting for the hearing record our comments on a few selected issues.

ELLIOT L. RICHARDSON,
Secretary, Department of Health, Education, and Welfare.

HEW COMMENTARY ON SELECTED ISSUES

1. PROGRAM ABUSE AND FRAUD

Senator Long, January 20, 1972

"For years now the Department of Health, Education, and Welfare has been saying that welfare ineligibility was less than one percent. Just a few months ago they released a pamphlet entitled 'Welfare Myths' in which they continued to propound this myth of one percent ineligibility. But I am pleased to say that they are now replacing welfare myths with welfare facts. For they just recently released a study showing ineligibility in Aid to Families with Dependent Children to be about six percent, and they have admitted that even this figure is probably low."

HEW Comments

Welfare fraud has actually been less than two percent through the years. The most recent quality control survey by HEW's Social and Rehabilitation Service indicated that 4.9 percent of the aged, blind and disabled cases, and 5.6 percent of the AFDC families were actually ineligible and should not have been receiving benefits. The survey also showed incorrect payment—both overpayments and underpayments—in 17.8 percent of the adult cases and 24.3 percent of the AFDC cases. (See Attachment 1.)

These findings reflect what we believe to be fundamental weaknesses of present welfare administrative structures, consisting of 1,152 separate State and local welfare payment administrative systems. They highlight the lack of needed management tools to assure program integrity and control against ineligibility and fraud. Lacking uniform identification of applicants and uniform records from State to State and with manual, non-automated processes in over 80 percent of the existing payment systems flooding welfare administrators with paperwork, effective control is not now achievable.

It is for this reason Federal administration of payments to adult and family welfare recipients—using Social Security numbers for identification, maintaining uniform records nationally and utilizing the modern automated equipment, capable of rapid checking with SSA, IRS and other data sources—is a vital feature of welfare reform. The new system called for by H.R. 1 is designed to provide the management tools needed to ensure efficiency and integrity in the administration of welfare payments.

2. HEW REGULATIONS ON DISCLOSURE OF INFORMATION AND FRAUD

Samuel A. Weems, Prosecuting Attorney's Association of Arkansas, January 21, 1972

"The present administration has adopted a policy of confidentiality to such an extent that information necessary for criminal prosecutions is not available to my office."

HEW Comments

HEW regulations do not hamper prosecution of suspected welfare fraud, desertion, or child support cases. On the contrary, HEW regulations *require* State welfare officials to cooperate with law enforcement officers in cases in which fraud or desertion are suspected or in which the paternity of a child born out of wedlock must be established. State welfare agencies are also *required* to report to law enforcement officials all cases involving suspected fraud, desertion, or abandonment.

Federal law and regulations governing disclosure in the welfare area

As a condition of receiving Federal welfare funds, Sec. 2(a)(7) of the Social Security Act requires each State welfare agency to undertake to "provide safeguards which restrict the use or disclosure of information concerning applicants and recipients to purposes directly connected with the administration of the State (welfare) plan." Each public assistance title of the Federal statute contains a similar provision. The HEW regulations which implement this statutory requirement elaborate on those words, but do not impose any condition on disclosure of information which cannot be fairly inferred from Congress' general interest in preserving the confidentiality of welfare case-files. (Attachment 2.)

Disclosure required under mandatory fraud referral procedures

HEW's regulations specifically require State welfare agencies to cooperate with law enforcement officials in developing procedures for referral of situations in which the existence of welfare fraud is suspected *by the welfare agency itself*. (Attachment 3) Under such procedures, of course, the State welfare agency has an affirmative obligation to dis-

close to law enforcement authorities all information it has concerning a welfare recipient which is pertinent to the question of welfare fraud.

Welfare fraud can sometimes take the form of a false claim of desertion by the father. Federal law and HEW's regulations expressly provide that, in *all* cases where a recipient claims desertion, the State must so advise the authorities and supply relevant information. (Attachment 4) The data which States must give to law enforcement officials under this requirement may well lead to the detection of welfare fraud involving a supposedly absent father who is really in the home.

Disclosure permitted in other cases of suspected fraud

Although a well-run State welfare program could turn up most cases of welfare fraud, it is not possible for the State or local welfare agency to identify all such cases. Where law enforcement officials identify a case of suspected welfare fraud which has gone undetected by the welfare agency and wish to take action, *there is no Federal statutory provision or HEW regulation which prevents the State welfare agency from disclosing information bearing on the question of welfare fraud to those officials.* Disclosure of information unrelated to the suspected fraudulent conduct is, of course, both unnecessary and undesirable, and the welfare agency therefore has the responsibility to make available from the case file only such information as is needed for the investigation of the fraudulent activity in question. Also, it would be administratively disruptive and a violation of the legislatively mandated principle of confidentiality to permit unlimited access to all case-files when the law enforcement officials have no specific instance of welfare fraud in mind, but merely suspect that such fraud exists generally in the program.

Federal provisions related to paternity and child-support; enforcement activity unrelated to disclosure of welfare case-files. State welfare agencies are required by Federal law and HEW regulations to develop programs to establish the paternity of illegitimate AFDC recipients and to locate and secure support from parents who desert or abandon their children. (Attachment 5)

There is no Federal law or HEW regulation which prohibits a law enforcement official from making any inquiries he chooses from any source of information, including friends and neighbors, concerning an individual's suspected fraud on the welfare system. Moreover, we are aware of no informal policy to discourage the making of such inquiries.

H.R. 1 Provisions

H.R. 1 would strengthen the administration of welfare programs in several ways designed to reduce fraud and parental irresponsibility. The penalties for fraud are made the same as those provided in the social security program.

To discourage abandonment of families, H.R. 1 provides that an individual who has deserted or abandoned his spouse, child, or children shall owe a monetary obligation to the United States equal to the total amount of assistance benefits paid to the spouse and children during the period of desertion or abandonment. The liability of a deserting parent would be reduced by the amount of any payment he made to his family during the period of desertion. In those cases in which a court has issued an order for the support and maintenance

of the deserted spouse or children, the obligations of the deserting parent would be limited to the amount specified by the court order.

To the extent these amounts are not collected directly from the individual involved, the amount due the United States under this provision could be collected from any amounts otherwise due the deserting parent by any officer or agency of the United States or under any Federal program without time limit.

H.R. 1 also provides Federal penalties, upon conviction, where a parent crosses State lines to avoid his parental support responsibility. The Secretary of HEW is instructed by H.R. 1 to notify proper authorities of any reports he obtains that indicates any child is being or has been subjected to neglect, abuse, exploitation, or other improper care or custody.

The above provisions were recommended by Senator Long and approved by the Ways and Means Committee in its consideration of H.R. 1.

3. ABSENT FATHERS; "MAN-IN-THE-HOUSE" POLICIES

HEW Comments

The vast majority of women and children on the AFDC rolls are there because the father is absent (through desertion, divorce, or death—or because the parents were never married). When AFDC applications are received, the States attempt to obtain information about the absent father. Court decisions, however, require that the application be processed even though the mother fails to name the father or to attempt to obtain support from him. HEW requires the State in such instances of desertion or abandonment in AFDC cases to notify appropriate State law-enforcement officials. This notification is made in order to attempt to locate the absent parent and secure through the courts support for the child(ren).

Court decisions also hold that a State may not deny AFDC because of the presence in a child's home of a man who owes the child no legal duty of support. All persons seeking AFDC must list all residents in the home as well as income from all such residents. If a woman receives such income from a man-in-the-house, and fails to report it, she is committing a fraud.

Under H.R. 1 the income of the step-parent in a household would automatically be counted available to the household. Better information systems would enable us to tie in more quickly to other income records and to pursue cases with a greater chance of success.

4. APPEALS AND HEARINGS—PAYING THE RECIPIENT'S LAWYER

Senator Long, February 3, 1972

"Even if a person is totally ineligible, he has to have an appeal, and a hearing, and a lawyer, so you are paying not only him, but the lawyer."

HEW Comments

Payments are not knowingly made to persons who are totally ineligible. HEW does not require States to furnish legal representation to welfare recipients who challenge the State welfare agency's decisions.

If a State, *at its option*, chooses to provide legal counsel to aggrieved welfare recipients, HEW would be required under present law to make matching payments for the cost of such legal counsel (at 50 percent, the matching rate for administrative costs). However, no State has, as of this writing, elected to furnish legal counsel in the administrative appeals process of the welfare programs.

Recipients are sometimes represented by lawyers paid under the OEO Legal Services Program, but that program is not connected with, or funded by, HEW, and is not concerned exclusively with welfare. Legal Services lawyers provide representation to poor people in connection with many kinds of governmental and private activity, of which welfare is one.

5. SPECIAL NEEDS AND WORK EXPENSES IN CURRENT WELFARE PROGRAMS

Hon. Frank Licht, Governor of Rhode Island, January 24, 1972

“. . . the legislature of my State, concerned with escalating costs, attempted to cut out special needs for furniture and furnishings . . . we have not yet gone to that. We attempted to cut out these special needs for furniture and furnishings which, for example, in 1967 cost the State some \$300,000, and last year cost us \$5 million; but the Federal District Court in *Rosada v. Wyman* told us we could not, unless they wanted to go on a flat grant system or ratable reduction we had to continue with these.”

Hon. Ronald Reagan, Governor of California, February 1, 1972

“Based on California grant standards utilizing the \$30 and $\frac{1}{2}$ exemptions from gross income there results a possible continuation on grant status (mother and three children) until the gross income exceeds \$1,500 per month. This is by no definition a needy family.”

HEW Comments

The present welfare structure has developed over decades of varying pressures and frequently with objectives of meeting a “special need” of welfare clients such as rent, personal care, and work expenses. These provisions have enabled the States, with Federal financial support, to meet more adequately these identified needs of recipients. In fact, these types of special needs payments have reduced substantially the Federal control of welfare expenditures.

Thus, because of the unlimited possibilities of pyramiding these allowances and deductions, and always with a blank check on the Federal Treasury, there have been made public cases of families with substantial earnings who are receiving welfare payments. This has understandably created resentment among taxpayers. Under current law, HEW can do nothing but continue to match these payments resulting from legal deductions and exclusions.

H.R. 1 would close these loopholes by allowing a flat \$60/month for all work-related expenses and by placing an absolute maximum for the first time on other income exclusions and deductions such as earnings of a student, income, irregularly or infrequently earned, or the costs of child care.

6. THE CONCEPT OF WELFARE PAYMENTS FOR WORK

P. Richard Stoesser, Chairman, Public Services Committee, Board of Commissioners, Midland County, Michigan. January 26, 1972

"Federal Regulation (233.140) provides that Federal funds will not be available to any State whose welfare recipients must work for benefits."

HEW Comments

We believe that employable welfare recipients should be required to work and that is an essential feature of H.R. 1. It is also a requirement in the Unemployed Fathers program (enacted in 1962) and the WIN program (enacted in 1967).

The Social Security Act (Section 409) prohibits Federal matching payments made in the form of "payments for work." Conceptually, welfare payments with Federal matching are made to meet subsistence needs of individuals whose resources are otherwise inadequate.

Congress has authorized work experience and training programs (under Sections 409 and 1115 of the Social Security Act, Title V of the Economic Opportunity Act and Part E of the Manpower Development and Training Act). The President has requested us to develop more work relief projects for New York, California, and Illinois and these are being considered as demonstration projects. We understand that these projects will be attacked in the courts. It is our position that the three major areas for demonstration work relief projects, New York, California, and Illinois, are sufficient at this stage to test these concepts and to obtain court reaction. We believe the Talmadge Amendments will improve the WIN program and are convinced that H.R. 1 has sound work provisions.

7. BUSINESS MANAGEMENT OF WELFARE PROGRAMS

Warren S. Richardson, General Counsel, Liberty Lobby, January 20, 1972

"Critics claim that virtually all of the Government programs to deal with poverty, and the welfare program in recent years, have come from the academic community, or special-interest lobbies in Washington—that there has been little visible input from business management experts."

HEW Comments

Welfare management problems are inherent under present arrangements of 1,152 individual State and local administrations in operation for paying welfare benefits. There are no common methods from one State to another, or in some areas even between adjoining counties, to prevent benefit duplication. The lack of efficient data processing systems—over 80 percent of existing payments systems being operated manually—or even compatible records systems, limits the exchange of information for determining the eligibility of applicants, for verifying income and family composition, for locating responsible parents, especially absent fathers, etc.

We believe that as an essential element of welfare reform there is a need for Federal administration providing improved control techniques not available under present State/local administration. Federally

established uniform, automated claims and payment systems can increase program efficiency, reduce personnel, cut administrative costs and produce other management improvements to reduce ineligibility and prevent fraud. Use of Social Security numbers to identify all participants in both the adult and family programs, including children, and maintenance of uniform records throughout the country, will make possible rapid checking with other data sources, including SSA and IRS records—a management tool not available under present State/local programs.

Recognizing the need, the Administration has assigned a group of key program managers to do intensive planning to assure efficient welfare administration under H.R. 1. A Domestic Council Committee on Welfare Reform Planning has also been established and is actively engaged in drawing together Executive Branch planning for the implementation of H.R. 1. Top officials of HEW, DOL, OMB, CSC, GSA, OEO and the Department of Agriculture serve on the Committee.

8. FEDERAL ADMINISTRATION OF WELFARE PROGRAMS

Numerous witnesses, including Roger A. Freeman, indicated a preference for continued administration of welfare programs by the States.

HEW Comments

One of the things that most strongly characterizes the Administration's overall reform strategy in domestic policy is the desire to sort out functions of Government and to avoid the proliferation of responsibility which now exists where every level of Government is responsible for almost every program area, and the result is that no one level is accountable for any. The President has said many times that we need to determine who should do a particular job and then put that level of Government in a position to do the job well.

In particular, under welfare reform, our assumption is that the payments function (that is transferring money from the Government to individuals on an equal and uniform basis across the Nation according to their need) is an appropriate function for the national Government, just like the Social Security Administration and Internal Revenue Service perform similar functions in an efficient way.

On the other hand, we believe just as strongly that services to people cannot be provided or even decided upon in Washington. Decisions must be made at the local level as to what kinds of services people receiving welfare benefits and wage supplements need, and how to enlist help from volunteer individuals and organizations, according to the problems and conditions in different communities.

There are now about 203,000 employees in State and local welfare offices. It is estimated that 86,000 of these are involved in just eligibility determinations. These are expected to grow to about 100,000 by the time H.R. 1 becomes effective.

A preliminary staffing estimate of 80,000 for the HEW agency involved in this function under H.R. 1 seems realistic at this stage of planning. This staff, of course, will be involved in receiving and processing applications from working people in need under the new welfare legislation, as well as those that have been included in the assistance programs administered by the States.

9. FUNDING LEVEL FOR SOCIAL SERVICES

Many State officials testified that the closed-end funding approach in H.R. 1 would constitute a serious problem for the States in maintaining their social services levels.

HEW Comments

It has been difficult to determine the actual costs of social services, or the actual volume of social service provided, under the existing Federal-State welfare structure. There is no question that vital social services are being furnished to welfare recipients, and H.R. 1 specifies these and assures that Federal matching funds will be available—at the rate of \$800 million for the first year of the new program. But we believe that DHEW and the Congress should examine just how the social services function is operating, and its true costs, before deciding on the appropriate funding level for future years.

The expenditures for social services under the public assistance programs have been rising rapidly in the last few years. Over half of the increased costs which State welfare agencies requested for social services, administration, and training are for social services. At the same time, there are widespread allegations that welfare employees who are nominally identified as “social service” specialists have to be involved in eligibility work because of the sharp increase in welfare applications and a shortage of available personnel. Thus, we believe we need to review this area of service during the first year of H.R. 1 implementation in order to arrive at an accurate estimate of the funding needs for social services.

We want to point out that the Federal Government will continue to provide 75 percent matching funds to the States for child care and family planning services on an open-ended basis. These, of course, are the services that are most likely to facilitate efforts to contain the growing welfare caseload.

While social services and staff training costs are now matched on a 75 percent basis, the Federal Government pays 50 percent of the costs of administering the assistance programs. It has been difficult to separate the administrative costs from the social services and training costs.

There is also a problem of wide disparities among the States currently in levels of social services furnished. For example, in 1971 two States accounted for 37 percent of the total Federal expenditures for social services. It is for this reason that H.R. 1 also provides an equalization process in Federal funding so that the States might attain a more consistent level of services for poor people.

10. APPLICABILITY OF “HOLD HARMLESS” PROVISIONS OF H.R. 1 TO “SPECIAL NEEDS PAYMENTS”

Governor Ronald Reagan of California, February 1, 1972

“As you’ve already heard, HEW claims that H.R. 1 would save California \$234,000,000. Actually, it would increase our costs by nearly \$100,000,000.”

HEW Comments

We believe Governor Reagan and his staff had interpreted the H.R. 1 “hold harmless” section as not applying to “special needs” payments made by the State in the base year. Although HEW would

not administer a "special needs" type of program under H.R. 1 (because of the administrative difficulties associated with such provisions) we have assumed that special needs payments would be averaged into the basic grants. Our cost estimates assume that this would be done. This means that the "hold harmless" section of H.R. 1 would permit the averaging-in of "special needs" payments, as well as rent, into the payment levels on which the fiscal relief provision is based.

This concept, of eliminating special needs and providing flat grants (to average out special needs), is now being used in many States.

11. HEW COST ESTIMATES

Senator Ribicoff, January 24, 1972

"I think for the record, my staff informs me that in July, the figures when my amendments were put in, HEW's figures to my staff were 30 million; now they say 40 million. I don't know who is in charge of statistics in HEW today, but it seems inconceivable that between July and January it would jump from 30 million to 40 million."

HEW Comments

Our records indicate that estimates were furnished for three alternate plans, as follows:

	June	July	November ¹
Basic benefit.....	\$2,800	\$3,000	\$3,000
Benefit reduction rate (percent).....	67	67	60

¹ This plan also provides that taxes be disregarded which raises the effective breakeven. It also provides for staged increases in benefit levels—reaching 100 percent of the poverty level in 1977.

12. STUDIES MADE ON H.R. 1 WORK INCENTIVES

Several witnesses commented on work incentives and on studies that indicate H.R. 1 would not have enough incentives to work.

HEW Comments

There is no subject more important to this Administration than work incentives that can be built into welfare reform. We have given exhaustive attention to creating a dual "incentives and penalties" system to encourage work. We believe H.R. 1 establishes an approach that balances out the options that are realistically available to the nation.

If the reduction-in-benefits rate on earnings is liberalized from the 33½% rate in H.R. 1, the result is a higher "breakeven" point, which means that millions more people are eligible for payments.

We consider the provisions in the bill to be the optimum trade-off on this vital issue.

Attachment 6 furnishes more detailed information on work incentives.

ATTACHMENT 1

[From HEW News, Monday, Jan. 3, 1972]

HEW's Social and Rehabilitation Service today released a preliminary survey indicating that approximately 5 percent of the

Nation's welfare families were ineligible for payment they received in April 1971.

The HEW analysis showed that 4.9 percent of the aged, blind, and disabled cases, and 5.6 percent of the AFDC families should not have been receiving benefits.

Most of the errors were identified as honest mistakes by State and local welfare agencies or by those who received the payments. More than half were agency errors. In many cases, backlogged agencies did not reduce benefits promptly enough when a client reported an increase in outside income. Cases prosecuted for fraud amount to less than 1 percent of the total.

"The results of this survey make it all the more urgent that Congress enact the Administration's welfare reform legislation, which calls for a thorough management overhaul of the public assistance system," said Dr. Richard P. Nathan, HEW Deputy Under Secretary for Welfare Reform Planning.

He said that these survey results, although partial and preliminary, document the basic structural inadequacy of present welfare administrative systems.

Nathan said, "Enactment of H.R. 1 would take a heavy administrative burden off the backs of States and localities, by transferring responsibility for determining eligibility and making payments to a new, uniform, and automated national system.

"At present," he noted, "over 80 percent of State and local welfare agencies are not automated, and as a result agencies are inundated with paperwork. Mistakes, delays and abuses are inevitable under these conditions."

Dr. Nathan also pointed out that the Nation's 1,152 State and local welfare administrations lack compatible record systems. This is due in part to the fact that 21 States operate decentralized welfare administrations. "Each welfare agency tends to be an island unto itself," he said, "and under these circumstances systems for checking on eligibility, avoiding duplicate payments, locating responsible parents and other key administrative controls are frequently inadequate."

Under the new system called for by H.R. 1, he pointed out, a single Federal agency using the most modern computer equipment, and related management tools would be able to ensure that the Nation's welfare program was carried out "with efficiency and integrity." Dr. Nathan likened such a new system to the administration of Social Security which, he said, "has enjoyed a high reputation for efficiency throughout the 35 years of its existence."

The HEW survey showed overpayments and underpayments in 24.3 percent of the AFDC cases and 17.8 percent of adult category cases.

Overpayments to adults averaged \$22.43 and underpayments \$14.23.

AFDC overpayments averaged \$44.92 per family and underpayments \$18.32.

These errors arose from three kinds of miscalculations:

- Family living expenses were computed too high or too low;
- Income deducted from living expenses was erroneously calculated; or

- The maximum payments or percentage reduction in payment was incorrectly determined.

Errors by recipients were due to incorrect or incomplete information or not reporting changes in their circumstances. In most cases, there was no evidence of a deliberate misrepresentation.

Officials pointed out that a State-by-State breakdown of results was not attempted, since the number of samples submitted by each State was too small to yield a statistically valid picture.

The April survey was part of a new HEW quality control effort, that went into effect in October 1970. The new system, designed to pinpoint errors and correct deficiencies more effectively than in the past, has not yet been fully implemented by at least 16 States.

"The fundamental problem," SRS Administrator John Twiname said, "is that no quality control system can be universally enforced unless you can apply sanctions, where needed, such as withholding all or part of the Federal share of public assistance to States that fail to measure up. The only Federal sanction prescribed by law is the Hearing process, which is slow and cumbersome. We apply this only as a last resort because it could mean punishing welfare families, the old and disabled, for the failure of a basically unworkable system."

The major reason why the new quality control system isn't fully operating, Twiname said, is because understaffed State welfare agencies, burdened with rising caseloads, have not been able to afford the cost of hiring the additional staff the system requires.

The quality control system is administered by State welfare agencies under HEW rules. Special staffs are assigned to carry out the independent eligibility investigations upon which the quality control system is based.

SRS is providing a 60-member staff working mostly out of its ten regional offices to monitor State welfare agencies and help them improve their operations.

State quality control reviewers determine for each ineligible case the principal reason for ineligibility. These reasons fall into three groupings, as shown in Tables 3 and 6:

- (1) Agency errors, including—
 - (a) inadequate determinations of eligibility,
 - (b) failure to follow-up on known or indicated changes in circumstances and
 - (c) misinterpretations of policy and administrative errors of local staff;
- (2) Changes in family size or income that are not reported by recipients; and
- (3) a combination of 1 and 2.

Federal regulations require the welfare agency to make an initial determination for eligibility, periodic redeterminations, and to conduct a prompt follow-up any time that eligibility status might be affected by changes in the family's makeup or a recipient's income. Recipients themselves are supposed to report any change in their circumstances.

Although the first period covered by the new quality control system was October 1970 through June 1971, the data collected were not complete enough to give a true national picture. To fill this gap, SRS asked States to submit a subsample of cases from their April 1971 caseload.

The analysis of this subsample in the attached tables has two important limitations, officials warned:

1. Only about half of the Nation's public assistance caseload is represented because many States were unable to review enough

cases in April to provide a valid quota for a national subsample;

2. Some of the largest States are therefore not represented, including California, Colorado, Maryland, New Jersey, North Carolina, Texas and Virginia. Moreover, New York, Ohio, Pennsylvania, and Wisconsin submitted only a small fraction of the quota requested of them.

QUALITY CONTROL—NATIONAL SUBSAMPLE

TABLE 1.—*Eligibility status of families receiving AFDC, April 1971*

Eligibility status:	Percent
All families.....	100. 0
Eligible families.....	94. 4
Ineligible families.....	5. 6

TABLE 2.—*Overpayments and underpayments of eligible assistance families receiving AFDC, April 1971*

Payment status:	Percent of eligible families	Amount
All families ¹	100. 0	
Received correct amount of assistance.....	75. 7	
Received overpayment.....	14. 6	
Received underpayment.....	9. 7	
Average amount of overpayment to overpaid families.....		\$44. 92
Average amount of underpayment to underpaid families.....		18. 32

¹ Does not include ineligible families.

TABLE 3.—*Reasons for ineligibility, overpayment, and underpayment of assistance to AFDC families, April 1971*

Error status:	Percent
All families.....	100. 0
Families with error (in eligibility or payment status).....	28. 6
Families with agency error only.....	13. 2
Families with client error only.....	12. 0
Families with agency and client error.....	3. 4
Families with no error (in eligibility or payment status).....	71. 4
Eligibility factor causing error: ¹	Percent of all families
Percent of all families with error in—	
Basic program requirements ²	3. 0
Resources ³.....	. 8
Need—income ⁴	11. 4
Need—requirements ⁵	12. 4
Other ⁶	1. 0

¹ Only one factor is reported for a family. For families totally ineligible, the first error found contribution to the ineligibility is reported. For families with error in payment status the factor involving the largest amount of income or need is reported, although all of the errors contribution to the net error are taken into consideration.

² Includes errors in requirements for age, institutional status, disability or blindness, living with specified relative, and deprivation.

³ Includes errors in such resources as real estate (home and other), insurance, savings, investments, and disposal of property.

⁴ Includes errors in earnings, insurance benefits and pensions, support payments, contributions, other income, and the treatment of income according to the State's policy.

⁵ Includes errors in the basic budgetary allowance, special circumstances allowance, and in proper persons included in the client's budget.

⁶ Includes errors in computation and in State requirements not included elsewhere.

TABLE 4.—*Eligibility status of adult category cases receiving assistance,¹ April 1971*

<i>Eligibility status</i>	<i>Percent</i>
All adult cases.....	100.0
Eligible cases.....	95.1
Ineligible cases.....	4.9

¹ Includes recipients of OAA, APTD, and AB.

TABLE 5.—*Overpayments and underpayments of eligible adult category cases receiving assistance, April 1971*

Percent of eligible cases:	
All eligible adult cases ¹	100.0
Received correct amount of assistance.....	87.2
Received overpayment.....	7.9
Received underpayment.....	4.9
Average amount of overpayment to overpaid cases.....	\$22.43
Average amount of underpayment to underpaid cases.....	14.23

¹ Does not include ineligible cases.

TABLE 6.—*Reasons for ineligibility, overpayment and underpayment of assistance to adult category cases, April 1971*

<i>Error status</i>	<i>Percent</i>
All adult cases.....	100.0
Cases with error (in eligibility or payment status).....	17.1
Cases with agency error only.....	9.6
Cases with client error only.....	5.8
Cases with agency and client error.....	1.7
Cases with no error (in eligibility or payment status).....	82.9
<i>Eligibility factor causing error¹</i>	
Percent of all cases with error in—	
Basic program requirements ².....	.4
Resources ³	2.5
Need—income ⁴	6.6
Need—requirements ⁵	7.5
Other ⁶.....	.1

¹ Only 1 factor is reported for a case. For cases totally ineligible, the first error found contributing to the ineligibility is reported. For cases with error in payment status the factor involving the largest amount of income or need is reported, although all of the errors contributing to the net error are taken into consideration.

² Includes errors in requirements for age, institutional status, disability or blindness, living with specified relative, and deprivation.

³ Includes errors in such resources as real estate (home and other), insurance, savings, investments, and disposal of property.

⁴ Includes errors in earnings, insurance benefits and pensions, support payments, contributions, other income, and the treatment of income according to the State's policy.

⁵ Includes errors in the basic budgetary allowance, special circumstance allowance, and in proper persons included in the client's budget.

⁶ Includes errors in computation and in State requirements not included elsewhere.

ATTACHMENT 2

(See Part 204 for Preamble and approval)

§ 205.50 Safeguarding information

(a) *State plan requirements.* A State plan under title I, IV-A, X, XIV, XVI, or XIX of the Social Security Act, except as provided in paragraph (b) of this section, must provide that:

(1) Pursuant to State statute which imposes legal sanctions:

(i) The use or disclosure of information concerning applicants and recipients will be limited to purposes directly connected with the

administration of the program. Such purposes include establishing eligibility, determining amount of assistance, and providing services for applicants and recipients.

(ii) The State agency has authority to implement and enforce the provisions for safeguarding information about applicants and recipients;

(iii) Publication of lists or names of applicants and recipients will be prohibited.

(2) The agency will have clearly defined criteria which govern the types of information that are safeguarded and the conditions under which such information may be released or used. Under this requirement:

(i) Types of information to be safeguarded include but are not limited to:

(a) The names and addresses of applicants and recipients and amounts of assistance provided (unless excepted under paragraph (b) of this section);

(b) Information related to the social and economic conditions or circumstances of a particular individual;

(c) Agency evaluation of information about a particular individual;

(d) Medical data, including diagnosis and past history of disease or disability, concerning a particular individual.

(ii) The release or use of information concerning individuals applying for or receiving financial or medical assistance is restricted to persons or agency representatives who are subject to standards of confidentiality which are comparable to those of the agency administering the financial and medical assistance programs.

(iii) The family or individual is informed whenever possible of a request for information from an outside source, and permission is obtained to meet the request. In an emergency situation when the individual's consent for the release of information cannot be obtained, he will be notified immediately thereafter.

(iv) In the event of the issuance of a subpoena for the case record or for any agency representative to testify concerning an applicant or recipient, the court's attention is called, through proper channels to the statutory provisions and the policies or rules and regulations against disclosure of information.

(v) The same policies are applied to requests for information from a governmental authority, the courts, or a law enforcement official as from any other outside source.

(3) The agency will publicize provisions governing the confidential nature of information about applicants and recipients, including the legal sanctions imposed for improper disclosure and use, and will make such provisions available to applicants and recipients and to other persons and agencies to whom information is disclosed.

(4) All materials sent or distributed to applicants, recipients, or medical vendors, including material enclosed in envelopes containing checks, will be limited to those which are directly related to the administration of the program and will not have political implications. Under this requirement:

(i) Specifically excluded from mailing or distribution are materials such as "holiday" greetings, general public announcements, voting information, alien registration notices;

(ii) Not prohibited from such mailing or distribution are materials in the immediate interest of the health and welfare of applicants and recipients, such as announcements of free medical examinations, availability of surplus food, and consumer protection information;

(iii) Only the names of persons directly connected with the administration of the program are contained in material sent or distributed to applicants, recipients, and vendors, and such persons are identified only in their official capacity with the State or local agency.

(b) *Exception.* In respect to a State plan under title I, IV-A, X, XIV, or XVI of the Social Security Act, exception to the requirements of paragraph (a) of this section may be made by reason of the enactment or enforcement of State legislation, prescribing any conditions under which public access may be had to records of the disbursement of funds or payments under such titles within the State, if such legislation prohibits the use of any list or names obtained through such access to such records for commercial or political purposes.

[Federal Register, vol. 36, No. 40—Saturday, February 27, 1971]

ATTACHMENT 3

(See Part 204 for Preamble and approval)

§ 235.110 Fraud.

State plan requirements: A State plan under title I, IV-A, X, XIV, or XVI of the Social Security Act must provide:

(a) That the State agency will establish and maintain:

(1) Methods and criteria for identifying situations in which a question of fraud in the program may exist, and

(2) Procedures developed in cooperation with the State's legal authorities for referring to law enforcement officials situations in which there is valid reason to suspect that fraud has been practiced. The definition of fraud for purposes of this section will be determined in accordance with State law

(b) For methods of investigation of situations in which there is a question of fraud, that do not infringe on the legal rights of persons involved and are consistent with the principles recognized as affording due process of law.

(c) For the designation of official position(s) responsible for referral of situations involving suspected fraud to the proper authorities.

[Federal Register, vol. 36, No. 40—Saturday, February 27, 1971]

ATTACHMENT 4

(See Part 204 for Preamble and approval)

PART 235—ADMINISTRATION OF FINANCIAL ASSISTANCE PROGRAMS

8. Part 235 is added as follows:

Sec.
235.70 Notice to law enforcement officials.

AUTHORITY: The provisions of this Part 235 issued under sec. 1102, 49 Stat. 647, 42 U.S.C. 1302.

§ 235.70 Notice to law enforcement officials.

State plan requirements: A State plan under title IV-A of the Social Security Act must provide that:

(a) The appropriate law enforcement officials will be notified in writing promptly as soon as AFDC has been furnished in respect to a child who is believed to have been deserted or abandoned by a parent. This requirement has no effect upon the determination of eligibility. It is a requirement upon the agency, and is fulfilled by providing the following information after a family has been found eligible and been granted assistance: A statement that AFDC has been furnished (date) to relative (name and address) in behalf of children (name and ages) in his home, who appear to have been deserted or abandoned by their parent(s) (name and address, if known). Under this requirement, the appropriate law enforcement officials are those responsible for initiating actions in cases of desertion or abandonment, as those terms are defined under State law.

(b) Criteria will be established for the selection of cases in which notice is given to law enforcement officials that AFDC has been furnished in respect to a dependent child believed to have been deserted or abandoned by a parent. In fulfilling this requirement, the criteria will include instructions for identification of the classes of persons who, under State law, are defined as parents responsible for support of minor children, and against whom legal action may be taken under such laws for desertion or abandonment.

(c) All applicants affected by the reporting requirement will be informed as early as possible during the application process, and each applicant will be afforded the opportunity to withdraw his application, if he wishes, before payment is issued and the required notice sent to the law enforcement officials.

[Federal Register, vol. 36, No. 40—Saturday, February 27, 1971]

ATTACHMENT 5

LOCATION OF ABSENT PARENT

(Citations in the Social Security Act, as Amended)

STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) A State plan for aid and services to needy families with children must * * *

(11) effective July 1, 1952, provide for prompt notice to appropriate law-enforcement officials of the furnishing of aid to families with dependent children in respect to a child who has been deserted or abandoned by a parent.

* * * * *

(21) provide that the State agency will report to the Secretary, at such times (not less often than once each calendar quarter) and in such manner as the Secretary may prescribe—

(A) the name, and social security account number, if known, of each parent of a dependent child or children with respect to whom aid is being provided under the State plan—

(i) against whom an order for the support and maintenance of such child or children has been issued by a court of competent jurisdiction but who is not making payments in compliance or partial compliance with such order, or against whom a petition for such an order has been filed in a court having jurisdiction to receive such petition; and

(ii) whom it has been unable to locate after requesting and utilizing information included in the files of the Department of Health, Education, and Welfare maintained pursuant to section 205,

(B) the last known address of such parent and any information it has with respect to the date on which such parent could last be located at such address, and

(C) such other information as the Secretary may specify to assist in carrying out the provisions of section 410;

SUPPORT

(Citations in the Social Security Act, as Amended)

STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) A State plan for aid and services to needy families with children must * * *

(17) provide—

(A) for the development and implementation of a program under which the State agency will undertake—

* * * * *

(ii) in the case of any child receiving such aid who has been deserted or abandoned by his parent, to secure support for such child from such parent (or from any other person legally liable for such support), utilizing any reciprocal arrangements adopted with other States to obtain or enforce court orders for support, and

(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials—

(A) to assist the State agency in administering the program referred to in clause (17)(A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and

(B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan * * *

PATERNITY

(Citations in the Social Security Act, as Amended)

STATE PLANS FOR AID AND SERVICES TO NEEDY FAMILIES WITH CHILDREN

SEC. 402. (a) A State plan for aid and services to needy families with children must * * *

(17) provide—

(A) for the development and implementation of a program under which the State agency will undertake—

(i) in the case of a child born out of wedlock who is receiving aid to families with dependent children, to establish the paternity of such child * * *

(B) for the establishment of a single organizational unit in the State agency or local agency administering the State plan in each political subdivision which will be responsible for the administration of the program referred to in clause (A);

(18) provide for entering into cooperative arrangements with appropriate courts and law enforcement officials—

(A) to assist the State agency in administering the program referred to in clause (17)(A), including the entering into of financial arrangements with such courts and officials in order to assure optimum results under such program, and

(B) with respect to any other matters of common concern to such courts or officials and the State agency or local agency administering the State plan * * *

(b) The State plan must also show the steps to be taken to achieve this objective, including the staffing for this function.

§ 220.46 Reports and evaluations (applicable to IV-A and B).

Such reports and evaluations must be furnished to the Secretary as he may specify, showing the scope, results and costs of services for families and children.

§ 220.47 Implementation; local agencies and service contractors (applicable to IV-A and B).

(a) The State agency must have methods of assuring that local agencies are meeting the plan requirements, and where services are purchased, of monitoring local agencies and service contractors to insure that the plan requirements are being met and funds are being appropriately and effectively used. See separate SRS policy governing purchase of services.

(b) The State plan must also describe the methods to be used to carry out this requirement.

§ 220.48 Establishing paternity and securing support for children receiving aid (applicable to IV-A).

(a) There must be a program for establishing paternity for children born out-of-wedlock and for securing financial support for them and for all other children receiving AFDC who have been deserted by their parents or other legally liable persons. Efforts must be made to locate putative and absent parents and there must be a determination of their potential to provide financial support. There must be provision for the utilization of reciprocal arrangements with other States to obtain or enforce court orders for support. There must be a single staff unit in the State agency and in large local agencies to administer this program. (The files of the Social Security Administration are available to the State agencies when other efforts have failed to provide the necessary information on the address of a parent.)

(b) There must be a plan of cooperation with courts and law enforcement officials and pertinent information must be provided them when their assistance is needed in locating putative or deserting fathers, establishing paternity and securing support.

(c) In developing plans for cooperation with courts and law enforcement officials, there must be agreement that the information provided by the State or local agency will be used only for the purpose intended. There must be provision for financial arrangement to reimburse courts and law enforcement officials when it is found necessary for them to undertake services beyond those usually provided in such cases.

(d) There must be cooperation with other State welfare agencies administering AFDC in locating parents of an AFDC child against whom a support petition has been filed in another State and in attempting to secure compliance by a parent now residing in the agency's own State.

(e) Clearance procedures established with the Internal Revenue Service will be used in respect to any parents of AFDC children whose location is unknown and who are failing to comply with existing court orders for support payments or against whom petitions for orders have been filed. (See separate issuance related to these procedures.)

§ 220.49 Other plan requirements for child welfare services under title IV—B (Other regulations in 42 CFR Part 201 still pertain).

(a) *Single State agency.* (1)(i) The State plan shall designate a State agency as the single agency for the administration of the plan or for supervision of the administration of part of the plan by local agencies.

(ii) Effective July 1, 1969, the State plan must provide that the State agency responsible for the State plan approved under title IV—A will also administer or supervise the administration of the plan under title IV—B, except that

(a) if on January 2, 1968 the State agency administering the plan under title IV—B is different from the State agency responsible for the State plan approved under title IV—A, the requirement in this subdivision (ii) shall not apply so long as such agencies are different;

(b) if on January 2, 1968 the local agency administering the plan approved under title IV—B is different from the local agency administering the plan approved under title IV—A, the requirement in this subdivision (ii) shall not apply with respect to such local agencies so long as such agencies are different.

(2) The State plan shall set forth the authority of the State agency under State law for the administration of the program. Where there is administration by local agencies, the plan shall set forth the legal basis for such administration or for the supervision of such administration by the State agency. Citations to all directly pertinent laws and copies of all interpretations of such laws by appropriate State officials, and citations to all directly pertinent interpretations of laws by courts, shall be furnished as part of the plan.

(b) *Organization for administration.* The State plan shall describe the organization of the State agency for the administration of the plan and of any local agencies engaged in such administration. It shall also describe the methods of administration utilized by the State agency in the administration of the plan and by any local agencies engaged in such administration. Where there is administration by local agencies, the State plan shall describe the nature and extent of the supervision exercised by the State agency.

(c) *Personnel standards.* There shall be, with respect to the employees of the State agency and those of local agencies, personnel administration on a merit basis which shall be in accordance with current Federal Standards for a Merit System of Personnel Administration in 45 CFR Part 70. The State plan shall contain necessary materials relating to personnel administration to permit evaluation for compliance with the said Standards for a Merit System of Personnel Administration.

(d) *Coordination with services under AFDC.* There shall be coordination between child welfare services and services in AFDC with a view to provision of welfare and related services which will best promote the welfare of such children and their families.

(e) *Reports.* The State plan shall provide that the State agency will make such reports with respect to any and all phases of the State program of child welfare services in such form and containing such information as the Bureau may find necessary to assure the correctness and verification of such reports.

Subpart B—Optional Provisions

§ 220.50 General.

If a State elects under title IV-A to provide services for additional groups of families and children, i.e., current applicants or former or potential applicants and recipients of public assistance, the State plan:

(a) Must identify such group or groups and specify the services to be made available to such group;

(b) Contain provisions committing the State to meet the requirements in this subpart;

(c) Indicate the steps to be taken to meet those requirements; and

(d) Provide for the submission of such implementation and progress reports as may be specified.

SERVICES IN AID TO FAMILIES WITH DEPENDENT CHILDREN

§ 220.51 Range of optional services.

(a) The Social Security Act (sec. 406(d)) defines the full range of family services in AFDC as follows: “* * * services to a family or any member thereof for the purpose of preserving, rehabilitating, reuniting, or strengthening the family, and such other services as will assist members of a family to attain or retain capability for the maximum self-support and personal independence.”

(b) The full range of or selected family services, and child welfare services as defined in this subpart, may be included except for those services excluded in § 220.61.

(c) Following are types of selected services:

(1) *Child care services.* Child care services provided to families other than those required in § 220.18 must meet the standards required in that section.

(2) *Emergency assistance—services.* Emergency assistance in the form of services to needy families with children, including migrants, may be provided. Such services must be planned and staffed, so as to assure immediate accessibility and prompt response, and separate policy instructions relating to emergency assistance must apply. (These separate policies do not apply to use of title IV-B funds.)

(3) *Educational and training services.* Educational and training services may be included where the Work Incentive Program has not been initiated in a local jurisdiction or is inadequate in scope or size to meet the needs of recipients; or where the Work Incentive Program has been initiated and there is an agreement with representatives of the Labor Department that these services are not available to recipients. Full use must be made of services available through the Employment Service.

(4) *Legal services.* Legal services, in addition to those required in § 220.25, may be included for families desiring the help of lawyers with their legal problems (see separate policies governing the provision of such services).

§ 220.52 Coverage of optional groups for services.

(a) The agency may elect to provide services to all or to reasonably classified subgroups of the following:

(1) Families and children who are current applicants for financial assistance.

(2) Families and children who are former applicants or recipients of financial assistance.

(3) Families and children who are likely to become applicants for or recipients of financial assistance, i.e., those who:

(i) Are eligible for medical assistance, as medically needy persons, under the State's title XIX plan.

(ii) Would be eligible for financial assistance if the earnings exemption granted to recipients applied to them.

(iii) Are likely, within 5 years, to become recipients of financial assistance.

(iv) Are at or near dependency level, including those in low-income neighborhoods and among other groups that might otherwise include more AFDC cases, where services are provided on a group basis.

(4) All other families and children for information and referral service only.

(b) All families and children in the above groups, or a selected reasonable classification of families and children with common problems or common service needs, may be included.

CHILD WELFARE SERVICES

§ 220.55 Range of optional services and groups to be served.

(a) The Social Security Act (sec. 425) defines the full range of child welfare services as follows: "* * * public social services which supplement, or substitute for, (1) parental care and supervision for the purpose of preventing or remedying, or assisting in the solution of problems which may result in the neglect, abuse, exploitation, or delinquency of children, (2) protecting and caring for homeless, dependent, or neglected children, (3) protecting and promoting the welfare of children of working mothers, and (4) otherwise protecting and promoting the welfare of children, including the strengthening of their own homes where possible or, where needed, the provisions of adequate care of children away from their homes in foster family homes or day care or other child care facilities."

§ 220.56 Day care services.

(a) If day care services are included under title IV-B, they must meet the standards required in § 220.18(c)(2), and in addition, the State plan must indicate compliance with the following:

(1) Cooperative arrangements with State health and education agencies to assure maximum utilization of such agencies in the provision of health and education services for children in day care.

(2) An advisory committee on day care services as set forth in § 220.4(b).

(3) A reasonable and objective method for determining the priorities of need, as a basis for giving priority, in determining the existence of need for day care, to members of low-income or other groups in the population and to geographical areas which have the greatest relative need for the extension of day care.

(4) Specific criteria for determining the need of each child for care and protection through day care services.

(5) Determination that day care is in the best interests of the child and the family.

(6) Provision for determining, on an objective basis, the ability of families to pay for part or all of the cost of day care and for payment of reasonable fees by families able to pay.

(7) Provision for the development and implementation of arrangements for the more effective involvement of the parent or parents in the appropriate care of the child and the improvement of his health and development.

(8) Provision of day care only in facilities (including private homes) which are licensed by the State or approved as meeting the standards for such licensing.

Subpart C—Federal Financial Participation

§ 220.60 General.

The regulations in this subpart deal separately with Federal financial participation in the costs of services under the AFDC and Child Welfare Services programs because these programs have different legal provisions governing the extent of Federal funding. However, in general there are no differences in the kinds of services or methods of providing services under these two programs.

§ 220.61 Federal financial participation; AFDC.

(a) *General.* Federal financial participation is available in expenditures, as found necessary by the Secretary.

(1) For the proper and efficient administration of the plan;

(2) For the costs of providing the services for the groups of families and children;

(3) For carrying out the activities described in subparts A and B of these regulations that are included in the approved State plan. Such participation will be at the rates prescribed in this subpart.

(b) *Persons eligible for service.* Federal financial participation is available under this section only for services provided to:

(1) A child or relative who is receiving aid under the plan and to any essential person living in the same household as such relative and child.

(2) The groups defined in § 220.52: current applicants for aid, former and potential applicants or recipients and other individuals

requesting information and referral service only. In respect to any child or relative who has formerly been an applicant for or recipient of aid, counseling and casework services may be provided. Other services may be provided only to those children or relatives who have received aid within the previous 2 years or who qualify under the definition of potential applicants or recipients.

(c) *Sources for furnishing services.* Federal financial participation is available under this section for services furnished:

(1) By State or local agency staff, i.e., full- or part-time employed staff; and volunteers, or

(2) By purchase, contract, or other cooperative arrangements with public or private agencies or individuals, provided that such services are not available without cost from such sources.

(d) *Provisions governing costs of certain services.* (1) Medical and assistance costs. Federal financial participation under this section will not be available in expenditures for subsistence and other assistance items or for medical or remedial care or services, except.

(i) For subsistence and medical care when they are provided as essential components of a comprehensive service program of a facility and their costs are not separately identifiable, such as, in a rehabilitation center, a day care facility or a maternity home;

(ii) For medical and remedial care and services as part of family planning services;

(iii) For required medical examinations for persons caring for children under agency auspices, when not otherwise available or not included in purchase arrangements;

(iv) For identifying medical problems of children in child care facilities; or

(v) For medical diagnosis and consultation when necessary to carry out service responsibilities, e.g., for recipients under consideration for referral to training and employment programs.

(2) Vocational rehabilitation services. Federal financial participation is not available in the costs of providing services for the disabled as defined in the Vocational Rehabilitation Act except pursuant to an agreement with the State agency administering the vocational rehabilitation program. This applies to provision of services by staff of the agency and purchase.

(3) Federal financial participation is available in the costs of the following:

(i) Staff in providing services related to foster care, i.e., recruitment, study, and approval of foster family homes, services to children in foster care and their parents, and work with foster parents and staff of child-caring institutions. Vendor payments for foster care are assistance payments and are, therefore, not subject to the service rate of Federal financial participation.

(ii) Work related to child care resources to be used by the agency, i.e., the costs of staff engaged in the development, recruitment, study, approval, and subsequent evaluation of out-of-home child care resources, except the costs of staff primarily engaged in the issuance of licenses or in the enforcement of standards; study, approval, and subsequent evaluation of in-home care arrangements; and in the provision of technical assistance to improve the quality of child care.

(iii) Services provided in behalf of families and children, e.g., community planning, assuring accessibility to entitled service resources; and studies of service needs and results.

(iv) Certain services to assist individuals to achieve employment and self-sufficiency:

(a) Payments for additional expenses of individuals that are attributable to their participation in training or work experience projects, e.g., transportation, lunches, uniforms. (Not applicable to assistance recipients earning wages, including employment or on-the-job training, or on special work projects under Work Incentive Program, since such expenses will be deducted in determining net income.)

(b) Medical examinations that are necessary to determine physical and mental health conditions for training or employment.

(c) Education and training as provided in § 220.51(c)(3).

(v) Agency staff engaged in locating and planning with deserting or putative fathers; assessing potentials and determining appropriate actions; developing voluntary support; assisting relatives to file petitions for the establishment of paternity; reuniting families; and cooperative planning with appropriate courts and law enforcement officials.

(e) *Kinds of expenses for which Federal financial participation is available.* (1) Salary and travel costs of service workers and their supervisors giving full-time to services and for staff entirely engaged (either at State or local level) in developing, planning, and evaluating services. Where a full-time service worker also carries services under the adult categories, the portion applicable to AFDC (IV-A) is at AFDC rates.

(2) Salary costs of service-related staff such as, supervisors, clerks, secretaries, and stenographers, which represent that portion of the time spent in supporting full-time service staff.

(3) Related expenses of staff performing service or service-related work under subparagraph (1) or (2) of this paragraph (e) in proportion to their time spent on services, such as communications, equipment, supplies and office space.

(4) Definitions: Applicable to staff performing service functions.

(i) *Full-time service work.* (a) Persons performing full time on functions related to the provisions of service means persons assigned on a full-time basis to such functions (services under the adult categories may also be carried).

(b) It is not necessary to maintain daily time records for this purpose but it is expected that States will check periodically to assure that persons assigned on a full-time basis are performing substantially on this basis.

(c) A full-time service worker can be expected to receive questions from recipients (and former or potential) related to eligibility and the amount of payment or medical benefits and to make this information available to staff responsible for eligibility and related functions. Such workers may not carry the responsibility for securing information or taking the actions in respect to determining initial and continuing eligibility for financial or medical assistance or to change the amount of financial assistance being provided.

(ii) *Meaning and illustrations of service work.* Service work means activity of staff in providing the services and carrying out the related responsibilities specified in subparts A and B. This includes activities of such staff as caseworkers, homemakers, child care personnel, Work Incentive Program coordinators, and community planning staff.

(iii) *Meaning and illustrations of service-related work.* Service-related work means activity of staff other than service workers which is neces-

sary to administer a service program fully. This includes secretaries, stenographers and clerks serving service staff, supervisors of service workers and their supervisors, staff responsible for developing and evaluating service policies, and staff collecting and summarizing financial and statistical data on services, either at the State or local level.

(iv) *Staff.* Staff performing service or service related work includes professional, subprofessional (e.g., recipients and other workers of low income), and volunteer staff.

(5) Other expenses related to the provision of service in support of full-time service staff, including a portion of the salary costs of any agency person (except the service worker who must be on a full-time basis) who is working part time on service functions (either at the State or local agency level). Such expenses include the portion of salary costs of supervisors related to supervision of service work, a portion of fiscal costs related to services, a portion of research costs related to services, a portion of salary costs of field staff, etc.

(6) Costs of services purchased.

(7) Travel and related costs for children and parents to obtain consultation, medical, and other services.

(8) Costs of State and local advisory committees including expenses of attending meetings, supportive staff and other technical assistance.

(9) Costs of administrative and supervisory staff attending meetings pertinent to the development or implementation of Federal or State service policies and programs.

(10) Costs of operation of agency facilities, used solely for the provision of services. Costs may include expenditures for staff; space, including minor remodeling, heat, utilities, and cleaning furnishings; program supplies, equipment and materials; food and food preparation; and liability and other insurance protection. Costs of construction and major renovations are not matchable as services. Appropriate distribution of costs is necessary when other agencies use such facilities for the provision of their services, such as in comprehensive neighborhood service centers.

(11) Child care expenditures for WIN participants must be charged as a service expenditure and separately identified since Federal funds for this purpose come from a separate appropriation. Child care expenditures for other AFDC cases may be charged as a service expenditure or included as a financial assistance expenditure subject to matching under the title IV—A formula, depending on how the State plan specifies. Where child care is provided as a service the payment may be made either to the vendor of the service directly or to the recipient for payment by him. In either case documentation is needed in the form of statements of the type and quantity of services rendered for each recipient (receipted by vendor when the service payment is made directly to the recipient) to establish the fact that the expenditure was for services.

(f) *Rates of Federal financial participation.* (1) (i) Federal financial participation at the rate of 85 percent for the fiscal year ending June 30, 1969, and at the 75 percent rate for subsequent fiscal years is available for the service costs identified in paragraphs (d) and (e) of this section; and at the rate of 75 percent for all expenses related to emergency services, and training and staff development.

(ii) With respect to Puerto Rico, the Virgin Islands, and Guam, the Federal share:

(a) For services and training and staff development for the fiscal year ending June 30, 1969, and subsequent years, is 60 percent, except 75 percent for emergency assistance in the form of services.

(b) For family planning services and referral for participation under the Work Incentive Program for any fiscal year beginning on or after July 1, 1967 to:

- (1) Puerto Rico shall not exceed \$2 million.
- (2) The Virgin Islands shall not exceed \$65,000,
- (3) Guam shall not exceed \$90,000.

(2) Time limited rates are applicable to certain service costs. The total costs of salaries and travel of workers carrying responsibility for both services and eligibility functions and supervisory costs related to such workers, and all or part of the salaries of supporting secretarial, stenographic, or clerical staff depending on whether they work full-time or part-time for the workers specified in this subparagraph (2), are subject to the following rates of Federal financial participation:

(i) 75 percent for the fiscal year ending June 30, 1969 (57 percent for Puerto Rico, the Virgin Islands, and Guam).

(ii) For the fiscal year ending June 30, 1970, at a rate, determined in accordance with standards and methods prescribed by the Secretary from time to time, which gives due regard to the amount of services furnished.

(iii) 50 percent for all subsequent years.

(3) For the period January 1, 1968, through June 30, 1968, Federal financial participation is available at the 75 percent rate for expenditures for services included in a State plan approved under the service policies previously in effect, except that the rate of 85 percent is applicable to expenditures for services furnished under an approved plan pursuant to section 402(a) (14) and (15) of the Social Security Act. However, Federal financial participation is not available for the purchase of service prior to June 10, 1968 from sources other than State agencies.

(4) Federal financial participation at the 50 percent rate is available in the costs of the following activities that are separate from but relevant to the costs of services:

(i) Salaries and travel of staff primarily engaged in determining eligibility and their supervisors and supporting staff (clerks, secretaries, stenographers, etc.).

(ii) Salaries and travel of staff primarily engaged in developing eligibility provisions and the determination processes (either at the State or local agency level).

(iii) Expenses related to such staff, and for staff specified in paragraph (f)(2) of this section, such as for communications, equipment, supplies and office space.

(iv) Costs of State or local staff engaged in the collection of support and accounting for such funds and determining the effect of support funds on eligibility or assistance payments. No Federal financial participation is available in the costs of agency staff engaged in apprehension, arrests, or enforcement activities.

(v) Costs of reimbursing courts and law enforcement officials for their increased effort or additional staff time in assisting the State or local agency in respect to its program to secure support and establish paternity. Such reimbursement is for costs that are specific to carrying out any of the following activities which the State agency believes

will contribute to optimum results in securing support and establishing paternity;

(a) Consultation to State and local agencies on appropriateness of cases for court action to secure support or establish paternity.

(b) Consultation to State and local agencies on the development of evidence for court hearings.

(c) Developing information as to the location of parents and other legally liable persons, when all location efforts of the State or local agency have failed.

(d) Consultation and participation in the development of support on a voluntary basis; and followup services on court orders for support.

(e) Costs in presenting support and paternity actions to the court.

(f) Necessary fees for court judicial actions, when these are not waived.

(g) Costs of court and other officials providing training to public welfare staff may be included as staff development costs.

(h) Costs of the judiciary system, apprehension and arrest are not included.

(vi) Other expenses of administration not specified at the 75 percent (85 percent) rate for services.

(g) Federal financial participation in Work Incentive Program.

(1) Federal financial participation in expenditures for any services furnished by the State agency relating to the Work Incentive Program, including additional expenses attributable to an individual's participation in a program of institutional and work experience training under the Work Incentive Program, and the costs of prereferral medical examinations for all participants, as found necessary by the Secretary for the proper and efficient administration of the plan, is subject to the service rate of matching for which the State qualifies.

(2) Any amounts included in the assistance grants of participants, such as the supplementation of earnings on special work projects under the Work Incentive Program are matchable under the assistance formula. Payments into the account referred to in § 220.35(a) (13)(i) are also matchable as assistance.

(3) Any refund from such account to the State welfare agency will be regarded as an overpayment to the State and the Federal share thereof must be adjusted. This may be reflected in the State agency's claim for Federal financial participation for the month in which the money is received.

§ 220.62 Federal financial participation; CWS.

(a) *Federal share.* The Federal share of service programs under title IV-B shall be at the rate specified in or promulgated pursuant to section 423 of the Act.

(b) *Persons eligible for service.* (1) Federal financial participation under title IV-B is available to serve all families and children in need of child welfare services without respect to whether they are receiving AFDC.

(2) Expenditures for care of children in foster family homes, group homes, institutions, family day care homes or day care centers, or for care of unmarried mothers in foster family homes, group homes, institutions, or independent or other living situations, shall be for those children or unmarried mothers for whom the public welfare agency, through its child welfare services program, accepts responsibility for providing or purchasing such care. This responsibility includes:

determining the need for such care and that the type of care is in the best interest of the child and his family or of the unmarried mother; determining the ability of the family to contribute to the cost of care; and developing a plan for continuing supervision of the child or unmarried mother in care.

(c) *Sources of services.* Federal financial participation is available under this section for services furnished:

(1) By State or local agency staff, i.e., full- or part-time employed staff, and volunteers, or

(2) By purchase, contract, or other cooperative arrangements with public or private agencies or individuals, provided that such services are not available without cost from such sources.

(d) *Kinds of expenses included.* Federal financial participation is available for expenditures for the following purposes: personnel services; professional education; institutes, conferences and short-term courses; foster care of children; care of unmarried mothers; day care of children; purchase of homemaker services; specialized services; return of runaway children; research and special facilitative services; merit system costs; advisory committees; membership fees; supplies, equipment and communication; and occupancy and maintenance of space.

§ 220.63 Relationship of costs under parts A and B of title IV.

(a) There must be methods of allocating the costs of providing services under the child welfare services program and providing services under the AFDC program.

(b) Service expenses that jointly benefit title IV-A and B programs may be allocated between them using any reasonable basis or may be charged entirely to IV-A or B if they are considered to be of primary benefit to such program. The title IV-A program may be considered to be primarily benefited if the number of AFDC children served represents at least 85 percent of the total children served. The 85 percent computation may be based on local agency totals or on state-wide totals.

(c) The one exception to the policy expressed above in paragraph (b) of this section pertains to educational leave. States can elect to charge educational leave totally either to AFDC under title IV-A or child welfare services under title IV-B, without regard to the proportion of time devoted to either program before or after educational leave. The only condition to be met is that the person returning from educational leave be employed in the single organizational unit supervising or providing all services for families and children under title IV-A and/or title IV-B of the Social Security Act, as amended. Where a single organization unit has not been established an allocation of costs must be made in accordance with existing policy.

§ 220.64 Provisions common to title IV-A and B.

(a) Expenditures for certain functions under both parts A and B of title IV shall be in accordance with the other provisions governing:

(1) Employee benefit costs; as described in "Federal Participation in Costs of Employee Benefit Systems."

(2) Organization memberships; as described in "Federal Participation in Costs of State Agency Memberships in Organizations."

(3) Occupancy or maintenance of space; as described in "Expenditures by State of Granted Funds for Occupancy and Maintenance of Space."

(b)(1) Donated private funds for services may be considered as State funds in claiming Federal reimbursement where such funds are:

(i) Transferred to the State or local agency and under its administrative control; and

(ii) Donated on an unrestricted basis (except that funds donated to support a particular kind of activity, e.g., day care, or to support a particular kind of activity in a named community, are acceptable provided the donating organization is not the sponsor or operator of the activity being funded).

(2) Donated private funds for services may not be considered as State funds in claiming Federal reimbursement where such funds are:

(i) Contributed funds which revert to the donor's facility or use.

(ii) Donated funds which are earmarked for a particular individual or for members of a particular organization.

§ 220.65 Amount of Federal funding.

(a) The amount of Federal funds available for services under title IV-A is dependent upon the availability of and extent of matching State funds, except as stated in § 220.61(f), for Puerto Rico, Virgin Islands, and Guam.

(b) The amount of Federal funds under title IV-B may not exceed the amount available under the allotment formula prescribed by law. The availability of these funds is dependent upon matching State funds determined according to the formula prescribed by law.

Effective date. The regulations in this part shall be effective on the date of their publication in the FEDERAL REGISTER.

Dated: January 18, 1969.

JOSEPH H. MEYERS,
*Acting Administrator,
Social and Rehabilitation Service.*

Approved: January 18, 1969.

WILBUR J. COHEN,
Secretary.

[F.R. Doc. 69-977; Filed, Jan. 27, 1969; 8:45 a.m.]

ATTACHMENT 6

H. R. 1.—WORK INCENTIVES

COMPARISON OF BENEFITS AVAILABLE FOR SELECTED INCOME-TESTED PROGRAMS UNDER H. R. 1 AND CURRENT LAW

Explanation of tables

The following tables present information on how a variety of Federal assistance programs directed toward the poor would interact if all benefits were being received by a single family. This information was calculated at the request of the Finance Committee by the Department of Health, Education, and Welfare. To avoid misinterpretation of these data, this text and the footnotes accompanying the tables must be carefully read. The following points are offered in an effort to present these tables in the correct context.

1. *The tables show economic benefits, not disposable income.*—Thus, fringe benefits connected with employment (paid vacation, medical insurance, pension plan, and so on) are included, as are benefits in kind under public programs. No reduction for the Social Security payroll tax is shown, since, depending upon the discount rate chosen, discounted value of future Social Security benefits for the low income group may well exceed the present deductions. (Nor has the employer's contribution to Social Security been counted in the fringe benefits.)

2. *The tables distort the nature of the work decision.*—The tables show earnings from employment rising in \$1,000 intervals. All available evidence suggests, however, that the work decision is seldom made in such incremental terms, but rather is generally in terms of:

- going from no work to part-time work;
- no work to full-time work;
- part-time to full-time work; or
- full-time to no work.

These employment statuses are noted on the tables, and it is these points that should be most carefully examined.

3. *The tables cannot adequately represent all the benefits—financial, physical, social, psychological— that may accrue from employment.*—As earned income rises, other factors such as level of skill, responsibility, personal satisfaction, social standing, healthfulness and safety of work conditions also typically increase, resulting in additional qualitative benefits which cannot be shown here.

4. *Discretionary income increases as income rises.*—At the margin, the higher dollar income from greater hours of work may seem small from some perspectives. At low income levels, however, an income gain may represent a more than 100 percent increase in discretionary income above the fixed expenses of rent, food, clothing and the like, as compared with previous discretionary income. This is the income which may offer the greatest incentives to low income workers.

5. *Few families can accumulate all these benefits.*—The tables invite the reader to look at the cumulative impact of all these programs. In point of fact, however, few families can manage to combine benefits from all these programs. For example, less than 40 percent of AFDC recipients are now receiving food stamps. It is estimated that only 7 percent of FAP eligibles will live in public housing. Hence, these tables do not present a correct picture of the typical recipient family.

6. *Losses in medical benefits have questionable impact on work incentives.*—Tables 1-4 show minimum incentives at the point in earnings where Medicaid benefits abruptly terminate. The suggestion has been made that work incentives cannot be effective until this Medicaid notch is removed. While the Administration has made a proposal to eliminate this notch, the alleged work disincentive effect is of doubtful validity in practice. Few if any workers would make the judgment about whether to work harder and earn more based on what would happen to their Medicaid coverage—the vast majority of full-time workers have some health insurance available through their employment. The "notch" exists only when a family member has an illness which causes him to draw substantial benefits. And even in such cases, the situation is usually unpredictable and would hardly have figured into the employment decision.

In fact, use of the average Medicaid benefit as a standard is misleading in and of itself. A more accurate economic measure would be the cost for this family in the private insurance market to duplicate exactly the Medicaid package.

7. *Choices must be faced.*—Finally, it must be clearly understood that the mathematics of these benefit structures presents a clear choice which cannot be avoided. Either benefit structures will be scaled with earnings, so that there are no abrupt terminations of benefits as earnings rise, or there will be sudden work disincentive notches. If benefit structures are scaled with earnings, the reduction rate chosen, in combination with the maximum payment to a family of no earnings, *arithmetically determines* the break-even point (that point of earnings at which benefits cease). The higher the break-even point rises above the poverty line, (and decreasing the reduction rate to increase work incentives raises this breakeven drastically) the more money is spent on families who are not truly poor.

The reduction rates shown for H. R. 1 (tables 5-8) provide strong financial incentives to work—far superior to the present system. For example:

	A woman required to work in—			
	Phoenix	Wilmington	Chicago	New York
A woman who accepts a part-time job earning \$2,000 a year gains ¹	\$2,070	\$2,018	\$2,410	\$2,594
A woman accepts a full-time job earning \$4,000 a year gains ¹	3,223	3,160	3,577	3,727

¹ Over total benefits at zero income.

8. *The public housing decision cannot be adequately represented by these charts.*—While the rents payable in public housing with varying levels of income are shown on the charts and explained in the footnotes, it is extremely misleading to talk about a public housing “bonus”, since the amount from which rent is deducted to get this “bonus” often bears little relation to true market value. The decision typically facing a family in public housing is not acceptance or rejection of some mystical bonus, but rather whether or not better housing is available at affordable rents in the private market.

BENEFITS AVAILABLE UNDER CURRENT LAW TO A FEMALE-HEADED FAMILY OF 4 IN PHOENIX, ARIZ.

Employment status	Job related benefits			AFDC	Commodity value ²	Federal and State income taxes	Net income and benefits	Medicaid ³	Total income and benefits including medicaid	Public housing rent paid: only 7 percent of all AFDC recipients nationwide living in public housing ⁴
	Earnings	Value of fringe benefits ¹	Total							
A. Families initially falling below need standard; eligible for AFDC:										
Required to work.....	0	0	0	\$1,996	\$441	0	\$2,437	(0)	\$2,437	\$456
Not required to work.....	0	0	0	1,996	441	0	2,437	(0)	2,437	456
	\$720	(0)	\$720	1,996	441	0	3,157	(0)	3,157	456
Work part-time at \$2 per hour.....	2,000	(0)	2,000	1,598	441	0	4,039	(0)	4,039	528
	3,000	250	3,250	1,164	441	0	4,855	(0)	4,855	636
Work full-time at \$2 per hour.....	4,000	500	4,500	731	441	\$14	5,658	(0)	5,658	732
	5,000	1,000	6,000	298	441	178	6,561	(0)	6,561	840
	6,000	1,600	7,600	0	0	369	7,231	(0)	7,231	960
	7,000	2,300	9,300	0	0	577	8,723	(0)	8,723	1,140
	8,000	3,200	11,200	0	0	774	10,426	(0)	10,426	(?)
B. Families above need standard; ineligible for AFDC:⁵										
	4,000	500	4,500	-----	-----	14	4,486	(0)	4,486	600
	5,000	1,000	6,000	-----	-----	178	5,822	(0)	5,822	780
	6,000	1,600	7,600	-----	-----	369	7,231	(0)	7,231	960
	7,000	2,300	9,300	-----	-----	577	8,723	(0)	8,723	1,140
	8,000	3,200	11,200	-----	-----	774	10,426	(0)	10,426	(?)

178

BENEFITS AVAILABLE UNDER CURRENT LAW TO A FEMALE-HEADED FAMILY OF 4 IN WILMINGTON, DEL.

A. Families initially falling below need standard; eligible for AFDC:										
Required to work.....	0	0	0	\$2,066	\$661	0	\$2,727	\$460	\$3,187	\$266
Not required to work.....	0	0	0	2,066	661	0	2,727	460	3,187	266
	\$720	(0)	\$720	2,066	661	0	3,447	460	3,907	437
Works part-time at \$2 per hour.....	2,000	(0)	2,000	1,482	661	0	4,143	460	4,603	602
	3,000	\$250	3,250	815	661	\$8	4,718	460	5,178	681
Works full-time at \$2 per hour.....	4,000	500	4,500	148	661	25	5,284	460	5,744	754
	5,000	1,000	6,000	0	0	187	5,813	0	5,813	963
	6,000	1,600	7,600	0	0	376	7,224	0	7,224	(?)

B. Families above need standard; ineligible for AFDC:^a

4,000	500	4,500	-----	25	4,475	(9)	4,475	725
5,000	1,000	6,000	-----	187	5,813	(9)	5,813	963
6,000	1,600	7,600	-----	376	7,224	(9)	7,224	(7)

BENEFITS AVAILABLE UNDER CURRENT LAW TO A FEMALE-HEADED FAMILY OF 4 IN CHICAGO, ILL.

A. Families initially falling below need standard; eligible for AFDC:

Required to work.....	0	0	0	\$3,384	\$408	0	\$3,792	\$910	\$4,702	\$840
Not required to work.....	0	0	0	3,384	408	0	3,792	910	4,702	840
	\$720	(9)	\$720	3,384	312	0	4,416	910	5,326	840
Works part-time at \$2 per hour.....	2,000	(9)	2,000	2,890	288	0	5,178	910	6,088	840
	3,000	\$250	3,250	2,224	288	0	5,762	910	6,672	840
Works full-time at \$2 per hour.....	4,000	500	4,500	1,557	288	0	6,345	910	7,255	840
	5,000	1,000	6,000	890	288	\$164	7,014	910	7,924	840
	6,000	1,600	7,600	224	288	349	7,763	910	8,673	840
	7,000	2,300	9,300	0	0	545	8,755	0	8,755	(7)
	8,000	3,200	11,200	0	0	723	10,477	0	10,477	(7)
	9,000	3,600	12,600	0	0	908	11,692	0	11,692	(7)

B. Families above need standard ; ineligible for AFDC:^a

4,000	500	4,500	-----	0	4,500	(10)	¹⁰ 4,500	725
5,000	1,000	6,000	-----	164	5,836	(10)	¹⁰ 5,836	840
6,000	1,600	7,600	-----	349	7,251	(10)	¹⁰ 7,251	840
7,000	2,300	9,300	-----	545	8,755	(10)	¹⁰ 8,755	(7)
8,000	3,200	11,200	-----	723	10,477	(10)	¹⁰ 10,477	(7)
9,000	3,600	12,600	-----	908	11,692	(10)	¹⁰ 11,692	(7)

BENEFITS AVAILABLE UNDER CURRENT LAW TO A FEMALE-HEADED FAMILY OF 4 IN NEW YORK, N.Y.

A. Families initially falling below need standard; eligible for AFDC:

Required to work.....	0	0	0	\$3,756	\$312	0	\$4,068	\$870	\$4,938	\$1,020
Not required to work.....	0	0	0	3,756	312	0	4,068	870	4,938	1,020
	\$720	(9)	\$720	3,756	288	0	4,764	870	5,634	1,020
Work part time at \$2 per hour.....	2,000	(9)	2,000	3,472	288	0	5,760	870	6,630	1,020
	3,000	\$250	3,250	2,806	288	\$9	6,335	870	7,205	1,020
Work full-time at \$2 per hour.....	4,000	500	4,500	2,139	288	34	6,893	870	7,763	1,020
	5,000	1,000	6,000	1,472	288	204	7,556	870	8,426	1,020
	6,000	1,600	7,600	806	288	399	8,295	870	9,165	1,020
	7,000	2,300	9,300	139	288	610	9,117	870	9,987	1,020
	8,000	3,200	11,200	0	0	808	10,392	0	10,392	960
	9,000	3,600	12,600	0	0	1,018	11,582	0	11,582	(7)

See footnotes at end of table, p. 180.

BENEFITS AVAILABLE UNDER CURRENT LAW TO A FEMALE-HEADED FAMILY OF 4 IN NEW YORK N.Y.—Continued

4

Employment status	Job related benefits			AFDC	Commodity value ²	Federal and State income taxes	Net income and benefits	Medicaid ³	Total income and benefits including Medicaid	Public housing rent paid: only 7 percent of all AFDC recipients nationwide living in public housing ⁴
	Earnings	Value of fringe benefits ¹	Total							
B. Families above need standard; ineligible for AFDC:⁵										
	\$5,000	\$1,000	\$6,000	-----		\$204	\$5,796	(¹⁰)	¹⁰ \$5,796	\$828
	6,000	1,600	7,600	-----		399	7,201	(¹⁰)	¹⁰ 7,201	960
	7,000	2,300	9,300	-----		610	8,690	(¹⁰)	¹⁰ 8,690	960
	8,000	3,200	11,200	-----		808	10,392	(¹⁰)	¹⁰ 10,392	960
	9,000	3,600	12,600	-----		1,018	11,582	(¹⁰)	¹⁰ 11,582	(⁷)

¹ Based on average data for selected industries, as reported to the Bureau of Labor Statist cs.
² Food bonus based on value of surplus commodities (Phoenix and Wilmington) or food stamp bonus (Chicago and New York), using local eligibility schedules. Food stamp bonus is the difference between the coupon allotment (\$1,272 per annum for a family of 4) and the purchase price of the coupons.
³ Medicaid benefit shown is the total (Federal, State and local) average payment on behalf of all AFDC families in the State. Individual families may receive higher or lower amounts, or nothing at all, depending upon medical needs.
⁴ The amount shown is rent paid. The "fair market rental" (as defined in terms of rent determinations for relocation adjustment payments) in these cities are listed below. The relationship of these figures to true market value is tenuous.

	2 bedrooms
Phoenix.....	\$1,560
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁵ No Medicaid programs.
⁶ Fringe benefits are generally negligible for part-time work. Hence, no benefits are shown for this earnings level.
⁷ Above continued occupancy limits but family may be allowed to stay, at higher rents, if no other housing is available.
⁸ This is the so-called AFDC "notch", wherein working women with incomes above the AFDC need standard are not eligible for supplementation despite the fact that their total incomes may be below the AFDC breakeven level for women already receiving welfare. If a woman reduces her earnings below the need standard she may then be eligible for supplementation under the \$30 earnings below the need standard rule.
⁹ No medically needy program.
¹⁰ Illinois and New York have medically needy programs, the income limitations for which are \$3,600 net in Illinois and \$5,000 in New York. Above these limits "spend-down" provisions apply, and the value of such coverage depends upon actual illness and medical expenses incurred by the family.

Note: Calculated for the committee by HEW but not endorsed by HEW as a complete representation of work incentives.

BENEFITS POTENTIALLY AVAILABLE UNDER H.R. 1 TO A FEMALE-HEADED FAMILY OF 4 IN PHOENIX, ARIZ.

Work status	Job-related benefits			Cash assistance under H.R. 1			Federal and State income taxes	Net income and ³ benefits	Medicaid benefits	Public housing rent paid: only 7 percent of all AFDC recipients nationwide living in public housing ⁴
	Earnings	Value of fringe ¹ benefits	Total	Federal benefit	State ² supplement	Total				
Required to register for work.....	0	0	0	\$1,600	\$248	\$1,848	0	\$1,848	\$ 0	\$154
Not required to register for work.....	0	0	0	2,400	372	2,772	0	2,772	0	320
	\$720	(⁵)	\$720	2,400	372	2,772	0	3,492	0	450
Works part-time at \$2 per hour.....	2,000	(⁵)	2,000	1,546	372	1,918	0	3,918	0	527
	3,000	\$250	3,250	879	372	1,251	0	4,501	0	587
Works full-time at \$2 per hour.....	4,000	500	4,500	213	372	585	\$14	5,071	0	648
	5,000	1,000	6,000	0	0	0	178	5,822	0	723

BENEFITS POTENTIALLY AVAILABLE UNDER H.R. 1 TO A FEMALE-HEADED FAMILY OF 4 IN WILMINGTON, DEL.

Required to register for work.....	0	0	0	\$1,600	\$144	\$1,744	0	\$1,744	\$460	\$135
Not required to register for work.....	0	0	0	2,400	216	2,616	0	2,616	460	292
	\$720	(⁵)	\$720	2,400	216	2,616	0	3,316	460	419
Works part-time at \$2 per hour.....	2,000	(⁵)	2,000	1,546	216	1,762	0	3,762	460	499
	3,000	\$250	3,250	879	216	1,095	8	4,337	(⁷)	559
Works full-time at \$2 per hour.....	4,000	500	4,500	213	216	429	\$25	4,904	(⁷)	619
	5,000	1,000	6,000	0	0	0	187	5,813	(⁷)	723

BENEFITS POTENTIALLY AVAILABLE UNDER H.R. 1 TO A FEMALE-HEADED FAMILY OF 4 IN CHICAGO, ILL.

Required to register for work.....	0	0	0	\$1,600	\$928	\$2,528	0	\$2,528	\$910	\$276
Not required to register for work.....	0	0	0	2,400	1,392	3,792	0	3,792	910	504
	\$720	(⁵)	\$720	2,400	1,392	3,792	0	4,512	910	624
Works part-time at \$2 per hour.....	2,000	(⁵)	2,000	1,546	1,392	2,938	0	4,938	910	711
	3,000	\$250	3,250	879	1,392	2,271	0	5,521	910	711
Works full-time at \$2 per hour.....	4,000	500	4,500	213	1,392	1,605	0	6,105	(⁷)	832
	5,000	1,000	6,000	0	938	938	\$164	6,774	(⁷)	891
	6,000	1,600	7,600	0	271	271	349	7,522	(⁷)	952
	7,000	2,300	9,300	0	0	0	545	8,755	(⁷)	1,084

See footnotes at end of table, p. 182.

BENEFITS POTENTIALLY AVAILABLE UNDER H.R. 1 TO A FEMALE-HEADED FAMILY OF 4 IN NEW YORK, N.Y.

Work status	Job-related benefits			Cash assistance under H.R. 1			Federal and State income taxes	Net income and ³ benefits	Medicaid benefits	Public housing rent paid: only 7 percent of all AFDC recipients nationwide living in public housing ⁴
	Earnings	Value of fringe ¹ benefits	Total	Federal benefit	State ² supplement	Total				
Required to register for work.....	0	0	0	\$1,600	\$1,296	\$2,896	0	\$2,896	\$870	\$343
Not required to register for work.....	0	0	0	2,400	1,944	4,344	0	4,344	870	604
	\$720	(⁶)	\$720	2,400	1,944	4,344	0	5,064	870	734
Works part-time at \$2 per hour.....	2,000	(⁶)	2,000	1,546	1,944	3,490	0	5,490	870	811
	3,000	\$250	3,250	879	1,944	2,823	9	6,064	870	871
Works full-time at \$2 per hour.....	4,000	500	4,500	213	1,944	2,157	\$34	6,623	870	931
	5,000	1,000	6,000	0	1,490	1,490	204	7,286	(⁷)	991
	6,000	1,600	7,600	0	823	823	399	8,024	(⁷)	1,052
	7,000	2,300	9,300	0	156	156	610	8,846	(⁷)	1,112
	8,000	3,200	11,200	0	0	0	808	10,392	(⁷)	1,444

¹ Based on average data for selected industries, as reported to the Bureau of Labor Statistics.

² The State supplemental payment is based on the AFDC payment level for a family of 4 as of January 1971. The amounts shown assume that the State cashes out food stamps as provided for in H.R. 1 and uses the Federal income disregards and definitions in computing payments.

³ All tables assume that no surplus commodities will be available to these families. The food stamp cashout provision of H.R. 1 would also serve to cash out commodities, since no county can have both a food stamp and a commodity program.

⁴ This column shows the total rent payable under the 1971 Housing amendments, according to the formula: Gross earnings minus 5 percent, minus another 5 percent (assumed as average of several types of deductions), minus \$300 per minor child, times 20 percent. The "fair market value" (as defined in terms of rent determinations for relocation adjustment payments) in these cities are listed below. The relationship of these figures to true market value is tenuous.

2 bedrooms

Phoenix.....	\$1,560
Wilmington.....	1,020
Chicago.....	1,920
New York City.....	1,680

⁵ The medicaid benefit shown is the total (Federal and State) average payment on behalf of all AFDC families in the State. Individual families may receive higher or lower amounts, or nothing at all, depending upon medical needs. Arizona has no medicaid program.

⁶ Fringe benefits are generally negligible for part-time work. Hence, no benefits are shown for this earnings level.

⁷ Sec. 209 of H.R. 1 provides a spend-down for medicaid coverage. The value of this coverage to families above the standard depends upon complex actuarial factors which vary from family to family and are thus not susceptible to being shown in this format.

⁸ This payment amount reflects the situation that would result if a recipient required to register for work refuses a job. The Federal payment is reduced by \$800 from \$2,400 to \$1,600. The State supplemental payment has been reduced proportionately, based on our intent that the State agreement with the Secretary for the State portion of the program include a work refusal penalty proportional to that applicable to the Federal benefit.

Note: Calculated for the committee by HEW but not endorsed by HEW as a complete representation of work incentives.

APPENDIX D

**Bibliography of Evaluations of Poverty Programs—
Prepared by the Department of Health, Education, and
Welfare**

THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE,
Washington, D.C., February 11, 1972.

HON. RUSSELL B. LONG,
*Chairman, Committee on Finance,
U.S. Senate, Washington, D.C.*

DEAR MR. CHAIRMAN: Thank you for your letter of January 25, 1972, regarding Senator Ribicoff's request to me during the hearings on H.R. 1 on August 2, 1971, for a ranking in order of priority of the 168 Federal poverty programs and other materials regarding these programs.

As your letter notes, the Department submitted an analysis of the poverty programs which is printed in the Senate Finance Committee record of the H.R. 1 hearings (July 27, 29; August 2, 3) beginning on page 190.

Subsequently we assembled a bibliography of evaluations of poverty programs and forwarded this material to Senator Ribicoff on January 3. I am enclosing a copy of my letter to the Senator which transmitted the bibliography of evaluations of Health, Education, and Welfare poverty programs. We have assumed that we have responded to the Committee's request by sending these materials to Senator Ribicoff.

In regard to a priority ranking of the 168 poverty programs, we know of no meaningful way to provide such a ranking at this time. I shall be pleased to amplify our approach to this difficult problem at the Finance Committee hearing on February 15.

We will be happy to cooperate with you further in any way we can throughout the consideration of H.R. 1.

With warm regard.
Sincerely,

ELLIOT L. RICHARDSON,
Secretary.

Enclosure.

Program and evaluation study title	Contractor/in house	Completed	In progress
Elementary and secondary education: General: Survey and preliminary cost benefit analysis of elementary and secondary education programs.	General Electric Tempo.....	1968.....	
ESEA:			
Title I:			
Study of cost effectiveness of selected education programs for disadvantaged children.	American Institute for Research.....	1968.....	
Further examinations of exemplary programs for educating disadvantaged children.	.....do.....	1971.....	
Data analysis of 1968-69 survey of compensatory education.	University of Colorado.....	1970.....	
Title I evaluation and technical assistance.	The Urban Institute.....	1970.....	
Data collection and analysis on 1969 survey of compensatory education (6th graders study).	Bureau of the Census.....	1970.....	
Project to identify successful title I projects, determine reasons for their success, and outline more effective evaluation criteria.	Research Council of the Great Cities.	1970.....	
Design and test of a program review information framework for Federal education programs for migrants.	Consulting Services Corp.....	1971.....	
Study of title I allocation formula....	National Bureau of Standards.....	1972.....	

Large-scale evaluation of compensatory reading and reading-related efforts in the elementary grades.	Educational Testing Service.....	X
An analytical review of the knowledge gained in 5 years of ESEA title I about the education of disadvantaged children.	American Institutes for Research.....	X
Title III:		
Implementation of cooperative longitudinal study of demonstration education programs.	.....do..... 1971.....	
Implementation coop longitudinal study of demonstration education programs.	.....do.....	X
Title V:		
Evaluation of impact and effectiveness of State plans and related Federal funding mechanisms.	Public Administration Service..... 1971.....	
Title V of ESEA, decentralization, and responsive government.	Harvard University (Center for Educational Policy Research).....	X
ESAP:		
Outside education evaluation of the emergency school assistance program.	Resource Management Corp.....	X
Evaluation of community group projects of the emergency school assistance program.	Kirschner Associates.....	X
SAFA: A study of Public Laws 81-815 and 81-874, school assistance to federally impacted areas.	Battelle Memorial Institute..... 1970.....	

Program and evaluation study title	Contractor/in house	Completed	In progress
Vocational and adult education:			
General:			
Project Metro: Data on Vocational education programs in metropolitan areas.	Educational Systems Research Institute.	1971.....	
Analysis of manpower requirements information and the availability of vocational education in selected urban and rural areas.	National Planning Association.....	1971.....	
Analysis of the effectiveness of services available to disadvantaged and handicapped persons in regular vocational education programs.	Koba Enterprises, Inc.....	1971.....	
Project Metro: Evaluation data on vocational education programs in major metropolitan areas.	Educational Systems Research Institute.	1971.....	
Comparison of vocational education programs to the 5 manpower programs being examined in the OEO study (development phase only).	Operations Research, Inc.....	1970.....	
Study of selected exemplary programs for vocational education in secondary schools.	American Institute for Research.....	1970.....	
Impact study of vocational education programs.	National Planning Association.....	1971.....	
Adult basic vocational education:			
Adult vocational education followup.....	Analytic Systems, Inc.....	1971.....	

Study of special adult basic education projects.	General Electric, Tempo.....	1969.....	
Longitudinal evaluation of the adult basic education program.	System Development Corp.....		X
Community colleges: Study of community college and vocational technical centers (fiscal year 1968 project originally entitled "Survey and Analysis of Public Junior Colleges").	Bureau of Social Science Research...	1971.....	
Cooperative vocational: Cost effectiveness of selected cooperative vocational educational programs as compared with vocational programs without a cooperative component.	Battelle Memorial Institute.....	1971.....	
Higher education:			
Developing Institutions: A study of the developing institutions program.	University of California (Center for R&D in Higher Education).	1971.....	
Educational opportunity grant program:			
Study of institutions and recipients participating in the educational opportunity grant program.	Columbia University.....	1971.....	
Study of institutions and recipients participating in the educational opportunity grant program.	.....do.....	1971.....	
Educational Professions Development Act:			
Evaluation study of Education Professions Development Act training programs for higher education personnel.	Abt Associates.....		X
Process evaluation of the Bureau of Educational Personnel Development.	Resource Management Corp.....		X
Impact evaluation of the Bureau of Educational Personnel Development.	Abt Associates.....		X

Program and evaluation study title	Contractor/in house	Completed	In progress
Higher education—Continued			
Educational talent search: A study of the practices, development, effect, and administration of the educational talent search program.	Educational Testing Service.....	1970.....	
National Defense Educational Act: Study of NDEA title IV fellowship program.	Bureau of Social Science Research...	1970.....	
National defense student loan: A comprehensive study of the national defense student loan program.	Educational Testing Service.....	1971.....	
Teacher Corps: Analysis of effectiveness of Teacher Corps program.	Resource Management Corp.....	1970.....	
Teacher training: Evaluation of selected teacher training programs.	American Institute for Research.....	1971.....	
Handicapped:			
General:			
Evaluation of Federal programs to increase the pool of special education teachers (RFP 71-25, task A1).	Resource Management Corp.....	1972.....	
Evaluation of selected aid-to-states programs for the education of the handicapped (RFP 71-25, task A2).	Exotech Inc.....	1972.....	
Deaf-blind center program: An evaluation of the deaf-blind center.	Surveys & Research Corp.....	1971.....	
Emotionally disturbed children: A study of exemplary programs for emotionally disturbed children.	General Learning Corp.....	1971.....	

Mentally retarded:	
Evaluation of impact of graduate fellowship programs in education of mentally retarded.	Maryland, University of..... 1967.....
Cost-benefit study for education of mentally retarded children (see also Ann Arbor, Mich. 50003).	Michigan, University of..... 1971.....
Library:	
General: A study of exemplary public library reading and reading-related programs for children, youth, and adults.	Barss, Reitzel & Associates..... 1971.....
Library Services and Construction Act: Evaluation of the Library Services and Construction Act assessing the provision of service to special target groups (RFP 71-25, task A3).	System Development Corp..... 1972.....
Educational broadcast facilities program: Evaluation of the educational broadcast facilities program and related programs and technologies.	Joint Council-ED Telecommunication. 1971.....
Research:	
General:	
A study of public library service to the disadvantaged in selected cities (see also 60001 and 61001).	Behavior Science Corp..... 1970.....
Case study of OE research and development process.	University Research Corp..... 1970.....
Educational laboratories: Effectiveness of educational laboratories and centers.	American Institutes for Research..... 1971.....
ERIC: Evaluation study of ERIC products and services.	University of Indiana (Library School). 1971.....

Program and evaluation study title	Contractor/in house	Completed	In progress
Health:			
Health Services research:			
Outcome measurement using a health status index.	J. W. Bush, M.D., New York University, New York, N.Y.	.....	X
Evaluation of nurse practitioner in health care.	Burnip S. Robert, M.D., Kaiser Foundation Research Institute, Oakland, Calif.	1970.....	
Mental health:			
Develop and demonstrate a model "basic utilization review program" for evaluation of patient care in community mental health centers.	Yale University.....		X
The impact of NIMH grant-supported research of the delivery of mental health services.	National Academy of Sciences.....		X
An assessment of differential mental health services by socioeconomic level.	Public Sector, Inc.....		X
Separate versus integrated mental health services.	Socio-Technical Systems Associates.....		X
Development of a clinical data base.....	Stanford Research Institute.....		X
Study of sources of funding of community mental health centers.	Stanford Research Institute, 333 Ravenswood Ave., Menlo Park, Calif.	1970.....	
Citizen participation in community mental health centers.	Tufts University, School of Medicine, 136 Harrison Ave., Boston, Mass.	1971.....	

A study of mental health services for children in community mental health centers.	American Psychiatric Association, 1700 18th Street, N.W., Washington, D.C. 20009.	1971.....
Evaluation of the impact of community mental health centers.	National Study Service, 44 East 23d St., New York, N.Y.	1971.....
Evaluation of the effectiveness of community mental health centers in reaching potential clients.	Mrs. Rosalyn D. Base, 11920 Coldstream Dr., Potomac, Md.	1970.....
A study to determine the effect of the federally funded portion of a community mental health center on the services provided in the catchment area and on the State mental hospital.	Yale University, 103 Hall of Graduate Studies, New Haven, Conn.	1970.....
Analysis of the impact of the centers program on the State hospital system in Colorado.	Dr. Joan Dunne Rittenhouse, chief, Research and Planning Division of Mental Health Department of Institutions, State Services Building, Denver, Colo.	1970.....
Development of analytical profiles for planning and evaluation of community mental health centers.	General Analytics Corp., 4130 Rugby Ave., Bethesda, Md.	June 1971....
Preparation of a monograph on community mental health centers.	Association of Mental Health Administrators, Colorado State Hospital, Pueblo, Colo.	1970.....
Study of community mental health centers.	American Society for Public Administration, 1225 Connecticut Ave., NW., Washington, D.C.	1970.....
Pretest survey for collection of mental health financing data from State and local governments.	Government Division, Bureau of the Census, U.S. Department of Commerce, Suitland, Md.	1970.....

Program and evaluation study title	Contractor/in house	Completed	In progress
Health—Continued			
Mental health—Continued			
Study of relationships between community mental health centers and State mental hospitals.	Socio-Technical Systems Associates, Suite 1216, 40 Court St., Boston, Mass.	1970.....	
A study of the accessibility of community mental health centers.	ABT Associates, Inc., 55 Wheeler St., Cambridge, Mass.	1970.....	
Analysis and interpretations of utilization data already collected under a previous contract on admissions to State Hospitals.	Gerald D. Errion, Northeast Kingdom Mental Health Services, 90 Main St., Newport, Vt.	1970.....	
Migrant health: Migrant health.....	Community Change, Inc., 47 West 13th St., New York, N.Y.		X
Emergency food and medical services: Evaluation of the impact of emergency medical services advisory councils.	Ohio State University Research Foundation.		X
Indian health services:			
Evaluation of health manpower programs as they relate to American Indians.	Cresap, McCormick, & Paget, Inc., 1776 K St., NW., Washington, D.C.		X
Conduct a community based health Science student fellowship program.	Student American Medical Association.		X
Comprehensive health services:			
Evaluation of Federal multiservice centers.	Geomet, Inc., 50 Monroe St., Rockville, Md. Contact: Dr. L. Pociniki 301-762-5820.		X

Development of methodology for evaluation of community health centers.	National Academy of Science, 2101 Constitution Ave., Washington, D.C.	X
Human needs accounting system.....	State of Oregon, 306 Public Service Bldg., Salem, Oreg.	X
Household interview survey in 2 comprehensive health service projects.	Organization for Social Technical Innovation.	X
Development and activation of a uniform program reporting system for State health departments.	Association of State and Territorial Health Officers.	X
Effect of demonstration activities on regionalization.	Medical Care and Education Foundation.	X
Development of a computer-based information system for community health service activities.	Computer Sciences Corp.....	X
An evaluation of the factors causing the (a) agencies to affect the provision of health services.	ABT, Associates, Inc.....	X
An evaluation of the factors causing the (b) agencies in large cities to affect the provision upon health services.	Linton, Miels & Coston, Inc.....	X
Analysis group on social policy.....	Dr. Lester B. Lave, dean, Graduate School of Industrial Administration, Carnegie-Mellon University, Pittsburgh, Pa.	X
Development and demonstration of internal data system for comprehensive health service projects.	Bio-Dynamics, Inc., 33 Cambridge Parkway, Cambridge, Mass.	X
Evaluation of Federal funded urban rat control programs.	Eric W. Mood, associate professor of Public Health, Yale University, 60 College St., New Haven, Conn. 1971.....	X

Program and evaluation study title	Contractor/in house	Completed	In progress
Health—Continued			
Drug rehabilitation:			
National study of drug abuse education programs.	Marcro Systems, Inc., 1110 Fidler Lane, Silver Spring, Md.	.....	X
An evaluation of the effects of drug abuse information programs.	National Academy of Sciences.....	.....	X
Development of a treatment reporting system.	Texas Christian University.....	.....	X
Maternal and child health:			
"Evaluation of Lead-Poisoning Prevention Programs," determine the extent and effectiveness of present lead poisoning prevention programs to facilitate planning of increased Federal efforts.	Bio-Dynamics, Inc., 33 Cambridge Parkway, Cambridge, Mass.	.....	X
Health programs management informational systems.	Systems development project.....	.....	X
Evaluation studies on maternity and infant care project grants.	University of Maryland School of Medicine.	.....	X
Evaluation of the rubella vaccination program.	Biodynamics..... 1970.....	.....
Assessment of child health care delivery and organization.	University of Minnesota, Minneapolis, Minn.	.....	X
Systems analysis of pediatric efficiency..	Department of Pediatrics, Johns Hopkins University, Baltimore, Md.	.....	X

Family planning: "OE/HEW Family Planning Programs Effectiveness," determine impact on women served and effectiveness of family planning programs (continuation).	National Analyst, Inc., 1015 Chestnut St., Philadelphia, Pa.	X
Health services research:		
National Center for Health Statistics Evaluation Data Base.	Systems Sciences, Inc., 4720 Montgomery Lane, Bethesda, Md.	X
Health care services utilization review...	San Joaquin Foundation for Medical Care, 445 West Achacia, Stockton, Calif.	X
Evaluation of the impact of health education programs.	Auerbach, Corp., 121 N. Broad St., Philadelphia, Pa.	X
Factors in physician distribution.....	RAND, Corp., 1700 Main St., Santa Monica, Calif.	X
Development of reporting system for evaluation.	University of Washington (Seattle).....	X
Study for design of RMP information support system.	The President and Fellows of Harvard.....	X
Services for the development and application of instrumentation for a national evaluation of manpower projects.	Systematics General Corp.....	X
Research design for evaluation of health services.	Irwin Rosenstock, Ph. D., University of Michigan.	X
Family planning:		
Family planning services reporting system.	SDA Corp.....	X
Survey of family growth.....	Georgetown University.....	X
1971 assessment of need for subsidized family planning services.	?	X
Family Planning Clinic and cost evaluation, a cross sectional clinic cost study.	Planned Parenthood—World Population, New York, N.Y.	X

Program and evaluation study title	Contractor/in house	Completed	In progress
Social services program:			
Alcoholic counseling and recovery drug rehabilitation: An indepth study of selected drug abuse and alcoholism treatment programs in the United States.	Texas Research Institute of Mental Science.	June 1971....	
Work incentive program: Analysis of effects of 1967 Social Security Act amendments.	Leo Kramer, Inc.....	September 1970.	
Social services old-age assistance:			
Provision of social services to adult public welfare recipients in relation to utilization of title XIX.	Booz-Allen-Hamilton.....	March 1970...	
Social indicator system for the aged.....	American Rehabilitation Foundation.....		X
Social indicators for the aged (a guide to State agencies).	.....do.....	October 1970.	
Administration on aging clearinghouse function.	Midwest Research Corp.....	June 1971....	
Evaluation of community programs under the title III State grant program.	Institute for Interdisciplinary Studies.....		X
Programs evaluation by summer interns.	BLK Group, Inc.....	December 1970.	
Cost/benefit study of foster grandparent program.	Booz-Allen-Hamilton.....		X
Social services—AFDC:			
National AFDC study and cost/benefit analysis.	Bureau of Social Science Research...	1969.....	
Impediments to employment of AFDC women.	Greenleigh Associates.....	1969.....	

New York City study of AFDC caseload	do	1969	
Study of citizen participation in State and local welfare boards and committees.	American Public Welfare Association	1969	
Evaluation of demonstration on prevention of dropouts among unmarried teenage mothers.	Howard University	1967	
Evaluation of service integration projects.	Marshall Kaplan, Gans & Kahn, and the Research Group, Inc.		X
Survey of perceived needs for service integration.	Harbridge House, Inc.		X
Social services effectiveness study	Booz-Allen-Hamilton, Inc.		X
Earnings exemption incentive study (impact on work response of AFDC adult recipients).	National Analysis	March 1971	
Evaluation of quality control systems in public assistance.	Westal Research, Inc.		X
Methodology for evaluating social worker training programs.	Datagraphics, Inc.	February 1971	
Study of community development activities in social service systems.	National Association for Community Development	June 1971	
Cost analysis of social services	Touche-Ross & Co.		X
The development of guidelines for referral of AFDC recipients to WIN and related manpower programs.	American Rehabilitation Foundation		X
Evaluation of manpower and supportive services to Mexican-Americans.	Jos. A. Reyes Associates, Inc.		X
Evaluation of manpower and supportive services to southern rural Negroes.	Sam Harris Associates, Inc.		X
Evaluation of manpower and supportive services to Indians.	American Indian Consultants, Inc.		X

Program and evaluation study title	Contractor/in house	Completed	In progress
Social services program—Continued			
Social services—AFDC—Continued			
An evaluation of manpower training programs in the Cleveland area as they relate to urban Indians.	Cleveland American Indian Center.....		X
Medicaid:			
A study of community health care organizations and personnel related to the provision of medical services to low-income groups.	University of Pittsburgh.....	July 1971.....	
A study of the effect of medicaid on health resource utilization and other health practices of low income persons.	Columbia University.....	July 1971.....	
Child care:			
Design of a program review information and display framework for child care programs.	Avco Corp.....		X
Group day care for culturally deprived children.	George Washington University.....	1961.....	
Protective service center for neglected or abused children.	University of Chicago, School of Social Services.	1970.....	
A work-related child development center.	KLH Child Development Center.....	1971.....	
Headstart:			
A longitudinal evaluation of the Headstart program.	Educational Testing Service.....		X

Implementation of planned variation in Headstart.	Stanford Research Institute.....	X
Follow Through:		
A longitudinal evaluation of the Follow Through program.	Stanford Research Institute.....	X
A study and analysis of the feasibility of AFDC mothers staffing day care facilities.	Cunningham, Short & Berryman, Inc.....	X
A subsidized child care study.....	Inner City Fund.....	X

