

A COMMISSION REPORT

Intergovernmental Relations in the Poverty Program



ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
APRIL 1966
A - 29

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INTERGOVERNMENTAL RELATIONS

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PREFACE

A crusade against poverty launched by Congressional passage of the Economic Opportunity Act in the fall of 1964 is a major intergovernmental effort. It has created a variety of innovative relationships among National, State, and local governments. It has also raised questions as to whether the various facets of the Federal-State-local mechanism are the most effective that can be devised, in terms of both the achievement of the goals of the poverty program and the health and vigor of the American system of shared powers. The Commission, pursuant to its statutory responsibilities established by Public Law 86-380, undertook this study in order to identify these questions, examine their full implications, and, if needed, to suggest modifications in the Act and its administration.

The Commission recognized that efforts to eliminate or alleviate poverty are much broader than the programs or mechanisms provided for in the Economic Opportunity Act, and therefore gave consideration to other Federal programs that bear directly on the administration of the Act. The study nevertheless concentrated on the Office of Economic Opportunity and the nine component programs authorized under the Act.

The report examines the background of the Economic Opportunity Act and describes the development of the Act by the Administration and the Congress. It analyzes the major intergovernmental issues in the poverty program under four groupings: effects on local government; the role of the States; matching anti-poverty needs and resources; and intergovernmental fiscal aspects. Twelve major findings are developed out of the study, providing the principal basis for 14 recommendations under three headings:

- (1) Improving the Community Action Program.
- (2) Improving Federal administration.
- (3) Improving the role of the States.

The new programs and approaches fostered by the Economic Opportunity Act are still in the formative period and thus receptive to constructive suggestions for change. The Commission believes the recommendations in this report point the direction for such change, to the benefit of the long-run effectiveness of the poverty program as well as healthier intergovernmental relations.

The report was adopted by the Commission on April 22, 1966.

Frank Bane
Chairman

ACKNOWLEDGEMENTS

Responsibility for the staff work on this report was shared by Albert J. Richter and Robert A. Aleshire, with the assistance of Frank Tippett.

The Commission and its staff benefited from an informal review of a draft of the report by a number of individuals, including George E. Arnstein, Jo Bingham, Terrell Blodgett, Richard L. Breault, William K. Brussat, John C. Cort, Charles O. Emmerich, George H. Esser, Jr., Jack Fasteau, Delphis Goldberg, Daniel R. Grant, John J. Gunther, Jack Howard, I. M. Labovitz, Sar A. Levitan, James L. Martin, Donald A. Slater, Joel H. Sterns, James L. Sundquist, and David B. Walker. Their participation in the review in no way implies an endorsement of the report.

Excellent cooperation was received from the Office of Economic Opportunity in all stages of the study. The Commission wishes to acknowledge particularly the assistance of Clifford Berg, Robert C. Crawford, Frederick O'R Hayes, and Israel Putnam of OEO.

The Commission records its appreciation for the contribution of these persons to this report. Responsibility for content and accuracy rests, of course, with the Commission and its staff.

Wm. G. Colman
Executive Director

Norman Beckman
Assistant Director

THE COMMISSION AND ITS WORKING PROCEDURES

This statement of the procedures followed by the Advisory Commission on Intergovernmental Relations is intended to assist the reader's consideration of this report. The Commission was established by Public Law 380, passed by the first session of the 86th Congress, and approved by the President September 24, 1959. Section 2 of the Act sets forth the following declaration of purpose and specific responsibilities for the Commission:

Sec. 2. Because the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

It is intended that the Commission in the performance of its duties, will--

- (1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;
- (2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;
- (3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;
- (4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the federal system;
- (5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;
- (6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

- (7) recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.

The Commission, made up of busy public officials and private persons occupying positions of major responsibility, must deal with diverse and specialized subjects. It is important, therefore, in evaluating reports and recommendations of the Commission to know the processes of consultation, criticism, and review to which particular reports are subjected.

The Commission selects specific, discrete intergovernmental problems for analysis and policy recommendation. In some cases, matters proposed for study are introduced by individual members of the Commission; in other cases, public officials, professional organizations, or scholars propose projects. In still others, possible subjects are suggested by the staff. Frequently, two or more subjects compete for a single "slot" on the Commission's work program. In such instances selection is by majority vote.

Once a subject is placed on the work program, a staff member is assigned to it. In limited instances the study is contracted for with an expert in the field or a research organization. The staff's job is to assemble and analyze the facts, identify the differing points of view involved, and develop a range of possible, frequently alternative, policy considerations and recommendations which the Commission might wish to consider. This is all developed and set forth in a preliminary draft report, containing (a) historical and factual background, (b) analysis of the issues, and (c) alternative solutions.

The preliminary draft is reviewed within the staff of the Commission and after revision is placed before an informal group of "critics" for searching review and criticism. In assembling these reviewers, care is taken to provide (a) expert knowledge and (b) a diversity of substantive and philosophical viewpoints. Additionally, representatives of the National League of Cities, The Council of State Governments, National Association of Counties, U. S. Conference of Mayors, U. S. Bureau of the Budget and any Federal agencies directly concerned with the subject matter participate, along with the other "critics" in reviewing the draft. It should be emphasized that participation by an individual or organization in the review process does not imply in any way endorsement of the draft report. Criticisms and suggestions are presented; some may be adopted, others rejected by the Commission staff.

The draft report is then revised by the staff in light of criticisms and comments received and transmitted to the members of the Commission at least two weeks in advance of the meeting at which it is to be considered.

In its formal consideration of the draft report, the Commission registers any general opinion it may have as to further staff work or other considerations which it believes warranted. However, most of the time available is devoted to a specific and detailed examination of conclusions and possible recommendations. Differences of opinion are aired, suggested revisions discussed, amendments considered and voted upon, and finally a recommendation adopted (or modified or diluted as the case may be) with individual dissents registered. The report is then revised in the light of Commission decisions and sent to the printer with footnotes of dissent by individual members, if any, recorded as appropriate in the copy.

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AGENCY OR PROGRAM ABBREVIATIONS USED IN THE REPORT

ABEAdult Basic Education
ACIR . . . . .	.Advisory Commission on Intergovern- mental Relations
AFDC . . . . .	.Aid for Families with Dependent Children
BIA . . . . .	.Bureau of Indian Affairs, Depart- ment of the Interior
BLS . . . . .	.Bureau of Labor Statistics, Depart- ment of Labor
BOB . . . . .	.Bureau of the Budget
CAA . . . . .	.Community Action Agency (local)
CAP . . . . .	.Community Action Program
EDA . . . . .	.Economic Development Administration, Department of Commerce
EOA . . . . .	.Economic Opportunity Act
FHA . . . . .	.Farmers Home Administration, Depart- ment of Agriculture
HEW . . . . .	.Department of Health, Education, and Welfare
HUD . . . . .	.Department of Housing and Urban Development
JC . . . . .	.Job Corps
MDTA . . . . .	.Manpower Development and Training Act
NACD . . . . .	.National Association for Community Development
NACO . . . . .	.National Association of Counties
NLC . . . . .	.National League of Cities
NYC . . . . .	.Neighborhood Youth Corps
OE . . . . .	.Office of Education
OEO . . . . .	.Office of Economic Opportunity
RAD . . . . .	.Rural Areas Development District
SBA . . . . .	.Small Business Administration
SBDC . . . . .	.Small Business Development Center
UP . . . . .	.Unemployed Parent

USCMUnited States Conference of Mayors
USESUnited States Employment Service
VISTA.Volunteers in Service to America
YCCYouth Conservation Corps, of the
Job Corps
YOCYouth Opportunity Center

Chapter I

INTRODUCTION

. . .we have never lost sight of our goal--an America in which every citizen shares all the opportunities of his society, in which every man has a chance to advance his welfare to the limit of his capacities. We have come a long way toward this goal. We still have a long way to go. The distance which remains is the measure of the great unfinished work of our society. To finish that work I have called for a national war on poverty. Our objective: total victory.

--President Johnson's Message on Poverty¹

The Congress responded to the President's call for a war on poverty by enacting the Economic Opportunity Act of 1964.² The Act aims at providing five basic opportunities:

1. The opportunity for youths to acquire skills and to complete their education. The Act established the Job Corps--a program directed toward helping disadvantaged youths between ages 16 and 21 by offering education, vocational training, and useful work experience in rural and urban centers, where enrollees live, work, and learn. It set up a new national work-training program (Neighborhood Youth Corps) for youths aged 16 to 21 living at home. It was designed to prevent high school dropouts, help them return to school, or increase their employability if they were out of school. It launched a new national work-study program providing Federal funds for part-time jobs to help youths go to college who could not otherwise afford to.

2. The opportunity for communities to develop and carry out community action programs--to strike poverty at its source in the cities and in the countryside.

3. The opportunity for "dedicated Americans" 18 years of age and older to serve as volunteers in a domestic "Peace Corps"--VISTA (Volunteers in Service to America)--to help States and communities fight the war against poverty.

4. The opportunity for certain hard-hit groups to break out of the pattern of poverty. The Act makes long-term loans available to poor persons to start new small businesses, and to existing small businesses, and to permit their expansion and creation of new jobs. It creates programs of educational, housing, and health assistance to migrant agricultural workers. It authorizes loans to low-income farm and rural nonfarm families to help them become self-sufficient. It establishes work experience and training programs for adult members of low-income families, including present and potential relief recipients.

5. The opportunity for a concerted national attack on poverty by establishing the Office of Economic Opportunity, in the Executive Office of the President.

An Intergovernmental Attack

The Economic Opportunity Act prescribes an intergovernmental attack on poverty, the components of which operate through a variety of relationships among national, State, and local governments, as well as private groups. It extends previously-existing programs with established intergovernmental relationships, such as the Adult Basic Education, Work Experience, and rural poverty programs. It creates new approaches--the Community Action Program, the Job Corps, VISTA--employing new ties of partnership among them. The major focus of the war on poverty--the Community Action Program--is basically a direct Federal-local program, largely bypassing the States but also, with its stress on involvement of private groups, deemphasizing the role of local government. Objectives of the Act overlap those of many long-standing Federal intergovernmental programs, such as public assistance, employment security, and public housing, and some more recent programs, such as those under the Public Works and Economic Development Act, the Appalachian Regional Commission Act, the Elementary and Secondary Education Act, and newer programs of the Department of Housing and Urban Development.

The attempt to channel existing and new anti-poverty programs through the coordinating mechanism of a new Federal Office of Economic Opportunity affects not only the Federal establishment, but also States and localities--the battlefields of the war on poverty. A new concept--the "preference" provision in allocating grants-in-aid--is provided to help focus older programs on newer, anti-poverty needs.

The Economic Opportunity Act thus has exerted a forceful and pervasive impact on the Federal system. It is difficult to find another domestic program in U. S. history which, by almost any measure--number of speeches in Congress, articles inserted in the Congressional Record, inches of newspaper coverage, hours of radio and television time, and volume of magazine articles--has aroused as much public attention and controversy, much of it due to strains on Federal-State-local relations. Without doubt, a large part of this reaction is due to the newness of some of the methods used and the administrative effort to score accomplishments early. As such, some of the intergovernmental problems are bound to wane; indeed, there are signs that some of them have already slackened off. But basic questions still remain as to whether the various Federal-State-local mechanisms established by the Act are the most effective that can be devised, in terms both of achieving the goals of the war on poverty and maintaining the health and vigor of the American system of shared powers among the local, State, and national governments.

In order to identify these questions of intergovernmental relations, examine their full implications, and, if needed, suggest modifications in the Act and its administration, the Commission undertook this study. The following specific intergovernmental considerations were most important in the Commission's decision to examine the anti-poverty program:

1. The Economic Opportunity Act, in attempting to marshal governmental and private efforts in a "war against poverty," is festering programs which

depart from the traditional functional and jurisdictional allocation of authority within and among the three levels of government. New approaches to the coordination of public and private effort would be a major contribution to inter-governmental relations.

2. The problems and new techniques involved in the effort to obtain functional and communitywide coordination will probably be present in many future governmental programs.

3. The Act is aimed at a national goal of high priority. Its success requires a maximum degree of coordination among a wide range of new and existing programs. The "preference" features of the anti-poverty program may require both immediate and long-range adjustments in intergovernmental relations; conversely exigencies of intergovernmental relations may require adjustments of a statutory or administrative character.

4. The program is new and still in an experimental stage in certain respects. Suggestions for improvement may be more likely to have a chance of adoption in the early stages before policies and practices become frozen.

Focus on Economic Opportunity Act

In a real sense, of course, the national war on poverty involves more than the Economic Opportunity Act. For the Federal Government it embraces, for example, the use of fiscal instruments to stimulate and keep the economy operating on a rising curve of production, and a wide variety of measures for education and training, and the matching of people and jobs. Acknowledging these facts, the Commission's study focuses on the part of the war on poverty that is conducted under the Economic Opportunity Act, partly to keep the study manageable but mostly because it is this Act that has introduced the major new issues in intergovernmental relations just mentioned.

This report is based on data and comments obtained from a wide variety of sources. These include officials of the Office of Economic Opportunity (OEO), Federal agencies administering delegate programs, State and local officials, and others involved in the history and operations of the Economic Opportunity Act. A major source of data and opinions on the operation of the Act in States and localities was a series of four mail questionnaires prepared in cooperation with and sent out by three national organizations to key State, local, and community action agency officials involved in the anti-poverty program. A National Association of Counties questionnaire was sent to the chief elected county official in all counties in which a community action program (CAP) development or conduct and administration grant had been approved as of September 30, 1965. A National League of Cities questionnaire went to the mayors of all cities of 50,000 population or less in which a CAP grant had been approved as of September 30, 1965. The National Association for Community Development sent a questionnaire to the directors of State offices of economic opportunity, and a separate one by the same organization was sent to the executive directors of community action agencies which received program development and conduct and administration grants as of September 30, 1965. In addition, the U. S. Conference of Mayors representing the chief executives of some 500 cities over 50,000 population, supplied comments, data, and reports based on the involvement of the organization and its membership in the functioning of the Economic Opportunity Act at the local level.

Organization of the Report

Chapter II of the report sketches the background of the Economic Opportunity Act. It includes a description of the general problem of poverty: identification of the poor, recent trends in the number and types of poor people, and a brief description of the roots of poverty. The chapter traces the history of previous non-Federal efforts to combat poverty by States, localities, and private groups and individuals, and the history of previous Federal efforts, and describes in more detail the development of the present Act by the Administration and the Congress.

Chapter III analyzes the principal intergovernmental issues under four major headings: (a) "Effects of the War on Poverty on Local Government" examines the intergovernmental implications of use of private as against public community action agencies, the geographic jurisdiction of the community action agency, the requirement of "maximum feasible participation of the poor," the provision for "bypassing" the community action agency, and coordination through the community action program and the need for comprehensive planning. (b) "The Role of the States" evaluates State efforts against poverty and the role of the States in the development of the Economic Opportunity Act, and analyzes the nature and value of the Governor's veto, the organization and operation of State offices of economic opportunity, and the use of State plans in the anti-poverty program, (c) "Matching Anti-Poverty Needs and Resources" is an analysis of the application of resources under the Act, with particular reference to the problems of rural poverty. (d) "Intergovernmental Fiscal Aspects of Anti-Poverty Program" describes provisions of the Economic Opportunity Act and their implications with respect to formulas for apportionment of funds, Federal matching provisions, and State financial participation.

Chapter IV summarizes the principal findings, and proposes 14 major recommendations for improvement of the intergovernmental relations aspects of the anti-poverty program for consideration by local, State, and National governments. The recommendations call for action under three headings: (a) improving the Community Action Program, (b) improving Federal administration, and (c) improving the role of the States.

Description of the nine programs under the Economic Opportunity Act is kept to a minimum in the text, but the programs are described in detail in Appendix A. The description touches on the purposes of each program; the incidence of the specific problems or target group at which the program is aimed; legislative and other background; the scope and method of operation; major relationships with other Federal programs; fiscal policies, including equalization arrangements; and program and fiscal experience. Appendix B describes the methodology used in the questionnaire survey, summarizes the degree of response from the four groups queried, and presents detailed statistical data referred to in the text.

Chapter II

BACKGROUND OF THE ECONOMIC OPPORTUNITY ACT

A. THE NATURE AND EXTENT OF POVERTY

The poor are commonly identified as those who lack material resources to satisfy basic needs.¹ A family's needs depend on many factors, including the size of the family, the ages of its members, the state of their health, and where they live. Ability to meet these needs depends on current income, past savings, ownership of assets, and borrowing capacity.

There is no precise way to measure the number of families who are poor by this definition. Standards vary from family to family, from country to country, and over time. Recognizing the difficulties of defining and setting a standard, the Council of Economic Advisers in its 1964 Report used as the "poverty line" an annual money income from all sources, before taxes and expressed in 1962 prices, of \$3,000 for a family of two or more and \$1,500 for a person living alone as an unrelated individual.² The Council's 1964 Report, which has been described as "the great society's trumpet call of the war on poverty,"³ provided much of the factual basis for the President's message on poverty and the Economic Opportunity Act of 1964.

In 1965 the Social Security Administration developed a new poverty index, taking into account differing family size and composition and differences between living conditions in urban areas and on farms. This definition is based on a minimum, nutritionally-sound food plan designed by the Department of Agriculture for "temporary or emergency use when funds are low." The food costs in this subsistence plan are used to determine the minimum total income requirements for different-sized families. Budget levels for farm families are reduced by 30 percent to allow for lower cash expenditures required where home-grown food is available and to recognize the lower cost of farm housing. On this basis, the 1964 poverty-income line for nonfarm families of four persons was \$3,130; for farm families of this size, \$2,190. Nonfarm individuals were defined as poor if their money income was below \$1,540; for farm individuals, \$1,080.⁴ This poverty level index, although it admittedly does not reflect such factors as regional cost of living differences and differences in asset-holding, has been adopted by the Council of Economic Advisers and the Office of Economic Opportunity as a rough guide pending further research.⁵

The following summary of the nature and extent of poverty essentially follows the framework used in the Council of Economic Advisers 1964 Report, supplemented by data based on the Social Security Administration poverty definition and contained in the analyses by Mollie Orshansky in the Social Security Bulletin in 1965 and 1966.

The Extent and Trend of Poverty

Of the 60 million households in March 1965, 12 million or one of every five had incomes below the Social Security Administration's poverty line. An additional 4½ million units above this line had incomes low enough to be bordering on poverty if not already in it. There were thus a minimum of 34 million Americans and possibly as many as 50 million who lived in daily deprivation. Included were from 21 to 31 percent of the Nation's children and from 31 to 43 percent of the aged.

As would be expected, five years of prosperity and continued economic expansion had contributed significantly to reducing the number of people who lived in poverty. Table 1 shows the trend.

TABLE 1

NUMBER OF POOR PERSONS AND INCIDENCE OF POVERTY, 1959-64

Year	Total Persons ^a	Poor Persons	
		Number ^a	Incidence of Poverty (percent)
	Millions of Persons		
1959	176.5	38.9	22.1
1960	179.5	40.1	22.3
1961	181.4	38.1	21.1
1962	184.4	37.0	20.1
1963	187.2	35.3	18.9
1964	189.7	34.1	18.0

^a Data relate to March of following year. Excludes inmates of institutions and a small number of children under 14 years of age who live with families to whom they are not related. (There were about 200,000 such children in March 1965). Includes members of the armed forces in the United States living off post or with their families on post.

Source: Council of Economic Advisers, Annual Report (Washington: Government Printing Office, 1966), p. 111.

It must be noted, however, that no upward adjustment was made in the poverty index to reflect the higher standard of living that a rising real income made possible for the majority. Thus, the poor were fewer in number in 1964 but the difference between what they had and what the rest of the population enjoyed was greater--they were farther away from the mainstream of American good living than those in the poverty inventory five years earlier.

Who Are the Poor?

Poverty is pervasive. The under-educated, the aged, and the non-white make up substantial portions of the poor population, but as Table 2 shows, the poor in 1964 were found in all major groups in the population and in all regions of the country. Thus 69 percent of poor persons were white. Twenty-two percent of the poor families were headed by a person 65 years of age and older,

but three-fourths were headed by persons from 25 to 64 years old. While the highest portion of poor families lived in the South, they were found in substantial numbers in all regions. And though the ratio of the poor to total population on farms was about twice that in the nonfarm areas, 87 percent of the poor were found in the nonfarm areas.

Yet there were substantial concentrations of poverty among certain groups. For example, families headed by persons 65 years of age and older appeared among the poor almost twice as frequently as they appeared among all families. Other major categories of persons or families that appeared more than twice as often among the poor as among the total population were: nonwhite persons, families headed by women, families headed by individuals not in the civilian labor force, families with five or more children, and persons aged 16 to 21 not in school and not high school graduates.

TABLE 2

SELECTED CHARACTERISTICS OF TOTAL POPULATION AND POOR POPULATION, 1964

Selected Characteristics	Number (millions)		Percent of Total	
	Total Population	Poor	Total Population	Poor
Total persons	189.9	34.3	100	100
Unrelated individuals	12.3	5.3	6	15
Persons in families	177.6	29.0	94	85
Total families	47.7	6.8	100	100
Age and family status (persons)				
Unrelated individuals				
Under age 65	7.7	2.5	63	47
Aged 65 and over	4.6	2.8	37	53
Members of family units				
Children under age 16	62.7	13.7	35	47
Never-married 16 to 21	13.9	2.1	8	7
Ever-married 6 to 21	3.5	0.6	2	2
Persons aged 22 to 64	84.8	10.0	48	34
Persons aged 65 and over	12.7	2.6	7	9
Sex of head of family				
Male	42.8	5.0	90	73
Female	4.9	1.8	10	27
Labor-force status of family head ^a				
Not in labor force	8.9	3.1	19	42
Employed	37.1	3.7	78	52
Unemployed	1.4	0.4	3	6
Race (persons)				
White	167.5	23.6	88	69
Non-white	22.4	10.6	12	31
Families -				
With no children under age 18	19.7	2.3	41	34
With children under age 18	28.1	4.5	59	66
1-2 children	16.7	1.8	35	26
3-4 children	8.0	1.5	17	22
5 or more children	2.7	1.1	6	16
Regional location of household ^a				
Families of 2 or more				
Northeast	11.9	1.2	25	16
South	14.4	3.5	30	49
North Central	13.3	1.5	28	21
West	7.8	0.9	16	13
Residence of persons				
Non-farm	176.6	29.9	93	87
Farm	13.3	4.4	7	13
Age of head of family				
Under 22	0.9	0.2	2	3
22-54	32.7	4.2	69	61
55-64	7.4	0.9	16	14
65 and over	6.7	1.5	14	22
Current school attendance of persons aged 16-21				
Attending school	8.7	1.5	59	49
Not in school, not high school graduates	2.2	1.0	15	35
Not in school, high school graduates	4.0	0.5	27	16

^aData relate to 1963.Source: Mollie Orshansky, "Who's Who Among the Poor: A Demographic View of Poverty," Social Security Bulletin, July 1965; and "Recounting the Poor - A Five-Year Review," Social Security Bulletin, April 1966

The Roots of Poverty

People are unable to meet their minimum needs because they have insufficient income and asset holdings or because they become discouraged, disillusioned, and lose the will to improve their lot. Because they lack earned income, property income and savings, and transfer payments, such as social security and retirement benefits, they may come to lack motivation for betterment and even acquire a cynical or hostile view toward society in general.

Earned Income

Some families have low earned incomes because the heads of the family are unemployed, or partially unemployed. In 1963 six percent of the heads of poor families were unemployed, compared to three percent for the total population, and 42 percent were not in the labor force, compared with 19 percent for the total population. Another group of families were poor because of their low rates of pay. Thus, 41 percent of the children of poor families in 1964 were in a family of a breadwinner employed full time at a steady job all year but unable to provide even a minimum called for by the poverty level.

Low productivity is the main reason for low rates of pay. This reflects lack of education or training, physical or mental disability, poor motivation, discrimination, low bargaining power, exclusion from minimum wage coverage, or lack of job mobility. Table 3 using the Council of Economic Advisers "poverty line," shows the significance of lack of education, particularly felt by non-white and rural families.

TABLE 3

**INCIDENCE OF POVERTY BY EDUCATION, COLOR,
AND RESIDENCE, 1962**

	Incidence of poverty (percent)
All families	20
Education of head: ^a	
8 years or less	37
9-11 years	20
12 years	12
More than 12 years	8
Color of family:	
White	17
Nonwhite	44
Residence of family:	
Farm	43
Nonwhite	84
Nonfarm	18

^aData relate to 1961, and money income is in 1962 prices.

Source: Council of Economic Advisers, Annual Report (Washington: Government Printing Office, 1964), p. 66.

The high frequency of poverty for nonwhites, however, is not fully explained by their under-education. Invariably poverty is higher among nonwhites regardless of age, family type, or level of educational attainment. They earn less than whites with the same education even when they practice the same occupation.

Some persons suffer low income even though they are able to hold a job. In this group are families headed by healthy, able-bodied older persons, and by women with small children. In 1964 there were 5.5 million poor households headed by women.

Property Income and Savings

Some families with low earned incomes can fall back on savings, either to provide income or support consumption. Savings are especially important for the elderly. More than half of those over 65 in 1962 had money incomes above \$3,000, and many also owned their own homes. Others were able to draw on savings even though their money incomes were below \$3,000.

But for most families property income and savings do not provide a buffer against poverty. The Council of Economic Advisers calculated in 1964 that if a retired couple required an income supplement of \$1,500 a year to avoid poverty, they would need a capital sum of about \$19,000 at 65 to provide

such an annuity for their expected remaining years. The median net worth for all spending units in 1962 was only \$4,700, and for all spending units whose head was 65 years or more it was \$8,000. Meeting contingencies of poor health, moreover, often has cut into the savings of the elderly, certainly prior to the National program of medical care for the aged. The median net worth of the fifth of all spending units with the lowest incomes in 1962 was only \$1,000, much of which represented equity in houses which reduced their housing costs but did not provide money for other current needs.

Most families that have low incomes in any one year lack significant assets because their incomes have always been at poverty levels. In 1959, 17 percent of all families had never earned a disposable income as high as \$3,000 and 10 percent had never reached \$2,000. The comparable figures for the aged were 79 percent and 50 percent. While nearly 60 percent of all families had enjoyed peak incomes above \$5,000, only 14 percent of all poor families had ever reached that level; and only 5 percent of the aged poor had ever exceeded \$5,000.

Transfer Payments and Private Pensions

Poverty would be more widespread and serious if many persons did not receive transfer payments. These are payments that are not received in exchange for current services. They may be either public or private in nature, and may not have involved past contributions by the recipient. Public transfer programs include social insurance--such as unemployment compensation, workmen's compensation, and old-age, survivors, and disability, and health insurance (OASDHI); and public assistance programs, such as old age assistance (OAA); and aid to families with dependent children (AFDC). Private transfers include organized programs, such as private pension plans, organized private charities, and private transfers within and among families. Assistance programs are ordinarily aimed specifically at the poor or handicapped. Neither eligibility nor size of benefits usually bears any direct relationship to past income. Eligibility for insurance-type programs, on the other hand, is based on past employment, and benefits on past earnings.

Public insurance-type transfer programs have made notable contributions to maintaining income of those whose past earnings have been adequate, but are of least help to those whose earnings have never been adequate, or of course to those not covered. Twenty-three percent of all paid employment is not covered by the Federal-State unemployment insurance system. OASDHI does not cover about nine percent of present paid employment, and there are still a few million aged persons who retired or whose husbands retired before acquiring coverage.

Public assistance programs are also an important support to low-income and handicapped persons. Money payments under OAA average about \$80 a month nationwide, and the national average AFDC payment per family (usually four persons) is about \$148 per month.

Private transfers within and between families are clearly not a substantial source of income for the poor. The poor typically have poor relatives. Benefits under private pension plans are typically related to the previous earnings, and are therefore low when earnings are low.

The Difficulties of Breaking Out of the "Circle of Poverty"

Poverty breeds poverty. A poor individual or family has a high probability of staying poor. Low incomes carry with them high risks of illness; limitations on mobility; limited access to education, information, and training. Poor parents cannot give their children the opportunities for better health and education needed to improve their lot. Lack of motivation, hope, and incentive is a more subtle but no less powerful barrier than lack of financial means. Thus the cruel legacy of poverty is passed from parents to children.

Escape from poverty is not easy for American children raised in families accustomed to living on relief. A recent sample study of AFDC recipients found that more than 40 percent of the parents were themselves raised in homes where public assistance had been received. It is difficult to children to find and follow avenues leading out of poverty in environments where education is deprecated and hope is smothered. This is particularly true when discrimination appears as an insurmountable barrier. Education may be seen as a waste of time if even the well-trained are forced to accept menial labor because of their color or nationality.⁶

Studies have shown how inadequate education is perpetuated from generation to generation. The poor have more than their share of families in which the head has less than an eighth grade education. In turn, children from these families have a high rate of high school dropouts. Adding to the problem is the well-established association between school status and juvenile delinquency.

Summing Up: The Topography of Poverty

While poverty occurs in many places and strikes people in many situations, its force is highly concentrated among persons with certain characteristics. The analyses in the Social Security Bulletin cast the spotlight on these "landmarks" on the bleak landscape of poverty:

- One-seventh of our families and over one-sixth of our total population were poor. Forty-three percent of unrelated individuals living alone were poor.
- Of the poor, 31 percent were nonwhite; and nearly one-half of all nonwhites lived in poverty.
- Twenty-two percent of all poor families were headed by a person over 65.
- Of the poor, 47 percent lived in metropolitan areas, 13 percent on farms, and 40 percent as nonfarm residents outside metropolitan areas.
- Over 33 percent of all farm families were poor.

- Almost half of the poor were in the South; and a Southerner's chance of being poor was roughly twice that of a person living in the rest of the country.
- One-quarter of the poor families were headed by a woman; but over one-third of all families headed by a woman were poor.

In addition, the Council of Economic Adviser's 1964 report pin-pointed these 1961 data on the relation of education to poverty (using CEA's poverty line):

- The heads of over 60 percent of all poor families had only grade school educations.
- Even for those denied opportunity by discrimination, education raised the chance to escape from poverty. Of all nonwhite families headed by a person with 8 years or less of schooling, 57 percent were poor. This percentage fell to 30 for high school graduates and to 18 percent for those with some college education.
- But education did not remove the effects of discrimination: when nonwhites were compared with whites at the same level of education, nonwhite were poor about twice as often.

One may disagree with the degree of poverty in the United States because measurements are necessarily arbitrary, but none can dispute the fact that it does exist to a significant degree and constitutes a major social and economic problem for all U. S. citizens.

Other Perspectives on Poverty

Emphasizing that poverty must be defined in more than mere money terms, the Director of the Cook County (Chicago) Department of Public Aid made this comment in his statement to the Senate Select Committee on Poverty in 1964:

To all too many people, poverty means merely the absence of money. This is a definition influenced, perhaps, by the belief in American society that if money is lacking, work and determination will provide it, and that in our affluent society no one need starve. Admittedly, nobody starves today and apples will probably never again be sold on street corners. But it must also be remembered that poverty is not merely a question of food, or of money, or of determination. For poverty deprives the individual not only of material comfort but also of human dignity and fulfillment. Its causes are much more complex, and its cure requires more than merely a relief check or the creation of one or two programs of training and retraining. It must be realized that, because of the growing complexity of modern society, the disadvantaged, in particular, more and more lose the very ability to make choices, to be responsible, to know what must be done, and to take action. In short, poverty has today become a complex interlocking set of

circumstances, caused by and in turn reinforcing each other, that combine to keep the individual without money, without help, without work.⁷

Finally, still another perspective on the poor in America was given in the Administration's Congressional presentation on March 17, 1964, prepared under the direction of Sargent Shriver, Special Assistant to the President:

These are the people behind the American looking glass. There are nearly 35 million of them. Being poor is not a choice for these millions; it is a rigid way of life. It is handed down from generation to generation in a cycle of inadequate education, inadequate homes, inadequate jobs, and stunted ambitions. It is a peculiar axiom of poverty that the poor are poor because they earn little, and they also earn little because they are poor. For the rebel who seeks a way out of this closed circle, there is little help. The communities of the poor generally have the poorest schools, the scarcest opportunities for training. The poor citizen lacks organization, endures sometimes arbitrary impingement on his rights by courts and law enforcement agencies; cannot make his protest heard or has stopped protesting. A spirit of defeatism often pervades his life and remains the only legacy for his children.

If the American economy can be compared to a 20-story luxury apartment house where even the ground floor tenants share the comforts, then this one-fifth of our population inhabits a subbasement, out of sight, and almost out of mind.

Thirty years ago, it was simple enough to recognize the poor, on street corners, in doorways, and breadlines everywhere. In 1964, one needs an economic road map to find them. For today's poor are a mixed group. They include--

- The children of poverty.
- Those bypassed by industrial change.
- Rural families.
- Minority group members.
- Fatherless families.
- The aged.

This is not an all-inclusive list. There are some who fit none of these descriptions, and certainly many who fit them are not poor. But it is safe to say that most of the poor share one or more of these characteristics, and together, they constitute what must be recognized, even by the skeptical, as a stubborn core of poverty in the United States.⁸

B. ORGANIZED CONCERN FOR POVERTY IN THE UNITED STATES

Public concern for the poor is not new. Measures to prevent, and particularly to relieve, poverty are found early in the history of every civilization. Each generation in America has forged new weapons in the public and private fight against this perennial enemy. Until recent decades the focus was primarily on the alleviation of distress, rather than on prevention or rehabilitation. Yet all the while, the sources of poverty have been eroded as a by-product of a general advance in economic well-being and of measures designed to achieve other social goals.⁹

Organized public concern for poverty in the United States is rooted in the history of Western Europe, where it developed as a consequence of the political, social, scientific, and economic revolutions of the 17th and 18th centuries. The economic growth of that era, which reduced the ranks of the poor, sprang chiefly from the free contract, open market system. That system meant--

. . .striking off the bonds that held some people in subservient status, restricted opportunity to a select few, and saddled paternalistic responsibilities on others. This "opening up" of society was part of a general rationalization and stimulation of new technological opportunities which enabled rapid expansion in production and consumption.¹⁰

England's basic policy toward poverty in the 17th and 18th centuries included, besides free contract, a gradual and limited expansion of education and the vote, work-relief for the able-bodied poor, and workhouses for the infirm. With its main ties to England, colonial America drew on this heritage. Except for Negro slavery, individualism was nourished without restraints from a feudalistic past, independent farmers and adventurers pushed back the frontiers, and free contracting for labor resisted paternalism of an expanding industry.¹¹ In addition, U. S. economic development had the advantage of unrestricted immigration policies through the end of World War I, bringing to the United States the talents of all the world's peoples.

Social, economic, and political characteristics of a developing Nation also brought problems, however, which tended to create and sustain the conditions of poverty. The tradition of individualism inspired by the frontier sometimes made needed social action difficult to achieve. Immigration raised problems of discrimination against minorities. Prosperity often blinded Americans to the plight of their poor. And slavery fastened an intolerable burden on Negroes which persisted a century after the end of the Civil War and the 13th, 14th, and 15th amendments to the Constitution.

As a consequence the poor in the United States always have included a vast majority of the Negro population--first as slaves, then as rural sharecroppers, and lastly as residents of urban ghettos. Until recently, the remainder of the poor were largely immigrants from other countries--indentured servants of colonial days, followed by immigrant masses from western and southeastern Europe. Since the ebbing of immigration, the poor have included farm workers displaced by the advent of the large mechanized farm; white and Negro migrants from the rural backwaters to urban slums; unskilled workers in unprotected and underpaid industries; workers displaced by automation unable to adjust to the new demands of the labor market; and individuals who because of age,

physical or emotional disability, under-education or lack of skill are able to participate in the labor market in only a marginal role, if at all.

One economist specializing in the study of income distribution discerns four strategies that the United States has used in varying combinations to prevent poverty and meet the needs of the poor: make the system work, adapt the system to the needs of the poor, adapt the poor to the system, and relieve the distress of the poor.¹²

(1) Make the system work. From the earliest days, U. S. governments have played an important role in determining the structure and operation of the private economy. Functioning as rule makers as well as active promoters of business, they have influenced land-use patterns, transport and communication systems, and the advance of science, and increasingly have intervened to regulate and smooth out swings in the business cycle.

(2) Adapt the system to the needs of the poor. Extending suffrage and developing common citizenship have been principal ways of adapting the system, from the most dramatic--abolition of slavery--through constant judicial and legislative modifications of rights and obligations bearing upon the position of the poor. Examples of the latter are criminal law and the laws of property and of torts and contracts, mechanics' lien and usury laws, industrial safety codes, and anti-discrimination laws. Regulation of the labor market by permitting, and later by encouraging, collective bargaining and by limiting individual bargaining on such matters as child labor, minimum wages and maximum hours have a close bearing on needs of the poor, as do price maintenance and farm price supports. Social insurance and the shift to progressive taxation are other adaptations of the system to the needs of the poor.

(3) Adapt the poor to the system. Attempts to rehabilitate the poor have aimed at changing their attitudes, values, motivations, and life style, and developing their potential productivity. In many instances the efforts of schools, churches, charitable organizations, and labor unions were designed to transplant middle-class values and the Protestant ethic to the poor in such terms that morality and personal salvation were equated with material success. The emphasis was on thrift, temperance, prudence, and self-discipline. Later philanthropy used case-work methods to help the poor back to independence through rehabilitation, adjustment, family services, medical care, and inspirational example

The use of broad community services is another emphasis in adapting the poor to the system. These services include schools, libraries, hospitals, clinics, nurseries, public housing, and sanitary improvements. Some public services have not only been "offered" but compelled, as in the case of school attendance.

(4) Relieve the distress of the poor. Usually considered the residual strategy, sometimes this is regarded as complementary or alternative to the other three. However, with the distinction between public assistance and social insurance gradually becoming fuzzier and emergence of a number of serious proposals for "minimum income guarantees," "negative income taxes" and "comprehensive social security plans," the fourth strategy, is considered by some as possibly "the weapon of the future" in the poverty war.

The Role of Private Welfare Efforts; State and Local Government Involvement

Of the four major strategies in dealing with the problems of poverty, only the last two--adapting the poor to the system and relieving the distress of the poor--had their major emphasis on the poor as a special group. Developing the economy and such measures as extension of suffrage, collective bargaining, and consumer protection were designed more to benefit the whole society than the impoverished as a "target group."

Although humanitarian reformists of the 19th century agitated for aid and relief to the poor, the main response to proposals for the specific prevention and relief of poverty came from private charity groups. Their efforts were not coordinated and usually were aimed at specific conditions rather than at remedying anything as broad as poverty. They focused on one or more aspects or symptoms of poverty or particular disadvantaged sectors. Specific aspects could be education, unemployment, health, alcoholism, legal rights; or the client group could be children, delinquents, illiterates, unemployed, Indians, migrants, or the handicapped. An attack on the whole problem of poverty was not envisioned either by those groups focusing on one sector or one problem or by those with multi-purpose functions. Gearing-in these private welfare agencies with Federal, State, and local public services today is one of the principal objectives of the community action program.

One welfare function which most private agencies early yielded to government was direct economic assistance.¹³ But until the early 1900's, the governmental role in providing for the needy was considered a responsibility of local rather than State and Federal governments. States provided specialized institutional care for the deaf and blind, the mentally ill, the mentally-retarded, and the delinquent. The Federal Government limited its welfare role to support of a few schools for the deaf and blind, and emergency grants for relief in localized disasters.

States began to participate in public assistance in the later 1800's, when State boards of charity were given administrative as well as advisory authority. In 1898, Ohio initiated a State program of aid to the blind, and 13 years later State assistance programs were established for needy children in Illinois and Missouri. Old-age assistance programs were introduced in the next decade, and by 1929, laws providing such programs were in effect in 11 States. These were permissive laws in many cases, giving local governments the option of establishing and administering the program.

General assistance, or home relief, continued to be a local responsibility, and States participated in administering or financing it only in cases which did not qualify for assistance from the local agency because of failure to meet local residence requirements.

Expanded National Government Responsibility for Welfare¹⁴

The economic depression of the 1930's prompted a drastic reallocation of public assistance activities. States and local governments, with few exceptions, could not carry the growing relief burden alone; the National government took over a larger and larger share. To start, it extended temporary financial aid to State and local relief authorities. In July 1932, the first major national emergency relief legislation authorized loans for direct relief purposes. In 1933, Federal

aid became outright grants under the Federal Emergency Relief Act. This program continued until 1935, with grants of over \$3 billion to the States. In order to remove employable persons from the relief rolls, the National government also undertook to provide work relief directly. The Works Projects Administration, under which more than \$10 billion was spent between 1935 and 1942, was the most important of the several nationally-administered work programs.

An even more far-reaching effect of the depression was enactment of the Social Security Act of 1935. This marked the assumption by the National government of a continuing responsibility for assisting States in promoting the economic security of their citizens. The legislation evolved out of recommendations of the President's Committee on Economic Security, which proposed the social insurance approach for unemployment compensation and old-age insurance as the foundation for a broad system of economic security. It also proposed a public assistance approach to complement the insurance programs by covering three groups normally not in the labor force: the aged, the blind, and dependent children.

The Social Security Act created a federally-administered system of old-age insurance financed by compulsory contributions from employer and employee. Unemployment insurance was set up as a cooperative system under which a Federal payroll tax on employers could be partially offset by similar contributions made under State laws. Grants to States would enable them to administer unemployment compensation and employment service programs. Grants-in-aid were also provided to States for three types of assistance to the needy: old-age assistance, aid to dependent children, and aid to the blind. The National government thus discontinued participation in emergency relief for the unemployed and instead entered the field of categorical assistance. A special grant was also provided for child welfare services.

Social legislation of the New Deal, of which the Social Security Act was a major part, marked a turning point by recognizing a national interest in the economic well-being and security of individuals and families. But these measures did not eliminate poverty. Although some programs were subsequently broadened, at least one-half of the people now classed as poor were not eligible at that time for these transfer payments. These were people with low-paying jobs, unstable work histories and disabilities which disqualified them from receiving benefits. Those who needed transfer payments most, received least.

National government involvement in programs to eliminate poverty reached a high-water point in the 1960's with the greatest flood of anti-poverty legislation since the New Deal. The contract compliance machinery and legal powers of the Federal Government to provide equal employment opportunities for disadvantaged minority groups was significantly strengthened. The Area Redevelopment Act of 1961 and the Manpower Development and Training Act of 1962 were aimed at revitalizing economically distressed communities and providing more vocational training for the underskilled. The Vocational Education Act of 1963 emphasized training for the disadvantaged, especially youth. Finally, in 1964, the Economic Opportunity Act provided funds and strategy for a coordinated and direct attack on the problems of poverty.

C. DEVELOPMENT OF THE ECONOMIC OPPORTUNITY ACT OF 1964

Interest in a coordinated war on poverty began in the Administration of President Kennedy. Growing particularly out of his 1960 campaigning in the West Virginia primary, President Kennedy was sensitive to the need for cutting into

chronic unemployment which seemed to persist even in the face of a prosperous economy, especially in certain depressed areas. The Area Redevelopment Act enacted by the Congress in 1961 and the Accelerated Public Works and Manpower Development and Training acts of 1962 moved in this direction. In 1963 the President appointed a joint Federal-State Committee on the Appalachian Region to develop a program for a broad regional attack on spreading economic decay in the hills and valleys of the Appalachian Mountains. In the same year, bills for vocational education and youth employment were moving through Congress.

Within the Executive Branch, the President's Committee on Juvenile Delinquency under the Attorney General's chairmanship decided to use its funds to stimulate cities to come up with coordinated plans, uniting Federal, municipal and private instrumentalities in an effort to help the children of slums. "In order to make sure that they would not just be schemes benevolently imposed by social workers and welfare agencies, Robert Kennedy insisted on bringing the poor into planning and execution--an innovation of great significance, stoutly resisted in many cases by city administrations." 15

A third significant development in the early 1960's was the growing national awareness of the plight of the Negro minority, first translated into action on issues of social and political rights, spurred by increasing numbers of Negro and white militants, and aided by an active Supreme Court and Justice Department. But, illuminated by the writings on poverty of liberals like Michael Harrington, J. K. Galbraith, and Ben Bagdikian, the Negro problem became understood increasingly as Negroes' failure to participate in the affluent society, rather than only a matter of social and political injustice.

All these currents began to converge in 1963. According to one close observer, President Kennedy, much impressed by the writings of Harrington, was reaching the conclusion that further stimulation of the economy, as through a broad tax cut, had to be supplemented "by a comprehensive structural counterpart taking the form, not of piecemeal programs, but of a broad war against poverty itself. Here perhaps was the unifying theme which would pull a host of social programs together and rally the nation behind a generous cause." 16 During the Summer of 1963, he had the Council of Economic Advisers turn its attention to developing programs more diversely aimed at the poor than the "trickle-down" economic measures.

The remaining pages in this section, though not the interpretations, draw upon preliminary research by Sar A. Levitan and Roger H. Davidson for a forthcoming study by The W. L. Upjohn Institute for Employment Research, financed by a grant from the Ford Foundation.

Evolution of the Administration Proposal

Early in November 1963, Chairman Heller of the Council, with the full backing of the President, called on executive departments for ideas on how to combat poverty. They were asked for suggestions on new programs, as well as expansion and reorganization of existing programs. When President Johnson took office upon the assassination of President Kennedy, Heller briefed him on the status of the anti-poverty project. The President gave the word to continue on course with full speed ahead.

The task of hammering out an Administration proposal for submission to Congress first was shared between the Council of Economic Advisers and the Bureau

of the Budget. Executive departments responded to Heller's call for suggestions with a flood of proposals. Many involved increased funding or modifications of ongoing programs, such as labor retraining, education, small business loans, and rural areas development. Several relevant bills were then pending in Congress: for a domestic Peace Corps, a Youth Employment Act, and migrant labor assistance, for example. Finally, some genuinely experimental programs were suggested, in such fields as community education, work-training, health services, and assistance for Selective Service rejectees.

The abundance of proposals raised a crucial budgetary question: how to put together a package that was within budget limits and yet was broad and significant enough to amount to a coordinated "war on poverty?" Support developed for the idea of a limited number of demonstration grants to help local communities develop their own broad anti-poverty campaigns. This became the community action program. Besides meeting the problem of limited funds it had the twin appeal of getting Federal departments to concentrate on the poverty problem rather than their jurisdictional boundaries, and initiating a new mechanism for coordinating and funding Federal programs.

The idea for community action programs sprang out of experience with the Ford Foundation's "gray areas" program in the late 1950's and early 1960's, concentrating on the use of schools to help residents of blighted areas rehabilitate themselves, and the demonstration programs started in 16 cities by the President's Committee on Juvenile Delinquency and Youth Crime in 1961. As introduced into the anti-poverty planning process, it was suggested that the Community Action Program be funded on a demonstration basis in 10 communities, five urban and five rural. It would be administered by a Council on Poverty, consisting of a chairman appointed by the President and appropriate department and agency heads, with the chairman acting to focus departmental efforts on anti-poverty activities.

As a result of the discussion in the Executive Office and with the departments and agencies, President Johnson included reference to the community action program in the call for a "war on poverty" in his 1964 economic report to the Congress. Some serious problems still remained in the proposal, however, most notably the question of how the Federal Government should review and administer local programs. The Department of Labor opposed the notion of a special administrator in the Executive Office with a cabinet-level poverty council, and urged instead assignment of administrative responsibility to the Department of Labor or Health, Education, and Welfare. The Department of Health, Education, and Welfare favored a special assistant secretary of HEW to be responsible for day-to-day administration of the program, with policy planning in the hands of cabinet-level interdepartmental committee staffed by the Office of the Secretary of HEW. Other agencies favored the special Presidential assistant proposal.

Major departments also had their own program emphases. The Department of Labor was concerned about youth employment programs. Because of its well-established relationships with State agencies, HEW wanted State-level agencies brought into planning and execution of community programs. The Department of Agriculture was concerned with developing local rural leadership through the community action programs. The Department of Commerce wanted more emphasis on local business leadership.

Late in January 1964, draft specifications for a poverty bill were distributed to cabinet-rank officials. Closely resembling the earlier document, it provided that local anti-poverty plans would describe the extent of poverty in the

area, survey needs, list available Federal, State, local, and private resources, and define the local organizational setup. Funds were to go out on a first-come, first-served basis. No guidelines were given for involving the poor, but the local community action program was to be designed and/or administered by an "umbrella" agency with adequate representation and participation by governmental agencies and varied community interests.

The issue of administration at the Federal level was still unsettled, but most agencies favored establishing a separate community action agency, under a Presidentially-appointed director, assisted by an advisory group consisting of heads of departments and agencies. An independent office, it was felt, would dramatize the poverty issue and enhance the possibilities of coordinating Federal programs. Although a new office might be weaker than old-line agencies in dealing with Congress, and would run the danger of duplicating activities of established programs, it would avoid the danger of "capture" by an existing department.

Federal agencies with the largest operating stakes in the new programs tended to favor administration by an existing department. Many manpower officials, for example, feared that the community action program would elevate educational and social welfare services at the same time that it deemphasized activities in areas of minimum wages, job training, and employment.

Other departments and agencies shared the fear that the comprehensive community action agency might bypass their specialized interests. As a consequence, they tended to view plans for relieving poverty mainly as a broadening out and redirection of existing programs in existing agencies. Thus, a seeming impasse had been reached between line departments and agencies and proponents of a separate community action agency.

At this point (February 1), President Johnson appointed Sargent Shriver, Director of the Peace Corps, to take charge of anti-poverty planning. During the next five weeks, Shriver and a small group of close friends and associates--known loosely as the "Shriver task force"--met with a considerable variety and number of people from government, business, welfare agencies, civil rights groups, universities, and foundations to shape up the Administration proposal and simultaneously lay the groundwork for selling it to Congress and the public.

Sensitive to the need for arousing widespread public interest and support, Shriver reacted negatively to the idea of a limited program of scattered demonstration activities. His first meeting with heads of major agencies and a few outside friends decided for an amalgam of several legislative proposals. Several Administration bills pending in Congress were incorporated in the draft legislation, including the Job Corps and work-training proposals, already passed by the Senate in the Youth Opportunities bill; a work-study program for college students considered but dropped in 1963 as part of the National Defense Education Act; and the domestic peace corps, previously proposed by the Administration under the label of National Service Corps. These were saleable to Congress and capable of yielding fast results.

With this basic decision to make the anti-poverty program largely a package of existing Administration proposals, there still remained the important issue of whether to include the community action program. With the support of the Attorney General, who was convinced of the value of the predecessor Juvenile Delinquency program, CAP was kept in the bill. The community action program title retained the language that referred to participation by resident groups.

A rumor arose that the Department of Defense would run the Job Corps because of its possession of camp facilities and its experience during the 1930's in running the Civilian Conservation Corps. When liberals objected, it was decided to locate the Job Corps in the new poverty agency and place the Neighborhood Youth Corps in the Department of Labor. Shriver was attracted by the potential of the Job Corps and determined to run it himself, along with CAP and VISTA. The issue went to the President, who sided with Shriver.

Congressional Phase

President Johnson sent his message on poverty and his legislative proposal to the Congress on March 16, 1964. Major issues that emerged in Congress committees concerned (1) imposing the anti-poverty program and mechanism on existing agencies, (2) the issue of separation of church and State involved in the Act's grant programs, (3) the issue of States' rights, which involved the philosophy of Federalism and the question of Negro rights, and (4) the question of whether the program was really needed in the light of the healthy condition of the Nation's economy.

In the House Committee on Education and Labor, Representative Frelinghuysen introduced an alternative bill calling for a \$1.5 billion three-year program to be run by the States and coordinated by the Department of Health, Education, and Welfare. It included many of the same programs as the Administration measure, but gave more responsibility to the States in decision-making, implementation, and financing. As a minor concession to Republicans and Southern Democrats, the House committee bill as passed out to the floor included a formula for allotting funds among the States for certain programs.

The bill proposed by the Senate Committee on Labor and Public Welfare was amended on motion of Senator Javits to permit Federal aid to be granted to States to run Job Corps camps. Javits argued that this was necessary to encourage and facilitate full cooperation of the States and the integration wherever possible of this program with existing State and community public and private agency activities. A second amendment introduced by the Senate Committee tightened up House provisions for aid to local groups in the absence of a communitywide anti-poverty plan.

Senate floor debate focused on issues of States' rights and agricultural programs. Two amendments, providing for a Governor's veto of Job Corps camps and contracts with private agencies, were accepted by the Senate and later by the House and included in the final Act.

In the House floor debate, the bill was amended to permit governors to veto community action projects as a concession to the criticism of members from southern States who viewed some aspects of the bill as invasions of States' rights.

Chapter III

ANALYSIS OF INTERGOVERNMENTAL ISSUES

In this chapter are analyzed the major issues in intergovernmental relations that have arisen as a consequence of the Economic Opportunity Act of 1964 as amended, and the first year and a half of its operation.

Attention is directed in part A to the principal effects on government at the local level: the effect of using private nonprofit groups as community action agencies; the issue of the appropriate geographic base for community action agencies; the requirement for "maximum feasible participation" of the poor and its consequences for local political institutions; the provision for "bypassing" umbrella community action agencies; the coordination of Federal anti-poverty and other programs impacting on the local area, and the need for comprehensive community action planning; and finally, identification of other intergovernmental problems in local jurisdictions arising from administration of the Federal-local community action program.

Part B is concerned with the role of the States: a brief history and evaluation of State anti-poverty efforts; consideration given to the States in the development of the Economic Opportunity Act; the value of the Governor's veto; evaluation of the functions of State offices of economic opportunity; use of State plans; and State coordinators' proposals for a more useful State role.

Part C presents data to help assess the effectiveness of the Economic Opportunity Act and administration in matching anti-poverty resources and poverty needs, with particular reference to the problems of rural poverty. Part D analyzes the grant-in-aid aspects of the anti-poverty program, including apportionment formulas, matching provisions, and State financial sharing.

A. EFFECTS OF THE WAR ON POVERTY ON LOCAL GOVERNMENT

1. The Use of Private Community Action Agencies, and Its Effect on Local Government

The Economic Opportunity Act departs from the general practice of Federal grant-in-aid programs by allowing communities the alternative of administering the community action program (CAP) through a private nonprofit agency, rather than exclusively through a local government agency. It raises

a central intergovernmental question: What is the impact of this arrangement on the effectiveness of the program and the strength of local government? The answer is important not only for the anti-poverty program, but also for future Federal intergovernmental programs that may be patterned after it.

Provisions of the Economic Opportunity Act

One of the five characteristics required of a CAP by the Act as amended is that it be a program:

Which is conducted, administered, or coordinated by a public or private nonprofit agency (other than a political party), or a combination thereof.¹

Explanation for so defining the Community Action Agency (CAA) was given in the Administration's presentation to the Congress in early 1964.² The presentation cited the variety of examples of imaginative community experiments in expanding opportunity and breaking the cycle of poverty across the Nation, including the work of the President's Committee on Youth and Juvenile Delinquency and the Ford Foundation's "gray areas" program.³ It concluded:

One crucial lesson has been learned from this community experience. Since the causes of poverty are complex, the solutions must be comprehensive. . .Poverty is a web of circumstances, not the simple result of a simple condition.

The most successful community action, therefore, usually includes the political, business, labor, and religious leaders, the school board, the employment service, the public welfare department, private social welfare agencies, and neighborhood houses in a coordinated attack on local poverty. . .

The local organization applying for a community action program grant must satisfy only one basic criterion: it must be broadly representative of the interests of the community. It may be a public agency which seeks to build into its programs the advice and expertise of business, labor, and other elements of the private sector. Or it may be a private nonprofit agency which has the support of the relevant elements of community government. It may be an already existing organization, or it may be newly created for the specific purpose of fighting poverty.

In his remarks before the House and Senate committees considering the Economic Opportunity Act proposal in 1964, Sargent Shriver, the President's special assistant on the anti-poverty program, gave much the same rationale:

Obviously, there will be wide variation in these programs in view of the differences which exist in the nature of the population, the nature of the locale and the extent and capacity of public and private resources within the community. Thus, programs may be developed in large urban communities, rural areas, on Indian

reservations, in small towns and isolated mountain hollows, wherever poverty is found.

Because of this, as much flexibility as possible will be left to the communities and local organizations to develop their own approaches. Because poverty has many interrelated causes, financial assistance under Title II will be made available to organizations to assist in the development and operation of action programs which are of sufficient size and scope to show promise of concrete progress toward the elimination of poverty and a cause or causes of poverty. The organizations to implement such a program may be a public or nonprofit private agency or a combination thereof, which has the resources or capacity to develop, coordinate, and operate an effective community action program.

The Committee anticipates that the Office of Economic Opportunity will encourage the development of community action programs which would carry out a multifaceted coordinated attack on the interrelated causes of poverty. . .

Participation by the widest possible range of community organizations is envisaged provided, of course, that the programs they offer are available without discrimination throughout the community. . .⁴

"Shriver Task Force" Deliberations

Commission staff discussions with several individuals who participated in the "Shriver task force"⁵ that prepared the Administration's legislative proposal in early 1964 developed additional insight into the reasons for the decision not to limit CAAs to local government agencies. One was the fundamental belief in the need to avoid having the program channeled through and taken over by the "establishment"--the network of existing leadership and agencies that had long been responsible for administering important programs for the impoverished. It was felt that local government was the "establishment" in many communities or shared the role with private groups. The issue was of particular concern with respect to assuring proper sensitivity to racial minorities who constitute a large portion of the poor. This consideration was critical in the South, and the task force was extremely aware of it in early 1964 when the struggle over civil rights legislation was near its peak.

In many communities, moreover, the task force found that there was no unit of local government which realistically could be counted on to provide the comprehensive coordination that experience had indicated was needed. The mayor is invariably the political leader but often the city he heads is not responsible for major public service programs that have important anti-poverty effects. Thus, schools are often administered by independently elected boards. Under the Social Security Act, counties are most frequently the administrative unit for the important Federal categorical aid programs of public assistance--AFDC, OAA, AB, and APTD. Often general assistance is also administered by counties, and public health is increasingly their responsibility. Finally, the employment service is nominally administered by the State but is completely

federally financed and subject to many Federal guidelines.

Dispersion of functional responsibility among different units of government is further complicated by non-coincidence of the geographic jurisdiction of administering agencies. The county-city difference is obvious, as is the difference in their jurisdictions and that of the State employment service office. In addition, boundaries of school districts sometimes differ from those of the city or cities served, particularly in the smaller cities

From the standpoint of geographical jurisdiction the county often has the appeal of inclusiveness, but preference for the county government as the CAA was ruled out because of its shortcomings as an effective organization and focus of effective political leadership in many places in the county. For obvious reasons, county government had to be ruled out in most of the South.

Even where a mayor, or a chief executive of a county, had showed effective responsibility for a significant portion of local government service programs affecting the poor, the task force found these officials hesitant in some places to assume pinpointed responsibility for the CAA. In the South, they were reluctant to bear responsibility for a program which was required to insure the participation of nonwhite poor.

The task force concluded that private nonprofit groups, especially new ad hoc ones, offered the opportunity to overcome these handicaps of local government as CAAs. They would not have to contend with the restrictions of rigid jurisdictional boundaries. Like "treaty organizations," they could serve to bring together city and county governments, school board, State, and the many and varied private agencies under one "umbrella."

Moreover, the nonprofit agency satisfied the need for the mayor, as chief governmental official and political leader, to exercise a key role as both initiator and sustainer of the organization. He could initiate establishment of the agency, and exercise initial and continuing control over its development and operation through his direct or indirect membership on the governing body and power to appoint or influence appointment of representatives of other public and private interests.

Congressional Action

In the course of the hearings on the 1964 bill, several mayors of large cities, and spokesman for the National Association of Counties, expressed the view that the act should provide for control of the community action program by the local government. There was little reaction to the suggestion among subcommittee members.⁶ Section 202(a)(4) as enacted dropped the reference to broadly-based representation on the CAAs; otherwise it was the same as presented by the Administration. The House Subcommittee's only reference to the issue of including both private nonprofit and governmental groups as eligible recipients of CAP funds was essentially the same as that contained in the Administration's Congressional presentation.

The report of the Senate Committee on Labor and Public Welfare on the 1964 Act made the same general points about the need for flexibility, comprehensiveness, and encouragement of participation by a wide range of community organizations. There was no discussion of the effect that this provision for

channeling funds to private groups might have on the normal pattern of administering grants through local governments.⁷

Administrative Regulations

In carrying out the statutory requirements for the community action program, the Office of Economic Opportunity has established guidelines to assure involvement of local public officials in the decision-making and operations of community action agencies, regardless of whether they are public or private nonprofit. To be eligible for a CAP grant, an applicant agency must have "Adequate provision for participation in policy-making by the major agencies and institutions in the community, both public and private, which have a concern with poverty. . ." ⁸ If a private nonprofit agency is not an approved institution of higher education or an organization which has had prior concern with problems of poverty, it must be "sponsored by a public agency, or by one or more private institutions or organizations which have had a prior concern with problems of poverty." ⁹

In order to meet the Act's requirement that an applicant agency must be able to mobilize and use total community resources, the applicant is reminded that it should bring together various basic "service systems" in a concentrated attack on poverty. These embrace, among others, the educational, family welfare, health service, housing, economic development, consumer information and credit, and legal services systems. "Each applicant agency must demonstrate its ability and intention to mobilize community resources against poverty through the establishment of linkages among and within service systems and through other means." ¹⁰

Broadly-based CAAs "must provide ample opportunity for participation in policy-making by the major public and private agencies responsible for services and programs concerned with poverty, other elements in the community as a whole, and the population to be served by the community action program." Opportunity for representation shall include either membership by representatives of these three categories or the policy-making or governing body of the CAA or, where this is not feasible, on a policy advisory committee. ¹¹ Membership from private and public agencies shall include "at least one representative of the chief elected official, or officials, of the community, the board of education, the public welfare agency, and the major private social service agencies. Consideration should also be given to representation by the public health agency, the public housing and urban renewal agencies. . ." ¹²

In its directions for preparation of a grant application, the Guide further states that the "applicant is responsible for ascertaining the relationship of the proposed community action program to approved and prospective projects financed under other parts of the Economic Opportunity Act and under related programs, whether locally or federally financed." Prior to submission to OEO, all proposed programs must be shown to and comments requested from, among others: the chief elected official of the community, the director of any public agency or nonprofit corporation developing or conducting a CAP within the same community, the local superintendent of schools, the director of the city or county welfare agency, and such "other officials as may be appropriate," including the director of the local urban renewal agency, the director of the local public housing agency, and the local commissioner of health. The application form itself contains a section, "Checkpoint Procedure on Coordina-

tion," which requires the applicant to describe how the checkpoint procedure has been followed and to identify "the character of support by local public and private agency officials for the community action program and any existing problems of program inter-relationship." 13

Private CAAs Predominate

As the following table shows, private nonprofit organizations were the predominant type of community action agency as of September 30, 1965.

TABLE 4
COMMUNITY ACTION AGENCIES BY TYPE OF
SPONSORSHIP, SEPTEMBER 30, 1965

<u>Governmental Agencies</u>	<u>Number</u>	<u>Percent</u>
City	36	7.0%
County	39	7.6
Multi-county	11	2.1
State	2	0.4
Tribal council	26	5.1
Public institutions of higher education	<u>20</u>	<u>3.9</u>
Subtotal	134	26.1
 <u>Private Nonprofit Agencies</u>		
Newly-established or existing nonprofit	374 ^a	72.9
Private institutions of higher education	4	0.8
Other	<u>1</u>	<u>0.2</u>
Subtotal	379	73.9
TOTAL	<u>513</u>	<u>100.0%</u>

^a This number includes existing health and welfare councils and other types of nonprofit organizations with prior concern for the poor; OEO records did not differentiate these from newly-established agencies.

Source: Office of Economic Opportunity.

The questionnaire survey of executive directors of CAAs, conducted jointly by the National Association for Community Development and the Commission in early 1966, confirmed the predominance of private CAAs. Of the 199 CAAs responding, 20.6 percent were governmental agencies and 79.4 percent private nonprofit. Seventy-two percent of all CAAs were newly established private groups. 14

Involvement of Local Government Officials

The role of local government officials in serving or being represented on CAA governing boards, and in appointing total membership of the boards, is shown in Table 5.

TABLE 5

**PROFILE OF MEMBERSHIP OF A SAMPLE OF 50 CAA GOVERNING BODIES
AND PERCENTAGE OF MEMBERS APPOINTED BY LOCAL GOVERNMENT OFFICIALS,
SEPTEMBER 30, 1965**

<u>Representation or affiliation*</u>	<u>Percent</u>
Local government agencies	27%
The group served (the poor)	27
Private health and welfare agencies	6
Other community elements	<u>40</u>
	100%
 <u>Percentage appointed by local government officials</u>	 60%

*OEO note: "The information concerning the representation (or affiliation) of CAA governing bodies is of questionable reliability. The CAP form 3 does not distinguish between representation and affiliation. Therefore, it is not clear how many board members actually represent the organization or organizations with which they are affiliated. In some cases, there is more than one organization or affiliation attributed to one individual. In other cases, the affiliation is a geographical area or an occupation such as housewife, judge, teacher and the like. In some cases no affiliation is given. Also there is a lack of uniformity in the interpretation of this item by the various applicants throughout the country.

"(Information concerning appointment by local government officials) is based upon a sample from a fact-finding project undertaken during the summer of 1965 which covered 52 community action agencies and is considered valid and representative of the universe.

"(Regarding method of selection of representatives or affiliates of group served:) The applicants are not required to state in any OEO application how the representatives of the poor were selected. Since this has been an item of some interest to OEO our application reviewers have had occasion to determine the method of selection. The figures provided on this item represent the best judgment of those in charge of application review."

Source: Office of Economic Opportunity.

The figures in the NACD-ACIR survey corresponding to those in Table 5 for representation or affiliation were: local government agencies - 31.3%; the poor - 26.9%; private health and welfare agencies - 9.3%; and other community elements - 32.5%.¹⁵

Involvement of local governments is also indicated by the degree of use of such governments in administering CAP component projects. OEO reported that as of September 30, 1965, 89 percent of the CAAs directly operated one or more components. Of these, about 44 percent were administered by local government agencies.

On the theory that effective participation in the decision-making process of CAAs is also revealed by the existence and operations of executive committees, the NACD-ACIR sought to find out how many CAAs had such committees, how they were made up, and what their powers were. One hundred and twenty-two of the 199 reported having an executive committee. A profile of their membership shows about 35 percent chosen from local governments, eight percent from the poor or their representatives, 13 percent from private health and welfare agencies, and 44 percent from "other elements of the community." Thus, local governments had a higher proportionate representation than on the governing body, the poor had substantially lower representation, private health and welfare agencies about the same, and other community elements substantially higher.¹⁶

Over one-half of the CAAs reporting powers exercised by the executive committees said they appointed key executive staff and made decisions on major policy issues. A little less than half of the committees approved the budget and about one-third had the power to give final authorization for expenditures.

Attitude Toward Switching Public or Private Status of Present CAA

The NACD-ACIR questionnaire asked executive directors of private CAAs whether they thought the community action program in their communities would be more effective if handled by a public CAA. Of those giving a "yes" or "no" answer, eight said "yes," 147 "no." Executive directors of public CAAs were asked whether they thought there should be a switch to a private CAA. Six answered "yes," and 32 "no." Similar questions were directed to chief elected county officials in counties having CAAs. Of those in counties with private CAAs, 30 said "yes" to a change and 63 said "no." Of those in counties with governmental CAAs, four said "yes" to a change, and 36 said "no."

Doubtless many considerations entered into the responses of the two groups of respondents. Probably of key importance to the executive directors were their staff status and their loyalty to the present organization. On the other hand, county officials could be expected to tend to favor governmental agencies. Generally, however, there seemed to be a satisfaction with the present status of the CAA, whether public or private.

Precedents in Use of Nongovernmental Agencies

In trying to determine the effect on local government and the anti-poverty program of using private nonprofit agencies, a possible first step is to look at precedents in other Federal-local programs. The Juvenile Delinquency and Youth Offenses Act, as noted, pioneered key features of the community action program for a community wide mobilization of resources, both public and private, in an attack on a complex problem. Grants were made for demonstration or pilot projects and the administering agency could be either a local government agency or a private nonprofit group, although most were newly created nongovernmental agencies.

In recent years, a few other Federal-local grant-in-aid or contract programs have supported local functions intended for communitywide service, in which both local governments or private nonprofit agencies have been eligible recipients.¹⁷ Most were concerned with public facilities projects, and in one case limited to demonstration purposes: community mental health centers, mental retardation facilities, low-rent housing for domestic farm labor, and a demonstration program for low-income housing.

The Area Redevelopment Act and the Public Works and Economic Development Act

Closer in nature to the community action program are the Area Redevelopment Act of 1961¹⁸ and its successor, the Public Works and Economic Development Act of 1965.¹⁹ The purpose of the Economic Development Act, like its predecessor, is to provide Federal assistance to areas with substantial and persistent unemployment over an extended period. Under the Area Redevelopment Act, the Area Redevelopment Administration (ARA) made grants to finance new, reactivated, and expanded public facilities, and loans to finance new, reactivated, and expanded public and private facilities. All loans or grants had to be made to or sponsored by a "local area redevelopment organization," a special purpose group composed of representatives of local government, business, labor and other interests, and capable of planning and mobilizing total economic resources of the area. The members were not necessarily elected or appointed by responsible elected officials. The organization had to have "official status, through designation by the local governing body or bodies of the county or counties--or of the municipality--comprising the area."²⁰ The boundaries of its jurisdiction were limited to a relatively complete and distinct economic unit, such as a labor market, but not so big that it prevented "effective participation of the local communities making up the area."²¹

Applications for Federal assistance for area redevelopment had to be approved by the local area redevelopment organization and by the State agency designated by the Governor to coordinate State responsibilities under the Act. In practice, ARA also sought approval by local governments concerned. Approvals certified that the proposed project was consistent with a previously approved overall economic development program (OEDP) prepared by the area organization.

The superseding Public Works and Economic Development Act of 1965 contains a number of changes relevant to the role of local government:

(1) Grants and loans for public works and development facilities may be made to private nonprofit organizations, as well as to public entities.

(2) The Secretary of Commerce must prescribe regulations to assure that appropriate local government authorities have been given a reasonable opportunity to review and comment on proposed grant projects.

(3) Loans and guarantees to commercial and industrial applicants are contingent upon approval of the applicants by a State agency or local government in which the proposed project is located, and which agency or government is concerned with problems of economic development.

As under the ARA, the 1965 Act provides that no grant or loan may be made unless the Secretary of Commerce approves an overall economic development

program (OEDP) for the area, and there is a finding by the State, or any agency, instrumentality or local political subdivision thereof, that the proposed project is consistent with such program. Administrative regulations provide for the OEDP to be prepared by an organization like those set up under ARA.²²

Similarities and differences of the area redevelopment districts under EDA and community action agencies under OEO may be summarized as follows:

(1) Mobilization of community resources. EDA is directed toward mobilizing the economic resources of the area to increase employment. This means mainly attracting, rehabilitating, and stimulating job-producing business and industry. Local government has an important stake in guiding local physical development, but compared to private enterprise its direct contribution to providing employment opportunities (perhaps best measured by expenditures for public works facilities) is relatively minor. CAP, on the other hand, is mainly directed toward mobilizing local service systems to attack complex problems of poverty--mainly a task involving government service responsibility: schools, welfare, health, employment, and public housing, for example.

(2) Overall program. EDA requires an overall program as a condition of grant and loan approval. Through the first year of ARA experience, however, preparation of OEDPs "normally involved only limited thoughtful analyses of community resources and contained little that would provide a blueprint for future community economic development,"²³ and thus hardly deserved the name "program." CAAs are supposed to develop and administer a community action "program," but thus far OEO apparently has concentrated more on getting component projects developed and operating than on seeing that there is an overall program to which they may be related.

(3) Involvement of local government in local agency. Probably because of its objectives of providing employment and thus its major emphasis on stimulating private enterprise, EDA does not specify whether the local area redevelopment organization shall be a government or private nonprofit agency, either or both; the Economic Opportunity Act provides that the local agency may be public, private, or a combination thereof.

(4) State and local government approval of applications for assistance EDA requires State approval of applications as being consistent with the OEDP. Similar approvals are sought from local governments concerned. In addition, State and/or local governments must approve private applicants for industrial and commercial loans and guarantees. The Economic Opportunity Act does not require local approval of applications but OEO regulations set forth a "check-point procedure" to assure that affected local government agencies have an opportunity to review and comment on proposed programs. Further, CAP applications may be disapproved by the Governor, subject to overriding by the OEO Director.

Considering the effect on local government, it is pertinent to note that the Advisory Commission on Intergovernmental Relations in an earlier study criticized the ARA program for the degree and manner of involvement of general local governments (cities, towns, and counties). In a 1964 report concerned with the impact on local government of the organization and planning requirements of Federal grant-in-aid programs affecting urban physical development, the Commission said:²⁴

The legislation for ARA does not require special purpose local redevelopment organizations; in fulfilling the Federal OEDP and project approval requirements, general purpose units of local government could be given a larger role.

It is not clear how existing local units of government are fitted into the OEDP other than by representation in the local area redevelopment organization. In addition, the contents and form of OEDPs are very flexible, leaving very much to the discretion of individual administrators in the Washington office who review and write critiques on each OEDP each year. Consideration could profitably be given to insuring by administrative policy that OEDPs are reviewed and commented on by official local and metropolitan planning authorities.

As noted, EDA, unlike ARA, requires that appropriate local governments be given reasonable opportunity to review and comment on proposed grant projects.

Experience with the Agricultural Stabilization and Conservation Service and Farmers Home Administration

The Department of Agriculture carries on a number of programs using local organizations that are outside established local government institutions. Two such programs are the agricultural stabilization and conservation service (ASCS) and Farmers Home Administration (FHA).

ASCS is a program of price support, production adjustment, and conservation encouragement. Locally, it is administered through elected farmer committees. A county committee is established in each farm county, usually with jurisdiction in a single county. Each committee has three voting members, elected by resident farmers. The county agricultural extension agent, a Federal-State employee, is an ex officio, nonvoting member of the committee. Committees hire and control their own employees who operate under policies set by the State and county ASC committees. Operations are financed largely by Federal funds.

The county committees exercise important administrative and quasi-judicial powers. In production adjustment, for example, they determine the size of individual farm acreage allotments each year, establish farm yield records, consider farmer complaints, supervise referendums on marketing quotas, and determine penalties and adjustments. They formulate local conservation programs, review farmer requests for cost-sharing on needed practices, and recommend changes in State and National programs. In price support, they supervise the determination of producers' eligibility, issue sight drafts, and take loan collateral. They have similar kinds of responsibilities in connection with such programs as storage, sugar, emergency disaster, wool cropland conversion, and cropland adjustment.²⁵

The Farmers Home Administration (FHA) of the Department of Agriculture also carries out a program locally outside local government channels. County or area committees are appointed and utilized in each county or area in which FHA activities are carried on. Each committee is composed of three individuals residing in the county or area. State directors of FHA appoint persons to these

committees who are leaders in their communities and who are able and willing to assist in accomplishing FHA objectives.

Major functions performed by FHA committees include: (1) determining the eligibility of applicants for loans made by FHA, including those authorized under Title III-A of the Economic Opportunity Act; (2) establishing limits with respect to amounts of credit that can be extended; (3) making recommendations with respect to loans to associations, soil and water districts, and partnerships; (4) advising with county supervisors concerning the servicing of FHA loans; (5) advising with county supervisors with respect to borrowers who should be referred to other credit sources; (6) making recommendations regarding applications for compromise, adjustment, or cancellation of debts owing to the FHA; and (7) advising with county supervisors, debtors, and their creditors in connection with voluntary debt adjustment.²⁶

The effect of these Department of Agriculture programs, and particularly the ASCS program, on local government and Federal-State-local relations was sharply criticized by the late Professor Morton Grodzins as a member of a special study committee set up by the Secretary of Agriculture:

In most domestic programs of the federal government administration is accomplished through cooperative arrangements with states and localities, ranging from grants-in-aid (as in public assistance and roads) to more informal collaboration (as in law enforcement). The Department of Agriculture's experience with this mode of administration has not been a happy one: the state extension services (and county agents) have often been more responsive to the Farm Bureau or other political influences than to central leadership. As if in reaction to this difficulty, the Department in other programs has ignored the constitutionally designed system of state and local governments. Moreover, Agriculture has established through one device or another its own system of local governments, directly in the case of the elected committees for the ASC and for the Farmers Home Administration. . .

. . .the Department has contributed to the low state of rural (especially county) local government. First, ASC offices in every rural county compete with the county government in attracting leaders, skilled personnel, electorate attention, and in other ways. In many areas, county operations are dwarfed by the ASC programs, as measured by dollar expenditures of impact on the resident, or both. This competition has without doubt been deleterious to county government. More important, by not working collaboratively with local governments (or states) the Department of Agriculture has deprived these governments of significant advantages. Grant programs in other fields have been used to raise standards of personnel, organization, and performance. They have increased the scope of activity of states and cities, and they have added to the stature of those institutions.

. . .there seems to me great merit in the Department's turning to a system by which it shares its responsibilities for ASC programs with the duly constituted system of local governments. This would end the Department's current game of charades with local democracy. It would, given the changes demanded of county governments, supply an effective working force at the local level. . . And it would contribute to the substantial upgrading of that local government which needs it most. Many problems, both old and new, would of course remain. The federal-state-local partnership is not a panacea; it is a viable relationship that through time becomes more rather than less effective.²⁷

A major and perhaps compelling point omitted from the foregoing critique is the total Federal financial responsibility for most of the described function and the unwillingness and inability of local government to contribute financially to the costs of agricultural price supports.

Some Lessons from Past Experience

Relationships of local nonpublic agencies to local government under the ARA-EDA, ASCS and FHA programs obviously differ in certain important respects from the similar relationships under the community action program. Yet experience under these programs, and the criticisms made by Professor Grodzins and the Commission, suggest several important points that seem pertinent in considering the relationship of private community action agencies to local government:

1. Insistence on use of governmental agencies at the local level seems justified roughly in inverse ratio to the degree to which the program requires mobilizing or stimulating private resources. EDA is aimed mainly at stimulating and mobilizing private enterprise, therefore the degree of control given to local government is not as great. Activities conducted by ASCS and FHA have for some time been governmental (whether or not one agrees that all of them should be), therefore, a strong measure of government control is to be expected.

2. To the extent that program activities do affect planning and operating local government, they should be tied in to the government's decision-making process. Thus, though major emphasis in ARA-EDA is on private resources, public facilities are also involved. In addition, deployment of private resources affects local government's basic responsibility for guiding economic and physical development, as regards both governmental services and the location and development of private facilities.

3. To achieve the national program objective, limitation of the program to administration by a local public agency can be justified only if local government has an incentive to participate in the Federal grant-in-aid program. Since counties, and States for that matter, are not prepared to participate financially in the multi-billion dollar agricultural support and conservation programs, ASCS and FHA programs function as essentially Federal activities with local people recruited for much of the decision-making.

4. The function would acquire increased importance if vested in the local government where it would be assured of increased public interest. This might also result in improving the efficiency of local government because of the Federal requirement of satisfying minimum performance standards in regard

to personnel, organization, and procedures.

The Case for Using Public CAAs

From the standpoint of winning the war against poverty as well as strengthening the role of local government in the federal system many reasons may be advanced by local government officials and others for using established local general governments to carry on community action programs.

1. Local government is responsible for the bulk of services involved in the war on poverty: education, public assistance, public housing, recreation, for example. Ordinarily the chief elected official of the community, usually the mayor, is a recognized community leader. Local government is thus in a key position to act as mobilizer of community resources. Its machinery and capacity also make possible administrative economies of scale.

2. Local government is responsible for reconciling many and diverse conflicting interests in the community and, in budgetary terms, evaluating, balancing, and giving proper priority to demands for limited community resources.

3. Through the established political process, it provides definite channels of responsibility. In private CAAs, on the other hand, there is no sure way of matching this direct responsibility to the local citizenry regardless of the degree of involvement of public officials.

4. Local government CAAs offer more certainty than private organizations of continuing in existence over the long period expected to be needed to wage the war on poverty. Private nonprofit agencies are organized pursuant to articles of incorporation under State law, and thus have a defined legal status. Yet they depend on continued interest and impetus from voluntary groups who make up a significant part of their governing bodies. This continuation of interest and impetus is less certain than the continued existence of a local government.

5. Local government has the responsibility and the means, through the comprehensive planning process, of guiding overall development of the community. While this planning process in most places emphasizes physical development, local governments are increasingly recognizing the interrelationship of physical, social, and economic planning. This new emphasis is encouraged by the "701" urban planning grant program of the Department of Housing and Urban Development.

In addition to these advantages for the effectiveness of the community action program, using local government as the CAA has the potential for strengthening local government itself. Exercising important anti-poverty responsibility enhances its stature. In addition, Federal performance requirements raise standards of personnel, organization, and administration.

Special advantages accrue to the community action program through use of the established political process. A major objective of the program, and especially the requirement for "maximum feasible participation" of the poor, is to establish better communication between the poor and community agencies, both public and private, and to increase the influence of the poor over the policies and operations of those agencies. The purpose is to raise their level of understanding concerning what is available to them; develop their ability to

take advantage of these resources; and increase the responsiveness of community organizations to their needs as they express them.

The vote gives the poor a weapon they can use in getting responsiveness from a governmental CAA that they do not have vis-a-vis private CAAs. Currently, this may be a weak reed in many communities due to apathy and the long-developed feeling that voting is useless. As community action programs develop and resident participation intensifies, however, the poor may well become more conscious of their power at the polls and more practiced in using it. These considerations suggest that the governmental CAA--regardless of whether it is dominated by Federal, State, or local government--is potentially better able than a private CAA to provide more meaningful participation of the poor in the war on poverty.²⁸

The Case for Private CAAs

Private welfare agencies, Federal officials, and others dispute the foregoing and contend that the predominant use of private nonprofit CAAs to date suggests that they enjoy more than offsetting advantages in conducting community action programs.

Certainly, the responses received from local officials in the NACO-ACIR questionnaires showed no overwhelming dissatisfaction with use of private nonprofit CAAs and no widespread clamor for exclusive dependence on local government. And while national associations of local officials, like the National League of Cities, U. S. Conference of Mayors, and National Association of Counties, continue to urge designation of local units of government as the CAA, the earlier criticism of use of private CAAs seems to be subsiding. Thus, the U. S. Conference of Mayors, which at its annual meeting in June 1965 was at the point of passing a resolution demanding amendment of the Economic Opportunity Act to vest local responsibility exclusively in local government, appears to be "living with" the present arrangement. Perhaps this is due in some measure to OEO's care in requiring significant involvement of local elected officials in the CAP, whatever the nature of the CAA. Cooling off of local officials' feelings also must be ascribed in part to OEO's flexible administration of the controversial requirement for "maximum feasible participation" of the areas and groups served.

Explanation of the widespread acceptance and use of private CAAs can be found in the reasoning, cited earlier, that apparently guided the Shriver "task force" in deciding to propose making private agencies eligible to be CAAs:

1. City governments have limited geographic jurisdiction which restricts their ability to deal most effectively and economically with the areas of poverty problems confronted.

2. Frequently city governments lack adequate functional responsibility, with administering of the Federal public assistance categorical programs most frequently in the hands of the county, and with public education often under a separate school district

3. Moreover, even where no geographic or functional limitations obtain, the Federal Government in setting up a poverty program dependent on local action faces the possibility of reluctance or refusal of local government leaders to assume responsibility. Thus, counties might have adequate geographic jurisdiction; both cities and counties might well be able with initiative, imagination,

and persuasion, to enlist leading representatives of all community elements to serve on an advisory committee to the city council or county board in the interest of mobilizing total community resources; the mayor of a city or county board chairman might have ample community stature and support to weld together all interests in a coordinated mobilization of community resources. Yet, lacking the will or motivation, city or county government leaders could easily fail to assume the responsibility anticipated by the Federal Government. In that case, the attempt to carry out a nation wide war on poverty, attacking its conditions wherever they are found, would be ineffective.

4. Usually the nature of the Federal program and financial assistance provide adequate incentives to local political officials to want to have their government participate--as they do in such programs as open space, urban planning, elementary-secondary education, and public assistance. Also, as suggested earlier, considerable local demand exists for services performed by the Department of Agriculture's ASCS and FHA, so that if the Department were to limit performance of the service to county government (as suggested by Grodzins), county officials probably would see fit to assume the responsibility. Whether USDA should turn over to local government the responsibility for running a national program, completely federally financed, is another matter. On the other hand, in many places where OEO's community action program has begun, incentives for local government participation are much weaker. The program is directed toward only a portion of the population--largely "invisible," or at best inarticulate, is based on concepts at variance with the prevailing "Puritan ethic," and is an implicit threat to the established power structure. The sensitive issue of Negro involvement is another deterrent to official endorsement and leadership of the program in many communities of the South as well as in many Northern cities with growing Negro populations.

Given such lack of incentives and all the built-in structural and legal obstacles to assumption by local government of responsibility for the program, the Federal Government realized it had to leave open the option of setting up a separate organization in order to stand a chance of successfully launching a nation wide anti-poverty program with heavy emphasis on local initiative and control rather than direct Federal administration.

In doing so, authors of the Act and OEO administrators have had an eye out for political realities and a concern for minimizing some of the separatism effects of setting up private agencies. Because their influence in Washington and elsewhere was strong enough for them to embarrass, if not stymie, a local program with which they did not agree, local officials could exercise a considerable degree of control over the organization, development, and operation of the program. A concern for minimizing the adverse effects of a separate agency is reflected in the CAP requirement that the chief elected official be represented on the governing body, that other public agencies also be represented or affiliated, and that all affected government agencies be given opportunity to review and comment on proposed programs. Thus, considerable opportunity is provided for keeping local governments closely tied in with planning, developing and executing local community action programs.

Similarities to Special Districts

In effect, private nonprofit CAAs have many characteristics of governmental special districts. Although they may include representatives of local general governments, such as cities and counties, and many nongovernmental

members appointed by local officials, private CAAs are still separate entities carrying on local government functions. While they are financed largely by the Federal Government, much non-Federal money comes from local public resources. Anti-poverty programs operated by local governments, such as education and welfare, are coordinated with the private CAA, but the CAA, with OEO approval is authorized to set up individual programs which may in fact compete with existing governmental programs.

This Commission has criticized the use of special districts as contributing to a weakening of general local government and the role of local government generally in the federal system. The Commission has recognized, however, that special districts are created in many instances in order to provide an essential service when resort to regular governmental processes has failed to produce an acceptable means of providing the service through existing units of general local government, or when such districts are otherwise needed to meet a particular local governmental or political problem.²⁹ The Commission recommended that certain important actions of special districts be referred for approval or review to local general governments, and further, that local general governments be given an opportunity to provide a service for which a special district is sought to be created by local groups.

Summary

In communities where local general governments have adequate functional responsibility and geographic jurisdiction, and local public officials are willing, governmental CAAs offer distinct advantages over private CAAs from the standpoint of both effective execution of the community action program and strengthening the role of local government as a partner in the federal system. On the other hand, when these conditions do not exist, the overriding responsibility of OEO for effectively attacking poverty wherever it exists leaves it no choice but to accept and encourage establishment of private CAAs, so long as the community action program continues as a Federal-local, grant-in-aid program.

2. The Geographic Jurisdiction of the Community Action Agency

To help assure the effectiveness of community action programs, the Office of Economic Opportunity laid down guidelines concerning the geographic jurisdiction of community action agencies. Geographic jurisdiction chosen for CAAs--whether governmental or private--can also help or hinder the development of an effective jurisdictional pattern of local government. The geographic base of CAAs therefore is an important issue in Federal-local relations.

Provisions of the Economic Opportunity Act and CAP Guide

The Economic Opportunity Act defines a community action program as one which

Mobilizes and utilizes resources, public or private, of any urban or rural, or combined urban and rural, geographical area (referred to in this part as a 'community'), including but not limited to a State, metropolitan area, county, city, town, multi-city units, or multi-county unit in an attack on poverty. . .³⁰

OEO amplifies this definition of "community" in the CAP Guide:

Generally, a community should be coterminous with a major political jurisdiction, such as city or county, or with a group of political jurisdictions exercising responsibility for related public programs. In metropolitan areas, whenever feasible, the community should include all of the urbanized or urbanizing portions of the area.

A community shall cover a geographical area of sufficient size and population to allow for the effective utilization of human, physical, and financial resources in an attack on poverty. Communities containing very small populations are encouraged to combine their efforts with adjacent jurisdictions to ensure the creation of an adequate resource base.

An acceptable alternative to combining the efforts of several small communities in a single community action program is the creation of a multi-community agency that can serve as a central administrative unit and resource base for a number of smaller community action agencies.

The delineation of the community to be served should be related to the character and incidence of poverty it contains and to the type of programs or activities to be undertaken. For example, an entire State or even a number of States may constitute a community as a basis for action with respect to the problems of special groups of the poor, such as migratory workers and seasonal agricultural laborers, whose needs cannot be adequately met on a more restricted geographical basis.³¹

Evaluation of Guidelines

The CAP guidelines reflect an appreciation of the principles of adequacy of resources--human, financial, and physical--coordination of resources, and economy of scale.³² At the same time, they indicate recognition of the way fractionalization of local government, particularly in metropolitan areas, may deter full application of these principles.

First emphasis in the guidelines on boundaries coterminous with a major political jurisdiction is conducive to close coordination with units of general local government--cities, towns, and counties--in mobilizing local government resources. These units are the main arena for local political activity and the exercise of political leadership. Thus they are likely to provide a better area setting for the community leadership function of the CAA than a jurisdiction that is not coextensive with the city or county, such as a special district. Cooperation, if not leadership, from important public officials is essential for focusing the need and developing the support for a strong community action program.

With respect to effective coordination of local governmental functions directly involved in serving the poor, use of individual cities and counties as the geographic base has advantages and disadvantages. A city or county government rarely administers all programs affecting the poor. Generally, cities are responsible for health, public housing, urban renewal, recreation, physical planning, and other urban functions, while counties administer categorical public assistance programs under the Social Security Act, frequently also the State-local general assistance program, and sometimes public health as well. Equally if not more important, in many places the school system, often structurally independent of the city or the county government, may not be coextensive with either the city or the county. Thus, neither city nor county provides a common geographic base for the community action program and related local governmental functions. As noted earlier, this is one reason why the "Shriver task force" rejected exclusive dependence on either city or county as the CAA base, and why OEO urges that all local public agencies conducting anti-poverty related programs be represented on the CAA governing body and be geared into the "checkpoint procedure" of review and comment on program proposals.

Cities and counties also may not provide the most satisfactory base for the CAA from the standpoint of economy of scale and adequacy of resources. This is more likely to be true in multi-county metropolitan areas.

The CAP Guide recognizes the geographic limitations of cities and counties as separate entities by suggesting as an alternative the use of "a group of political jurisdictions exercising responsibility for related public programs" and by encouraging establishment of the CAA "over the entire urbanized or urbanizing portions of the (metropolitan) areas." It also encourages small communities to combine with adjacent jurisdictions to ensure the creation of an adequate resource base.

Other salutary effects emerge when jurisdictions larger than the city are used as CAA bases. Increasingly, in metropolitan areas the poor tend to be concentrated in one or a few cities or towns while middle and upper income groups live elsewhere.³³ Political boundaries fortify the disparate allocation of needs and resources. A larger area approach tends to break it down by

emphasizing the economic and social unity of the larger area. Fiscal dislocation is not likely to be as restricted as it would be if financial support for the anti-poverty program were less heavily Federal. But if the Federal share of community action programs is reduced, as is now scheduled by law (early 1966), the advantage of having the CAA established on a basis larger than the city would benefit those cities burdened with the needs of the poor. In addition, a larger area basis should make it easier to enlist community leaders who live in the suburbs to provide leadership and support in dealing with poverty problems concentrated in inner-city neighborhoods separated from the suburbs by local political boundaries.

In overall effect, therefore, it appears that the guidelines encourage communities to establish their CAAs on a geographic basis that facilitates effective development and administration of the CAP. By doing so, they may well contribute in the long run to strengthening local government. Local governments would be better able to cope with increasing numbers of problems having broader geographic scope. A possible constructive arrangement might be the joint establishment of a CAA by a county and the cities and towns within its geographic area. From the point of view of the CAP, this would help overcome the functional fractionalization of poverty-related local programs.

Elsewhere the Commission has noted the unfortunate effects of fractionalization of governments in metropolitan areas and has recommended a number of measures for authorization by State legislatures and implementation by local communities to encourage the use of larger areas for purposes of economy of scale and more effective mobilization of resources.³⁴ CAP Guides are consistent with these recommendations and are a most welcome development in intergovernmental relations. Most Federal programs either are neutral with respect to the best areal jurisdiction of local governments, or encourage fractionalization. Commission examination in 1964 of the effect of Federal urban development programs on local governments found that "nearly two-thirds of the (43) surveyed physical development programs either accept whatever areas of jurisdiction (usually strictly local) the States and localities make available for administration of the aided function, or actually prefer or require limited local jurisdictions. In addition, a number deal directly with nongovernmental persons or groups, requiring only the ability to carry out a single project in a single location." ³⁵

Rural Area Problems

The foregoing analysis of geographic jurisdiction applies mainly to urban areas where problems of coordinating programs are most complex. Coordination with public programs carried on by local governments in rural areas is also important. A factor of equal importance to development of an effective CAP in rural areas is the need for adequate economic and physical resources, as well as human resources of leadership, staffing, and community organization. Again, the CAP Guide points the path to the best geographical jurisdiction, i.e., encouraging communities containing very small populations to combine with adjacent jurisdictions to create an adequate resource base. An acceptable alternative, it states (and this applies to urban areas as well), "is the creation of a multi-community agency that can serve as a central administrative unit and resource base for a number of smaller community action agencies." This is not only sound advice for the anti-poverty effort; it is also sound intergovernmental relations, for it too tends to move in the direction of

strengthening local government.

An OEO directive provides that in approving program development grants for counties with a population between 4,000 and 15,000, CAP personnel should include an administrative recommendation that these counties work closely with others during program development to establish where feasible a multi-county program serving a larger population. OEO reports that funding practices in sparsely populated areas vary from region to region, depending on different economic and geographic factors affecting program development and the judgment of regional personnel. Most regional offices strive to develop programs which serve a minimum population of about 50,000. The Western regional OEO office has established a guideline minimum population goal of 25,000-35,000, the Southwest regional office a guideline of 20,000-25,000. Guidelines are informal and flexible. Thus, in the Great Lakes region, where the informal minimum population goal is 50,000, one program has been funded to serve as few as 4,000 people.

Based on experience since the start of the community action program, OEO is now considering setting a national minimum population standard for community action programs. Any such standard, OEO states, would provide for exceptions to take account of special geographic, economic, and other conditions.

How CAAs Have Followed the Guidelines

The geographic bases of the 513 funded CAAs as of September 30, 1965, are indicated in Table 6.

TABLE 6
GEOGRAPHIC BASES OF FUNDED CAAs,
SEPTEMBER 30, 1965

	<u>Number</u>	<u>Percent</u>
City	97	19.1
County	301	58.8
Multi-county	110	21.1
State	<u>5</u>	<u>1.0</u>
	513	100 0

Source: Office of Economic Opportunity

The NACD-ACIR survey sought to obtain additional information on the geographic base of CAAs by the public or private nature of the agency, and urban or rural area covered. Results for the 188 CAAs that responded to this question are given in Table 7.

TABLE 7

**GEOGRAPHIC AREA OF 188 CAAs BY PUBLIC AND PRIVATE AGENCY,
URBAN AND RURAL LOCATION**

	Public Agency			Private Agency			Total		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
City	9	0	9	16	1	17	25	1	26
County	9	10	19	47	39	86	56	49	105
Multi-county	1	9	10	8	29	37	9	38	47
Other ^a	1	0	1	5	4	9	6	4	10
	<u>20</u>	<u>19</u>	<u>39</u>	<u>76</u>	<u>73</u>	<u>149</u>	<u>96</u>	<u>92</u>	<u>188</u>

^aOne CAA covering three counties of an SMSA exclusive of the central city; two CAAs based on school districts; one CAA based on townships; two CAAs operating Statewide; one covering six counties in three States; two less than citywide; and one less than countywide.

Source: NACD-ACIR questionnaire, January 1966.

In summary:

- Overall, the county is the most frequent area (55.9 percent) and multi-county second (25.0 percent).
- Private agencies clearly emphasize the county (57.7 percent), whereas public agencies are more evenly distributed among city, county, and multi-county areas, with heaviest emphasis also on the county (48.7 percent).
- Not surprisingly, urban CAAs tend to use the city and county area (combined total 84.4 percent), whereas rural areas tend toward the county and multi-county area (combined total 94.6 percent).

CAA executive directors were asked whether they believed a different geographic base would be more effective than their existing bases. Twenty-seven of the 188 replied in the affirmative. The distribution of these 27 among private and public and urban and rural CAAs is shown in Table 8.

TABLE 8

GEOGRAPHIC AREA OF 27 CAAs EXPRESSING PREFERENCE FOR DIFFERENT GEOGRAPHIC BASE THAN THEIR EXISTING ONES

	<u>Public Agency</u>	<u>Private Agency</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
City	1	3	4	0	4
County	1	10	7	4	11
Multi-county	1	9	2	8	10
Other ^a	<u>0</u>	<u>2</u>	<u>1</u>	<u>1</u>	<u>2</u>
	3	24	14	13	27

^aTwo CAAs based on school districts.

Source: NACD-ACIR questionnaires, January 1966.

Generally, relative to the total number reporting in each group as shown in Table 7, preference for a different area seems to be:

- Fairly evenly divided between urban and rural agencies.
- Greater among private agencies than public agencies.
- Greatest among the multi-county and "other" categories.

Perhaps surprisingly, there was not much difference between those preferring a larger area (16) and those preferring a smaller area (11). Among the former the usual preference was for an area covering the county, metropolitan area, or a "region." However, one CAA, based on school districts, felt that changing the area to the city would assure "better representation."

Those preferring smaller areas were almost entirely rural CAAs. Reasons they gave for their preferences included:

- An Alabama multi-county CAA: "Could operate more effectively as one county because of diversity of problems in the two counties."

- A Missouri county CAA: ". . .it is almost a physical impossibility to establish constant communications with an area that has very few roads, no public transportation, extremely few telephones, and covers an area as large as the State of New Jersey."

- A Washington county CAA: "Jurisdictional and political schism between north and south sections of county."

CAAs in Metropolitan Areas

An effort was made to determine the extent to which the administration of CAP grants by OEO is tending to encourage or discourage proliferation of community action agencies in metropolitan areas, where proliferation is likely to be most prevalent. The number of CAAs receiving program development (Section 204) or conduct and administration (Section 205) grants through December 31, 1965 was checked in each of 226 standard metropolitan statistical areas (SMSAs).³⁶

The number of SMSAs with just one CAA receiving a Section 204 or 205 grant, and the number with more than one such CAA, are summarized in Table 9 below. The figures are also divided between single county and multi-county SMSAs.

TABLE 9

**NUMBER OF STANDARD METROPOLITAN STATISTICAL AREAS (SMSAs)
WITH SINGLE CAA RECEIVING 204 OR 205 GRANT, AND WITH
TWO OR MORE CAAs RECEIVING SUCH GRANTS,
DECEMBER 31, 1965**

<u>Area of SMSA</u>	<u>SMSAs Receiving Grants</u>	<u>SMSAs with Single CAA</u>	<u>SMSAs with Multiple CAAs</u>
Single county	94	80	14
Multiple county	<u>84</u>	<u>45</u>	<u>39</u>
Total SMSAs	178	125	53

Source: OEO, Poverty Program Information as of January 1, 1966, two volumes.

Thus, 178 of the 226 SMSAs had CAAs receiving 204 or 205 grants. Of these, 125 had just one CAA - 80 in single county SMSAs, and 45 in multiple county SMSAs. Of the 53 with multiple CAAs, 14 were single county SMSAs and 39 multiple county SMSAs.

In the 14 single county SMSAs with two or more CAAs, the usual pattern was a central city CAA and a county CAA, for example, Wilmington, Delaware, Topeka, Trenton, and Laredo. Another pattern was a city or county CAA existing alongside a multi-county CAA, as in Tucson, Atlantic City, and Albuquerque

The 39 multiple-county SMSAs with multiple CAAs were often the largest SMSAs: New York, Chicago, Philadelphia, Detroit, Dallas, Pittsburgh, Buffalo, Cincinnati and Boston. In addition, in 17 of the 38 multi-county SMSAs, each of the multiple CAAs covered at least one county. Outside the largest metropolitan areas, it seemed rare that central cities, or counties outside central cities, were split up among two or more SMSAs.

The data indicate that through December 31, 1965, OEO was generally administering its program development and conduct and administration grants so as not to cause division of metropolitan areas among numerous CAAs, and that where there was division, it was often along county lines, or between a central city and the rest of the county in which it lay. Three points seem worth noting, however. First, one of the reasons the authors of the Economic Opportunity Act chose to allow the use of private nonprofit agencies as CAAs was because they could operate without hindrance from political boundaries. Considering that something like three-fourths of the CAAs are private agencies, it was to be expected that there would be less tendency for splitting up metropolitan areas. Second, it seems fair to note that this early in the life of the Community Action Program, it was also to be expected that many grants would be made to central cities, and CAP activity would tend to be concentrated in central cities. A sterner test of OEO's attitude toward multiple CAAs in SMSAs will come as an increasing number of smaller surrounding communities apply for grants. Third, OEO may be forced, on the other hand, to approve grants to separate agencies if "umbrella" agencies fail to respond to outside suggestions for new projects and the outside groups appeal to OEO for direct grants, by-passing the "umbrella" agencies.

CAAs for Migrant Program

The CAP Guide specifically mentions the advisability of administering grants for the migrant worker program on a Statewide basis. As of September 30, 1965, according to OEO, 11 of the 58 migrant grants (18.9 percent) went to State agencies.

Summary

Responding to guidance and direction from OEO, CAAs (a) tend to follow the geographic area of units of local general government, (b) most often use county boundaries, (c) have not proliferated in metropolitan areas, and (d) have often used multi-county areas in rural communities. As the community action program matures, and particularly as local CAAs change from program development to conduct and administration agencies, factors of economy of scale, mobilization of resources, and overcoming social and economic disparities will become increasingly important in determining a proper-sized unit. Further, as interest grows in community action program grants in suburban areas outside central cities, OEO will probably be subjected to more pressure to give grants to more than one CAA in a metropolitan area.

3. "Maximum Feasible Participation" of the Poor

According to the Economic Opportunity Act, a "community action program" means, among other things, one "which is developed, conducted, and administered with the maximum feasible participation of residents of the areas and members of the groups served." ³⁷ At the hearings held by the House Subcommittee on the War on Poverty, Attorney General Robert Kennedy, a leading Administration spokesman for the community action program, commented as follows about this requirement:

. . .The institutions which affect the poor--education, welfare, recreation, business, labor--are huge, complex structures, operating far outside their control. They plan programs for the poor, not with them. Part of the sense of helplessness and futility comes from the feeling of powerlessness to affect the operation of these organizations.

The community action programs must basically change these organizations by building into the program real representation for the poor. This bill calls for maximum feasible participation of residents. This means the involvement of the poor in planning and implementing programs; giving them a real voice in their institutions.³⁸

The Office of Economic Opportunity construes the statutory requirement for maximum feasible participation of the resident population as follows in the CAP Guide:

Achievement of meaningful participation shall be a continuing objective of every community action program, since it is through their own effective participation that the residents and groups to be served can most readily achieve the objective of a permanent increase in their capacity to deal with their own problems without further assistance.³⁹

Since inauguration of the community action program in late 1964, the "participation of the poor" requirement has received widespread publicity as an innovation and a major source of controversy in administration of the Economic Opportunity Act locally. Thus it warrants attention here not only as a relatively unprecedented requirement in Federal grant-in-aid programs, but as a friction point in intergovernmental relations.

Directions from OEO

The CAP Guide states that residents of areas and groups served shall be one of the three major groups to be represented on the CAA governing body; the other two are private and public agencies, and leadership from other important elements of the community, such as labor, business, and civil rights groups. Resident participation, the Guide says, should include at least one representative selected from each neighborhood or area in which the CAP will be concentrated:

In the selection process, there should be maximum possible involvement of the groups and persons to be represented. The selection process should be designed to encourage the use, whenever feasible, of traditional democratic approaches and techniques such as group forums and discussions, nominations, and balloting. This will minimize the possibility that a representative does not command the support or confidence of the group or area that he represents.⁴⁰

The Guide suggests a number of additional methods of obtaining "resident participation" apart from participation on the governing body, including (a) use of existing neighborhood organizations and creation of new representative neighborhood organizations for advice on program policy and, where appropriate, actual conduct and administration of parts of neighborhood-based programs; (b) provision of meaningful opportunities for residents to protest or propose changes in the planning or conduct of a CAP; (c) employment of residents of the area served in jobs created as part of the CAP itself; (d) surveys conducted by neighborhood workers; and (e) block elections, petitions, and referendums.⁴¹

Finally, the CAP Guide makes it plain that involvement of the poor may not be used to support partisan political activity. "No project funds shall be used for any partisan political activity or to further the election or defeat of any candidate for public office."⁴² However, this prohibition does not extend to voter registration activity which can easily have partisan implications.

Involvement of the Poor: Experience to Date

As noted in Table 5 above, the groups served by CAP constituted 27 percent of the membership of the governing bodies in a sample of 50 CAAs selected by OEO. Eighty percent of these representatives of the poor were appointed, and the rest were elected in various ways by the resident population of target areas.

Questionnaires returned by the executive directors of 192 CAAs indicated that an average of 26.9 percent of the members of CAA governing bodies were chosen from the poor or their representatives. Of the 192, 95 reported that their representatives of the poor were selected by appointment, 94 by election of the resident population, and three did not indicate. The executive directors were asked: "Has the participation of the poor in policy-making been useful?" Of 199 responding, 142 said "yes," 31 said "no," and the remainder made no comment or said it was too early to evaluate. A frequent comment from those answering "yes" was that representatives of the poor helped point out needs that might otherwise have gone unnoticed

Further inquiry disclosed that of 122 CAAs reporting existence of executive committees, the poor and their representatives made up about eight percent of the membership. This substantially lower participation, compared with the participation on governing bodies, indicates that the poor probably were not influencing decision-making as much as their representation on governing bodies indicates.

An OEO official recently observed to Commission staff that "OEO's objective is to increase the representation of the poor on executive committees. Experience gained by serving on governing bodies will provide the poor with the knowledge and the capability to serve on executive committees in greater numbers."

One of the best ways to involve the poor is through neighborhood organizations. Executive directors of CAAs were asked: "Do you have representative neighborhood organizations that give advice on program policy?" One hundred and seventeen answered "yes," 54 "no," six said they were in the process of being established, and 22 did not respond.

Finally, the CAAs were asked: "Has the anti-poverty program in your community increased the political organization and activity of the poor?" Eighty-six said "yes," 84 "no," six said it was too early to tell, eight said they did not know, and 15 did not indicate.

Mayors, chief elected county officials, and executive directors of CAAs were all asked what they considered the principal problem, if any, faced by their CAP. References to the resident participation requirement were rare. A number of comments were made about the rigidity of OEO regulations in general and, judging from Commission staff conversations with anti-poverty people at the local and State levels, some of these comments probably were directed at the CAP requirement of representation for the poor.

U. S. Conference of Mayors Comments

In a recent report, the U. S. Conference of Mayors summarized the results of a series of consultations in the summer of 1965 in which representatives of 93 local governments met with a wide variety of Federal officials and private social welfare, education, housing and manpower experts to evaluate the first year of experience with the Economic Opportunity Act. The consultations were conducted in cooperation with OEO and the National Association for Community Development. The report states that the "single most important observation growing out of these consultations. . . is that the present capability of most local CAP units is in need of considerable strengthening." This means, among other things, that "Most communities have not yet succeeded in involving large numbers of target area residents in meaningful activities. Employment as neighborhood workers and sub-professionals, for example, enables area residents to guide anti-poverty programs on the one hand, and on the other it will develop the skills that will make it possible for area residents to take full advantage of each new opportunity-producing system as it takes shape in their community."⁴³

The report concludes that the deficiencies cited at the local level, "while presently troublesome, are directly attributable to the newness of the program and should, in most cases, be overcome with greater experience." But it notes that the "regrouping of organizations and programs and mobilizing the potential of the community are tasks of extraordinary difficulty."

Washington Post Survey

In a recent survey of community action programs in cities throughout the country, a team of Washington Post reporters described urban experience

with the "maximum feasible participation" requirement.

In most cities where a Community Action Program has been created, a board of directors has been slung together by naming representatives from the city agencies, such as welfare, school, recreation and health services; from the volunteer nonprofit Community Chest-type agencies, and from the Establishment, which is to say the town's leading citizens.

Then, because the law requires it, some representatives of the poor have been added. Necessarily, since there was no one else to do the choosing, the poor were initially chosen by the powers already on the board with such advice and nudging as they got from the poverty neighborhoods.

With time, a more democratic process should result in the replacement of the hand-picked poor on the boards with those actually elected by the poor. Elections have already been held in a handful of cities, and several more are being cranked up. Meantime, the boards rock along as best they can. The ratio of poor on the boards seems to have settled at between one-fourth and one-third.

The boards set up various kinds of helpful projects to operate in the poor areas and usually create neighborhood centers to offer services and dream up new projects. In these centers, the goal of maximum participation comes much closer to being realized.

Here and there--Pittsburgh, Detroit, Rochester, Syracuse, perhaps even New York City--the promise of bona fide, muscular participation of the poor at top levels looks to be helpful and promises to be efficient. In other cities, the best that can be said with respect to this goal is that it is possible and may come to pass.

Meanwhile, however, troubles haunt them, and anyone looking at them can draw up a long bill of critical particulars.⁴⁴

The same reporters concluded that quick judgments about participation of the poor can be deceptive. "The program is relatively new and has been obstinately slow in getting under way in most communities. It is now picking up considerable steam. Further, the very poor tend to be withdrawn, almost furtive; organization and joint action, almost second nature in a middle-class culture, is an unfamiliar concept. They will be slow to move."⁴⁵

Intergovernmental Friction

The Federal Government attaches many conditions to its grants-in-aid in order to assure achievement of the national objectives of the aided programs. Are they having the intended effect? On the other hand, are they helping or

hindering State and local governments to discharge their overall responsibilities within the Federal system? If the conditions are harming intergovernmental relations, is the fault with the conditions or with the way they are administered? Can the conditions or their administration be modified so as to minimize the harm without interfering with achievement of program objectives?

The "resident participation" requirement is based on extensive studies by psychologists, sociologists, and community organization workers. Its purpose is to give the poor an effective voice in determining community policies that affect them as impoverished persons and citizens. It also aims to involve them in carrying out the specific anti-poverty programs. By encouraging the poor to become involved in decision-making and administrative processes, the participation requirement seeks to help overcome the psychology of dependency which pervades the "other America" and is manifested in the hopelessness, apathy, and hostility of the poor. Experience in the community action program to date is perhaps too limited to support definitive conclusions on how well these objectives can be attained. As the quote from the Conference of Mayors report indicates, application of the requirement needs to be approached in a tentative and experimental spirit, and there is no sure prescription of the right way to fulfill it. The roots of poverty are deep and the failure of tried methods to dig them up are persuasive arguments for giving involvement of the poor a thorough trial.

Certainly maximum participation of all groups in the democratic process is a desirable goal of a society which establishes equality of opportunity among its highest objectives. The "maximum feasible participation" requirement can be viewed as a necessary special effort to help the poor overcome their long-standing under-participation. As a principle, moreover, it is consistent with a strong Federal system. Effective, responsive local government depends on widespread citizen participation. The benefits of heightened citizen knowledge and interest spill over to government at all levels. Thus, "maximum feasible participation" can also be viewed as a potential contributor to local government's role as a strong partner in the local-State-National system and to stronger State and National political institutions as well.

However, the requirement has caused significant intergovernmental friction. OEO has stated that ". . . within the War on Poverty no issue has created greater interest or been more hotly debated than the meaning of the requirement of maximum feasible participation by the poor."⁴⁶ Some communities criticize OEO for using an inflexible formula for the number and type of representatives of the poor who must be on the CAA governing body, while others complain that OEO policy vacillates on this point. Another criticism of this kind is that OEO gives insufficient recognition to the fact that it may take time to develop leadership among the target population, and therefore OEO should allow some flexibility in meeting the requirement. This criticism is heard particularly in communities without prior experience in involving the poor in community action.

Whatever basis there is for these criticisms of OEO's administration of the "maximum feasible participation" requirement, the OEO Director states that the fault does not lie in official OEO policy:

Our policy is today and will remain exactly what it has been from the very beginning. . . we have maintained there can be no successful war on poverty without participation

by the poor. . .to carry out a new concept such as "maximum feasible participation of the residents of the areas and groups to be served" requires time--time for education and understanding, time for negotiation, time for experimentation, and time for total implementation. . .the Office of Economic Opportunity has, in the past, and will continue in the future, to fund programs where at the start there may be little participation by the poor as long as there is a convincing showing of local intent to live up to the letter and spirit of the law.

We do not interpret participation of the poor in a narrow or restricted manner. We do not limit ourselves to the single idea of membership on a board of directors or an advisory committee. Rigid, arbitrary percentage figures, magic formulas, and Federally-dictated blueprints are all unworthy of a nation which gave to the world a new concept of democracy, of revolution, of Federalism and of human rights.⁴⁷

Other criticisms concern the types of activity that should be countenanced or encouraged by OEO under its administration of the "maximum feasible participation" requirement, and the degree to which participation in decision-making means control. Specifically, if OEO funds a CAA's activity which seems to be directly aimed at upsetting the existing local government leadership--for example, organization of a meeting to reverse an official position on public housing--local officials understandably may view the Federal Government's intentions with irritation if not alarm. The threat is obvious to harmonious Federal-local relations and to enthusiastic support and cooperation from local officials in helping to carry out the National anti-poverty program.

OEO statements encourage CAAs to help target-area residents develop and strengthen their influence in community affairs. Thus in the CAP Workbook, which serves as a guide to OEO and community action agency personnel, OEO states: ". . .it is required that every Community Action Agency give priority attention to resident participation, that is, to increasing the capability of the client populations to gain representation and influence community affairs. This mandate is both explicit in, and essential to the functions of CAP."⁴⁸ Then the Workbook suggests specific activities that might easily make conditions uncomfortable for public officials, to say nothing of possibly bringing about their downfall in a subsequent election. For example--

Another method considered by some to have merit is facilitating the opportunities for the poor to participate in protest actions, mounted by communitywide and national organizations. Such participation, advocates claim, reduces the tendency for defeatism among low-income people. The experience exposes them to the possibilities of effective social action and enhances their confidence that through collective effort they can affect and improve their circumstances.⁴⁹

A number of factors will determine the point where such resident population activities are no longer condoned and encouraged as helping to overcome the dependency psychology and to strengthen the democratic process, and instead are regarded as undermining the established local power structure or the

legally established processes of government. They include the intensity of "normal" political activity in the community, the degree to which public officials encourage discussion, their sensitivity to criticism, and past efforts to encourage or stifle political participation of the poor.

Local officials' fear of being undermined or outflanked by activities of the poor, stimulated or supported by the community action program, may be declining. Responses to the several questionnaires cited above indicate little complaint by local officials, although it should be noted that few people are willing to admit that they are afraid of criticism. The Washington Post survey found that "Thanks to some reassurances from Washington, most American mayors no longer fear that they will be confronted by a new political power bloc of the organized poor, financed by Federal money and dedicated to the overthrow of City Hall. . . Smart mayors. . . have made themselves the champions of the War on Poverty program. They take maximum feasible participation in their stride."⁵⁰

This conclusion seems to be confirmed by the tone of a recent statement of the U. S. Conference of Mayors, representing the chief executives of some 500 cities over 50,000 population. At its June 1965 annual meeting, the Conference debated vigorously, but bottled up, a proposed resolution asking that the Economic Opportunity Act be amended to require CAPs to be administered by local governments. Behind this move, in part, was agitation over the "maximum feasible participation" requirement, and the view that it was being used to mobilize opposition to local officials.⁵¹ A recent report of the Conference suggests that it currently endorses the principle of the requirement. It states:

The legislators who created the Economic Opportunity Act felt that if community action programs were to have strong public support and to be successful in helping people become economically self-sufficient, then the poor themselves had to be participators rather than recipients. . . The Office of Economic Opportunity (OEO), therefore, properly insists on cities meeting fully the resident participation requirement.⁵²

The report makes it clear that, so far as the Conference of Mayors is concerned, the mayors are in positions of control over local community action programs, and that this is as it should be. It concludes that experience in various cities so far points to seven ingredients needed for successful resident participation, including a "commitment to the principle by city leadership."⁵³ Despite these findings, it will take several rounds of municipal elections to determine whether the "organized poor" are actual or only theoretical threats to mayors and other elected officials.

Reconciliation of some of the potentially conflicting forces may be inevitable in light of the realities of local and national politics and the desire to get on with the anti-poverty program. For one thing, if local officials feel that the poor are using the anti-poverty program to stir up opposition to them, they are less likely to cooperate in the manner necessary to assure effective mobilization of total community resources sought under the Economic Opportunity Act. On another level, local officials have access to levers of political power in Washington which can make or break the anti-poverty program and they are not likely to be reluctant to exploit this advantage. However, other organized groups have access to the same levers, so it is too early to forecast any decisive turn to this political "pulling and hauling."

As a result of their nationwide survey, the team of Washington Post reporters endorsed "maximum feasible participation" as a policy and method--with emphasis on "feasible."

They reject as unwise, infeasible and fortunately not now likely the reading of "maximum participation" as "control" by poor. They are convinced that involvement of the "power structure"--City Hall, business, unions, volunteer welfare agencies, and, in the neighborhood service centers and on the project staffs, professional specialists--is as essential as participation of the poor.⁵⁴

Consideration of the realities of community power structures, including public and private elements, and the linkages of local, State, and National political forces, suggests that equal to, if not greater than the danger of political revolution may be the danger that city hall will use its influence to make a joke of resident participation.⁵⁵ It has been pointed out that the poor start out from a position of weakness, where apathy, withdrawal, and feelings of hopelessness outbalance the motivation for vigorous self-assertion. In addition, the poor and their representatives always run the danger of spurious involvement or of being taken over by the establishment.

As would be expected, statements of major national associations of local officials on the subject of effective participation of the poor indicate that these organizations do not wish to make a sham of resident participation, and that, on the contrary, the city halls and courthouses they represent are dedicated to a conscientious effort to make "resident participation" meaningful, and at a high level of feasibility. From the standpoint of Federal administration of the community action program, the OEO Director has forcefully stated OEO's intention to insist on effective participation. In January 1966, he announced formation of a Community Representatives Advisory Council of the poor or their representatives to advise him on the anti-poverty program. Finally, nationwide anti-poverty groups have been set up under private sponsorship to provide push from the outside for a successful war on poverty, with particular emphasis on effective implementation of the requirement for participation of the poor. Chief among these is the Citizens Crusade Against Poverty, a non-partisan grouping of some 125 organizations and leaders of religious, civil rights, labor, academic, business, student, and farm groups. It is carrying on a broad program of education and community activity, including training 1,000 community workers to organize the poor and show them how to participate more effectively in local anti-poverty programs.⁵⁶

4. Bypassing the Community Action Agency

In reviewing the operation of the Economic Opportunity Act in the Spring of 1965, the House Committee on Education and Labor expressed its concern about "the potentiality of the communitywide structure for monopoly of efforts to eradicate poverty in each community. It was clearly the intent of Congress that grants to such communitywide structures should not prevent grants from being made in the same community to groups with novel and imaginative ideas for dealing with the problems of poverty."⁵⁷

The Committee report quoted the policy of OEO in making grants to single-purpose agencies outside the CAA, and the ways it prevents development of monopolies.⁵⁸ The report concluded that

Emphasis should be given to that part of the OEO statement which makes it clear that public or private nonprofit agencies will have free access to the Office of Economic Opportunity after reasonable attempts have been made to operate through the local, broadly representative, communitywide structure, where one exists.

Such single-purpose agencies should, in all cases, first submit their plan to the existing communitywide agency in order to determine whether its plan is compatible with that of the communitywide structure. Although efforts should be made to interrelate all resources in the community directed toward eradication of poverty, single-purpose independent groups having no relationship to a communitywide structure are eligible for funding under section 205 of the act. That these single-purpose agencies have no chance of developing into a communitywide structure is not a condition for receiving such grants. The Congress has contemplated the existence of independent single-purpose agencies in the same community that a communitywide structure has been created. Such competitiveness and experimentation is appropriate in an area in which conclusive remedies have not been established.⁵⁹

To reinforce OEO policy on grants to single-purpose agencies, the Congress provided the following specific statutory authority in the 1965 amendments to the Economic Opportunity Act:

When the Director receives an application from a private nonprofit agency for a community action program to be carried on in a community in which there is a community action agency carrying on a number of component programs, he shall, within five days, give a notice to such community action agency and the Governor of the State in which the community is located of the receipt of such application. When the Director determines that a separate contract or grant is desirable and practical and that good cause has been shown, he is authorized to make a grant directly to, or to contract directly with, such agency.⁶⁰

The CAP Guide provides that applicants for programs of limited scope need not have representation of major public and private agencies and other elements of the general public on their governing bodies, but must meet the standard for participation of residents of the groups and areas served.⁶¹

The detailed appeals procedure is outlined in a CAP memorandum.⁶² Independent agencies that believe it is impossible or infeasible to combine their efforts with those of an existing CAA may apply through OEO regional offices for review of their proposals, with the final decision on independent funding to be made by the director of CAP.

Experience with Bypassing

OEO reported in mid-February 1966, that it had not made any grants under the bypassing procedure. Three applications had been received, all in January, and were being reviewed in the OEO regional office. In each case, application for review was made because the local CAA failed to act on proposals submitted to it, in periods of time varying from eight to eleven months.

All three applications were from Chicago groups. The first was from the South Oakwood Community Council which had submitted a proposal in February 1965, to the Chicago Committee on Urban Opportunity for a program to encourage development of indigenous leadership in low-income community. The second was a proposal from Act for Freedom for a consumers organization program. The third was from the Planned Parenthood Association for a planned parenthood program.

Perhaps the most widely publicized instance of a community group desiring direct OEO funding outside the umbrella agency occurred in Syracuse where, however, no appeal had been taken (by April 1966) to OEO. OEO awarded Syracuse University a \$314,000 research, training and demonstration grant effective December 15, 1964, to support a project designed to show how the poor could be organized to be effective spokesmen in their own behalf. The University subcontracted the demonstration portion to the nonprofit Syracuse Community Development Association (SCDA), which organized the poor into visible power blocs for protesting grievances and demonstrating against city hall. Meanwhile, starting in early 1965, OEO made program development and conduct and administration grants to the countywide coordinating agency, Crusade for Opportunity (CFO), which was set up in close cooperation with the mayor of Syracuse. Friction developed between the two agencies, culminating in charges by the mayor that SCDA had undertaken a voter registration drive aimed at defeating him at the November 1965 election. When CFO's grant was nearing termination, the OEO director ruled that for future funding SCDA would have to apply for approval as a component of the community action program of CFO. To date (April 1966) SCDA has not applied to CFO and thus has not forced CFO to decide whether it would give its approval. It therefore has no grounds for appeal to OEO for direct funding.⁶³ On April 7, 1966, moreover, OEO announced it had made a grant of \$187,312 to Syracuse University to continue the two year research and training project for organizing and training the poor, and that SCDA was not included in the grant.⁶⁴

Insulation from the Client Population

The monopolistic tendencies of an umbrella CAA may act to insulate the community action program from the poor, as well as stifle innovation and exper-

imentation. Two experienced observers of the Ford Foundation's pioneering "gray areas" program in one city gave a penetrating insight into this facet of monopoly:

The cost and dangers of a communitywide structure, as well as its merits, are most readily comprehended if we view this arrangement in terms of a monopoly--on social services, public housing, police protection, jobs, charity and education--in short a monopoly on all the opportunity and assistance available to the urban poor. Such a monopoly has the distinct potential advantages of superior resources, efficiency, economies of scale, research facilities and capacity for innovation. . . .

There are, however, tendencies traditionally associated with a monopoly which may thwart the realization of such potential. Monopolies are characterized by tendencies to expand, to perpetuate themselves and to operate at less than optimal efficiency. These tendencies do not disappear when the market monopolized is the market for social services or when the product is social change. In such a market monopoly power presents special hazards because it can be used to achieve insulation from the democratic market place, to secure relative immunity from criticism and evaluation, and to obviate genuine responsiveness to consumer demand. This is likely to obtain where both the power and incentive to seek insulation are present. . . .

The power to achieve insulation is present in comprehensive programs to a degree at least commensurate with their enormous potential for good. Criticism can be stilled or ignored by token responsiveness and publicity.

. . . The incentive for this destructive use of power is also likely to be present. No matter how safely ensconced the program as a whole may be, none of its constituent parts is immune from criticism and attack unless it avails itself of the monopoly structure for protection. The incumbent political administration is particularly faced with this temptation. . . .

The incentives for stifling criticism stem from vulnerabilities other than elections and the need to secure new grants and prevent old ones from being terminated. Also at stake are the images of the persons administering the programs. . . . And there will be those who lack such altruism of purpose. Such programs do, after all, attempt to utilize and mobilize the entire power structure of the community to attack such evils as slum housing, illusory social welfare services, credit or other business abuses, and lack of responsiveness by elected and appointed officials. . . .

There is a similar incentive, aggravated by the effective insulation from criticism, for the monopoly to operate at less than optimal efficiency. The monopoly is created by

a process of combination which, by and large, leaves the composite parts of the amalgamated enterprise as they were--with obsolete methods, with a tradition-oriented and tenure entrenched staff and with an independent executive structure ready to guard past prerogatives jealously and willing to subordinate itself to a larger structure only in return for an aggrandized role. . .65

Implications for Local Government

The bypassing provision adds another new dimension to Federal grant-in-aid programs. Its effect on Federal-local government relations is tempered by the fact that not all CAAs are administered exclusively by local governments. But in those places where a local government agency is the CAA (and to lesser degree where local government shares responsibility as part of a private non-profit group), the bypassing provision raises the question of whether the possibility of setting up one or more competitive organizations will tend to undermine local government's status and prestige.

The intent of the provision is to assure achievement of two very important program objectives of the Economic Opportunity Act: the encouragement of innovation, and responsiveness to the needs of the poor. It can be argued that to the extent these objectives are attained in a CAA, the local government's prestige and reputation are enhanced, particularly if the CAA is a local government agency. Where any partnership program succeeds, both partners can take credit. It may also be contended, as noted in the discussion of the resident participation requirement, that in the long run local government will be strengthened by increasing its sensitivity to popular needs and by more active involvement of its citizens. Thus, to the extent the bypassing provision enhances the likelihood of resident participation and responsiveness to the poor, it aids the cause of vigorous local democracy although in the short run it may threaten the incumbency of local officialdom.

As pointed out in the analysis of the resident participation requirement, public officials enjoy an inherently strong position with respect to keeping responsible control of their local CAP. If they recognize the basic value of resident participation and the need for experimentation and act responsibly to see that they are effectively provided for in the program, outside groups will have little basis for successful appeal to OEO for separate funding. On the other hand, if a CAA does not show adequate sensitivity to the needs for resident participation and innovation, OEO's overriding responsibility for seeing that these objectives are met would require that it approve the bypassing agency, regardless of what this would do to the image of those responsible for the CAA and to considerations of comprehensiveness and coordination.

In short, there need be no reason why the CAA cannot serve effectively as the OEO's agent for handling the community action program and achieving experimentation and a high degree of responsibility, so long as it maintains flexibility, a spirit of innovation, and constant concern to keep the poor involved, and OEO administration is flexible and fair. Whether the bypassing procedure should be retained is, however, an open question.

5. Coordination Through the Community Action Program, and the Need for Comprehensive Planning

Coordination of Federal grant-in-aid programs at the local level is a complex problem in the United States. The Economic Opportunity Act complicates it further by interposing still another skein of Federal-State-local relationships into the already-tangled web, as is apparent from the program descriptions in Appendix A. At the same time, the Act introduces two new concepts--the community action program and the "preference" provision--to help obtain coordination among EOA programs and also among related Federal and federally assisted programs.

The Community Action Program as Coordinator

A "community action program" is one which, among other things, "is conducted, administered, or coordinated by a public or private nonprofit agency (other than a political party), or a combination thereof."⁶⁶ The emphasis on coordination is underscored at many points in the CAP Guide: "To alleviate (social ills) requires a varied and coordinated attack." "To be eligible for Federal assistance, an applicant agency must have: ...the ability to mobilize and utilize the community's public or private resources in an attack on poverty." "The mobilization of resources for a community action program should bring these various service systems together in a concerted attack on poverty."

While the CAP Guide does favor establishment of a single umbrella community action organization to effect coordination, it also authorizes funding of separate agencies outside the umbrella agency noted above in the consideration of the bypassing provision. Nevertheless, the emphasis is on an agency in each community which can pull together the many different services and activities that can be used in the local attack on poverty.

Checkpoint Procedure

The application form for community action program grants requires that the applicant attach a statement describing how the checkpoint procedure on coordination is followed. The checkpoint procedure is set forth in the CAP Guide.⁶⁷ It requires that prior to submission to OEO, all proposed programs must be shown to and comments requested from the chief elected official of the community, the director of any public agency or nonprofit corporation developing or conducting a CAP within the same community, the director of the local office of the State employment service, the local superintendent of schools, the director of the city or county welfare agency, the appropriate official of any local institution of higher education, the nearest local or regional Federal representative of the Neighborhood Youth Corps, Department of Labor, and such other officials as may be appropriate, such as the director of the local urban renewal agency and the local representatives of the Farmers Home Administration and the Agricultural Extension Service.

The "chief elected official of the community" is the only member of a local governing body to whom the program proposal must be referred. Other

referrals are to chief administrators, such as the school superintendent and the director of the local welfare agency. Since the chief elected official, in urban areas at least, is usually the mayor of the leading city or town, reference only to him among policy-making officials of all local units of government means exclusion of the chairman of the county board and the local school board. This may account for the view expressed by a number of county officials and the National Association of Counties that county officials are not sufficiently involved in local community action programs. OEO states that a revision of the checkpoint procedure, in process as of March 1966, will expand the procedure to "chief elected official(s) of the community."

Experience in CAA Coordination

An effort was made by questionnaire to find out how community action programs were being coordinated with local governments and private agencies. Chief elected county officials surveyed in the NACO-ACIR questionnaire were asked to identify ways in which they participated in policy-making and operations of the local CAA. Responses from 129 county officials showed the following:

TABLE 10

PERCENTAGE OF 129 CHIEF ELECTED COUNTY OFFICIALS PARTICIPATING IN CAA POLICY-MAKING AND OPERATIONS

<u>Type of participation</u>	<u>Percentage of officials participating</u>
a. Serve on governing body	64.0
b. Appoint some members of CAA governing body	37.6
c. Appoint some members of advisory committee	20.8
d. Review or approve budget	46.4
e. Am consulted in developing program proposals	54.4
f. Review or approve program proposals	48.0
g. No participation	8.8

Source: NACO-ACIR questionnaire, January 1966.

Most frequent participation was through membership on the governing body and consultation on developing program proposals, followed closely by review or approval of program proposals, and of budgets.

A similar questionnaire was sent by the National League of Cities and the Commission to 85 mayors of cities under 50,000 population having a community action program. Responses may have been too few to warrant generalization, but they indicated that participation of mayors was similar to that of county officials. Participation was mostly through service on the CAA governing body and consultation in developing program proposals.

The NACO-ACIR questionnaire also sought to find out county officials' views on the effectiveness of CAA coordination in five specific areas, such

as use of county government resources, use of local school districts, and coordination of planning of public and private agencies. From 114 to 124 county officials gave evaluations on each of the five areas. The proportions of these officials who thought the various types of coordination were "good," "fair," and "poor" are shown in Table 11.

TABLE 11
COUNTY OFFICIALS' VIEWS OF EFFECTIVENESS OF
COORDINATION BY COMMUNITY ACTION AGENCY

<u>CAA's effectiveness in--</u>	<u>Percentage of Responses</u>		
	<u>Good</u>	<u>Fair</u>	<u>Poor</u>
a. Use of county government resources	59.8	31.2	9.0
b. Use of local school districts	76.0	22.3	1.7
c. Use of overlying governmental agencies (special districts, urban renewal agency, etc.)	52.6	36.0	11.4
d. Use of private groups	54.7	33.3	12.0
e. Coordinating the planning resources of public and private nonprofit agencies	45.6	37.7	16.7

Source: NACO-ACIR questionnaire, January 1966.

There seemed to be most satisfaction with the CAAs' coordination of local school resources and least satisfaction with the degree to which the CAA was coordinating planning in the community. County officials were asked to add comments on their answers. Most frequent comments were in regard to coordination with local schools, usually but not always favorable.

The "Preference" Provisions

The Economic Opportunity Act provides that, to the extent feasible, preference in Federal assistance programs shall be given to projects that are components of an approved community action program. Two different forms of preference are involved: (a) Section 211 preference by the OEO Director in approving grants under provisions of various programs under the Economic Opportunity Act;⁶⁸ (b) Section 612 preference to the extent feasible and consistent with law by heads of other Federal agencies granting assistance under poverty-related programs not covered by the Economic Opportunity Act.⁶⁹

Section 211 Preference

According to OEO officials, Section 211 has been carefully followed by the program directors administering various EOA programs. Since this type of preference requirement was unprecedented, each program director was made

individually responsible for ensuring compliance with it. Thus, regional staff in the Neighborhood Youth Corps were instructed to give preference to the maximum extent possible to sponsors submitting applications for projects connected with CAP. OEO reported in March 1966 that 87 percent of the NYC projects in communities with CAAs were funneled through CAAs.

Administration of the Small Business Loan Program is closely tied in to the community action program. Loans must be screened through an appropriate community organization, and CAP makes funds available to fund such organizations (small business development corporations (SBDCs)). As of December 1, 1965, 22 of the 36 SBDCs were funded by CAP. In order to qualify for CAP funding, an SBDC must be a component part of an approved CAP, its area of coverage must be limited to the CAA's area of jurisdiction, and its governing body must be broadly representative of the community served, including the loan clientele. In all but a few cases, SBDC boards contain members from the local CAA.

In administering the VISTA program, OEO's policy has been to give priority to assignment of VISTA volunteers to CAP projects. As of September 30, 1965, 43 of the 157 sponsoring agencies (27 percent) were CAAs, accounting for 31 percent of the volunteers.

OEO reports that in the concluding months of 1965 and the early months of 1966, significant strides were made toward consolidating the experience gained in administering the various programs into a more uniform OEO structure for carrying out the intent of Section 211. Agreement has been reached between OEO and the Department of Health, Education, and Welfare (HEW) for a reciprocal "checkpoint procedure" with respect to CAA project applications and those submitted for Work Experience grants. The CAP "checkpoint procedure" already requires, as noted above, that applications for CAP grants be referred, among others, to the director of the local welfare agency for review and comment. The new agreement requires that applications for Work Experience grants be referred for review and comment at the local level by the CAA, when there is one. Detailed procedures are being developed to spell out the relationship between the CAAs and local public welfare agencies as well as between CAP regional offices and HEW regional special services representatives. When disagreements occur between the CAA and the welfare agency, the issue will be referred successively to the regional and national offices for resolution. At time of writing (April 1966), a decision had not been made as to whether final determination of disagreements would rest with the Welfare Administrator or the Director of OEO.

Establishment of similar reciprocal checkpoint procedures is being pursued by OEO's Office of Interagency Relations with respect to Neighborhood Youth Corps, Adult Basic Education, and the Rural Cooperative Loan Program.

Section 612 Preference

Unlike Section 211, under which the OEO Director gives the preference, Section 612 preference is given by heads of other Federal agencies to programs under their own jurisdictions, to "the extent feasible and consistent with the provisions of law governing any Federal program and with the purposes of this (Economic Opportunity) Act." Thus, OEO is in a weaker position to obtain

effective priority for CAAs for Section 612 programs than for Section 211 programs. Its approach must be to seek the cooperation of other agencies. As the Government-wide coordinator of the anti-poverty effort, the OEO Director, therefore, has sought to implement the Section 612 provision by coordinating OEO operations with those of other agencies, and promoting coordinated planning among agencies to achieve common objectives. The former objective involves working out formal agreements or informal understandings with agencies on a bilateral or multilateral basis, at both the local and headquarters levels. The latter objective guides the OEO planning and programming process. Formal and informal agreements, initiated by the Office of Interagency Relations, have been worked out with the major departments and agencies conducting anti-poverty-related programs. Examples include:⁷⁰

+ Department of Health, Education, and Welfare. (a) A general agreement between OEO and HEW under which HEW has made personnel and services available to OEO on a reimbursable basis; (b) OEO funding of special poverty coordinators in seven HEW Regional Offices; (c) maintenance of an OEO coordination office in the Office of the Secretary of HEW.

+ Department of Labor. (a) Joint development of Youth Opportunity Centers and local community action programs; (b) funding of positions within the Office of Manpower Administrator, Office of Special Manpower Programs, Bureau of Employment Security, Bureau of Apprenticeship and Training, NYC (all in Department of Labor), and the Employment and Job Development Division of CAP within OEO; (c) reimbursement of Employment Service personnel located in CAP neighborhood centers.

+ Department of Agriculture. A general memorandum of understanding between OEO and the USDA for coordinating relationships through the Rural Community Development Service, and establishment of mechanisms to enable OEO, primarily CAP, and RCDS to coordinate their activities with those of the Federal Extension Service, the Rural Electrification Administration, and the Farmers Home Administration. Coordination is intended to include joint review of relevant proposed policies and regulations of either agency or issuance of joint policy statements and regulations. Part of the implementing mechanism provides for OEO to fund a senior liaison position in RCDS, the incumbent to work with CAP to relate the "preference" component system to rural requirements. The Director of the Rural Task Force (CAP), whose office has existed for some time, is principal liaison with the Administrator of RCDS in coordinating activities to implement the agreement.

To obtain more precise data on the degree to which OEO has implemented the Section 612 preference provision in the various Federal agencies affected, letters were sent to these agencies requesting information on the status of implementation. Table 12 reflects their responses as well as a report from OEO based on its records. From this it seems fair to conclude that although OEO has held discussions and exchanged correspondence with almost all affected agencies regarding establishing a 612 preference procedure, further implementation is necessary. OEO reports that implementing administrative procedures have been issued in only one of the 20 programs listed--the regular PHA low-rent housing program.

TABLE 12

**STATUS OF IMPLEMENTATION OF SECTION 612 PREFERENCE
PROVISION IN 20 FEDERAL ANTI-POVERTY-RELATED PROGRAMS**

Program Title	No Action To Date	General Discussion or Corres- pondence	Interagency Agreement		Implementing Policy Statem.		Implementing Admin. Procedure	
			Being drafted	Executed	Being Prepared	Issued	Being Prepared	Issued
1 Neighborhood Facilities Grant Program		X	X		X		X	
2 Title I Urban Renewal ^a		X			X		X	
3 Section 701 Urban Planning Assistance	X							
4 Open Space Land in Built- up Areas		X	X	X				
5 Urban Beautification Grants		X						
6 Rehabilitation Loans		X			X ^b			
7 Community Renewal ^c		X						
8 Low-rent Housing: Lease Program		X			X		X	
Regular Program		X		X		X		X
9 Appalachian Regional Commission		X						
10 Economic Development Commission		X	X		X		X	
11 Grants for Community Health and Research		X						
12 Grants for Community Health Planning	X							
13 Hospital and Medical Facilities Construction	X							
14 Urban Mass Transportation	X							
15 Manpower Development and Training ^d		X	X	X	X		X	
16 Land and Water Conservation Fund	X							
17 Rural Renewal Loans ^e	X							
18 Rural Housing		X						
19 Vocational Rehabilitation Service		X						
20 School Library Resources		X						

^a URA produced a special pamphlet in cooperation with OEO on "anti-poverty tools in urban renewal."

^b With regard to proposed demonstration of development fund.

^c General relationship exists, has been worked out in particular cases - e.g., Detroit.

^d MDTA has requirement that in planning programs, CAA's must be contacted. (Also general OEO/Labor agreement on joint activities is pertinent).

^e This is a very limited program in 3 or 4 States.

Source: Office of Interagency Relations, Office of Economic Opportunity; various Federal agencies.

Provision for Coordination under Subsequently-
Enacted Federal Programs

Since passing the Economic Opportunity Act in 1964, Congress has enacted several new programs affecting human and physical resource development which refer to, or actually require coordination with community action programs. The Elementary and Secondary Education Act of 1965 requires that before a grant application can be approved, the State education agency must determine that proposed programs and projects have been developed in cooperation with the CAA wherever there is a community action program served by a local education agency.⁷¹ Instructions by the Office of Education require that the application be accompanied by a form indicating the position of the CAA. If there is disagreement locally or if the "checkpoint" form shows a lack of coordinated planning or development, the established procedure calls for investigation and solution by pertinent State agencies and Federal regional offices.

The Housing and Urban Development Act of 1965 requires among other things that grants for neighborhood facilities be conditioned on a determination that the project will provide a facility needed to carry out a community action program.⁷² The Public Works and Economic Development Act of 1965 authorizes the Secretary of Commerce to make certain grants for public works and development facilities if he finds, among other things, that the grants substantially advance the objectives of the Economic Opportunity Act.⁷³

Local Views on Experience with "Preference" Provisions

The experience of CAA executive directors with the OEO preference provisions is probably reflected with reasonable accuracy in their responses to the NACD-ACIR questionnaire query: "How would you evaluate the way in which the development and administration of other anti-poverty programs in your community (e.g., NYC, VISTA, Adult Basic Education) are coordinated with CAP components?"

Of the 199 executive directors returning questionnaires, 184 replied as follows: Well coordinated: 143. Not so well: 23. Not at all: 9. Varies depending on program: 9.

U. S. Conference of Mayors' Report

The report of the U. S. Conference of Mayors on the results of its series of consultations between local officials and OEO officials in the summer of 1965 found much to criticize in Federal coordination. Most CAA directors, it noted, had not found meaningful coordination between OEO and delegated programs of the Department of Labor, Department of Health, Education, and Welfare, and other departments. NYC, Work Experience, and other programs had been approved by Federal agencies without reference to the local CAA.

If local communities are expected to achieve any effective program development of a comprehensive and coordinated sort, the OEO must take the initiative among the federal agencies which local CAAs are powerless to affect. This administrative failure, if allowed to continue, constitutes the most serious threat to the effective operation of a local umbrella

agency currently on the horizon. Furthermore, not a single local CAA director reported any evidence that local projects approved by the local CAA involving the so-called "delegated" agencies have, in fact, been given the preference called for in the Act.⁷⁴

The report stated that if coordination is to become a reality, "some-one needs to be able to say that when interagency conflict occurs one practice or project is to prevail over another." It called for clarification both in Washington and locally. About Washington it commented that, "the present informal cooperation supplementing the interdepartmental committee (Economic Opportunity Council) and the mild legislative exhortation to coordinate should perhaps be strengthened, albeit carefully, to require the mutual agreement of the several agencies involved in each of the poverty-related programs. The coordinating authority may require definite location within a particular agency designated as responsible for establishing priorities." Concerning local coordination, the report suggested the possibility of a city office of federally-financed program coordination paralleling the newly provided Federal Office of Urban Program Coordination in the Department of Housing and Urban Development.

N.A.C.D. Conference

The National Association for Community Development held a conference on "The Community Development of Manpower and Employment Resources" in December 1965, which was attended by community action and employment officials from across the nation. One of the eight resolutions adopted by the conference concerned principles of coordination and preference in community action. It stated:

Of critical importance to the success of the CAPs in the creation and operation of employment programs are the "preference" and coordination clauses (sections 211, 611, and 612) of the Economic Opportunity Act. The intention of these provisions is clearly to channel the various benefits of poverty-related programs through the planning and coordinating mechanism of the CAA through the device of affording preference to CAP plans in funding under the EOA and other Acts.

Considerable testimony at this conference indicates that the intention of the Congress in this regard is not being met by the U. S. OEO or by other federal agencies.

Therefore, it is recommended:

1. That the President and Vice President act to insure the practical application of these provisions and insist that the U. S. OEO provide the resources and information to enable Community Action Agencies to "mobilize resources public and private" for manpower programs in their attack on poverty at the local level. . .

2. That all applicants for every Federal program related to the War on Poverty be required to show the

relationship to the Community Action Program of the respective community.⁷⁵

The Need for Comprehensive Planning

Nowhere in the Economic Opportunity Act is there reference to the need for comprehensive planning in the community action program. The legislative history of the Act indicates that the main reasons for this omission are the following:

- (1) Haste to get on with the program, reach the needy poor, and show results as soon as possible.
- (2) Fear that emphasis on comprehensive planning would fortify the possibility of the community "establishment's" dominating the community action program.
- (3) A related fear that innovation and experimentation would be stifled by too much emphasis on planning and comprehensiveness of approach.
- (4) The uncertain "state of the art" of planning for social needs.
- (5) The skepticism of some members of Congress about "comprehensive" approaches to solving poverty problems locally, based on their belief that the Juvenile Delinquency Act demonstration programs, designed to mount a "comprehensive" attack on problems of delinquent youth and cited as a forerunner of the community action program, had shown disappointing results.

In view of the emphasis in the history of the Economic Opportunity Act on effective mobilization of total community resources, failure to mention comprehensive planning indicates that the above reasons were extremely strong in the minds of the members of Congress. For many governmental officials, planners, and others have urged that careful planning is essential to establishment of goals and objectives, identification of needs and resources, setting of priorities, and most effective coordination and use of resources in achieving the goals. In addition, other Federal programs affecting development of human and physical resources in recent years have established planning requirements as indispensable for effectiveness. In some cases the requirement has evolved over a period of time, as in the urban renewal program.

Planning Requirements in Federal Programs

The Housing Act of 1949 did not require overall planning as a condition of urban renewal project grants, with the result that projects were sometimes at cross purposes with one another and with other community goals. This experience led to the requirement that any community seeking an urban renewal or public housing grant submit a "workable program for community improvement." One element of the workable program is the existence of a comprehensive planning process. Six additional elements touch on other requirements for successful

implementation of community development plans, such as housing and building codes, relocation provisions, effective organization, and a long range capital improvements program. Relocation provisions increasingly have emphasized the need for surveying and planning not only for housing resources but also for the social service needs of persons displaced. Among the latter the hardest hit are the poor.⁷⁶ To help communities meet the planning requirement, moreover, the Congress enacted the 701 urban planning grant program.

It soon became apparent that the workable program in itself was not enough to assure the concerted community deliberation and action necessary to get the most out of urban renewal project grants. Congress passed the community renewal program, which authorizes grants for planning the entire community, neighborhood by neighborhood.

Meanwhile, it became apparent that however good was the planning for urban renewal and public housing, orderly community development could be frustrated or contradicted by other physical development programs funded by the Federal Government, notably the interstate highway program. As a result, Congress in 1961 amended the Federal Highway Act to require after June 30, 1965, that interstate highway grants in metropolitan areas be conditioned on the existence of a comprehensive transportation planning process for the urban area as a whole.

Other congressional acts in the field of physical development have required an overall plan or planning process. The Public Works and Economic Development Act of 1965, like its predecessor the Area Redevelopment Act, requires economic development areas to have an overall economic development program (OEDP) as a condition for receiving a public works facilities loan or grant. Bills have been introduced in both houses of Congress, and passed by the Senate,⁷⁷ which would assure a degree of integration of most Federal physical development program grants. They would require that local applications for such grants in metropolitan areas be referred to a metropolitan planning body for review and comment as to consistency with areawide plans.

The 1966 Administration proposal for a Community Development District Act provides for establishing planning agencies in rural areas to "increase efficiency in the use of resources. . .and. . .better coordinate the planning of programs to improve rural life."⁷⁸ In submitting the proposal, called "The Rural Poverty Program," President Johnson outlined the benefits of planning, including stimulation of economic growth and insuring "that programs will comprise a logical and comprehensive effort to solve the community's interrelated programs at minimum cost."

Finally, the Administration's proposed "Demonstration Cities Act of 1966"⁷⁹ would assist cities to coordinate activities aided under existing Federal programs with other public and private actions in order to provide the most effective and economical concentration of Federal, State, local, and private efforts to improve the quality of urban life. It would authorize grants and technical assistance to enable city demonstration agencies to plan, develop, and carry out comprehensive city demonstration programs.

Program Development Grants and Current Administrative Developments

In carrying out the community action program provision of the Economic Opportunity Act, OEO has spelled out in the CAP Guide types of activities which

may be funded as program development projects under Section 204 of the Act. These include (1) investigation of the incidence of poverty and its characteristics, (2) analysis of existing agencies and services in terms of the extent to which they meet the needs of the poor and how they might become more effective in achieving this objective, and (3) preparation of proposals for the scope and content of community action programs. Liberally construed, it would seem that these activities could cover a comprehensive planning process. However, judging by the program development grants that have been funded so far, only a few communities are really using such money for that purpose. With few exceptions, grants seem to be used for hiring staff, setting up an organization, finding out what existing agencies are doing in the community, and developing project proposals.

According to OEO, however, activity was under way in early 1966 to develop a planning requirement for CAAs. Such a requirement apparently would have two objectives: (1) to fund demonstration programs in selected communities for developing the "state of the art" of planning for social needs, such planning to be closely intertwined with physical and economic planning; (2) to develop a procedure whereby communities can be phased gradually into a one or two year planning process closely linked to local decision-making.

Summary

The community action program seems to have the potential for providing effective coordination of Federal, State, and local programs--both public and private--that concern poverty. The cautionary "potential" arises because the broadly based nature of the CAA and the new instrumentalities of "preference" provisions have not yet proven their merits. It is probably too early to judge to what extent these potentials can be realized; implementation of the Economic Opportunity Act is still relatively new. OEO has, however, moved to insure coordination in the development of project proposals through its requirements as to the composition of the governing bodies of CAAs and the "checkpoint procedure." Evidence received from the several questionnaires used in this study may be too fragmentary to warrant firm generalizations, but it indicates general success of CAAs in involving local public and private agencies in the development, decision-making, and implementation of CAPs.

OEO has been slow in implementing the "preference" provisions. Perhaps this was to be expected in view of their newness as instruments of interagency coordination. On the other hand, their potential as devices for channeling Federal program resources to a high priority domestic program would suggest the urgency of effective, early implementation. Complaints registered by CAA executive directors consulted by the U. S. Conference of Mayors in the summer of 1965, and by the National Association for Community Development in December 1965, indicated general local dissatisfaction with experience to that time. Local officials responding to this study's questionnaires complained mostly about failure to achieve preference for NYC and VISTA programs.

The interagency agreement for a reciprocal "checkpoint" procedure between CAP and Work Experience projects holds promise for more effective use of the "preference" provision for delegate agency projects under Section 211, particularly when extended to NYC and Adult Basic Education, as was being done in early 1966.

In working out the Section 612 preference provision with respect to Federal anti-poverty programs not directly authorized by the Economic Opportunity Act, progress has been understandably less certain because heads of other departments and agencies decide whether priority for community action programs is consistent with their own program objectives. The agreement between OEO and Office of Education with reference to the Elementary and Secondary Education Act is significant, in view of the impact of the latter act on the poverty program. It will bear close watching for possible application to other non-OE Act programs, as well as for its success in establishing workable coordination between the two programs immediately concerned.

Lack of a requirement for comprehensive planning by CAAs would seem to be a notable omission in the Economic Opportunity Act in view of the objective of mobilizing total community resources in the conduct of a war on poverty.

6. Other Problems in Administering the Community Action Program as Seen From the Local Level

Under the general heading, "Possible Improvements in the Anti-Poverty Program," executive directors of CAAs were asked a number of open-ended questions relating to the Economic Opportunity Act and the way it is administered. In the responses from 199 executive directors, the following were the principal directions of their comments:

What do you consider the principal problem, if any, faced by the community action program in your community? Of 62 responses, major problems cited emphasized delays in processing applications, release of funds, and general administrative red tape. Next most frequent problem was inadequate communications between national and regional offices and CAAs. Other problems cited, but in a relatively few instances, were the "urban-orientation" of OEO staff, making them less sensitive to rural problems; and the difficulty of supplying the 10 percent non-Federal contribution.

What changes in the Federal Economic Opportunity Act, if any, would in your opinion improve the poverty program operations in your community? Seventy-four respondents proposed changes, with about a third urging easing or removal of the non-Federal financial or in-kind contribution requirement. Almost as frequent was the desire for more effective channeling of all Federal programs--OEO and non-OEO--through local CAAs. A number of respondents asked specifically for more effective implementation of both "preference provisions." Other points made, but with considerably less frequency, reemphasized the need to overcome red tape and delays in application-processing, and to make more allowance for rural needs and local initiative.

What problems or barriers, if any, have existing Federal laws or regulations (excluding the Economic Opportunity Act and the Office of Economic Opportunity) presented in carrying out the poverty program? Only a few executive directors had anything to say on this subject. Leading the list of responses was the desire for better funneling of non-OEO programs through the CAAs, followed closely by the complex of difficulties characterized as "red tape" and poor communications.

What changes, if any, in administrative organization, policies, and practices of the Office of Economic Opportunity and its regional offices would improve the anti-poverty program operations in your community? This question drew the heaviest response--124 were tabulated. Over one-fourth singled out the elimination of red tape as the most urgently needed change. Almost as numerous was a grouping of suggestions concerning the improvement of regional offices, including improved staffing, more regional authority, reduced turnover of regional office staff, more field visits, and regional training sessions for CAA personnel. Several expressed the hope that the December 1965 delegation of grant approval authority to regional offices would strengthen their positions. Further down the list, but receiving multiple mention, were improved communications, more allowance for local initiative, overcoming the urban-orientation of OEO staff, and more OEO emphasis on program than organization.

The net impression that emerges from analyzing CAA executive directors' responses to all four questions is that they are most troubled by: red tape and delays in processing program applications--far and away the chief irritation;

the need for better communication of instructions, directives, and guidelines, and more consistency and stability in regulations; strengthening of the regional offices as loci of decision-making and service agencies for CAAs; easing or abolition of the non-Federal fiscal share; and better coordination of Federal programs through the CAAs at the local level, including, specifically, better implementation of "preference" provisions.

Comments Received on Questionnaires from Chief Elected County Officials

The chief elected county government officials of counties having a CAP program development or conduct and administration grant on September 30, 1965, were asked the same four questions. Responses from 142 indicate the following:

Principal problem: Public apathy, lack of understanding and resistance led the list. Next were complaints about too much administrative red tape and delays in processing grant applications, communications shortcomings, difficulties in supplying the local contribution, failure of the community action program to use existing public and private agencies, and difficulties in involving the poor.

Changes in the Economic Opportunity Act: County officials said the most urgent need is to abolish or ease the local contribution requirement. Other suggestions were directed toward more respect for local government control and use of existing local government agencies.

Barriers in non-OEO Federal laws and regulations: Only 12 responses were received. Six referred to red tape and three to the need for more coordination at the Federal level.

Changes in policies and practices of OEO: Administrative red tape drew by far the heaviest response, followed by the need for improving regional offices. Other multiple responses referred to the inadequacy of OEO communications and failure of CAP to work through existing private and public agencies.

Considering all four questions together, responding county officials were most troubled by administrative red tape in OEO, overcoming local apathy, failure to use local government agencies, producing the local matching share, difficulties of communication between the local and Federal levels, and lack of coordination at the Federal level.

U. S. Conference of Mayors Consultations

In earlier discussions of the problems of involvement of the poor and implementation of the "preference" provisions, reference was made to criticisms and suggestions for improvement contained in a recent report of the U. S. Conference of Mayors. This report summarized the results of a series of consultations between representatives of local government, OEO, and experts in poverty-related activities from private agencies. The Conference of Mayors evaluation pointed up a number of other problems which confront local officials and for which they saw the need for both Federal and local action.

OEO regional offices. The Conference of Mayors report concluded that regional offices "have not provided local communities with badly needed technical assistance in the effective use of Federal programs. The function of these offices should be shifted away from a primary concern with the form of organization of local CAAs toward the development of greater program substance. They should operate as service centers."⁸⁰ The offices could not only offer technical assistance and advice but could also stimulate interchange of ideas and experience, and make available the more promising programs developed throughout the country. Also, they could help CAAs recruit trained and skilled personnel and establish or support training programs.

Inspector General. The Inspector General's office, the report noted, should be focused on evaluating program performance of OEO and OEO-sponsored activities, rather than duplicating functions of operating units of OEO, such as "signing off" on grant applications.

Manpower development. The report concluded that OEO should schedule special-purpose training and experience-exchange conferences in specific program areas. It found general agreement that the manpower component of most CAPs was the most critical program element, and urged that OEO assist CAAs in bringing to bear various Federal aid tools so as to produce a comprehensive, coordinated effort.

The Conference of Mayors report also suggested improving OEO functioning in respect to State technical assistance. These are summarized below in the discussion of the role of the States.

Coordination of Economic Opportunity Act and Elementary and Secondary Education Act

When questioned about the effectiveness of coordinating CAA activities with those of local school districts, a number of executive directors of CAAs expressed uncertainty concerning when to use CAP grants for educational programs and when to use funds available under programs administered by the Office of Education. This question becomes more serious as the Office of Education implements Title I of the Elementary and Secondary Education Act of 1965, described above.⁸¹

B. THE ROLE OF THE STATES IN THE WAR ON POVERTY

This Commission's philosophy on the respective roles of Federal, State, and local units of government in the federal system has been clear and consistent. Simply stated, it is that each has certain unique contributions to make to governmental undertakings, whether in grant-in-aid programs or regulatory functions. The intergovernmental relations goal is to maximize cooperation and coordination and minimize friction, duplication, and impasse.

An assessment of the role of the States must recognize, however, that in anti-poverty programs as in other federally supported activities, national goals and objectives share the focus of evaluation along with intergovernmental relations. A meaningful analysis demands the presentation of the advantages and disadvantages of varying degrees and forms of State involvement. The recommendations which result should strive to strike the delicate balance between achieving the national objective of eliminating poverty and its causes and building an intergovernmental partnership of effort.

The ensuing examination of the role of the States briefly describes the process by which the present relationships between the Federal and State governments were established by the work of the "Shriver task force" and the legislative process. The major emphasis is, however, on the analysis of alternative relationships and the empirical description of the efforts arising from the role in which the Economic Opportunity Act and its history cast the States.

1. A History and Evaluation of State Efforts Against Poverty

As the description of programs authorized by the Economic Opportunity Act in Appendix A shows, many of the present elements in the anti-poverty program have depression parents. One important conceptual difference between the New Deal and the Great Society approaches should be noted, however. The Federal programs of the 1930's were fundamentally concerned with solving the socio-economic problems resulting from a business collapse which affected every social and economic group in the society. Whereas New Deal programs were designed to put people to work, regardless of background or long range needs, the war on poverty is not primarily concerned with immediate employment. It seeks to condition and educate the unemployed and the underemployed so that they can have more productive economic lives. Moreover, the war on poverty is combating structural rather than cyclical joblessness in the economy. It must, therefore, provide the fundamentals of job opportunity and skill development for those people in our society who have not shared the social and economic prosperity prevalent in American life over the past 30 years.

Another important difference between the 1930's and the 1960's is reflected in the governmental machinery employed. The Social Security Act, a major weapon of the New Deal against unemployment and poverty, was administered either directly by the Federal Government or through State governments as were many other health and welfare activities. While the Federal-State grant-in-aid dates back to the 19th century, its use as a major vehicle for administration of national social welfare programs began in that era. The range of functions covered by grants-in-aid as well as the relative proportion of national resources funneled through this channel has increased significantly between that time and the present. However, the Nation's full-scale effort on behalf of

those who do not share in the social and economic mainstream of American life involves a combination of Federal-individual and Federal-State, as well as Federal-local, and Federal-private group relationships. Much of the intergovernmental debate surrounding the war on poverty has concerned the basis of the new relationships between the Federal Government and local public and private agencies.

The history of the anti-poverty legislation includes a combination of the anti-State feeling as well as the exclusion of State roles in many of the key components. Michael Harrington, in building his articulate case for a national anti-poverty program, expressed the view that:

The State governments in this country have a political peculiarity that renders them incapable of dealing with the problem of poverty. They are, for the most part, dominated by conservative rural elements. In every State with a big industrial population, the gerrymander has given the forces of rural conservatism two or three votes per person. So it is that State legislatures usually take more money out of the problem areas than they put back into them. So it is that State governments are notoriously weighted in the direction of caution, pinch-penny economies, and indifference to the plight of urban millions.¹

Harrington concluded that "by the process of elimination, there is no place to look except toward the Federal Government."²

Harrington's statement presents two related weaknesses in the State role prior to the initiation of the national war on poverty: rural domination and conservatism of State legislatures. It is relevant to note that Harrington's book was published one week before the Supreme Court's historic "one man-one vote" decision in Baker vs. Carr. Hopefully malapportionment in State legislatures is well on the way toward being corrected. But the fact that nearly half the poor in the United States live in rural areas suggests that it was the conservatism of State legislatures more than simply their rural orientation which was largely responsible for the weak anti-poverty role. Some observers have suggested that though rural areas were overrepresented, the rural poor were underrepresented or even unrepresented since many legislators were large land owners who were not concerned with the lot of their less fortunate rural neighbors.

The techniques and resources available for the solution of poverty probably would have required national attention, whether or not the States had been active, but the degree of reliance on the States in the national program might have been greater if their anti-poverty efforts had been more admirable. An article by Peter Marcuse sees the role of the States and the reasons for national action in a somewhat different way:

The States can help, in theory, but since so many of them are themselves underdeveloped, participation on a meaningful level can be expected only from a handful of the more fortunate. For these reasons, and since, almost by definition, the communities' problems vary in reverse ratio with their resources, the Federal Government alone is in a position to bring about quantitatively significant expansion of social welfare programs and to equalize the burden.³

The debate over whether or not a Federal program was needed, for one reason or another, is much less important than a constructive discussion of the most useful role for States in the Federal program. As former Governor Terry Sanford points out:

The States active in this area for a longer period /than the Federal government / have a spotty record of achievement-- for only a few have exerted any great effort or shown much initiative in this problem except recently in response to the new federal program.⁴

The analysis in this section will proceed on the assumption that the States can play not only a useful but a necessary role in the poverty program. The issue is not States rights or prerogatives; it is finding the best mix of Federal, State, and local actions which together will aid in meeting the national objectives set forth in the Economic Opportunity Act. The State role may be found both as a participant in EOA programs and in other activities as the following statement indicates:

. . .significant supportive steps can still be undertaken and have been undertaken by States without Federal aid. Not all anti-poverty programs require vast expenditures of money. Much can be achieved by resourceful and human administration. A great deal can be accomplished under the existing powers of States (the penal powers and police powers, i.e., the power of the States to regulate individuals and groups in the interest of public welfare). The quality of public education and public welfare have a great bearing on poverty's alleviation. Effective State housing legislation and enforcement aimed at discrimination and slum landlords can also accomplish much without vast expenditures of money.⁵

2. The Development of the Economic Opportunity Act: The State Role⁶

A few general comments on the intergovernmental orientation of the Economic Opportunity Act are in order. First, those who drafted the legislation endeavored to give the Office of Economic Opportunity broad flexibility to operate through whatever institutions, public or private, might be best able to serve the purposes of the Act. This principle may be seen clearly in the provision that both public and private nonprofit local groups might carry out community action programs. No specific or exclusive geographic base was established as a "community" and thus any political jurisdiction from a town to a State could be used.

Second, to the extent that the Act was based on the experience of the Juvenile Delinquency Control projects and the Ford Foundation's "Gray Areas" program, (especially relevant as forerunners to the Community Action Program) a distinctly local orientation was pervasive. These projects were undertaken with grants to localities and the States played little or no role in the experience gained through them.

Third, although the President expressed an intent to utilize all levels of government, the role of the States in the draft bill was minimal. The President's Message contained the following exhortation in connection with the Community Action Program:

. . .These plans will be local plans calling upon all the resources available to the community--Federal and State, local and private, human and material. (emphasis supplied)⁷

The draft bill contained, however, only the following references to the States:⁸

1. The Director could enter into agreements with States to operate Job Corps camps or to provide services in connection with them.
2. States were eligible to sponsor Neighborhood Youth Corps projects, and to utilize VISTA volunteers, along with local public and private agencies.
3. In Title II, Urban and Rural Community Action Programs, reference was made to the State as a permissible geographic base for the development of programs. Perhaps the major State provision was contained in Section 208, which required the Director to establish procedures to facilitate the effective participation of the States in CAPs including the referral of applications to the Governor for comments; and authorized the Director of OEO to make grants to appropriate State agencies to provide technical assistance to communities in the establishment and operation of CAPs.
4. Title V, the Work Experience program, was to "stimulate the adoption by States of programs designed to help unemployed fathers and other members of needy families

with children. . ." (emphasis supplied)⁹

5. Section 602 authorized the Director to appoint advisory committees including representatives of State governments; and to utilize the facilities of State agencies with their consent.

These State roles were of two types: the direct operation of programs either exclusively (as in the case of Work Experience) or as one of a number of eligible applicants (as in Job Corps and NYC); and as the source of technical assistance. The emphasis of the proposed Act was much more on local community action and administration than it was on a major role for the States.

Among the departments and agencies represented in the "Shriver task force," the group assembled to draft the proposed bill, there was little sympathy for a major State role. Only the Department of Health, Education, and Welfare, which had long experience in operating programs through State agencies, made an effort on behalf of the States.

Fourth, from the standpoint of image, the States were associated with public assistance programs which stood somewhat condemned by the need for a poverty program. Many argued that if public assistance had done an effective job of rehabilitating the poor and unemployed, a more massive attack on poverty might not have been needed. The same was said for public education--another State-administered function. In the eyes of many of the poor, the States, city hall, and the caseworker represented "the establishment" which they felt had been unresponsive to their true needs. The Economic Opportunity Act, and particularly the Community Action Program, was an attempt to introduce a new element into the life of the poor, one not associated with "the establishment."

Fifth, many of the major changes made by the Congress in considering and enacting the Economic Opportunity Act were aimed at increasing the involvement of the States. Much of the Congressional debate centered around the role of the States and the charge of "bypassing established units of State and local government." For example:

1. Section 109 was added which authorized the OEO Director to fund State-operated Job Corps camps;
2. Section 209 was expanded to require the approval of the Governor on CAP, NYC, and Job Corps projects;
3. A veto provision was added to the Title VI VISTA program; and
4. The Adult Basic Education program, to be administered through State and local departments of education, was added.

Two excerpts from the Congressional hearings relating to the desirability of a major State role elucidate this point. The first is an exchange between Representative Albert Quie (R-Minn.) and Mayor William F. Walsh (R-Syracuse).

Rep. Quie: . . .Do you think there ought to be any State relation in Title II /Community Action Programs/ that is not provided in the bill right now?

Mayor Walsh: My own inclination is that the money should come directly to the locality and not go through the State.

Rep. Quie: Do you think that each community ought to go to the Federal government as opposed to going to the States, which would set priorities?

Mayor Walsh: I think each community should go to the Federal government, just the way we did on /the Juvenile Delinquency Control Program/. Then the Federal government decides which are more worthwhile.

Rep. Quie: . . .I was wondering if the State should not be involved in some way. . .I may be wrong on this, but I always had the feeling that programs that were inaugurated to be on-going. . .the State did share a portion of the responsibility.

Mayor Walsh: The problem when we get the State in. . .is that you again get too much control. If you get State control or if you get Federal control, there isn't much left for the locality to decide.¹⁰

The second excerpt is a discussion between Senator Jacob Javits (R-New York), Senator John Tower (R-Texas), and Sargent Shriver on the role of the States.

Sen. Javits: May I suggest, Mr. Shriver, because I am a friend of your programs, the highest authority in the community as we are organized in a Federal system is the State. I think one of the basic defects of this program is that it does not turn its funds and its operations over to State agencies which show a capacity to perform. . .I do think you ought to consider seriously whether this whole program would not prosper on that basis rather than by direct Federal relation to the direct agencies like these local agencies.

Mr. Shriver: I think the real security /against the intrusion of politics/. . .is the fact that under the legislation as drawn, the Director. . .has to come back to Congress each year. . .It is obvious that if the performance is poor the Congress can stop the money . . .

Sen. Javits: I would like to see a piece of f machinery constructed which will make it /the anti-poverty program/ work. . .This is the point I make to you about the possibility of introducing the State as the agency as we have in many other

programs which can most effectively serve us in that way with the precaution that if the State does not do it or won't do it, that the Administrator /Director of OEO/ then may proceed directly.

Mr. Shriver: Of course when you do that you just impose another factor to deal with in trying to get the money to the people who are to benefit from it, namely the poor people. . .

Sen. Tower: . . .why could there not be a Federal grant-in-aid administered through State agencies as so many of our welfare programs are?

Mr. Shriver: Because this. . .is a program aimed at poor people. It is not an education program for example. It is not a small business program. This is a program where the focus is different from the statutory authority of any one of those divisions either in the Federal government or the local government. It is a program that cuts across categorical types of assistance, to bring assistance to people across the board who are poor. . .So far as I know, there is no State which has an agency or contemplates an agency similar to this at the State level. That is one reason why this aid would not be properly dispensed through categorical departments of State governments. Another reason is that many State laws require that aid received from the Federal government be dispensed within the State on a per capita basis, irrespective of considerations such as poverty. . .That is not the basis which this money as the bill is conceived would be spent.¹¹

These two excerpts suggest that some local officials as well as the "Shriver task force" had little sympathy for State involvement. Mr. Shriver's two major reasons for opposing a State grant-in-aid approach were that no State had a suitable agency and problems in the allocation of funds within States might arise. In retrospect, 49 of the 50 States have created an agency to deal with anti-poverty efforts within eighteen months of the passage of the Act and a provision in the Federal law could have dictated the distribution of funds within each State on essentially the same basis as was established by the Act.

The Republican substitute for the Administration's anti-poverty measure, sponsored by Representative Peter Frelinghuysen, Jr., (R-New Jersey), would have simply made Federal money available to the States to develop and carry out programs designed to alleviate and eliminate poverty and its causes.

It may also be said that the actions and attitudes of certain Governors, particularly those who opposed national action in the field of civil rights, made some executive and legislative branch members shy away from placing power

in the hands of the States. The civil rights conflict in a number of States prior to and during the drafting of the Act was not unrelated to the eventual role carved out for the Governors. This reluctance arose from the recognition that 22 percent of the poor are nonwhite and nearly one-half of all nonwhite live in poverty.¹²

As the Nation had never before undertaken such a deliberate effort to end poverty, there is no exact precedent against which to measure the degree of State involvement expressed in the draft act. The intergovernmental significance of the existing Federal-State relationships which the Act proposed to augment by a Federal-local pattern, is summarized in the following statement:

This deemphasis of the role of the States in the war on poverty departs from the prevailing pattern in grant-in-aid programs in which Federal aid is mainly channeled through the States. The cooperation and assistance of the 50 States, however, is essential in a country that has some 90,000 lesser governmental units. States control the distribution of billions in other Federal grants and provide billions of their own to assist local communities.¹³

To its credit, the draft act proposed to utilize the technical assistance abilities of State governments especially in helping communities organize programs. In addition, established Federal-State relationships were to be used for operating the Work Experience program and a concern was expressed for providing an effective role for the States.

As for the current outlook of the OEO on the States, an OEO official recently told a State coordinator who had asked about the possibility of the States playing a more significant role: "Well, we want you to prove yourself first." There are other indications that OEO and the States are reaching a more positive working relationship--a development which can be very helpful to both.

3. The Nature and Value of the Governor's Veto

The Economic Opportunity Act provides that a Governor may veto establishment of a Job Corps facility within the State, Neighborhood Youth Corps, and Community Action Program projects, and that he must approve assignment of VISTA volunteers to applicants within the State, and the operation of an Adult Basic Education program. As amended in 1965, the veto provisions are modified to the extent that the Director of OEO may overrule the Governor's veto in the NYC, Adult Basic Education, and CAP programs if he finds that the program affected is "fully consistent with the provisions and in furtherance of the purposes of this part." The Governor's role in the VISTA and the Job Corps is unchanged.

The History of the Veto Provisions¹⁴

The veto provisions of the Economic Opportunity Act are largely the result of Congressional additions to the Administration bill. As transmitted to Congress, the Administration bill required that the Governor approve the assignment of VISTA volunteers to the State, and that the OEO Director give the governors an opportunity to comment on CAP applications. In both houses, additional veto provisions for the Job Corps, Adult Basic Education, Neighborhood Youth Corps, and the Community Action Program were added by floor amendments. In the Senate, an initial amendment to require governors to approve all Federal-local community action projects was first approved by a 45-44 roll call vote. On reconsideration, it was rejected 46-45. A compromise acceptable to the Administration was adopted which allowed the Governor to veto community action projects contracted with private agencies only. A Governor's veto on the location of Job Corps facilities was also accepted by the Administration. In the House, the Administration offered a floor amendment similar to that accepted in the Senate but including all community action projects and the Adult Basic Education program.

In its 1965 amendments to the Act, the Administration made no attempt to change the Governor's veto but commented that:

Governors have the power to veto locally created programs.... Some governors have used the threat of veto to influence local program policy-making, which is clearly the prerogative of local community action boards. Several community boards have complained that this limited their local initiative.¹⁵

The House Committee's report, however, openly attacked the existing provisions by declaring that:

... The chief problem to date appears to revolve around the Governor's unlimited power to veto programs and projects planned and developed by local agencies...the committee is aware that the veto power can, and is, being used coercively. Some

governors appear to be experimenting to determine exactly how far they can go in using this power to determine the organization and structure of the community action agencies, its constituent agencies and personnel, as well as the content of the program.¹⁶

Governor Wallace's veto of a biracial CAA in Birmingham apparently irritated many supporters of the program and produced a ground swell of support for weakening the veto. The Committee amendments at first provided for the deletion of the veto provision entirely but the version reported to the floor provided that a Governor's veto could be overridden by the OEO Director for cause. This latter version was approved by the House but the veto was eliminated entirely in the Senate-passed bill. A conference committee resolved to delete the veto but the House refused to accept the committee's report, instructing the conferees to insist on the modified veto. A second conference committee reported the bill with the modified veto and both houses accepted it. One Senator termed the compromise:

...a completely anomalous situation in which an executive appointive official can overrule the elected governor of a State on activities within the governor's State.¹⁷

Other groups were disappointed at their inability to delete the veto provision entirely. Under the bill as adopted, the OEO Director could reverse a Governor's veto within 30 days if he felt it was not based on proper reasons and that the achievement of the purposes of the Act required that the vetoed project be carried out. The OEO Director had not exercised this authority as of May, 1966.¹⁸

Examination of Veto Experience

The following sections analyze the legislative and administrative requirements in the programs affected by the veto or approval provisions and include a discussion of cases in which the power is known to have been exercised. This summary does not necessarily include all cases since it is impossible to know about all of the veto-related discussions between OEO and State governors.

Job Corps

The veto provision affecting the Job Corps states that:

... No conservation camp, training center, or other similar facility...shall be established within a State unless a plan setting forth such proposed establishment within a State has been submitted to the Governor of the State and such plan has not been disapproved by him within thirty days of such submission.¹⁹

The Administrative implementation of this section, expressed in Job Corps procedures, provides that: (1) When OEO determines the desirability of establishing a Job Corps facility within a given State (including an indirect or direct evaluation of the feelings of the Governor and of local officials) and a contract has been negotiated for the operation of the camps, a telegram is sent to the Governor indicating the name and location of the proposed center. The proposed contract is sent to the contractor to be signed and returned. (2) A letter from the OEO Director is sent to the Governor giving a detailed description of the proposed facility and general information about the Job Corps. The Governor is urged to indicate his consent to the facility in advance of the 30 day period so that the establishment of the facility may proceed immediately. (2) When the Governor's response is received by telegram or letter, OEO signs the contract.

To date, no Governor has vetoed or publicly threatened to veto the location of a Job Corps facility in his State.

Neighborhood Youth Corps

The NYC veto provision, one of those modified by the 1965 amendments, provides that:

. . .no contract, agreement, grant, loan, or other assistance shall be made with, or provided to, any State or local public agency or any private institution or organization for the purpose of carrying out any program, project, or other activity within a State unless a plan setting forth such proposed contract, agreement, grant, loan, or other assistance has been submitted to the Governor of the State and such plan has not been disapproved by the Governor within thirty days of such submission or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the provisions and furtherance of the purposes of this part.²⁰

The procedure used by the Department of Labor in implementing this provision is as follows: (1) After the technical review of the project proposals has been completed, both in the field and in Washington, a copy of the project agreement is forwarded to the Governor of the State involved; and (2) an accompanying letter informs him that he may waive his veto authority at that time and that a 30-day period for approval has begun. A form letter for replying is also included.

To date two project proposals have been publicly vetoed. The governors of Texas and Montana during fiscal year 1965 vetoed project proposals submitted by the Farmers Union in their respective States on the grounds that it was a "quasi-political organization and not qualified as a sponsor under the Economic Opportunity Act." In other States, such as Illinois, the Farmers Union has been accepted by the Governor as an eligible sponsor of NYC activities.

Community Action Program

The veto provision of the Community Action Program is identical to that of the Neighborhood Youth Corps since they are both expressed in Section 209 of the Act. OEO procedures under the Community Action Program are as follows: (1) Applicants for Section 204 (Program Development), 205 (Conduct and Administration) and 311 (Migrant Programs) are urged to submit a copy of their complete application package to the Governor of their State at the time the application is submitted to OEO; (2) Governors are notified by OEO Regional Offices and Headquarters, as appropriate, of the receipt of grant applications at the time they are received. Notification is by a transmittal of a copy of the summary of the applications; (3) At the time of public release of a 204, 205, 311 grant approved by OEO, a standard telegram is sent to the appropriate State coordinator informing him of the approved grant; and (4) Following this notification, a letter is sent to the Governor informing him of the approved grant, together with a copy of the approved grant package. The Governor is advised of the actions he may take to indicate his consent to the grants.

The following sections briefly describe cases in which a Governor is known to have vetoed or publicly threatened to veto a CAP project.

1. New York City, New York - involving the makeup of the anti-poverty agency for the City of New York. Governor Rockefeller contended that the project as submitted did not meet the "maximum feasible participation of the residents of the areas and members of groups served requirements."²¹ He felt the project would bypass existing citizen planning groups in four areas. In the end, the grant was transferred to another city agency and the Governor withdrew his objection and allowed the project to go into operation by the passage of 30 days without action.

2. Birmingham, Alabama - perhaps the most controversial veto was executed by Governor George Wallace who vetoed the application of the biracial Birmingham Area Committee for Development of Economic Opportunity Incorporated. Governor Wallace said his veto was based on the fact that the Board was not countywide, that it was not representative under OEO standards, and that a better countywide body should be formed.

As was noted earlier, this veto was largely responsible for the 1965 amendments to the Act which provided authority for the Director of OEO to override the disapproval of a Governor in certain programs. Two different interpretations of reasons for the Governor's decision have been advanced.²² The original Birmingham Committee was headed by C. H. Erskine Smith who termed the Governor's veto a "political consideration," going back to 1963 when Smith and others organized a successful campaign to change Birmingham's form of government. The Governor asserted that he vetoed the project because the Birmingham Council was not broadly representative of Jefferson County in which Birmingham is located. Mr. Smith serves as a member, but not chairman, of the CAA which the Governor eventually approved. A House Committee member at the time said there "hadn't been much interest in changing the veto provision until. . . /the Governor of Alabama/ used it."

3. Limestone County, Alabama - Governor Wallace vetoed participation by Alabama in a program development grant awarded to the Elk River Development Agency, Fayetteville, Tennessee, on the grounds that it was oriented toward Tennessee. Eight Tennessee counties and only one Alabama county were involved. The program has gone ahead in Tennessee, without Limestone County.

4. South Carolina - Governor Donald S. Russell vetoed South Carolina's participation in the Appalachian program carried out by the Council of Southern Mountains, under a Section 207 demonstration and training grant.

5. Coahoma County, Mississippi - Governor Johnson announced his intention to veto a Head Start grant made to Coahoma Opportunities, Incorporated, Clarksdale, Mississippi. After this announcement, local leaders and members of the CAA were able to persuade the Governor to withdraw his objections and he allowed the program to proceed.

6. Green County, Alabama - The Green County Education Association, Eutaw, Alabama, was awarded a grant by OEO for a Head Start program. After the grant was announced, so much controversy was aroused that the community withdrew sponsorship. The matter never reached the point of a Governor's veto.

7. New Hampshire and Mississippi - The governors of these two States rejected the services of the National League of Defenders Association which has a technical assistance grant from the OEO to establish legal defender programs. Fear of outside influence is believed to have been involved in both decisions.

8. Natrona County, Wyoming - The Governor of Wyoming vetoed a proposed Section 204 Program Development Grant for the Natrona County community action agency. He stated that the veto was on the advice of the city council of Casper.

Adult Basic Education Program

The veto provision under the Adult Basic Education Program is also identical to that covering the Neighborhood Youth Corps and CAP since it too arises from Section 209 of the Act. The operation of this provision differs somewhat from that employed in the other EOA programs. Most of this difference arises from the fact that the program initiative rests with a State department of education rather than with OEO or a local sponsor. In developing the State plan required by the Act, the State department of education presumably consults with or obtains the prior approval of the Governor. When the State plans are submitted to the Office of Education for review and approval, a letter from the Governor is included which gives his approval both to the applicant as the proper agency to operate the program within the State government, and to the program itself.

To date, no Governor has vetoed an Adult Basic Education Program although difficulties have arisen in determining the proper State agency to operate the program (See Appendix A, Section E).

Volunteers In Service to America (VISTA)

The Title VI VISTA program is subject to the following gubernatorial provision:

. .the referral or assignment of volunteers shall be on such terms and conditions as the Director may determine, but volunteers shall not be referred or assigned to duties or work in any State without the consent of the Governor.

This provision differs from the other veto provisions in that the Governor is asked to approve the assignment of volunteers, rather than to abstain from disapproving them.

The VISTA procedure is as follows: (1) When a site visit has been completed and a project approved by a project review committee as one which seems viable, a letter is written to the Governor requesting his approval of the volunteers; (2) Copies of the letter are sent to the OEO Regional Office and to the State OEO Coordinator; (3) If the local CAA is not the sponsoring organization, a letter is sent to that organization, advising it of the request for volunteers and asking the CAA for any comments it may have; (4) A project summary is included with the letter; and (5) VISTA may expedite this procedure by telephoning the Governor's representative to advise him that a letter is being sent to the Governor.

The following sections briefly discuss cases in which the Governor of a State refused or threatened to refuse to approve the assignment of VISTA volunteers.

1. Texas - In June, 1965, after almost 6 months during which a VISTA proposal was under review in the Governor's office, Governor Connally approved only 10 VISTA volunteers to serve three neighborhoods in San Antonio. 12 volunteers had originally been requested.

2. South Carolina - In August 1965 some confusion arose concerning whether the Governor had approved the assignment of volunteers to Daufuskie Island. The problem, which was apparently caused by the change of personnel in the Governor's office, was resolved and the volunteers stayed.

3. New Orleans, Louisiana - The Governor approved only 6 of the 18 volunteers requested for the Desiree areas. The Governor at a later date may approve the additional volunteers.

4. District of Columbia - The President of the Board of Commissioners withheld approval of the Hollyday House proposal pending clarification of the relationship between the VISTA project and the activities of the local CAA (the United Planning Organization).

5. Lexington, Mississippi - The Governor vetoed a proposed VISTA project which would have been sponsored by Saints Junior College, a predominantly Negro school in Lexington. Under the college's supervision, four to six VISTA volunteers would have conducted preschool day care, and adult literacy programs. The Governor indicated that Mississippi was not yet ready to participate in the VISTA program. This case is the only actual use of the veto power in the VISTA program.

Comparison of Veto Procedures

The following table compares formal procedures of various programs for dealing with governors on veto or approval matters and the number of times the veto (or disapproval) power was exercised or publicly threatened. As the table shows, there is some variation in the veto procedures of the five programs.

TABLE 13

COMPARISON OF VETO PROCEDURES UNDER TITLES I-A,
I-B, II-A, II-B, III, AND VI, ECONOMIC OPPORTUNITY ACT

<u>Program</u>	<u>Sends Copy of Initial Applic. To Governor</u>	<u>Works with or Through State Coordinator</u>	<u>Public Release Before Gov. Approval</u>	<u>Times Exercised or Publicly Threatened</u>
Job Corps	No	Yes	Yes	0
NYC	No	No	No	2
CAP	CAA urged to	Yes	Yes	9
VISTA	No	No	No	5
ABE	Yes	No	No	0

The Advantages and Disadvantages of the Veto

Based on the arguments advanced during the Congressional consideration of the Economic Opportunity Act and its amendments as well as on the application of intergovernmental relations principles, following are arguments for and against the Governor's veto or approval requirements.

Arguments for the Veto

1. Assuring a State Role - The veto is a useful device to assure that the Governor will be kept informed of program developments within the State, thus permitting him to evaluate these programs and to cooperate with them through the agencies of the State government.

2. Governor's Right to Know - The Governor has the right to be informed of planned activities of the Federal Government within his State and he should have an opportunity to express disapproval of any which he feels are not in the interest of its citizens.

3. State Coordination - The Governor should be able to disapprove any Federal-local activities within his State which may create problems for the State government in carrying out its assigned functions and responsibilities.

4. Actions of Local Public and Private Groups - Since local public agencies and to some extent private nonprofit groups are formed and regulated under State law, the Governor should be able to exercise a veto power over their activities in connection with the Federal Government as a way to assure that they continue to operate in accordance with such State legislation. In some States, little or no direct State enabling legislation is required (because of the Act's flexibility concerning local applicants), and the veto may be the only opportunity for a State legal review.

5. Bypassing - By going directly to local agencies, the Federal Government bypasses States and thus violates principles governing the division of power within our federal system. The Governor's veto represents a partial correction of that situation since the Governor is able to exercise rightful State control of actions of its local public and private agencies.

Arguments Against the Veto

1. National Program - Giving the Governor a specific project veto power in the anti-poverty program represents a departure from other Federal programs of assisting State and local governments to meet national objectives. In such programs as urban renewal, public housing, higher education, and highways, there is no such veto. The Governor of a State should not be allowed to subvert or block the operation of a national policy of assisting the poor.

2. Ultimate Control - Since all public and private nonprofit agencies within a State are established by virtue of State law, the State government may exercise control of them and their actions ultimately without the requirement of a project-by-project veto. Enabling legislation where required and State laws governing incorporations may contain general limitations or instructions concerning the way such agencies may deal with the Federal Government.

3. Negative Role - The veto casts the Governor in a negative role, puts him on the defensive, and makes it difficult for the State to assume a positive and useful role in the anti-poverty program.

4. No State Financial Interest - Why should a State Governor be able to disapprove a project in which no State money (only Federal and local public and private sources) is involved?

5. Capricious Use of the Veto - The veto power gives the Governor an opportunity, by its capricious use, to serve his own political ends or to divert or weaken the operation of the program.

How Others View the Veto

Based on the questionnaires used in connection with this study, following is a summary of the way in which other intergovernmental participants in the anti-poverty program view the Governor's veto power.

Community Action Agencies

Executive directors of community action agencies were asked to comment on the question: "Has the existence of the Governor's veto power over CAP components had any effect on the conduct of your program?" Of the 199 respondents, 13 said that it had and 179 said that it had not. Seven respondents did not comment on the question. Their comments included the following:

- "We had to drop the legal aid plan"
- "The Governor has shown excellent cooperation"
- "It hampers our organization because of the time delay he takes on the action"
- "The Governor's office is cooperative in providing immediate approval"

At least in the opinion of the executive directors of community action agencies, the Governor's veto has not presented a major barrier to operation of anti-poverty programs.

Chief Elected County Officials

Chief elected county officials in counties in which a Community Action Program had been funded were also asked whether the veto had had any effect on their local programs. The 129 respondents answered as follows: Ten said yes, 109 said no, and ten respondents did not comment.

Mayors

To complete the circuit of program participants, mayors of cities with a population of 50,000 in which a Community Action Program has been funded were also asked about the impact of the veto. All 14 respondents agreed that the veto had not had any impact on their CAP program.

Table 14 summarizes the results of these responses in percentage terms to permit comparison among the various groups.

TABLE 14
HAS THE EXISTENCE OF THE VETO POWER
HAD ANY EFFECT ON THE CONDUCT OF YOUR PROGRAM?

<u>Responding Group</u>	<u>% Yes</u>	<u>% No</u>
Community action agency executive directors	6.6	89.8
Chief elected county officials	7.8	84.4
Mayors of cities under 50,000	0.0	100.0

Source: CAA Executive Director, Chief Elected County Officials, and Selected Mayors Questionnaires, ACIR-NACD-NACO-NLC.

Viewpoint of the States on the Veto

As indicated earlier, all 50 governors acting through the Governors Conference, urged the Congress not to modify the veto requirement while it was considering the 1965 amendments to the Economic Opportunity Act. A number of comments and evaluations of the workability of the veto were received from State anti-poverty coordinator questionnaires.

Of the 49 State coordinators responding, only eight indicated that the Governor of their State had vetoed or threatened to veto any of the EOA activities which carries such a provision. Among reasons given by those in which the veto power was flexed or used were the following:

- "Required the withdrawal of an unnecessary \$230 per week supervisory post for an NYC project even though it was approved by the U. S. Labor Department"

- "Threatened to veto future NYC projects in one community if supervision was not improved"
- "One Head Start project. The project was vetoed by the local CAA and did not provide for use of Pre-School Education specialists. The professional recommendation to the governor was that this was not a good project. Also, the local community already had a large pre-school which could include the children in the vetoed project"
- "One NYC project due to the unwillingness of the school district to participate"
- "The governor threatened to veto a local CAP project after a complaint regarding 'maximum feasible participation' of poor. /State OEO office/ successfully mediated agreement."
- "The governor did not approve one county because it was in a project with 8 counties in another State, we thought it feasible to stay within the State."

Concerning the procedure used to handle the veto itself, one constructive criticism was received:

NYC projects should be approved in final form (with funds available) before submission to Governors for consent or veto... The Governor. . .gave his consent to an NYC project that was not finally approved by NYC. How does the Governor veto (or consent to) a program that does not exist?

On the value of the veto itself, a comment received from one coordinator is instructive:

The power of veto is a most unusable one--both from a realistic and even, political standpoint. Only if a program is so far from the mark can this power be used. Then the Economic Opportunity Act as amended, gives the Director the power to override any governor's veto. What price the veto?

Summary

It may be, as some have suggested, that the only significance of the anti-poverty program veto is as a symbol of Federal-State conflict: the arena in which the States rights vs. State responsibilities battle can be fought, and as an irritant which keeps the issue of State involvement stained with war paint. On the other hand, there is some evidence that it may be a paper tiger, better left sleeping, void of any constructive contribution to the national intergovernmental interest.

The continuing interest in the veto may be a relative thing for the States--in the absence of a more substantial and positive role, each element of the present role (including the veto) assumes more importance than perhaps

it deserves. As an instrument, the veto is a rather important technique of program involvement for the States. It has definite negative overtones and it acts as a barrier to a fluid intergovernmental give and take in developing and operating programs. However, the States feel a need and a desire to play a role in the poverty program and the veto is one of the principal roles offered to them by the Act.

The passage of time has apparently led to a process of accommodation among the three levels of government around the veto. Change, even to a more positive role in the review and approval of projects, might cause more disruption to the operation of the program than the continued provision of the veto power. On the other hand, many States feel that their administrative muscle is not being fully used to bring about victory in the war on poverty and they seem willing to play an increased and constructive role.

4. The State Offices of Economic Opportunity: An Evaluation of State Coordination and Technical Assistance Functions

Forty-nine of the fifty States²³ have established State agencies responsible for the operation of the Economic Opportunity programs within their borders and for providing technical assistance to communities in organizing and operating projects. This section will be concerned with an evaluation of this function based principally on the ACIR-NACD questionnaires sent to State poverty coordinators. Three specific aspects of the function of the States will be examined:

1. The role of the State offices as coordinating bodies within the State government;
2. The technical assistance function; and
3. The financial commitment of the States.

Before analyzing each of these issues, an historical discussion of the Economic Opportunity Act provision for State technical assistance and a profile of the State offices will be given.

Historical and Legislative Background

As transmitted to Congress by the President, the draft Economic Opportunity Act contained the following provision relevant to the State technical assistance role:

. . .The Director is authorized to make grants to, or to contract with, appropriate State agencies for the payment of expenses of such agencies in providing technical assistance to communities in developing, conducting, and administering community action programs.²⁴

Given the less than sympathetic outlook of the Shriver task force on the role of the States generally, such a provision might seem surprising. There seems to be no general agreement on the genesis of or the rationale for the technical assistance provision. Some observers expressed the view that this was a bone tossed to the States to take some of the anti-State edge off the way in which the whole program was to operate. One participant in the task force's work explains the origin of the State technical assistance role as follows:

During the period when the task force was at work, the Department of Agriculture was grappling with the problem of how to organize community action organizations in rural areas. The "organizational and educational arm" of the USDA has been the cooperative Federal-State extension service, and that service has been carrying out the responsibility for organizing and providing technical assistance to the Rural Development committees through which the Area Redevelopment Administration worked. This language was inserted. . .to make it possible to add staff to the State extension services so that they could take

on this organizing job. At that time nobody had in mind the kind of State OEOs that have now sprung up.

Under this interpretation, the State technical assistance provision would join other sections of the Act which underwent a transformation as the war on poverty got underway. Another member of the task force, however, insists that he added the provision for State technical assistance with exactly the functions and relationships in mind that have resulted.

The technical assistance provision of the draft bill was unchanged by the Congress either in passing the original Act or in amending it in 1965. Although the technical assistance for which grants may be made is limited to the Community Action Program, implementing regulations have permitted a somewhat broader scope of services which includes other poverty-related programs. In addition State technical assistance is available through the welfare department in connection with Work Experience projects, and grants made under the Adult Basic Education Program may be used to: "assist in development or improvement of technical or supervisory services by the State education agency relating to adult basic education programs." ²⁵

A Profile of the State Offices

In justifying its budget request for State technical assistance funds for Fiscal 1966, OEO took the position that:

. . . The use of State agencies for technical assistance is expected to be the most effective means for helping the many smaller cities and rural communities interested in initiating community action programs. ²⁶

Table 15 summarizes the total amount of technical assistance grants made to States during the years indicated.

TABLE 15

STATE TECHNICAL ASSISTANCE GRANTS BY OEO (in millions)

<u>Fiscal Year</u>	<u>Basis of Figure</u>	<u>Total Grants</u>
1965	Actual	\$4.6
1966	Estimate	\$7.5
1967	Requested	\$8.5

Source: Office of Economic Opportunity.

As the table shows, the amount being made available by OEO for technical assistance had almost doubled within the period shown as has the funding of most other parts of the war on poverty, reflecting the initial organizing and development period.

Organizational Features

The following sections present a profile of the State office of economic opportunity to provide a basis for evaluation. Table 16 summarizes the personnel

and organizational features of the State offices from which responses were received.

TABLE 16
ORGANIZATIONAL AND PERSONNEL FEATURES OF 49 STATE
OFFICES OF ECONOMIC OPPORTUNITY

<u>Organizational or Personnel Feature</u>	<u>Number of States</u>
Head of State OEO Office appointed by:	
The Governor	46
State Civil Service Commission of State	1
State Secretary of Commerce	1
Coordinator, State Planning Task Force	1
Is State Office organizational part of Office of the Governor?	
Yes	38
No	11
Does the head of the State Office report directly to the Governor?	
Yes	40
No	9
Is head of Office covered by a formal merit personnel system?	
Yes	9
No	40
Are employees of the State Office covered by a formal merit personnel system?	
Yes	14
No	35

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

In most States in which the office is not part of the Governor's immediate staff agency, it is part of the State planning or local affairs agency or of the department of administration.

The average professional staffing of the State offices was seven although the range was from one to twenty-one, with a median of six. Twenty-seven States employed consultants, spending an average of \$11,640 during the 1965-66 funding year for this purpose. The range of these expenditures among States employing consultants was \$400-\$150,000, while the median expenditure was \$3,000. The remaining 24 did not use consultants. The following table shows the functional areas in which the 27 States used consultants.

TABLE 17

USE OF CONSULTANTS BY STATE OFFICES

<u>Functional Areas</u>	<u>Number of States</u>
Education (principally Head Start)	12
Research and evaluation	6
Community action programs	5
Public information	4
Social work	4
Manpower training	4
Economic development	4
Legal services	3
Health	3
Administrative management	2

Source: State Anti-Poverty Program Coordinator
Questionnaires, ACIR-NACD.

The questionnaire did not permit an assessment of the quality of personnel employed by the State offices. The 1965 presentation to the Congress by OEO, contained the following comment on this matter:

Certain governors have appointed staff members so incompetent as to arouse violent local opposition and make OEO funding unwise. Between the Governor's power to appoint and OEO's power to provide funding lies the difficult resolution of such problems.²⁷

Funding the State Office

Under Section 209(b), State offices have usually been funded on a 90-10 basis of Federal support. State contributions may be in-kind (staff, office space, etc.) or in cash. Data on funding of each State office during the 1965-66 fiscal year and the percentage of the non-Federal share being borne by each State are presented in Appendix B.

During fiscal year 1966, \$7.5 million has been made available for State technical assistance grants from Community Action Program funds. It is relevant to examine whether the level of Federal funding has acted as a deterring force (i.e., been insufficient) to State operations and whether the States have fully utilized these funds. OEO allocated the available money among the States on the basis of an index of the incidence of poverty. This index includes consideration of the number of poor, the number of welfare recipients, and similar factors. Unused funds are reallocated among other States. Twenty States responding to the survey received Federal grants larger than the figures initially allocated to them; thirty States received less than this allocated figure. The distribution of the differences between the allocation and grant levels for State technical assistance funds is shown in Table 18 in both dollar and percentage of differences above or below the allocation.

TABLE 18

DIFFERENCE BETWEEN TECHNICAL ASSISTANCE FUNDS
ALLOCATED TO STATES AND ACTUAL GRANTS MADE

<u>Dollar Ranges of Difference</u>	<u>Number of States^a</u>
More than \$75,000 less than allocated	9
From \$50,000 to \$75,000 less than allocated	4
From \$25,000 to \$50,000 less than allocated	7
From 0 to \$25,000 less than allocated	10
From 0 to \$25,000 more than allocated	9
From \$25,000 to \$50,000 more than allocated	8
From \$50,000 to \$75,000 more than allocated	1
Over \$75,000 more than allocated	2
 <u>Percentage Ranges of Difference</u>	
50% or more below allocation	4
From 25% to 50% below allocation	15
From 10% to 25% below allocation	6
From 0 to 10% below allocation	5
From 0 to 10% above allocation	2
From 10% to 25% above allocation	2
From 25% to 50% above allocation	3
50% or more above allocation	13

^aThis listing includes Wyoming which does not have a technical assistance agency.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

A State-by-State breakdown is shown in Appendix B. From this data, it seems obvious that if a higher level of State technical assistance activities is to be undertaken, the initiative must come from the States. The level of OEO funding seems sufficient for current State interest.

Functions of the State Offices

OEO directives and guidelines on the kinds of functions which State offices of economic opportunity may undertake speak generally of assisting localities in the organization of community action projects, developing components, preparing applications, and similar kinds of general technical assistance. To determine both how the State coordinators are allocating their resources and what they felt were their most important functions, the ACIR-NACD questionnaire contained requests for information on these points.

Coordinators were asked to indicate the relative amount of resources of their offices being applied to a number of possible functions. Table 19 shows the responses in terms of the number of States applying major, minor, or no resources to the functions listed. Some States simply indicated whether or not they performed the function and gave no indication of its relative importance from the standpoint of distribution of resources.

TABLE 19

DISTRIBUTION OF STATE OFFICE RESOURCES BY FUNCTIONS

<u>Functional Activity</u>	<u>Resources Applied Major</u>	<u>Resources Applied Minor</u>	<u>No Resources Applied</u>	<u>Function Performed, No Resource Indication</u>
Helping local communities organize CAAs	33	7	1	8
Explaining the Act to local groups	29	9	1	10
Helping local communities organize community action projects	26	13	1	9
Helping local communities prepare applications for Federal grants	20	16	4	9
Coordinating anti-poverty efforts of State agencies	16	23	2	8
Assisting State agencies in developing those programs which are administered by the State government	10	25	5	9
Conferring and working with the Office of Economic Opportunity	9	28	2	10
Conducting research on the causes and incidence of poverty, evaluating effects of poverty, and carrying out Statewide poverty planning activities	7	26	7	9
Conferring and working with other Federal agencies with regard to portions of the EOA administered by them	6	31	3	9
Training local CAA personnel	5	24	12	8
Routing applications to the Federal Government	4	22	16	7
Advising the Governor on the veto and other anti-poverty matters	1	35	5	8

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

A number of conclusions may be drawn from Table 19. First, the major functions for which State office resources are being used involve organizing

and developing local community action programs and agencies and explaining the war on poverty to the general public and community groups. Other functions which command sizable resources include helping local communities prepare applications for Federal assistance and coordinating anti-poverty efforts of State agencies. Second, State offices are least involved in training local CAA personnel, routing applications for Federal assistance, and working with the staff of Federal agencies. Finally, one function which many offices perform but which requires only a minor allocation of resources is advising the Governor on the veto and other anti-poverty matters.

To further clarify the functions of the State offices, each coordinator listed the three activities of his office which he felt were the "most important and useful." The results are summarized in Table 20.

TABLE 20
MOST IMPORTANT AND USEFUL FUNCTIONS OF STATE OFFICES
AS SEEN BY THE COORDINATORS (EACH NAMES THREE)

<u>Function or Activity</u>	<u>Number of States Listing</u>
Public information and education	28
State government coordination	28
Assisting in the coordination of Federal efforts	23
Organizing Community Action Programs	21
Technical assistance	20
Program planning and research	7
Preparing applications for Federal assistance	7
Development of CAP components and other OEO programs	7
Advising the Governor on veto matters	4

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

In addition to the functions listed in Table 20, the following activities were each reported by one coordinator: reviewing applications; organizing OEO programs; helping rural CAAs; developing CAP components; intergovernmental relations; administering the State OEO office; representing the poor at the State level; operating State programs; and following up on local program progress.

Summary of the State Offices

The data presented in this brief profile of the State offices of economic opportunity seems to indicate that they are performing in about the manner desired by OEO. The fact that offices have been organized and funded in 49 States also indicates the interest of States both in the poverty program and in playing a technical assistance and coordination role vis-a-vis communities within the State. One evaluation of the State OEOs concluded that:

Within a relatively short time these organizations have been formed and have made a major contribution to stimulating local interest in community action programs. They have introduced into many State governments a degree of coordination seldom achieved for any other broad program. They have succeeded despite inevitable involvement in political cross currents and despite some widespread misunderstandings about the precise role of the State technical assistance agency and its relationships to the Federal Government and to local organizations.²⁸

The same study saw the principal roles of these offices as coordination of economic opportunity programs, program development and technical assistance, monitoring statewide and local OEO programs, research and planning assistance, and advising governors. Such a pattern seems to conform very closely to the present practice based on the questionnaire responses.

Some offices might be operated at a higher level of funding with larger staffs. The resources devoted to research and program development and evaluation advising the Governor should be increased. Several States pointed out, however, that their efforts to build an effective organization were hampered by the fact that their respective State legislatures would not meet until January 1967 and the previous legislature did not fully anticipate the technical assistance level which might be needed. With this profile in mind, the coordination, technical assistance, and financial commitment of the States will now be analyzed in turn.

The State Coordination Role

A standard public administration text defines "coordination" as:

. . . a technique for drawing together a number of conflicting skills and interests and leading them toward a common end. It is the centripetal force in administration.²⁹

This statement nicely describes the coordination function of the State offices of economic opportunity. Coordination along with technical assistance to communities are perhaps two of the most unique contributions which the States can make to the war on poverty. Basically, this role of the State coordinators is to make a number of vertical intergovernmental relationships (Federal-State-local) operate at each of the three horizontal levels. To illustrate this point, Table 21 shows vertical program relationships which may be established in carrying out economic opportunity programs.

At each horizontal level--Federal, State, and local--coordination is needed. The Economic Opportunity Act assigns responsibility for interagency coordination at the Federal level to the Office of Economic Opportunity. Implementing machinery, including the Economic Opportunity Council, the Section 612 "preference provision," and the Office of Interagency Relations, has been established as a part of a broad program coordination effort involving interagency agreements and understandings, staff liaison, exchange of policies and procedures for review and comments, and related activities.

TABLE 21

VERTICAL INTERGOVERNMENTAL RELATIONS IN ANTI-POVERTY PROGRAMS^a

Program or Activity	Federal Agencies	State Agencies	Local Agencies
Job Corps	Job Corps, OEO Dept of Agriculture Dept. of Interior Dept. of Defense U S. Employment Service	Employment Service Parks Dept. Education Dept. Health Dept. Highway Dept.	Community Council
Neighborhood Youth Corps	NYC, Dept. of Labor OEO Dept. of Defense Civil Service Comm. Dept. of Health, Education, and Welfare	Employment Service Education Dept. Labor Dept. MDTA	Employment Service Comm. Action Agency School District Other Local sponsor Youth Opp. Centers MDTA sponsor
Community Action Program	CAP, OEO	Education Dept. Health Dept. Welfare Dept.	CAA School District Welfare Dept. Private agencies City Government County Government Other public agencies
Adult Basic Education	Office of Education OEO	Dept. of Education Voc. Educ. Dept.	School District CAA MDTA NYC project Welfare Dept.
Economic Opportunity Loans	SBA OEO	Econ. Dev. Agency Welfare Dept.	SBDC Econ. Develop. Dist. City Government County Government Welfare Dept.
Work Experience	Welfare Administration OEO	Welfare Dept. Labor Dept. Voc. Educ. Employment Service Dept. of Education	CAA Welfare Dept. MDTA Youth Opp. Centers City Government County Government School District Other public agencies
Rural Loans	U. S. Dept. of Agric. OEO	U. S. Dept. of Agric. State Agric. Dept. State Econ. Dev. Agency	U. S. Dept. of Agric. CAA County Government Econ. Dev. Dist.
VISTA	VISTA, OEO	State agency sponsor	Welfare Dept. City Government County Government CAA Local public agen. Private groups

^aThis table shows some of the major agencies which may be involved in economic opportunity programs at the Federal, State, and local levels.

Similarly, the Act envisions the community action agency as the coordinator of local anti-poverty efforts. Such techniques as the statutory "preference provision," a number of complementary "checkpoint procedures," and a broadly based governing body are being used to maximize integrated program planning and administration at the community level.

But even the completely successful discharge of coordination responsibilities at the Federal and local levels would not insure effective program administration. A number of the programs and activities carried on at the local level are administratively tied, either directly or indirectly, to State agencies. The Adult Basic Education program and the Work Experience program are prime examples. In many areas, the regional offices of Federal agencies are located far from the localities in which projects are located. Supervision of local efforts by the Federal agency and coordination with other Federal programs and with related State and local efforts is a substantial burden. Local coordination requires the involvement and cooperation of the appropriate State line departments. In addition, there are other functions, not assisted by the EO Act, carried out locally which relate to the anti-poverty program and which are subject to the direct or indirect supervision of State agencies. Public assistance programs, public health activities, elementary and secondary education, and public employment service functions are illustrative.

Further, certain programs authorized by the Economic Opportunity Act may be administered on a statewide basis or by State agencies. Such efforts include: State-operated Job Corps camps; NYC projects and migrant programs sponsored by State agencies; and Work Experience projects directly administered by the State.

In shouldering these and other coordination responsibilities, the State anti-poverty program coordinator serves as the counterpart of the OEO and the CAA. Assisting in the coordination of Federal activities is not a novel State function. The economic opportunity programs do add a new dimension of considerable complexity. As one analysis described this expanded State responsibility:

In the past, programs related to poverty have been confined to special and separate programs in the fields of health, welfare, housing, employment, etc. and thus easily assigned to an appropriate State agency. . . In spite of such programs, poverty has persisted and services essential to the poor have become increasingly fragmented, complex, impersonal, and bewildering. There is a growing awareness that the allegation that the poor are difficult to reach with services may more accurately be stated that services are very difficult to reach by the poor. The Economic Opportunity Act of 1964 effectively seeks to correct this situation. . . The challenge to State government in this program is unmistakable. The concept of interagency coordination of related services at the local level must move from the discussion phase to an action phase if the intent of this legislation is to be accomplished.³⁰

More than half the States have already designated a general Federal program coordinator and the efforts of the State anti-poverty coordinators will surely increase the effectiveness of this effort.³¹ The State role in this area should include meshing related program efforts, complementing and supplementing existing coordination arrangements, and constantly identifying new coordination needs and opportunities. The intergovernmental network which results from these

mutual efforts by OEO, the State coordinator, and the CAA can be vital to the success of the war on poverty.

State Coordination Problems

Just as the hands of the local government official are frequently tied by unreasonable State limitations on organization, financing, and functions, the powers of the Governor are often weakened by the fragmentation of power within the State executive branch. The reaction against strong executives that pervaded much of the pre-20th century period lingers on in a number of States. The movement toward concentrating administrative authority as well as responsibility in a strong executive that has flourished in the Federal Government has been less successful in the States. For example, the Bureau of the Budget was created as a staff arm to the President in 1921. By 1961, forty years later, only thirty States had similar central administrative units responsible to the Governor and half of them were established during the decade 1950-1960.³²

With specific reference to anti-poverty programs, a number of State department heads involved in program administration or supervision are independently elected in many States, as indicated in Table 22.

TABLE 22
NUMBER OF STATES WITH POPULARLY ELECTED OFFICIALS, 1960

<u>Official, position or functional Area</u>	<u>Number of States which popularly elect</u>
Governor	50
Attorney General	42
Superintendent of Education	26
Agriculture Department head	13
Agriculture Commission	11
Board of Education	10
Labor	4

Source: Darrah and Poland, The Fifty State Governments, Table 2; and Joel S. Posner, "State Administration Organization," 1962-63, The Book of the States 1964-65, (Chicago, Council of State Governments, 1964), pp. 142-151.

In addition, some State departments are headed by a commission (instead of an executive), the membership of which may not be subject to the direct or indirect control of the Governor. These commissions may even appoint the chief administrative officers of the department who also are not responsible to the Governor.³³ Coordination within an organization is related to the existence of a centralizing force, either in the form of a strong executive or the adherence by all members of the organization to a uniformly understood concept of mission. Thus, to the degree that the Governor's relationship vis-a-vis other State officers is weakened by the appointive process or otherwise, problems of coordination are likely to increase.

In summary, it can be said that fragmentation characterizes the three levels of government which make up our federal system. Coordination is at

best a difficult job. The State offices of economic opportunity bear some responsibility for coordinating programs and organizations which play a role in the anti-poverty program. The following sections will evaluate the way in which they have performed this function.

Coordination Techniques

In most States, the designated anti-poverty coordinator serves not only as coordinator of poverty-related activities but also as the head of a technical assistance organization and a key adviser to the Governor. To determine the means by which these coordination responsibilities are being discharged, the ACIR-NACD questionnaire to the State coordinators asked them to indicate the type of machinery which had been established at the State government level for these purposes. Table 23 summarizes the responses.

TABLE 23

ANTI-POVERTY COORDINATION MACHINERY IN STATE GOVERNMENTS

<u>Mechanism used to coordinate State line depts.</u>	<u>Number of States^a</u>
Interdepartmental committee, task force, council	24
Designated liaison personnel	11
Scheduled meetings, correspondence	8
<u>No formal machinery</u>	<u>10</u>

^aFour States reported the use of more than one of these mechanisms.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

Although there is no necessary correlation between the existence of formal coordination machinery and an effective coordination effort, a direct relationship seems to exist among State offices. The types of coordination machinery shown in Table 23 may be seen as representing descending degrees of formality in coordination arrangements. Applying information gained from the State questionnaires on the type of such machinery used in various States with the unpublished Griffenhagen-Kroeger, Inc. evaluation of the quality of inter-departmental coordination in 25 States, a comparison between formality and effectiveness is possible. States covered in the evaluation may be conveniently grouped into two categories: those having generally effective coordination and those having generally ineffective coordination among State departments. The result of this comparison, expressed in percentage terms, is as follows:

TABLE 24

**COMPARISON OF TYPE OF COORDINATION MACHINERY AND QUALITY
OF COORDINATION ACHIEVED, SELECTED STATES^a**

<u>Type of coordination machinery</u>	<u>% of States with generally</u>	
	<u>Effective coordination</u>	<u>Ineffective coordination</u>
Interdepartmental committee, task force, council, or similar body	73.3	30
Designated liaison personnel	13.3	30
Scheduled meetings, correspondence	6.7	20
<u>No formal machinery</u>	<u>13.3</u>	<u>30</u>

^aSome States employ more than one type of coordination machinery.

Source: (a) Type of coordination machinery--State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD
(b) Evaluation of effectiveness--Griffenhagen-Kroeger, Inc., An Evaluation of 25 Designated State Technical Assistance Agencies, an unpublished report prepared for the Office of Economic Opportunity (January 1966), pp. 37-38.

This table indicates that effective State interdepartmental coordination tends to be associated with more formal forms of coordination machinery and that generally ineffective coordination tended to be associated with the absence of formal coordination machinery.

As another means of coordination, more than half the States have established a statewide advisory committee. Some of these committees are composed solely of officers or employees of the State government while others include private citizens. Table 25 summarizes the make-up of these bodies.

TABLE 25

MAKE-UP OF STATEWIDE ADVISORY COMMITTEES

<u>Type of Advisory Committee</u>	<u>Number of States</u>
State departments only	12
State departments and public representatives	10
Committee exists, no information on make-up	4
Public representatives only	3
In process of being formed	4
<u>No such committee</u>	<u>17</u>

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

Another measure of the way in which the efforts of State agencies have been integrated is reflected in the degree to which the State OEO offices assist State line departments in advising localities of assistance available from non-EOA sources. Twenty-one State respondents said providing this type of assistance was of major importance in their operations; twenty-four listed it as a minor function; and five States indicated that they did not perform the service at all.

Still another essential area of coordination is between the physical planning activities of the State government (typically carried out by a State planning board) and the human needs planning functions of the State OEO. Table 26 summarizes the pattern of relationships between these two agencies.

TABLE 26

RELATIONSHIP BETWEEN STATE OEO AND STATE PLANNING AGENCY

<u>Description of Relationship</u>	<u>Number of States</u>
Very close, confer frequently	11
Satisfactory relationship, very informal	11
No coordinating arrangements	9
Through coordinating committee	9
State OEO is part of State planning agency	6
No State planning agency exists	3

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

Assisting Federal Coordination

As indicated earlier, the State OEO offices may play a valuable role in aiding Federal agencies in their coordination efforts, both with each other and with the community agencies with which they deal. Table 27 contains information on the nature of the relationship, including the level of contact, between the State OEO and Federal agencies engaged in carrying out programs under the Economic Opportunity Act. These agencies include the Department of Health, Education, and Welfare, the Department of Labor, the Department of Agriculture, and the Small Business Administration.

TABLE 27

STATE OEO RELATIONSHIPS WITH FEDERAL AGENCIES

<u>Nature of Relationship</u>	<u>With OEO Regional Ofc.</u>	<u>With OEO Central Ofc.</u>	<u>With Other EOA Agencies</u>
Daily, frequently	37	5	15
Moderately	2	6	10
Infrequently	3	31	17
As needed, no frequency indicated	3	0	2
Monthly	3	2	0
Not at all	1	2	1

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

Communication between some States and the Department of Labor (for NYC projects) and the Small Business Administration (SBDCs) seemed particularly low. While only 12 States were not in frequent or daily contact with the OEO Regional Offices, only 15 States were in frequent contact with Regional Offices of the other delegated program agencies. The general pattern of communication and relationships between the State offices and the Federal agencies involved in the administration of the Economic Opportunity Act appears to operate at

varying degrees of frequency, varying both by State and by agency involved. Within the area for which the State offices are primarily responsible--Community Action--they seem stronger than in other areas.

Coordination of Job Creation and Job Training

The EOA and related programs provide a diversified attack on the problems of unemployment and under-employment, particularly as they affect the poor. These programs embody a number of different approaches to training and education and operate through different types of agencies at all levels of government. It seems highly desirable to insure that job creation efforts of government, at whatever level, are compatible and coordinated with job training programs carried out at these levels. The following major programs would seem to relate to such a coordination goal:

The Job Corps - Utilizes State employment services offices to recruit and select enrollees, provides education and training by contract with private and public agencies, and carries out placement activities with the help of both private and public agencies.

The Neighborhood Youth Corps - Utilizes the employment service and local educational agencies to select, train, counsel, and place participants although more stress is placed on education and work experience than on the actual preparation and training of an individual to obtain and hold an adequate job.

The Work Experience Program - Provides grants to State public welfare agency sponsors to carry out programs, usually through county agencies, primarily designed to develop good work habits which can serve as the basis for further technical training and employment.

Rural Loans - Provides loans through field offices of the Department of Agriculture for agricultural and non-agricultural purposes to qualified individuals and cooperative associations to assist in improving employment and earning opportunities.

The Manpower Development and Training Program - Provides for Federal participation in programs administered by State employment and vocational education agencies including basic education, institutional training, on-the-job training, and experimental and demonstration programs.

Educational Programs - The Elementary and Secondary Education Act of 1965 and the Adult Basic Education Program authorized by the EOA provide Federal assistance through State and local educational agencies for programs of basic education to adults (including school "dropouts") which may be necessary as a part of a more comprehensive effort to equip the individual to obtain and hold an adequate job.

Vocational Education Program - Provides Federal grants to States to assist them to maintain, extend, and improve existing programs of vocational education, to develop new programs of vocational education, and to provide part-time employment (work-study) for youths who need to earn in order to continue their vocational training on a full-time basis. State vocational education agencies are the primary recipients of these Federal grants.

College Work-Study Program - The Office of Education provides grants to institutions of higher education to provide part-time work on or off campus for students pursuing a college degree who need such employment to stay in school.

On the other side of the manpower coin from these programs which try to educate and train Americans to obtain employment are the programs intended to develop and create jobs or to study economic base factors, particularly in areas of high or chronic unemployment. Primary among these are:

Public Works and Economic Development Program - Provides assistance through local and regional development districts for planning and implementing economic development programs.

Small Business Loans - Authorized by the EOA to provide opportunity in business to the poor and near poor through financial and management assistance. The program is administered by the Small Business Administration through local Small Business Development Centers.

Appalachian Regional Development Program - Provides special assistance through the Appalachian Regional Commission to the States in the Appalachian area for programs designed to develop the economy of the region and improve employment opportunities for its residents.

Community Renewal and Urban Planning Assistance - Under these programs, Federal assistance is available through appropriate planning or other bodies for studies which may include evaluation of the economic base of an area.

Community Development District Proposal - Under this proposed legislation, the Secretary of Agriculture would designate rural community development districts to carry out comprehensive programs, including economic development, in rural areas.

These highly interrelated efforts may involve no less than six State agencies, nine Federal departments and agencies, and nine different local bodies. Some of these programs are national in scope, others regional, and still others confined to a locality or county. To gain maximum impact from them, the number of individuals being trained and educated, the skills in which they are being trained, and the geographic distribution of those receiving training should be related to the number, type, and location of jobs and employment opportunities being created. The only major common threads which these activities seem to share are the target group to be served and the possibility of a common State geographic basis for planning.

The need for improving the present coordination machinery at all levels is well recognized. In 1964, the President's Committee on Manpower was established³⁴ to evaluate and plan manpower programs. In a report to the Secretary of Labor in March 1966, the Committee concluded that:

There is no agreement at present regarding appropriate relationships between the . . . /manpower/ programs. Clear lines of demarcation between all the programs have not been drawn either in terms of the clientele to be served, or in terms of the services or training or work experience to be provided.³⁵

Obviously these coordination problems are also crucial to the efforts of the war on poverty. The Office of Economic Opportunity told the Congress that:

CAP [the Community Action Program] will place high priority this year [fiscal year 1967] on building comprehensive programs into the communities served by CAAs. Unlike previous manpower programs these are specifically and primarily designed to serve the poor.³⁶

Another sign of the impact of job creation and job training programs on the war on poverty is found in a resolution adopted by the National Association for Community Development (an organization representing State and local anti-poverty officials). The resolution, adopted at a Workshop on Manpower and Employment Problems in December 1965, states:

a comprehensive manpower development and employment program including job development and creation is central to the success of a community action program. . . Existing manpower and occupational training programs have not yet served adequate numbers of the poor. . . a successful national manpower policy requires vigorous, coordinating implementation at the State and community levels.³⁷

Reflecting the concern for program interrelationships, Senator Jacob Javits (New York) has introduced legislation to strengthen the coordination of economic opportunity programs with the activities of the United States Employment Service by requiring the issuance of joint OEO-OSES regulations.

A catalogue of the present efforts to bring about improved intergovernmental and interagency coordination of the anti-poverty impact of these programs at all levels would include the following:

Federal Level: The President's Committee on Manpower and the staff of the Manpower Administration within the Department of Labor have assumed the major responsibility for devising a coordination network at the Federal level. OEO - Department of Labor coordination efforts include joint review of policies and procedures, training of personnel, review of programs for compatibility, joint funding of programs, and development of comprehensive manpower programs for particular communities. Exchange of viewpoints among levels and agencies is also provided through: (1) the Economic Opportunity Council composed of Federal officials involved in poverty-related programs; (2) the Public Officials Advisory Committee established by OEO and composed of governors, mayors, county officials and city managers; and (3) the National Public Advisory Committee established by the Public Works and Economic Development Act which includes representatives of State and local governments.

State Level: The Department of Labor is initiating a National-State Manpower Planning System to strengthen the effectiveness of the Manpower Development Training program. Under this system, the State bureau of employment security, assisted by other State agencies, will develop a comprehensive program for training activities within the State. An Administration bill to strengthen the partnership of the Federal and State governments in the Employment Service has also been introduced. The proposed legislation is based largely on the findings of a task force of representatives of business, labor, and the public appointed by the Secretary of Labor. The task force recommended that a strengthened Employment Service should become the central manpower and

employment placement agency. EDA programs also involve the States in designating proposed economic development districts and commissions as would the proposed Community Development District Act.

Local Level: The Community Action Agency is the primary agency for the coordination of anti-poverty related programs including manpower. To supplement this role, the Department of Labor is: (1) Establishing more than 200 Youth Opportunity Centers in 143 areas to provide "one-stop shopping" for youths in need of advice on the best mix of various available manpower training and job opportunities; and (2) Sending three-man teams into 30 selected cities to develop coordinated manpower programs. The teams will be composed of representatives of the OEO, the Department of Labor, and the Department of Health, Education, and Welfare, and will report differences, conflicts, and recommendations to a select subcommittee of the President's Committee on Manpower.

The Remaining Need: These efforts do not seem to answer completely the need for job creation and job training coordination. In commenting on the 30 cities program, the Department of Labor's 1966 Manpower Report concludes that:

The need for coordination transcends this program, however. And it is being actively sought among the concerned Federal programs, between levels of Government, and above all within communities. . . The aim must be to insure that all available resources both public and private are brought to bear effectively on the education, training, health, and subsistence needs of underprivileged youths and adults and on ways of absorbing them into employment.³⁸

Similarly, the Office of Economic Opportunity, in commenting on this problem at the local level, stated that:

In the comprehensive manpower program, the CAA will coordinate various manpower efforts existing in the community. This will be matched by coordination of the various Federal manpower programs. The CAA will weld the local programs into a comprehensive, vertical system, designed to meet the particular employment needs of the poor.³⁹

It does not seem unfair to say that these many and much-needed efforts are characterized by an unevenness of effort at various levels. Institutional machinery has been established by the Federal Government which includes substantial functional and some geographic aspects. The interfunctional link between economic development (job creation) and job training involves fewer such arrangements, especially in geographic coordination. Local coordination efforts through the CAAs and a strengthened employment service show promising signs. In some contrast, there seems to be little coordination and planning going on at the State level and it is there that some opportunities for establishing a common-geographic service basis for planning exist. The need for providing employment-related services, however funded, in a convenient and coordinated manner at the local level is outlined in the following excerpt from Governor Edmund G. Brown's 1966 Message to the California Legislature on State Poverty Programs:

This providing employment services for the poor requires coordination and cooperation of a new order among State employees and departments who, up to now, often have been

concerned only with their own specialties. . .Government offices are often located many miles from the very people the offices were presumably created to help. A welfare recipient with no car finds it difficult to use training and employment services when he must invest precious bus fare just to get to an office to ask whether he qualified for help. He needs help in his neighborhood. Even if government offices are located reasonably near the areas of need, they can present an array of State, local, and Federal bureaus, divisions, departments, agencies, sections and sub-sections which are enough to bewilder a well-informed citizen, let alone a victim of poverty with limited reading skill. . .We would, in short, substitute a one-door policy for what must seem to many of California's poor to be a revolving door policy.⁴⁰

This analysis does not assess the coordination needs of job creation and job training efforts beyond their impact on the objectives of eliminating poverty. But, as many observers have recognized, employment is one of the final end products of any effort to lift the impoverished into the mainstream of American life. Thus, at least so far as the role of manpower programs in the war on poverty is concerned, unmet coordination needs seem to exist.

The nature of these needs can be summarized by saying that the present functional coordination efforts must be expanded into geographic coordination and that there must be more linking and consistency in the flow of program planning responsibilities at the Federal, State, and local levels of government. While each level will need its own peculiar institutional and informal arrangements, some coherent pattern must bind them all. Compared to job training and placement, planned economic development is a relatively new Federal function which may explain the apparently less developed functional coordination mechanisms. Then, too, economic development efforts are much less proliferated both among levels and within levels and the coordination needs are therefore less. However, the need still remains to link economic development and job training in a consistent and constant manner including geographic coordination. The functional manpower coordination efforts can only deal with existing employment opportunities and do not necessarily take full cognizance of programs designed to change and expand the labor market, structurally or geographically.

It is hard to understate the urgency of the need to solve this inter-functional, geographic, and inter-level coordination problem. An individual trained for a job which does not exist and a job created for individuals who are not properly trained are the costs of uncoordinated effort. Coordination is necessary to insure that all available resources can be applied in a coherent way to rehabilitate and train the poor and unskilled and to provide for the creation of adequate job opportunities. Coordination is also essential to avoid wasteful shortages and surpluses in the labor market. As the national level of unemployment drops, the management of our manpower will be increasingly important to insure prosperity and growth and to continue the incorporation of more and more Americans into the job market.

One of the most tangible victories of the war on poverty will be the employment of many citizens who were previously unemployed or who may never have held a job in their lives. Expanded coordination machinery especially by States, would assist both in realizing this victory and in strengthening the whole war on poverty.

Summary of State Coordination Role

Although it may be too early to judge, the State OEO offices seem to be playing a generally effective coordination role at the State level. Establishment of formal machinery appears to have a very salutary effect on the quality of coordination and the need for it will probably increase as the program volume (number of projects, applications, communities, etc.) increases. In its 1966 presentation to the Congress, OEO made the following comment on the coordination success of the State offices:

Seasoned observers of State Governments believe that the STA [State Technical Assistance Agency] has made a major impact on coordination of poverty-related, State activities. Many federally-supported State programs have their own rules and requirements and have operated independently of Governors and State legislatures and other State programs. The STA's⁴¹ have provided a mechanism for common discussion and planning.

Coordination of State-related efforts is a contribution which the State offices are uniquely qualified to make and one which is crucially important both to intergovernmental relations and to the war on poverty.

One area in particular seems to require an improved State coordination and planning effort: job creation and job training. Although deficiencies in present arrangements do not all lie with States, there are a number of opportunities to improve the anti-poverty effectiveness of these related programs which the States can easily take advantage of. Such efforts would increase in a positive and constructive manner the States' role and responsibility in the war on poverty.

The State Technical Assistance Function

Technical assistance activities of the States, authorized to receive Federal funding under Section 209(b) of the Act, lie in five major areas:

1. Technical assistance to communities in planning and developing community action programs
2. Surveying and obtaining resources and funds that may be available through State agencies
3. Coordinating community action programs with other local programs operated by health, welfare, and education agencies
4. Preparing and submitting applications for Federal assistance to the Office of Economic Opportunity
5. Learning about successful programs and approaches to the problems of poverty developed elsewhere in the State or in communities with similar problems.⁴²

OEO encourages communities to take advantage of this technical assistance and terms it a "valuable source of help."⁴³

The Problem

Given the general nature of Federal-State and State-local relationships in the anti-poverty program, it is perhaps not unnatural that the question of assistance becoming control is raised. A recent report of the U. S. Conference of Mayors commented that:

State technical assistance offices need clearer instructions from OEO on their mission. They should provide technical assistance, not control.⁴⁴

The USCM also indicated its feeling that the States should be primarily active in those parts of the State in which the local groups were unable to organize the program--presumably small communities and rural areas. The kind of relationship that would exist between the State office and large cities might follow the comments received in an interview with the mayor of the central city of a metropolitan area and echoed in an interview with the State coordinator. The mayor said:

We get along just fine with the State office. We were far ahead of them from the beginning and they recognize that we don't need any help. They have never tried to bother us. . . They process our veto waiver requests quickly, usually within 24 hours.

The head of the State anti-poverty office commented:

We have never tried to help the city. They don't need it. They are far ahead of the rest of the State. . . they had their application in for a Community Action Program before the State office was organized.

Commenting on a similar situation, another State coordinator said: ". . .as programs increasingly involve State programs, resources and dollars, added reliance on the State. . .is being sought for both assistance and cooperation." From the standpoint of utilization of resources, it does seem better for States to aid those areas least able to help themselves but in the process an opportunity for State interest and appreciation of the problems of poverty in the larger urban areas may be lost.

The Evaluation

The following table shows the responses of CAA executive directors, chief elected county officials, and selected mayors polled relating to the role of the States in their communities. Table 28 summarizes responses on whether the State TA agency and other State agencies, in the opinion of each local group, was doing more than enough, less than enough, or about enough in the technical assistance areas.

TABLE 28

LOCAL EVALUATIONS OF STATE TECHNICAL ASSISTANCE

<u>Services by State TA Agency</u>	<u>More than Enough</u>	<u>Less than Enough</u>	<u>About Enough</u>	<u>No Comment</u>
CAA executive directors ^a	7	74	113	5
Chief elected county officials ^b	75	29	9	16
Selected mayors ^c	5	5	3	1
<u>Services by Other State Agencies</u>				
CAA executive directors ^a	12	109 ^d	61	17
Chief elected county officials ^b	69	33	10	17
Selected mayors ^c	6	5	1	2

^aFrom 39 States

^bFrom 38 States

^cFrom 13 States

^dPerhaps more significantly, 48 CAAs reported they had received no assistance from these State agencies.

Source: Questionnaires to these three groups, ACIR-NACD-NACO-NLC.

These data indicate that a substantial minority of the CAA executive directors (37%) feel that their State technical assistance offices are not providing sufficient assistance while the county officials are more satisfied with the available level of assistance. The mayors are evenly divided but generally believe the level to be adequate. This table also shows a much stronger CAA dissatisfaction with the level of technical assistance being provided by State departments other than the poverty coordinator. The higher level of satisfaction with assistance by the State anti-poverty coordinator in comparison with these State agencies is also significant. Although these findings may reflect the fact that CAAs generally are not administering ABE or Work Experience projects, if full local coordination is taking place between these programs, especially in the development of CAA educational and training components, then assistance by these other agencies would be important and recognized. These questionnaire responses may indicate that there is little integration of effort at the local level between welfare, education, and training agencies and the CAAs. The county officials seem well-satisfied with the level of assistance while the mayors showed somewhat less satisfaction.

To evaluate this area of State activity further, the CAA executive directors were asked to indicate whether they believed these other State agencies should do more to assist local CAAs. One hundred and fourteen of those responding said "yes" while sixty-two said "no" and twenty-three had "no comment."

Summary

To the extent that any firm conclusions can be drawn, they might be that the State technical assistance effort generally is inadequate in the eyes of local anti-poverty officials but that it is better than the level of assistance generally rendered by other State agencies--such as the departments of education and welfare. Elected local officials seem satisfied with the present

level of assistance, perhaps reflecting a lesser involvement in the program in some communities and a desire to avoid State control. A general increase in technical assistance by all State agencies involved in anti-poverty efforts seems indicated.

State Financial Support of Technical Assistance

Appendix B contains data on the level of funding for technical assistance in each State and the percentage of the total funding of the State office represented by that contribution. This section will analyze, by a number of quantitative indices, this State support for technical assistance and its impact on the whole anti-poverty effort within the State. It is important to stress that the State share of technical assistance funding may be in cash or in kind. Some coordinators indicated that in-kind was not generally possible (except for office space) since there were difficulties in borrowing personnel from other departments. Such individuals, they felt, would continue to maintain their old allegiances within the State government and might carry with them certain images which could hinder their ability to work on a new program. Table 29 shows the range of funding for State technical assistance on a per poor person basis both for total technical assistance funds and for the State share. The fund levels used are those for the 1965-1966 fiscal year. The data on total number of poor in each State are based on the OEO poverty definition as applied to 1960 Census data.

TABLE 29

FUNDING OF STATE TECHNICAL ASSISTANCE PER POOR PERSON: TOTAL AND STATE SHARE, 1965-1966 FUNDING YEAR

<u>Total funding (per poor person)</u>	<u>Number of States</u>
Less than 10¢	8
11¢ to 25¢	24
26¢ to 50¢	12
51¢ to \$1.00	4
\$1.01 and above	2
<u>State share of funding (per poor person)</u>	
Less than 1¢	6
1¢ to 2.5¢	23
2.6¢ to 3¢	1
3.1¢ to 4¢	8
4.1¢ to 5¢	4
5.1¢ to 7.5¢	3
7.6¢ to 10¢	1
10.1¢ and above	4

Source: State Anti-Poverty Coordinator Questionnaires, ACIR-NACD, and Office of Economic Opportunity data on number of poor in each State in 1960 Census.

The scales on which these data are shown reflect the 90-10 relationship which generally exists between Federal and non-Federal funding of technical

assistance. There is some indication that, within this 90-10 ratio, the State contribution is a greater effort than is the total funding effort. But this finding must be related to the earlier finding that the initiative for a greater level of technical assistance seems to rest with the States rather than with the Federal Government. As in local CAP programs, OEO will fund a State office at higher than a 90 percent level if the incidence of poverty within the State warrants greater Federal assistance. This measure of effort does not consider the viewpoint of the State leadership toward the program, or the general strength or weakness of local agencies within the State. It does identify the existence of a variation in the funding of technical assistance relative to the incidence of poverty.

A second approach to analyzing the effectiveness of State technical assistance is to relate the total number of dollars of Federal assistance brought into the State to the total number of dollars spent on technical assistance (including Federal and State contributions). Although no direct relationship may exist, a well funded State technical assistance program might be expected to show performance in the form of an above average number of projects submitted and funded by communities within the State. For comparison purposes, Table 30 shows the range and incidence of these ratios in terms of the number of total EOA dollars brought into the State for each technical assistance dollar spent. Appendix B provides these data for each State.

TABLE 30
RATIO OF TOTAL EOA DOLLARS TO STATE TECHNICAL ASSISTANCE FUNDING^a, APRIL 1, 1966

<u>Ranges of Ratios</u>	<u>Number of States</u>
0 - 50	3
51 - 100	9
101 - 150	9
151 - 200	11
201 - 250	7
251 - 300	7
301 and above	4

^a"Total EOA Dollars" includes Job Corps facilities.

Source: Office of Economic Opportunity, State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

Contrary to such theoretical expectations, these data seem to indicate an inverse relationship between funding of the State technical assistance office per poor person, and both the total EOA expenditures per poor person, and the ratio of total EOA dollars brought into the State per dollar of technical assistance funding. A high ratio can be provided, of course, either by an unusually low funding of the State office or an unusually high number of funded projects. Of the 10 States ranking highest in EOA dollars per poor person, only three ranked in the top ten States in terms of technical assistance expenditures per poor person. In addition, of the 10 States ranking highest in the ratio of total EOA dollars brought into the State for each technical assistance dollar spent, none ranked among the top ten States in terms of expenditures for technical assistance on a per poor person basis.

Table 31 is designed to assess the impact of the funding level on the quality of State technical assistance and the relationship between the effectiveness of technical assistance and the initiation of anti-poverty programs within the State. Using the unpublished Griffenhagen-Kroeger, Inc. evaluation of the quality of the technical assistance, the 25 States studied were broken into three categories of effectiveness--highly effective, moderately effective, and ineffective. Rankings among the 25 States were developed on each of the following scales: (a) total funding of State technical assistance per poor person; (b) State expenditures for technical assistance per poor person; (c) the Federal grant for technical assistance as a percentage above or below the level of funds allocated to that State on the basis of the incidence of poverty; (d) the ratio of total EOA grants made in the State to technical assistance grants (i.e., for every dollar of technical assistance funds available, how many EOA dollars were brought into the State); and (e) total EOA grants made in the State per poor person. The upper one-third of the 25 States were then identified for each of these rankings. Table 31 thus shows, at each level of effectiveness identified by the Griffenhagen-Kroeger report, the percentage of the States at that level which also ranked in the upper third on the various scales outlined above. For example, of the five States ranked in the study as highly effective, none ranked among the upper third in terms of total or of State technical assistance funds per poor person; 20% ranked in the upper one-third based on the use of allocated technical assistance funds; 40% ranked in the upper third in the ratio of technical assistance funds to total EOA grants; and 60% ranked in the upper third in terms of total EOA grants per poor person.

TABLE 31

COMPARISON OF TECHNICAL ASSISTANCE EFFECTIVENESS
WITH VARIOUS FUNDING AND PROGRAM INDICES

<u>Evaluation of Technical Assistance</u>	<u>% High Total TA Funds^a</u>	<u>% High State TA Funds^a</u>	<u>% High Use of TA Funds</u>	<u>% High TA-Total EOA Ratio</u>	<u>% High Total EOA Funds^a</u>
States ranked highly effective in technical assistance (5 States)	0	0	20	40	60
States ranked moderately effective in technical assistance (15 States)	46.6	59.9	46.6	33.3	13.3
States ranked ineffective in technical assistance (5 States)	20	20	0	20	60

^aOn a per poor person basis.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD; Office of Economic Opportunity (program data as of April 1, 1966); and Griffenhagen-Kroeger, Inc., An Evaluation of 25 Designated State Technical Assistance Agencies, an unpublished report prepared for the Office of Economic Opportunity (January 1966), p. 39.

Although it is difficult to draw firm conclusions from this data, it can be said that a high level of technical assistance funding per poor person does not insure effective technical assistance or anti-poverty programs. On the other hand, when the test of impact on the total program (total EOA grants made in the State or EOA grants made per poor person) is used, the correlation with effective technical assistance is much greater. In line with this finding, the States ranked as moderately effective in technical assistance by the study all ranked high in terms of technical assistance funding per poor person but lower than the high quality TA group in terms of total program impact. It seems that the extent to which monies available under the EOA were secured for programs within the State is a much better measure of the quality of State technical assistance than is the funding level even considering that the higher the TA funding level the more State money must be provided. Perhaps new measures for guiding and evaluating State technical assistance programs are needed as a part of the OEO grant application and review process.

It seems clear that the initiative for stronger State technical assistance activity must come from the States. The level of available Federal funding is sufficient to support such an expanded effort. States do have an impact on the ability of local agencies to organize projects and receive Federal funds to aid the poor. Although in time the combination of local efforts and Federal assistance might achieve the same funding and service goals, the State technical assistance effort can be an important determinant of the speed with which this aid becomes available to those who need it.

Putting this analysis in the context of other research findings, it seems that the State technical assistance function is either inadequate or ineffective in serving the needs of many communities. There is an apparent need for an increase in the quality of services rendered, an increase which may not require additional Federal financial assistance. More than half the States are providing technical assistance at a funding level lower than that allocated to them on the basis of a measure of the incidence of poverty. The majority of CAA executive director respondents to the ACIR-NACD questionnaire agreed that the level of State technical assistance--both from the State anti-poverty agency and from other State line agencies--was inadequate.

In summary, money does not produce quality although an increase in both quantity and quality are needed in State technical assistance. In all fairness, it can be said that State efforts have usually been centered in communities whose local governments and institutions are weak. Large urban areas have been able to act independently and without State assistance. In many States, this leaves the "problem cases" (especially rural areas) to the States. This does not excuse State failure or permit a lower performance standard. Rather, it increases the importance of State technical assistance, both qualitatively and quantitatively. Initiative and responsibility for meeting these challenges rest with the States.

5. An Evaluation of State Plans in the Anti-Poverty Program

Each of the two anti-poverty programs which are administered by State line departments--Adult Basic Education and Work Experience--includes a familiar feature of intergovernmental administration--the State plan. It is a technique for drawing together, for the benefit of both the State and the Federal grant-in-aid agency, a number of elements of program administration. The typical State plan requires, as a condition of Federal funding, that the proposed administering agency develop a functional plan for operating the program which includes interagency arrangements, program goals and objectives, fiscal and accounting safeguards, a clear identification of the agency which will be responsible for program administration, and recognition of the authority of the Federal Government to impose additional standards and requirements.

One of the frequent complaints of this Commission regarding State plan requirements is that many (those covering 25 programs as of 1965⁴⁵) limit the organizational powers of the Governor by designating the administering State agency (referred to as the "single State agency" requirement). This limitation is accomplished by a provision such as the following:

The State plan shall provide that the program shall be administered by the State here insert function such as education, highway, etc./ department.

The Commission has urged that such provisions be liberalized either by permitting the Federal program official to approve a request from the State to utilize an alternate organizational form on the condition that the program will not be adversely affected, or by revising the statutory language to permit the designated functional agency to administer the program either directly or in-directly (thus permitting the delegation of responsibility for program operation to another agency). In this latter arrangement the Federal agency may still hold the named functional agency responsible for the program but it does not require that State agency to actually administer it directly.

Adult Basic Education

The EOA makes provision for two State plans. The first is established for the Adult Basic Education Program by Section 214(a) of the Act and is stated as follows:

. . .The Director shall approve. . .the plan of a State which. . .provides for the administration thereof by the State educational agency. . .

It is significant to note that the Act provides a separate plan for the ABE program as opposed to incorporation into the plan of an existing program of Federal educational assistance to the States. The apparently rigid "single State agency" requirement expressed in this subsection receives substantial flexibility in the Act's definition of the "State educational agency" found in Section 218:

The term 'State educational agency' means the State board of education or other agency or officer primarily responsible for the State supervision of public elementary and

secondary schools, or, if different, the agency or officer primarily responsible for supervision of adult basic education in public schools, whichever may be designated by the Governor or by State law, or, if there is no such agency or officer, an agency or officer designated by the Governor or by State law.

Even with such flexibility, difficulties have arisen under this requirement⁴⁶ in identifying responsibility for the ABE program among State agencies. Commenting on the desirability of extending the State plan approach to other anti-poverty programs, one State coordinator described difficulties which had arisen in his State under the ABE plan as follows:

In this one instance where it ["a State plan"] is required, i.e., Title IIB ["Adult Basic Education"], the program has stagnated because our educational department will not develop a State plan nor will they administer the program.

As a working procedure, the Office of Education will accept any suitable State educational agency which the Governor, acting under proper legal authority, designates to administer the ABE program. In cases where legal doubts are raised, an opinion of the State attorney general is sought. This flexible arrangement seems highly desirable, especially since 24 States have an independently elected chief education officer who may have no responsibility to the Governor. Although the language of the Act is not strictly along the lines the Commission has recommended, the definition of terms under the Act and the working procedures adopted by the Office of Education seem to insure a workable degree of organizational flexibility in the States.

Work Experience

Work Experience is the second EOA program covered by a State plan requirement. Since its legislative authorization arises from the Social Security Act of 1935, as amended, the State plan requirement of that Act was broadened to incorporate the Work Experience program. The language of the provision is as follows:

. . .either provide for . . .a single State agency to administer the plan, or provide for . . .a single State agency to supervise the administration of the plan. . .⁴⁷

This provision does not permit the flexibility among agencies of the State government which the Commission has recommended in that only the agency responsible for administering general public assistance programs could qualify as an appropriate State agency for the Work Experience program. Flexibility is provided for the State to administer the program directly or to delegate the actual operation to political units (such as counties) within the State.

Evaluation of EOA State Plans

It should also be noted that the "single State agency" aspect is not the only feature of the State plan which has intergovernmental relations implications. The State plan implies that a Federal-State rather than a Federal-local relationship will be established; that primary supervisory responsibility will rest with the State government rather than with a regional office of a Federal agency; and that the Federal Government will channel grant money through the States.

To evaluate the way in which the two existing State plan requirements have worked, the groups to which questionnaires were sent were asked to comment on the desirability of extending the State plan approach to include other programs. The response pattern is shown in Table 32.

TABLE 32

**OPINION OF RESPONDING GROUPS TOWARD GREATER USE OF STATE
PLANS IN THE EOA PROGRAMS**

<u>Responding Group</u>	<u>Favor greater use of State plans</u>	<u>Oppose greater use of State plans</u>	<u>No comment</u>
CAA executive directors	27 ^a	136	31
Chief elected county officials	27	77	22
Selected mayors	3	8	3
State anti-poverty co- ordinators	23	26	1

^aFive additional respondents favored greater use of State plans under specific limitations.

Source: Questionnaires to the groups indicated, ACIR-NACD-NACO-NLC.

All four groups opposed the expansion of the State plan mechanism to other programs. Those State anti-poverty coordinators who favored an increased use of the plan most frequently mentioned the Neighborhood Youth Corps, Work Experience (which is included in the public assistance State plan), and the Community Action Program.

The principal advantage of the State plan is that it facilitates development of a comprehensive statewide program for operating and coordinating existing State functions as well as federally aided projects. Its principal disadvantages are that it reduces local initiative and involvement in developing and planning programs suited to local needs, increased administrative processing and paperwork, and weakens the ability of the Federal Government to direct national programs. It may be difficult to reflect variations between regions of the State and between urban and rural areas, let alone variations among communities. The comments of two State coordinators and two mayors are illustrative of the pros and cons of extending the use of State plans under the EOA. The first coordinator commented:

If you are willing to first, posit an enlightened State administration, then without much concern one could see. . . /State plans in/ Neighborhood Youth Corps, Community Action (with emphasis on local initiative and thrust), Small Business Development Centers, Work Experience Program, and Job Corps enrollment. . .States no longer need to be out of contact with local needs. . .They must continue to provide for local initiative, however.

The second State anti-poverty program coordinator maintained that:

We encourage the development of State plans in OEO programs since this may stimulate a more complete and coordinated program effort. . .However, indications from the Office of Economic Opportunity are that they do not encourage such statewide plans and are maintaining emphasis on local planning and development. . .We would hesitate to make this requirement in other programs since there is rarely staff available from State agencies to do the necessary work for a qualitative job.

The two mayors' comments on the use of State plans were as follows:

State plans might aid as the State more than the Federal offices know the situation within the State. . .and /can/ tailor programs to fit the particular State;

and

In a State, various counties have different problems and require higher priorities than others, if a State program were to be put into effect, then certain projects which were really needed might be bypassed for something not needed, in that county, but in the State as a whole.

An equally important initiative problem arises in the "bible" of rules and regulations which Federal agencies issue to prescribe the content and form of State plans. One of the primary reasons why grants-in-aid are made to States, as opposed to direct Federal administration, is to permit development of new techniques and to adapt to each State's individual problems and needs. If Federal agencies expect imagination on the part of States in the administration of Federal programs then they must allow sufficient initiative in the development of State plans and should therefore avoid overly restrictive or detailed requirements. Another problem to which the State plan concept is applicable is that of relating service activities which are carried on by different agencies over different geographic service areas. Often the State is the only common service area on which a framework for coordination can be constructed.

There is some sentiment among those engaged in anti-poverty programs for eliminating the State plan in the ABE and Work Experience and shifting to a Federal-local pattern of administration as is used in the Community Action, Economic Opportunity Loan, and Neighborhood Youth Corps programs. Such a change might improve the ability of the community action agency to develop a coordinated local program since all the EOA grant programs would then be on a Federal-local basis. Such a common geographic base might also make it easier to pull together the Act's training and education programs which are now split between the Federal-local and Federal-State pattern. Another argument for such a change is that the

public assistance agencies are not necessarily qualified to operate a meaningful work experience and training program and that this aspect of skill development would be better handled by the sponsors of MDTA, NYC, or other such activities. Putting the ABE program on a local base would probably not result in changing the local administering agency but it might give school districts more flexibility in responding to and participating in local anti-poverty planning.

An alternate approach would be to establish some form of local review of plans developed for ABE, Work Experience, and other State-administered programs and which make a contribution to local anti-poverty efforts. While perhaps not as drastic as a change toward uniformity in the geographic base of EOA programs, this review might make development of comprehensive local programs a little easier.

Some have argued that only the States can muster the resources to implement programs effectively and quickly. This contention is somewhat refuted by the fact that only 18 of the poorest 100 counties measured by per capita income were covered by Work Experience grants (State administered) as of September 30, 1965. At the same point in time, 29 of these counties had received a Community Action grant (a Federal-local grant relationship). As of January 1, 32 of these counties had an Adult Basic Education program and 19 had a Work Experience project, while 80 were covered by a Community Action Program grant. As of April 1, 1966, the coverage of the three programs in these 100 counties was as follows: Adult Basic Education--51; Work Experience--30; and CAP--82.

The performance of State agencies in the Work Experience and Adult Basic Education programs in getting programs implemented quickly in areas which need them does not support the position that State administration of a program necessarily insures rapid or effective action. Perhaps this difference in performance can be attributed to the delays caused simply by the involvement of another layer of government. Whatever the causes, it is hard to contend that the State plan approach can be more effective in the war on poverty than the direct Federal-local partnership.

On the other side of the coin, the argument can be advanced that the quality of the State program, its incorporation into a comprehensive State activity, coordination with related activities, and other factors may be improved by an increased use of the State plan in Economic Opportunity programs.

Summary

The rapid growth in the number of federally assisted activities has made the development of comprehensive coordination arrangements difficult. The State plan is one of a number of ways of mapping out a course for program administration. The stifling rigidity of Federal procedural and policy requirements which usually inhibits State program planning must move a little in the direction of liberalization along the line from no control to complete control. Perhaps some who oppose its use have suffered at the hands of poorly drawn plans which were used for purposes other than coordinated program administration. A State plan does not necessarily mean State control any more than State control requires a State plan.

The experience to date under the two programs authorized by the Economic Opportunity Act which involve the use of a State plan--Adult Basic Education and Work Experience--seem to support the image of delay which many other State plans have acquired. These programs permit a comparison of program effectiveness between State and local agencies. Judging from performance in the poorest 100 counties in the nation, the States lose by a wide margin. It cannot be concluded that State plans are thus good or bad in these two programs but there is some basis for saying that more local involvement in planning and administering them might be useful.

6. The States Speak

This examination of the role of the States in the poverty program has dealt mainly with a description of present activities, relationships, arrangements, and techniques of program administration. It has attempted to evaluate the success or failure of each of these facets of State involvement in the war on poverty, and to identify the strength and weakness of alternative arrangements. The important determinants of a useful State role have also been discussed. The focus of this concluding section will be on additional problems in which the State is involved and on proposals of State coordinators concerning improving intergovernmental relations in the anti-poverty program.

A More Positive Role for the States

The ACIR-NACD questionnaire solicited the views of the State anti-poverty coordinators on ways in which the State could play a more positive role in the poverty program (as opposed to the somewhat negative role in which they are now cast). Responses received are shown in Table 33.

TABLE 33

IN WHAT WAY CAN THE STATES PLAY A MORE POSITIVE ROLE IN THE POVERTY PROGRAM? - STATE COORDINATOR RESPONSES

<u>Response</u>	<u>Number of States</u>
Place more responsibility, control, and authority for administration of the program in the hands of the States	16
Increased State technical assistance	8
More State review and evaluation responsibility	6
State financial assistance for local matching share	4
<u>Satisfied with present State role</u>	<u>6</u>

Source: State Anti-Poverty Program Coordinators Questionnaire, ACIR-NACD.

In addition to these comments, the following recommendations were advanced: "communicating State needs to Washington;" "by supplementing present EOA programs;" "by improving the quality of applications submitted to OEO;" "can't tell under present OEO guidelines;" and "let the States have a veto over priorities." Four States had no comment. It is relevant to note that in responding to other questions, an additional four States favored an increased role of the State in administering programs.

Program Problems: The State View

The State coordinators were then asked to indicate the major problems they faced in administering anti-poverty programs. Responses are shown in Table 34.

TABLE 34

**MAJOR ANTI-POVERTY PROGRAM PROBLEMS:
THE STATE COORDINATORS' VIEW**

<u>Problem or Difficulty</u>	<u>Number of States reporting^a</u>
Lack of clear Federal program guidelines	16
Delays in processing applications and Federal administrative problems	12
Lack of Federal program coordination	8
Public education and apathy	8
Organization of community action agencies	7
Organizing programs in rural areas	5
Representation of the poor	4
Funding of programs	4
The coordination role of CAAs	3
Finding competent staff	3
Federal control of program	2
<u>Bypassing State and local governments</u>	<u>2</u>

^aSome States reported more than one major problem.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

In addition to these problems, one State each mentioned civil rights, civil service requirements, and salary levels. One State coordinator expressed no difficulties.

Thus the primary problems, in the view of State coordinators, could be resolved by issuance of clearer Federal guidelines, improved Federal program coordination, faster processing and better administration by Federal agencies. A group of problems revolving around the organization and operation of community action agencies, especially in rural areas, makes up a second tier of difficulties.

State Barriers

The various responding groups were then asked to indicate what barriers they had encountered in State laws or administrative regulations which inhibited successful program administration. Table 35 summarizes the more significant barriers identified by the four groups of respondents including the State coordinators themselves.

TABLE 35

STATE LEGAL AND ADMINISTRATIVE BARRIERS

<u>Type of Barrier or Restriction</u>	<u>Number in each group mentioning it</u>			
	<u>Mayors</u>	<u>CAAs</u>	<u>Counties</u>	<u>States</u>
Welfare Department regulations, policies, practices, staffing, and appropriations	1	10 ^a	1	2
Standards for educational programs, facilities, and personnel	-	7	2	2
Labor laws and regulations	-	7 ^b	1	-
Program coordination problems	-	6	-	-
Legality of public agencies contributing to nonprofit corporations	-	2	2	4
Restrictive licensing of day care centers	-	6	-	2
Inadequacy of power vested in State to respond to local needs	-	-	-	2
Civil service standards and limitations	-	-	-	3
Housing, zoning, and related problems	-	-	4	5
Tax and fiscal problems	-	-	3	1
Health facilities availability	-	1	-	-
Relationships with the Governor	-	1	1	-

^aAmong the problems cited were the following: "Welfare Dept. State directive prohibits CAP from securing list of recipients, making it difficult to get case list from which to work;" and "State public assistance department is totally uncooperative and puts premiums on welfare rather than on self-help or earning type of programs." The Welfare Administration indicates that some of these problems may be solved within the framework of existing legislation and regulations.

^bAmong the barriers cited is the following: "Loss of benefits of exploratory move made to try job or special on the job training."

Source: Questionnaires to the responding groups, ACIR-NACD-NACO-NLC.

As might have been expected, most State barriers arose in the related areas of welfare, housing, and labor (especially unemployment compensation and retraining efforts) Many respondents in each of the four groups experienced no State legal or administrative barriers to program operation. However, such barriers were reported as existing in more than half the States.

Proposed Amendments to the EOA

Suggestions were then solicited from State coordinators on desired amendments to the Economic Opportunity Act. The recommendations received are shown in Table 36.

TABLE 36
AMENDMENTS TO THE EOA RECOMMENDED BY
STATE ANTI-POVERTY COORDINATORS

<u>Recommended amendments</u>	<u>Number of States recommending</u>
Provide for the administration of programs by the States	15
Require more effective means for Federal coordination	8
Provide more support for a broader State technical assistance role	5
Give the States a role in program evaluation and review	3
Make the representation of the poor requirement more flexible	2
Increase the funding of the program	2
More flexibility in organization and administration of programs	2
No comments	11

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD.

In addition, the following suggestions were advanced: Stabilize the level of Federal funding; provide limitations on the salaries of CAA employees; increase the funding for the program; provide more opportunities for local initiative; liberalize ABE matching requirements; revise the allocation formula; and reorganize the Federal agencies involved.

The heavy attention to giving the States a more direct role in administering Federal anti-poverty programs echoes the support given this recommendation by the State coordinators as one way they could play a more positive role in the program. Unfortunately a number of their comments both here and in Table 33 seemed to indicate the view that for some "State control" and "State role" were synonymous.

Other Federal Legal and Administrative Problems

To round out the search for State recommendations for better ways in which the program could meet its objectives, coordinators were asked to comment on: (1) Federal legal and administrative barriers; (2) Federal administrative and organizational policies and practices of OEO; and (3) Federal administrative and organizational policies and practices of other EOA agencies. The majority of States indicated that they had experienced no problems in any of these three areas. The more frequently cited problems are listed below (the number of States mentioning each is shown in parentheses).

---Federal program coordination among EOA agencies. (20)

---Lack of information and guidelines. (14)

- Relationships with the OEO Regional Office. (12)
- Conflicting requirements in various Federal programs. (5)
- OEO's failure to make full use of the State offices. (4)
- Coordination of MDTA with manpower programs authorized under the EOA. (3)

A number of the more detailed comments submitted by State coordinators indicated that the relationship between the State TA offices and the OEO Regional Office has never been fully clarified. Coordinators recognized that while, for some programs, the States might not be in the "chain of command" they were still expected to play some kind of role, while in other programs, especially those involving the veto, their participation prior to submission of the project for the Governor's review was somewhat unclear. The OEO issuance on the relationship with State offices stresses the importance of fluidity, probably reflecting the newness of the relationships involved, the gradual change in the functions and powers of the OEO Regional Offices, and the variations among States in terms of ability and outlook on the program. In addition to clarifying more fully the functions of the State TA office, some coordinators felt there was a need to develop a further basis for relationships between State staffs and the OEO Regional Offices in all program areas. There seems to be a clear need for the issuance of guidelines establishing the relationship between the OEO Regional Offices and the State TAs.

The Future State Role

It seems clear that the future direction of State participation in the war on poverty can go one of four ways:

1. Greater reliance on the States in the administration, development, coordination, planning and evaluation of anti-poverty programs;
2. A continuation of the presently uneven and undefined relationships with variations among States and OEO Regions;
3. A more hostile relationship with the States becoming antagonists of the program; and
4. Complete State withdrawal, either by Federal law or State action.

The State coordinator questionnaires displayed an almost unanimous sympathy for the goals of the Economic Opportunity Act. The varying degrees of enthusiasm are probably no different from those held by various groups in our society or among the staffs of different Federal or local agencies. State resources have not, however, been fully utilized in the program. The reasons are many and include both State hesitancy and disinterest as well as Federal distrust. The higher the program level, the greater the potential State contribution.

Very early in the war on poverty, the former Deputy Director of OEO said that: "While the focus is on the local community, the role of the States is not to be minimized."⁴⁸ The kind of contribution which the States might make is expressed very cogently by Terry Sanford, the former Governor of North Carolina, who said:

. . .all levels of government are new to the problems of poverty and. . .no level has a monopoly on solutions. The States, like all levels of our system, are already involved in the problems of poverty through their welfare, education, health, employment, and other activities. . .The States have a crucial role in the development and administration of the anti-poverty program and this role may be the key to its success. . .With such a national commitment to a program, it is time for the States to move into the fray. It may be true that the States neglected the area of poverty in the past but they were not alone in this. . .The States can be a major resource.⁴⁹

Unfortunately there are still signs of Federal-State friction. One State coordinator commented that: "Neither the language nor the administration of the Economic Opportunity Act of 1964 has contributed to the strengthening of sound intergovernmental relations in this country." Echoing this position, another coordinator remarked that:

The present EOA legislation and OEO policies and regulations preclude effective participation by State government. . . CAP programs are developed and operated at the local level without proper involvement or coordination with those State agencies or resources which expend millions of dollars annually in these fields and which have a wealth of expertise which is not being utilized. Basic to a more positive role by State government is the necessity for a change in OEO policy and attitude toward State government itself.

Perhaps the reasons for Federal-State friction in the war on poverty will subside as each level becomes more accustomed to the other. One evaluation of the State role concluded that:

The State Technical Assistance Agencies have had an ambiguous place in the organization of the War on Poverty. They have often been regarded with suspicion and by-passed in the development and funding of community action programs. . .But. . .overwhelming evidence leads to the conclusion that the STA's can be trusted; that most of the anxious concern that State government might seek to capture or pervert the program are unfounded or exaggerated; that the STA's do have a definite, positive, and essential role to play; and that, with l a / few exceptions, they are willing and competent partners of OEO.⁵⁰

A realistic appraisal of Federal-State relations in this area must, of course, acknowledge that the image of the States in the welfare area is not untarnished. It was the Federal Government, beginning in the New Deal, that gave major leadership to social welfare legislation. Although some States were in the field much earlier, they were a minority. It was the Federal Government, in 1964, which declared a war on poverty. One commentator explains

this reluctant State role in the following way:

It has been unfortunate that traditionally those people who articulated the political demand for using State government for dealing with social problems were obviously people who, deep down, denied that the problems really existed or who, at any rate, wanted to see nothing done by any level of government about anything. "Leave it to the States" has really meant in American politics, "Do nothing about it." As a consequence, the dominant "States' rights" forces in American politics have not really supported the use of State government to meet emerging social problems. And, quite to be expected, the solutions were worked out and administered by the national government.⁵¹

Fortunately, there are many signs that a significant number of States desire to be a positive, constructive, and effective part of national programs and to tackle unmet needs themselves. This desire must be cultivated not only for the sake of anti-poverty programs but to help build strong governmental machinery at all levels. Molding an effective partnership between the Federal and State agencies is at best a difficult assignment. The Act itself casts the States in a minimal and often negative role. Conversely, relatively few States have shown extremely effective performance in anti-poverty programs either before or after the passage of the national Act. Historical questions of comparative performance, however, are less important than finding immediate ways to work together. This is the challenge which both partners must meet.

States can ill afford to ignore the challenge which the Economic Opportunity Act of 1964 thrust upon them. It is in their long run interest, as well as in the national interest, to respond imaginatively and effectively and to join the war on poverty as an enthusiastic warrior. In its Seventh Annual Report, this Commission warned that:

It is still a question as to whether the States can and will move fast enough and vigorously enough in modernizing their constitutions and governmental structures and renovating their tax systems to enable them to play an adequately expanded role in 20th Century Government.⁵²

Their performance in the anti-poverty programs will be a demanding and significant testing ground.

C. MATCHING ANTI-POVERTY NEEDS AND RESOURCES

In programs which are administered directly by the Federal Government, the program administrator can control the application of resources. One of the costs of using the grant-in-aid device is that reliance is placed on State and local governments and on private groups to organize and ask for the Federal money to provide services. In a program administered directly by the Federal Government, the target group can be identified and sought out by the Federal agency; in the grant-in-aid scheme the target group must trust its fate to a complex of governmental and private agencies at two or three levels. It is the assumption of this section that, notwithstanding these difficulties, the application of anti-poverty resources should correspond closely to the incidence of the problems they are designated to alleviate--namely poverty and its accompanying conditions.

The majority of each of the four groups surveyed in connection with this study agreed that the incidence of poverty should be the primary basis for allocating Federal anti-poverty funds. Table 37 shows the responses for each group to a number of alternative bases for fund allocation.

TABLE 37

DESIRED BASIS FOR ALLOCATION OF EOA FUNDS AS SEEN BY SELECTED GROUPS

Basis to be used in Allocating funds ^a	CAA exec. directors	Chief elected county officials	Selected mayors	State anti-poverty coordinators
Need (incidence of poverty)	174	109	11	35
Local ^b financial resources	56	41	5	12
Other ^b	23	9	0	7
No comment	13	9	2	0

^aA respondent could check none, one, two, or three bases.

^bAmong the other bases proposed were: demonstrated local ability and effectiveness; effective State role; a guaranteed minimum funding level; and growth projections for the locality.

Source: Questionnaires to the groups indicated, ACIR-NACD-NACO-NLC.

To provide the basis for assessing whether the war against poverty as a grant-in-aid program has been successful in directing resources to the areas which need them most, a number of quantitative examinations are necessary. Unfortunately, these efforts as well as the program operations of the OEO, are hampered by lack of certain categories of data. Current information on the number of poor people by State, county, and metropolitan areas; comparative State and regional cost of living data; data on the use of certain program allocations and needs on an urban-rural basis; and records showing the flow of Federal funds are either not available or are based on 1960 Census information which is now rather obsolete. The lack of a uniformly agreed-upon and accurate definition and measure of American poverty is very crucial.¹ The analysis presented in this section carries the apology that its data base is thus limited.

The OEO Information Center and the Research, Programs, Plans and Evaluation staff are attacking the data problem. For example, with the aid of automated data processing equipment, the OEO Information Center is compiling a

social, resource, and program implementation profile of each county in the country. The OEO staff is also making extensive use of 1960 Census data in an effort to develop the basis for administering existing programs and developing new ones. Data are needed both to guide the application of resources and to estimate the probable causes and implications of poverty and the effectiveness of various combinations of programs. Dr. Robert J. Lampman of the University of Wisconsin, one of the key planners of the Economic Opportunity Act has said:

There is an information gap in the American war against poverty. Despite vast programs to end poverty, little is really known about why people are poor. . .current programs are based on fragmentary data about what causes poverty.²

The Special Problems of Rural Poverty

One of the most difficult problems which arises in properly applying anti-poverty resources is to assure that rural areas are given their proper share. As background for the further examination of the general resource application question, a brief discussion of the special problems of rural poverty follows.

OEO defines "rural" as any area in which more than 50 percent of the citizens live in rural places (as defined by the Bureau of the Census) or in which less than 50 percent of the citizens live in rural places but in which there is no center of population which exceeds 10,000. The President's 1966 Message on Rural Poverty contains some rather startling information about the number of impoverished who live in such areas. He pointed out that:

- Nearly half the poor in the United States live in rural areas
- Almost one in every two rural families has a cash income under \$3,000
- One-fourth of rural nonfarm homes are without running water
- Rural people lag almost 2 years behind urban residents in educational attainment
- Health facilities in rural areas are so inadequate that rural children receive one-third less medical attention than urban children
- Rundown farms and impoverished communities still house 4.4 million poor rural families.

In view of the reliance the grant-in-aid system places on State and local applicants, it is significant that local government in rural areas is relatively weaker than in urban areas and presumably less able to apply for and administer Federal programs. One student of local government in rural areas pointed out that:

Conditions in rural areas at present do not favor the building up of a corps of permanent civil servants. Most officers in the county and other typical rural districts

continue to be chosen by popular election. . .A good deal of popular suspicion of vigorous and efficient administration arises from the belief that government is an evil and that its agents should, for the good of the people, be kept within the narrowest bounds. . .this suspicion is more marked in the country than in the cities.³

Aside from this suspicion of full-time government and the barriers to developing a professional administrative staff, rural areas typically suffer from a number of other weaknesses. Low population density makes it impossible to take advantage of economies of scale in providing some public services. Expansion of the service area to gain such economies may not be feasible due to poor roads or simply because expansion would involve an impossibly large geographic region. Thus, many rural governments operate on a geographic service base which probably fits the administration of justice (the county courthouse) but not the provision of education, public health, or other services.

Perhaps because of these weaknesses, Federal efforts on behalf of rural America prior to the war on poverty have involved the grant-in-aid much less than in urban areas. Federal employees or federally supported employees have directly administered a number of rural assistance programs including the rural loans authorized by the EOA. In this way, less reliance is placed on rural local governments to bring the advantages of Federal programs to their citizens.

Although rural overrepresentation of State legislatures was certainly a fact of political life for much of the 19th and 20th centuries, it was usually the "gentleman farmer" and not the poor landowner or the tenant who was overrepresented. A disproportionate share of State resources was diverted to rural areas in many States but the kinds of services provided were mainly those which were of no great benefit to the poor--except perhaps to offer them a chance to escape to the city, as many did. The needs for the rural impoverished are not, however, diminished by the fact that these areas do not have a large reservoir of talent for program planning, identifying problems, and for waging an effective war on poverty. If the grant-in-aid approach is to be used, ways may have to be found to supplement local efforts if the war on poverty is to open a front in rural America.

OEO Efforts in Rural Areas

In hearings before the House Education and Labor Committee in early 1966, OEO Director Shriver listed the attack on rural poverty as OEO's most serious problem. He said that rural poverty is particularly difficult to alleviate because of the lack of rural institutions, trained personnel, local financial resources, and experience in fighting rural poverty; previous lack of cooperation between counties; and the presence of racial friction and the dispersion of poor in rural areas.⁴

Section 617 of the EOA requires that the Director establish procedures to insure that adequate attention will be given to the needs of rural areas in relation to urban areas. Within OEO, a Rural Task Force has been established to provide a continuing focus of efforts to alleviate the problems of rural poverty. The emphasis of the Task Force is not only on developing and processing applications for funding rural projects but also on training personnel, particularly those from the Department of Agriculture and other Federal agencies, in techniques for developing anti-poverty programs.

OEO has also encouraged the States to be particularly helpful to rural areas in providing technical assistance. Multi-county community action agencies have been established in many States to pool scarce administrative and financial resources. The OEO will fund 100 percent of the cost of projects in counties in which the per capita income is \$750 or less. This ruling benefits primarily rural areas. Table 38 on the following page summarizes EOA funding of rural projects to the extent that data are available. Within the context of a 55-45 urban rural division of the poor population, Table 38 reveals a disparity between the EOA resources being made available to rural areas and the proportion of poverty in such areas. Using program dollars as the most meaningful test, only in the rural loan program does the rural resource percentage exceed the 45 percent level. This is to be expected given the focus of the program. The percentage of VISTA volunteers in rural areas is also slightly above the 45% level. Generally, the number of grants made in rural areas may be close to the 45% level but the amount of resources (in terms of participants and dollars) is much below that level. The greatest disparity exists in CAP grant dollars (82.4% urban), NYC participants (79% urban), Adult Basic Education grant dollars (78.2% urban), and Small Business Loans (loans made -- 83.1% urban and dollars--78.2% urban). All these programs require initiative and action on the part of State and local agencies.

Efforts by State Technical Assistance Offices

In its attempt to bring the benefits of the anti-poverty program to rural areas, OEO has been assisted by the State technical assistance agencies. These agencies, based on their own estimates of the allocation of their resources and staff time as between urban and rural areas, are generally spending more time in rural areas than might be dictated simply on the basis of the urban-rural composition of the State's poor population. Table 39 shows the range of deviations among the States between the urban-rural division of applied technical assistance resources and the urban-rural make up of the poor population. Individual State data are presented in Appendix B.

TABLE 39

**COMPARISON OF URBAN-RURAL DIVISION OF STATE
TECHNICAL ASSISTANCE AND MAKE-UP OF POOR**

<u>Relationship of State technical assistance resources devoted to rural areas and rural percentage of poor^a</u>	<u>Number of States</u>
0 - 25% less rural technical assistance resources than proportion of poor population	10
1 - 25% more rural technical assistance resources than proportion of poor population	24
26 - 50% more rural technical assistance resources than proportion of poor population	13
51 - 75% more rural technical assistance resources than proportion of poor population	2

^aState technical assistance resources means professional staff time of the State TA agency. The rural proportion of the poor in each State (based on 1960 Census data) is the total of rural farm and rural-nonfarm poor. Wyoming is not included in this comparison as it had no State TA agency in June 1966.
Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD; and Office of Economic Opportunity.

TABLE 38
COMPARISON OF EOA RESOURCES DIRECTED TO URBAN VS.
RURAL AREAS, APRIL 1, 1966^a

Program or Resources	Number		Percentage	
	Urban	Rural	Urban	Rural
(urban-rural makeup of poor--millions) ^b	21 3	17 4	55	45
Job Corps	N.A.	N.A.	N.A.	N.A.
Neighborhood Youth Corps				
Projects	1,008	663	60.3	39.7
Participants (thousands)	455.4	121.1	79.0	21.0
Dollars (millions)	268.0	66.3	73.9	26.1
Community Action Program ^c				
Grants Made	1,986	1,194	62.5 ^d	37.5
Dollars (millions)	341.7 ^d	72.8	82.4 ^d	17.6
Head Start (summer) Program				
Grants Made	1,125	1,273	46.9	53.1
Dollars (millions)	51.0	34.5	59.6	40.4
Adult Basic Education				
Participants (thousands)	191.9	111.6	63.2	36.8
Dollars (millions)	11.1	3.1	78.2	21.8
Rural Loan Program				
Loans Made (thousands)	5,934	16,936	25.9	74.1
Dollars (millions)	10.5	30.9	25.4	74.6
Small Business Loans				
Small Business Development Centers	27	16	62.8	37.2
Loans Made	1,048	213	83.1	16.9
Dollars (millions)	11.1	3.1	78.2	21.8
Work Experience Program				
Programs Funded	137	101	67.6	42.4
Participants (thousands)	84.6	35.9	70.2	29.8
Dollars (millions)	119.8	79.0	60.3	39.7
VISTA				
Volunteers in Service	960	862	52.7	47.3

^aThe resource distribution shown was determined on the basis of the urban or rural nature of the county (based on the OEO definition) in which the grant was made.

^bThe rural poor figure includes rural farm and nonfarm.

^cIncludes all CAP grants (section 204-205, Migrant, technical assistance, demonstration, research, and training).

^dIncludes Statewide programs. Multi-State programs are distributed.

Source: Office of Economic Opportunity.

Only ten State offices are devoting more resources to helping urban areas (and the deviation in each case is less than 25%) than would be dictated on a strict urban-rural poor population basis. The average deviation is 17.3% in favor of rural areas. This pattern indicates that the States have recognized the relatively greater technical assistance needs of rural areas over urban areas. One of the State anti-poverty program coordinators commented that:

The non-urban areas have found it difficult to move rapidly in organizing their Community Action Agencies in accordance with the guidelines. . . It has been our experience that in rural areas, there must be a greater concentration of technical assistance services to translate survey information into action components.

The CAA executive directors responding to the ACIR-NACD questionnaire apparently feel that the level of State technical assistance is too low and thus it may be that the technical assistance needs of some urban areas are being neglected.

The Community Development District Proposal

To increase the financial and technical assistance to rural areas, the Administration has advanced the Community Development District bill. Under this proposed legislation, the Secretary of Agriculture, after consulting with other Federal agencies and the State concerned, would approve the establishment of community development districts in rural areas through which Federal assistance for community development and planning would be channeled. Such a proposal recognizes the inadequate geographic and fiscal base which characterizes existing local governments in many rural areas. Such a program can be expected to have an impact on the problems of rural poverty. Similar multi-county planning and development commissions have been established by a number of States. In Georgia, for example, matching State funds are made available for such bodies and anti-poverty programs have been organized in practically all counties in the State.

Summary

Rural poverty continues to be one of the hardest problems facing the war on poverty. In December 1965, the National Association for Community Development held a workshop on manpower and employment problems and passed the following resolution on rural poverty needs:

Recognizing the tremendous problems related to rural areas and the miniscule efforts so far expended in this area, we recommend that various related federal agencies, including the Office of Economic Opportunity and the Department of Labor, give greater emphasis to the problems of rural manpower, economic, and social needs.⁵

Additional data and analysis on the application of anti-poverty resources in rural areas will be given in later sections.

The Federal Budgetary and Program Context

The programs of the EOA do not, of course, constitute the entire anti-poverty impact of the Federal Government. The Federal Budget for fiscal 1967 includes estimated expenditures of \$21 billion for Federal benefits and services to the poor from administrative-budget and trust funds.⁶ This figure represents nearly 14.5 percent of all cash payments to the public from these budgetary sources. Additional but inestimable benefits to the poor will be derived from the remaining Federal expenditures. Distribution of the \$21 billion among Federal programs is summarized in Table 40.

TABLE 40

EXPENDITURES FOR THE POOR IN FISCAL YEAR 1967 BUDGET

Budgetary source	Amount (billions)	Percent of total expenditures for the poor
Funds appropriated to the President for new OEO programs	\$ 1.6	7.5%
Department of Health, Education, and Welfare	14.5	68.8%
Social security and health insurance	\$8.6	40.8%
Other appropriated funds	5.9	28.0%
Other agencies including departments of Labor, Agriculture, Housing and Urban Development, Interior, Commerce, Veter- ans Administration, Small Business Admin- istration, Railroad Retirement Board, and the Appalachian Regional Commission	5.0	24.0%

Source: Michael S. March, "Coordination of the War on Poverty," Law and Con-
temporary Problems, Vol. 31, No. 1 (winter, 1966), pp. 120-123.

Examined by functional program, the \$21 billion will be spent in the following way:

- \$7.3 billion for Old Age and Survivors and Dependents Insurance by the Department of Health, Education, and Welfare.
- \$5.4 billion for other cash benefit payments.
- \$2.4 billion for public assistance grants to the States exclusive of medical care and services.
- \$2.3 billion in Veterans Administration compensation and pension payments.
- \$0.7 billion in unemployment insurance benefits by the Labor Department and the Railroad Retirement Board.

- \$2.8 billion for education and training including \$1 billion for the Elementary and Secondary Education program; \$0.8 billion for the Economic Opportunity Act; and \$1 billion for manpower development and training by the departments of Labor and Interior.
- \$2.8 billion for health benefits and services including \$1.2 billion for the new Medicare and supplemental health programs for the aged.
- \$3 billion in other expenditures including economic and community development; \$0.8 billion for Department of Agriculture programs, and \$0.4 billion for the Department of Housing and Urban Development activities.⁷

Problems of Resource Allocation and Direction

Even the Executive Office of the President is not able to insure fully effective implementation of the policy decisions inherent in such a budgetary projection or to insure that all groups of the poor will be served by the Federal resources committed to the anti-poverty effort. For example, in 1966 the Council of Economic Advisers reported that the public assistance efforts of the Federal Government do not reach even a majority of the American poor:

In 1964, of the 34.1 million persons who failed to meet the Social Security Administration poverty-income standard, only 7.3 million, just over one-fifth of the noninstitutionalized needy, received public assistance payments. Some aid was also provided to 500,000 additional persons in institutions and to almost 270,000 aged persons who received help in meeting their medical bills. About 26 million poor persons were not receiving aid under public assistance programs in June, 1965: 11.5 million poor children; their 7 million parents; and about 3.5 million aged. The remainder of the unaided poor were adults aged 18-64 without dependent children. . .In addition to the large gaps in coverage under existing public assistance programs, the benefits paid to the eligible poor are often extremely low.⁸

As the following account shows, similar gaps in the coverage of Federal anti-poverty programs seem to exist in other functional areas including education:

On January 1, officials at the U. S. Office of Education quietly made a survey of what was happening with Federal funds in the 181 poorest counties in the Nation. They found that 80 percent had no projects yet approved by the State education agency. Working behind the scenes, they put pressure on these counties to get going to save the Administration a high embarrassment. They were largely successful with these 181 counties. But what about the next 181?⁹

An examination of the aggregate impact of domestic aid programs also shows a weak linkage between need and resources applied. An analysis by the National

Association of Manufacturers concluded:

There is no consistent relationships between the amount of [Federal grants-in-aid] received and either per capita personal income or the amount per capita spent by State and local governments. However, there is a clearly consistent relationship between the amount of Federal aid and the States' revenues from their own sources--as well as between the amount of aid and population. . .it is clear that there was little equalization in the distribution of Federal aid, as of fiscal year 1964.¹⁰

A study by Murray L. Weidenbaum, economist at Washington University in St. Louis, concluded that: "As the weight of Federal spending shifts towards civilian programs, the low-income regions boost their status even closer to the high income regions. . .as the whole range of Great Society programs goes into effect, there will be a further acceleration of this trend."¹¹

The evaluation of the effectiveness of the Federal Government in directing funds available under the EOA must include a recognition that directing and controlling the application of Federal resources is very difficult. The best made resource application policies are often skewed in the budget execution phase. A means for arriving at an exact correlation between incidence of need and resources applied is an unsolved mystery.

National Poverty Profile

To set the stage for the following analysis, Table 41 sets some parameters on the magnitude of the poverty problem in 1960.

TABLE 41

NATIONAL POVERTY PROFILE, 1960

<u>Population indicator</u>	<u>Number^a (thousands)</u>
Total United States population	174,373.0
Total poor population	38,684.0
Urban poor population	21,292.7
Rural nonfarm poor population	12,471.6
Rural farm poor population	4,919.7
<u>Poor as percent of total population</u>	<u>22.2%</u>

^aTo avoid distortions, number of poor data in this section excludes individuals living in group quarters of five or more. This category is composed almost entirely of prisoners, residents of military bases, and college students.

Source: Bureau of the Census data tabulated by the Office of Economic Opportunity.

The profile is based on 1959 income and 1960 population data. In arriving at these figures, families of two or more were apportioned by income bracket, size of family (up to 16 plus), and by location (urban, rural nonfarm, and farm). The threshold of poverty standards applied were based on the work of Miss Mollie Orshansky of the Department of Health, Education, and Welfare.¹²

Evaluation of Anti-Poverty Resource Application

Methodology

Three techniques will be used to evaluate the degree to which anti-poverty resources under the EOA have been applied in relation to the incidence of poverty. First, the allocation of resources will be approached on an aggregate State basis. Indications of the relative incidence of poverty among States will be matched through various statistical means with total EOA dollars expended in the State. The second approach involves an in-depth evaluation of resource application in 200 counties: the 100 richest and the 100 poorest in the country as measured by per capita income ranking in 1960. Comparisons will be made of the implementation of programs between these two groups as well as relative amounts of resources provided. To supplement the analysis previously presented on problems of rural poverty, the 200 counties will also be used for urban-rural comparisons. A third approach will analyze program implementation in selected metropolitan areas.

Aggregate Analysis--State Basis

The correlation between the total EOA funds spent in a given State per poor person and the level of funding of the State technical assistance agency was discussed in Section B. EOA dollars per poor person data also offer a means for evaluating the evenness with which anti-poverty funds are being distributed among the States. Table 42 shows the range of this measure of resource allocation. Appendix B provides individual State data.

TABLE 42

RANGE OF EOA DOLLARS PER POOR PERSON BY STATE

<u>EOA Dollars Per Poor Person</u>	<u>Number of States</u>
Less than \$ 10.00	1
\$10.01 to \$ 25.00	12
\$25.01 to \$ 50.00	21
\$50.01 to \$ 75.00	12
\$75.01 to \$100.00	3
More than \$100.00	1

Source: Program Data (as of April 1, 1966) and number of poor from Office of Economic Opportunity.

Based on these data, the average EOA expenditure per poor person was \$40.33 and the median was \$32.90. The range of expenditures was \$9.93 to \$131.31. Thus there is a wide variation among States in the EOA resources applied per poor person. The explanation for this variation arises from the differences in the support and involvement of State and local agencies. For example, as of

May 1966, Indiana, Wisconsin, Idaho, Iowa, Nebraska, and Wyoming each had not received even the minimum funds allocated to them under the EOA. All had almost \$500,000 remaining in minimum funds.¹³ Some evaluations have suggested that this variation in the use of EOA resource among States has a regional pattern. One report stated:

The South is short-changing itself and its poor in the national campaign against poverty. Millions of dollars available for services and jobs in the Southern States are not being claimed while most of the better-off States of the North are getting all that is due them and asking for more. The Office of Economic Opportunity distributes the money but is no mere transmission belt. Unless there is a demand, the agency can do little. Demand means putting an effective program together in the State or locality and writing it within the guidelines the agency has provided. . . Without local sponsorship and cooperation it is difficult for a Federal self-betterment program to operate in Southern cities and virtually impossible for it to penetrate the rural south.¹⁴

This same account supplied comparisons between the ranking of a number of selected States in number of poor and funds received. These findings are shown in Table 43.

TABLE 43

**COMPARATIVE RANKING OF SELECTED STATES:
NUMBER OF POOR AND EOA FUNDS RECEIVED^a**

<u>State</u>	<u>Ranking in Number of Poor</u>	<u>Ranking in Funds Received</u>
Texas	1	5
New York	2	2
California	3	1
North Carolina	5	17
Georgia	8	11
Tennessee	9	18
Michigan	12	6
Louisiana	13	24
Virginia	16	32
Missouri	17	14
South Carolina	18	33
Arkansas	19	13
New Jersey	23	9
Maryland	28	28
Connecticut	35	26

^a Funds received exclude Job Corps centers which serve a region rather than a State.

Source: Joseph A. Loftus, "South Is Lagging in Requests for Federal Anti-Poverty Money," New York Times (January 2, 1966), p. 48.

This aggregate analysis suggests the existence of rather wide variations in the utilization of EOA resources among States. There is a distinct lag in

bringing about a reasonable correlation between the incidence of poverty and the application of EOA resources in a significant number of States. Perhaps the comparability will improve as the program ages so long as identified and chronic problems (such as rural areas) can be effectively dealt with. Distortions, either in terms of unusually high or low funding levels related to need should be identified by program administrators and efforts made to encourage stronger State or local action to moderate these problems. While high performance should of course be encouraged, poor performance cannot be forgotten. The nature of the grant-in-aid concept leaves the responsibility for allocating resources with the Federal Government even though it lacks many of the tools (increased State or local program initiative or effectiveness) necessary to correct problems.

Selected County Analysis

To analyze the correlation between need and application of resources, the 100 richest and 100 poorest counties in the Nation, as ranked in the 1960 Census, were examined in depth. In each case, the EOA programs operating in the county, the county total population¹⁵, the county poor population, and the amount of EOA program resources directed into the county were developed. While conclusions drawn from an examination of these 200 of the more than 3,000 counties in the United States are not without weakness, any major distortions in program allocation of funds relative to need should become clear, perhaps even more sharply than would be true if all counties were examined. A second weakness in the analysis is, as previously noted, the age of the data being used. Program data are as of April 1, 1966, while income data are from 1959 and population data from 1960. The need to improve the quality and scope of data available has previously been noted.

Generally speaking, speed in getting programs under way has been one of the hallmarks of the war on poverty. One account of program progress reads as follows:

The first CAP grant was made in November 1964. By the end of January 1966 more than 900 grants had been made to over 1,000 of the 3,300 counties in the United States including more than 600 active CAAs. All of the 50 largest cities, with a population of 8 million poor people, had CAAs. By the end of fiscal 1967, it is estimated by OEO that CAAs will be operating in more than 900 urban and rural areas containing over three-fourths of the 32 million poor people in the Nation in their boundaries. Moreover, in fiscal 1967, the CAAs will probably provide some service to about a fourth of the people in their boundaries, or to a fifth of all the poor.¹⁶

As a general proposition, it can be said that areas with a low per capita income also tend to have a weak local governmental and community leadership structure. The reverse tends to be true for areas with a relatively high per capita income. This relationship does not negate the existence of large "pockets" of the extremely poor, balanced by "pockets" of extremely wealthy in richer areas. It may also be said that in more populous areas, the percentage of poor is lower than in less populous areas, although the absolute number of poor is larger. For example, under the OEO definition of poverty, there are more poor in Cook County, Illinois (500,000), than the total population of any one of three States--Delaware, Wyoming, and Nevada.

Program Implementation

The first comparison to be presented is between the number of counties in each group of 100 which were serviced by various programs of the EOA as of September 30, 1965, January 1, 1966 and April 1, 1966. Table 44 presents such information for all programs except Job Corps.

TABLE 44

**IMPLEMENTATION OF EOA PROGRAMS IN 100 RICHEST
AND 100 POOREST COUNTIES**

EOA Program	Number of Counties Having Programs					
	September 30, 1965		January 1, 1966		April 1, 1966	
	Among 100 Richest Counties	Among 100 Poorest Counties	Among 100 Richest Counties	Among 100 Poorest Counties	Among 100 Richest Counties	Among 100 Poorest Counties
ABE	42	30	46	32	56	51
NYC	42	21	52	24	55	30
CAP	44	29	69	82	71	82
WE	28	18	37	19	39	30
SBA	n.a.	n.a.	17	1	17	1
RL ^a	28	93	29	94	30	96
(no. rural counties)	(28)	(100)				
VISTA	16	9	21	9	25	13

^aRural Loans.

Source: Office of Economic Opportunity program data as of September 30, 1965, January 1, 1966, and April 1, 1966; county per capita income based on 1960 Census; and determination of rural vs. urban nature based on information from the Department of Agriculture.

This table shows a lag between richest and poorest counties in implementing most programs of the EOA. As suggested earlier, such a phenomenon is probably most closely related to the relative strengths and weaknesses of local government and community leadership in areas with lowest per capita incomes. Since all 100 of the poorest counties are rural under the OEO definition, a further indication of weak local government in these areas can be identified.

This same kind of comparison is also possible on an urban-rural basis among the 200 counties. Table 45 presents such data relating to the implementation of various EOA programs as of September 30, 1965, January 1, 1966, and April 1, 1966.

TABLE 45

**IMPLEMENTATION OF EOA PROGRAMS IN 100 RICHEST AND
100 POOREST COUNTIES, URBAN-RURAL COMPARISON**

EOA Program	Number of Counties Having Programs					
	September 30, 1965		January 1, 1966		April 1, 1966	
	Urban	Rural	Urban	Rural	Urban	Rural
(No. of counties)	(73)	(127)	(73)	(127)	(73)	(127)
ABE	42	30	45	31	54	53
NYC	40	23	50	26	53	32
CAP	44	29	67	85	68	85
WE	28	18	36	20	38	31
SBA	n.a.	n.a.	17	1	17	1
RL ^a	22	99	23	100	24	102
VISTA	16	9	20	10	24	14

^aRural Loans

Source: Office of Economic Opportunity program data as of September 30, 1965, January 1, 1966, and April 1, 1966; county per capita income based on 1960 Census; and determination of rural vs urban nature based on information from the Department of Agriculture.

The table shows considerable progress in rural areas between September and April in certain programs, especially Community Action, but in other programs, especially Work Experience, NYC, and Adult Basic Education, implementation was slower. The only direct Federal program, rural loans, came closest to reaching all counties (rural) in its target group.

Per Capita Expenditures

The next analysis involves a comparison of the per capita expenditures of EOA dollars in the 200 counties both on a rich vs. poor and urban vs. rural basis as of April 1, 1966. Table 46 presents such data both on the basis of total and of poor population and for total EOA dollars and for Section 204-205 Community Action Program grants. This latter comparison is based on the role of the CAP as the broad anti-poverty tool with an "all-poor" target group.

TABLE 46

**PER CAPITA COMPARISON OF EOA RESOURCES IN SELECTED COUNTIES AS OF
APRIL 1, 1966: URBAN-RURAL AND RICH-POOR BASIS**

<u>Basis of comparison</u>	<u>Rich</u>	<u>Poor</u>	<u>Urban</u>	<u>Rural</u>
(Number of counties)	(100)	(100)	(73)	(127)
Total EOA dollars spent				
Per capita - total population	\$ 6.21	\$23.87	\$ 6.22	\$21.67
Per capita - poor population	54.36	33.64	54.49	33.36
Section 204-205 CAP dollars				
Per capita - total population	3.03	5.91	3.04	5.36
Per capita - poor population	26.51	9.88	26.59	8.25

Source: Office of Economic Opportunity, 1960 Census.

As this table shows, the poor and rural groups lead their counterpart rich and urban counties in EOA and CAP grants on a per capita base when the total population is considered. However, when only the poor population is considered, the urban and rich counties show a sharp increase and exceed the rural and poor counties, sometimes by as much as a 2:1 or 3:1 ratio. This phenomenon reflects the fact that a smaller percentage of the residents of the urban and rich counties are poor. For example, 70.9 percent of the population of the poor counties were impoverished while only 11.4 percent of the population of the rich counties were so classified.

Population Served

Another means of measuring program progress among the 200 counties is to compare the percentage of the total and of the poor population being served by at least one EOA program and by the CAP Section 204-205 programs as of April 1, 1966. Table 47 makes such a comparison.

TABLE 47

**TOTAL AND POOR POPULATION SERVED BY ANTI-POVERTY PROGRAMS IN
SELECTED COUNTIES, APRIL 1, 1966**

<u>Measure of level of service</u>	<u>Percent of population served in</u>			
	<u>Richest counties</u>	<u>Poorest counties</u>	<u>Urban counties</u>	<u>Rural counties</u>
Being served by at least one EOA program				
Total population basis	99.2	99.5	99.3	97.0
Poor population basis	99.5	99.5	99.7	98.8
Being served by a Section 204-205 Community Action Program grant				
Total population basis	98.5	84.6	98.7	80.0
Poor population basis	99.0	84.3	99.2	83.2

Source: Program and number of poor data from the Office of Economic Opportunity.

Using the far from rigorous standard of being served by at least one EOA program, the impact of the war on poverty is almost saturation in the selected counties. When, however, receipt of a Section 204-205 grant is used as the standard, urban-rural and rich-poor disparities become apparent. For example, 15.4 percent of the total population of the poorest counties and 15.7 percent of the poor population of these areas are not being aided by the Community Action Program. Comparing the results of this analysis with the examination of implementation of various programs suggests that the areas in which few or no benefits of the war on poverty have yet become available present perhaps the hardest problems: the smallest, rural counties which are likely to have a high incidence of poverty and an extremely low level of governmental and community leadership.

Departure from "Ideal" Allocation of Resources

The final analytical approach is an attempt to determine the degree to which actual resource allocation has deviated from an "ideal" application pattern based on the incidence of poverty. The CAP staff has developed an index for each State which represents the relative amount of poverty in that State relative to other States as measured by a number of factors including unemployment and public assistance recipients. A similar index, based on additional factors, has been prepared for each county representing the incidence of poverty in that county relative to other counties in the State. These indices can be used to construct an ideal allocation of funds both among States and among counties and the degree to which actual program experience deviates from this ideal allocation of resources can be measured. Table 48 shows the range of deviation from such a theoretical standard for Section 204-205 CAP dollars, again reflecting the general role of the CAP. This table measures the difference between total funds received by the selected counties (including an urban-rural and rich-poor division) expressed as a percentage of what these counties "should" have received if resources were distributed on the basis of the incidence of poverty. The data presented shows these percentages both assuming an ideal as well as the actual allocation of funds among the States.

TABLE 48

COMPARISON OF ACTUAL CAP PROGRAM LEVEL IN SELECTED COUNTIES WITH "IDEAL" ALLOCATIONS STANDARDS^a

Standard to which percentage is related	Funds received by selected counties as percentage of standards			
	<u>Rich</u>	<u>Poor</u>	<u>Urban</u>	<u>Rural</u>
Compared with the "ideal" distribution of Section 204-205 CAP funds among the States, and among counties	167.7	94.0	168.2	92.1
Compared with the actual allocation of Section 204-205 funds among the States, but among counties on "ideal" basis	131.5	105.3	132.0	100.2

^aProgram data supplied as of January 1, 1966.

Source: Office of Economic Opportunity.

Thus, the "rich" counties received 167.7 percent as many CAP dollars as they would have received if the CAP money had been ideally distributed at both State and county levels and 131.5 percent as much as they would have received if perfect allocation had taken place at the county level only. Variations between percentages under the first and second standards reflect the deviations from the ideal allocation which occurred among the States.

Summary

The analysis based on the 200 selected counties supports a number of observations:

1. Poor and especially rural counties lag behind urban and rich counties in the implementation of programs and in receipt of EOA dollars per poor person.
2. Although poor and rural counties receive funds at a level relatively comparable to an ideal allocation of funds, urban and richer counties are receiving funds at a level significantly above that dictated by a theoretical "ideal allocation." Many rural and poor counties receive no funds under a number of important programs.
3. Community Action and rural loan programs have been especially successful in getting programs organized in rural and poor counties. Work Experience and small business loans have been rather slow.
4. Despite the lag in implementation in many areas, in excess of 90 percent of the total and poor population in all county classifications was being served by at least one program. In most cases, for the rural and poor counties, it was the rural loan program which is directly administered by the Federal Government without reliance on State or local action.

The thrust of this analysis is not to lay the fault for variations in levels of implementation entirely at the OEO doorstep. The grant-in-aid system by its very nature relies on State and local governments and the variations identified result from differences in the strengths and weaknesses of these units more than any other single factor. The recognition of these differences does not relieve any level of government of the responsibility for finding new ways to make the Federal partnership effective in the war on poverty as in other areas of intergovernmental relations.

Analysis of Selected Metropolitan Areas

As of January 1, 1966, 45 of the then 226 Standard Metropolitan Statistical Areas¹⁷ had not received a Community Action Program grant. Slightly more than five percent of the total U. S. population resides in these areas. The flavor of much of the preceding analysis has been that the lack of population density and community leadership are often difficult problems to surmount in initiating and organizing a local anti-poverty program. Presumably SMSAs by their very nature and size suffer less from these problems. The following analysis identifies the level of program implementation in the 45 SMSAs without a CAP grant, in contrast to an equal number of comparable SMSAs in which a CAP grant had been made. A statistical comparison of the two groups of SMSAs used for this analysis can be found in Appendix B.

In considering the following analysis, it is important to note that the existence of a CAP grant within a SMSA does not mean that all citizens of the area are being served by an anti-poverty program. It only means that at least one county (or city) within the area has received a grant. The geographic coverage of CAP grants in SMSAs, as discussed in Section A, showed that a single

county or city base (less than the total SMSA) was most common. A county basis is used for this analysis because SMSAs are described on a county basis and OEO program data are available in that form.

Table 49 shows the percentage of the counties in the two groups of SMSAs in which each of the EOA programs other than CAP had been funded. All program data are as of January 1, 1966.

TABLE 49
COMPARISON OF PROGRAM IMPLEMENTATION IN SELECTED SMSAs

EOA Program	% of counties in which program funded in:	
	45 SMSAs with CAP grant	45 SMSAs with- out CAP grant
Neighborhood Youth Corps	51.6	25.4
Adult Basic Education	45.2	25.4
Head Start	80.7	65.1
VISTA	9.7	1.6
Rural Loans	67.7	60.3
Small Business	4.7	3.2
Work Experience	38.7	6.3
Migrant Program	11.3	0.0

Source: Program data from Office of Economic Opportunity.

As the table shows, the counties in SMSAs which had received a CAP grant have a significantly higher level of implementation of other EOA programs than the counties in SMSAs without a CAP grant. This seems to confirm the success of the community action agency as a catalyst in initiating needed programs at the local level. It also suggests that the absence of a CAA may mean that other needed EOA programs will not be organized. The contrast is particularly strong in the Work Experience, Adult Basic Education, and Neighborhood Youth Corps programs despite the involvement of the State in the first two.

Table 50 shows the percentage of the counties in the two groups which had varying numbers of the other EOA programs from zero to eight. Such a comparison suggests that not only do counties in the CAP SMSA group fare better as a whole, but the concentration of EOA programs in these areas is higher than in non-CAP SMSAs.

TABLE 50
CONCENTRATION OF EOA PROGRAMS IN SELECTED SMSAs

Number of EOA programs in SMSA (other than CAP)	Percentage of counties in	
	45 SMSAs with CAP grant	45 SMSAs without CAP grant
0	0	12.7
1	9.7	25.4
2	25.8	31.7
3	21.0	23.8
4	22.6	4.8
5	14.5	1.6
6	0.0	0.0
7	1.6	0.0
8	1.6	0.0

Source: Program data from the Office of Economic Opportunity.

This greater concentration of programs in the CAP SMSAs is quite marked. For example, among that group, 40.3 percent of the counties had four or more other EOA programs while the comparable figure for the non-CAP group was only 6.4%. In analyzing the SMSAs in both groups which had two other (non-CAP) programs or less, Head Start and Rural Loans were most frequently found.

To further evaluate the factors affecting the availability of EOA programs in metropolitan areas, the impact of region and of percent of State population living in SMSAs was studied. For this analysis, the States were divided into four equal groups based on the percentage of the population of the State living in SMSAs. Data by regional groupings of States, based on the standard Census regional definitions, were also prepared. On each basis, the percentage of the SMSAs within the group which did not have a CAP as of January 1, 1966 was determined. The results are shown in Table 51.

TABLE 51
COMPARISON OF URBANIZATION AND REGIONAL
FACTORS WITH INCIDENCE OF CAP IN SMSAs^a

<u>Degree of urbanization</u>	<u>Percent of SMSAs in group without a CAP</u>
First quartile (75-100% of State population in SMSAs)	9.1
Second quartile (74.7 to 51.3% of State population in SMSAs)	32.8
Third quartile (50.4 to 27.6% of State population in SMSAs)	16.3
Fourth quartile (25.5 to 0% of State population in SMSAs)	34.6
 <u>Region</u>	
New England	8.7
Mideast	4.0
Great Lakes	26.0
Plains	25.0
Southeast	14.5
Southwest	44.4
Rocky Mountain	26.6
Far West	5.0

^aAll 50 States were included in this analysis.

Source: Program data from the Office of Economic Opportunity.

The relationship of extent of urbanization to incidence of CAPs in SMSAs seems to be slightly weaker than the relationship of region to CAP incidence. For example, all but two of the States in the first quartile of population living in SMSAs are in the New England, Mideast or Far West regions which have the lowest percentage of SMSAs without CAP grants. Both factors, however, seem to be related to the funding of community action programs within SMSAs. It can be surmised that the greater the population density the stronger the local leadership and public and private institutions are likely to be and thus the greater the ability of the locality to organize an anti-poverty program. This does not suggest, of course, that SMSAs can be ignored, in terms of technical assistance, by either the Federal or State government.

Readjusting Resource Allocation

As many observers of the war on poverty have contended and as the analysis in this section indicates, there is a lag in getting EOA programs organized and in providing sufficient funds in rural areas and in areas with a high incidence of poverty. Allocation of resources when measured on an aggregate State basis seems moderately reasonable but there is room for improvement. However, the analysis of 200 selected counties, found that the poor in richer and more urbanized areas were being served much more effectively than their counterparts in the poorer and rural areas. Such an observation does not need elaborate proof for it follows from the nature of local governments in the respective areas and the reliance which grant-in-aid programs place on the initiative and action of this level of government.

Grants to urbanized areas may, of course, provide assistance to more poor than the entire population of a small rural county. But even in urban areas, there is some evidence of program lag. Of the 226 Standard Metropolitan Statistical Areas, 45 were not covered even partially by a Community Action Program grant as of January 1, 1966. The analysis of selected SMSAs showed that the presence of CAP grants seems to have a very definite effect on whether other EOA programs are initiated. In addition, the extent of urbanization and the region of the country are related to the likelihood of at least one county in an SMSA having received a CAP grant.

Perhaps the exceptional speed with which the anti-poverty program has been implemented nationally causes the imposition of a more exacting standard than has been applied to older programs. The urgency expressed in the Economic Opportunity Act imposes such a higher standard.

If the national policy commitment to eliminate poverty wherever it is found and to serve the poor regardless of the place of their residence is to be fulfilled, additional efforts by Federal, State, and local agencies will be needed.

D. INTERGOVERNMENTAL FISCAL ASPECTS OF THE ANTI-POVERTY PROGRAM

Three programs authorized by the Economic Opportunity Act involve fiscal relationships among the Federal Government, State governments, and local communities. At the local level the fiscal involvement concerns not only the governmental units (cities, counties, townships, and school districts) but also a variety of private, nonprofit agencies. The three programs are the Community Action Program, the Work Training Program (Neighborhood Youth Corps), and Adult Basic Education, all financed through grants-in-aid. Omitted from the following discussion are the Job Corps, Volunteers in Service to America (VISTA), services to migrant agricultural workers, and the rural loan program, all of which are either direct Federal Government programs or involve direct relationships between the Federal Government and individuals. Also excluded is the Work Experience Program, which operates as a supplement to the categorical public assistance grant program.

Apportionment Formulas

To assure that available Federal grant funds are distributed equitably among the several States, most grant-in-aid programs include some kind of apportionment formula. Ideally, such a formula should take into account specific measures of need for the State or local activities being supported by the grant-in-aid.

The Community Action Program, which involves the lion's share of funds for the war on poverty, requires the OEO Director to use three statistical measures to determine how much Federal money will be made available in each State: (1) the number of public assistance recipients; (2) the number of unemployed persons; and (3) the number of children under 18 years of age living in families with annual incomes of less than \$1,000. Specifically, the Act provides:

Of the sums being allotted under this subsection-

(1) one-third shall be allotted by the Director among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-third as the number of public assistance recipients in such State bears to the total number of public assistance recipients in all the States;

(2) one-third shall be allotted by him among the States so that the allotment to each State under this clause will be an amount which bears the same ratio to such one-third as the annual average number of persons unemployed in such State bears to the annual average number of persons unemployed in all the States; and

(3) the remaining one-third shall be allotted by him among the States so that the allotment to

each State under this clause will be an amount which bears the same ratio to such one-third as the number of related children under 18 years of age living in families with incomes of less than \$1,000 in such State bears to the number of related children under 18 years of age living in families with incomes of less than \$1,000 in all the States.¹

In addition to the specific allocation to the States, the Act provides for "an equitable distribution of assistance...within the States between urban and rural areas."² To accomplish this, the OEO Director is to develop criteria taking into consideration "the relative numbers in the States or areas therein" of:

(1) low-income families, particularly those with children; (2) unemployed persons; (3) persons receiving cash or other assistance on a needs basis from public agencies or private organizations; (4) school dropouts; (5) adults with less than an eighth-grade education; (6) persons rejected for military service; and (7) persons living in urban places compared to the number living in rural places as determined by the Bureau of the Census for the 1960 census.³

The Neighborhood Youth Corps program does not call for a specific allocation of funds among States. The Act merely provides that:

The Director shall establish criteria designed to achieve an equitable distribution of assistance under this part among the States. In developing such criteria, he shall consider among other relevant factors the ratios of population, unemployment, and family income levels.⁴

To assure that all available funds are not spent in a few States, the Act provides that no more than 12½ percent of funds appropriated for this purpose in any one fiscal year shall be used in any one State.

For Adult Basic Education, available funds are apportioned among States simply in proportion to the number of individuals aged 18 and over with no more than a fifth-grade education, but no State is to be allotted less than \$50,000 for any one fiscal year.

Given the necessary data, the various factors included in the apportionment yardsticks described above can provide reasonable measures of need for the particular programs involved. Much of the information called for, however, even on a statewide basis, is based upon the 1960 Census of Population and Housing, dating back six or seven years. Nevertheless, fairly accurate State estimates can be made. A major problem arises with respect to the small-area data called for in connection with the allocation of funds between urban and rural sections of States. As the anti-poverty program progresses, need for current program data will become more and more apparent, not only for accurate allocation of funds but also to measure and appraise the effects of these efforts.

Matching Provisions

To insure widespread participation in the anti-poverty programs, Congress has seen fit to provide virtually 100 percent financing from Federal funds, at least for the first three years. All three of the grant programs under consideration here require that only 10 percent of the cost shall be absorbed by States and localities. In the case of the Neighborhood Youth Corps and the Community Action Program, where most Federal funds go directly to local communities, the local contribution can be either in cash or in kind. Funds for the Adult Basic Education Program are channeled through the States. There is no provision under that program for non-Federal contributions in kind. In-kind contributions under the two former programs may be in the form of plant, equipment, or services. OEO estimates that 98 percent of local contributions to community action programs are of that type. Furthermore, in the case of community action programs, the Director of OEO can waive even the 10 percent local participation requirement if he is convinced that it imposes a financial hardship upon the community. Under OEO regulations, a community must meet both of the following tests to qualify for the waiver of the 10 percent requirement:

- (1) The per capita income of the community to be served by the program is less than \$750 per annum;
- (2) A reasonable effort to raise 10 percent of the program cost from non-Federal sources, both public and private, has been made without success.

According to OEO, 182 counties have qualified for the waiver.⁶

Matching requirements under the grant-in-aid programs of the war on poverty were obviously intended to impose as small a financial burden as possible upon local communities, at least until these programs are well established. As originally enacted, the 10 percent sharing requirement was to be in effect for fiscal years 1965 and 1966, after which the local contribution was to be raised to 50 percent. The 1965 amendments extended the 10 percent sharing through fiscal 1967. In March 1966 the Administration proposed that the 90-10 matching formula be extended indefinitely.

What would happen to the community action programs if localities were suddenly required to raise half the cost? The NACD-ACIR survey posed that question to the executive directors of CAAs. Of 199 responses, 97 said the program would cease or be seriously crippled, 72 said it would be substantially cut back, only 12 said there would be little or no change, and 18 did not respond to the question. Judging from these responses, community action programs would be seriously, if not fatally damaged if localities were required to meet a substantial part of the cost. Even CAAs in high-income areas would find it necessary to curtail their activities.

A rough estimate of the total funded program cost of the three grant programs explains the reactions of CAA directors. The following table shows the estimated expenditures for the three fiscal years ending June 30, 1967 (in thousands):

TABLE 52

**ESTIMATED FEDERAL AND NON-FEDERAL SHARES OF ESTIMATED
EXPENDITURES FOR NEIGHBORHOOD YOUTH CORPS,
COMMUNITY ACTION PROGRAM, AND WORK
EXPERIENCE, FISCAL YEARS 1965-1967**

	<u>FY 1965</u>		
	<u>Total</u>	<u>Federal</u>	<u>Non-Federal</u>
Neighborhood Youth Corps ^a	\$ 56,550	\$ 50,895	\$ 5,655
Community Action Programs ^a	54,716	49,244	5,472
Adult Basic Education	<u>4,750</u>	<u>4,275</u>	<u>475</u>
Total	<u>\$116,016</u>	<u>\$104,414</u>	<u>\$ 11,602</u>
	<u>FY 1966</u>		
Neighborhood Youth Corps	\$272,222	\$245,000	\$ 27,222
Community Action Programs ^a	545,556	491,000	54,556
Adult Basic Education	<u>22,222</u>	<u>20,000</u>	<u>2,222</u>
Total	<u>\$840,000</u>	<u>\$756,000</u>	<u>\$ 84,000</u>
	<u>FY 1967</u>		
Neighborhood Youth Corps ^a	\$ 305,556	\$ 275,000	\$ 30,556
Community Action Programs ^a	816,667	735,000	81,667
Adult Basic Education	<u>33,333</u>	<u>30,000</u>	<u>3,333</u>
Total	<u>\$1,155,556</u>	<u>\$1,040,000</u>	<u>\$115,556</u>

^a Includes Head Start and grants to State offices of economic opportunity.

Source: Derived by ACIR staff, based on Appendix to the Budget for Fiscal Year 1967, p. 92.

If these programs should be stabilized at \$1.2 to \$1.5 billion in fiscal 1968, the local share at 50 percent would be \$600 to \$750 million instead of \$120 to \$150 at 10 percent sharing. This is about a fourth of all local governmental spending for public welfare in 1964. Furthermore, a substantial portion of the local share would necessarily be in cash, primarily in the form of local property taxes.

State Financial Participation

The Economic Opportunity Act makes minimal financial demands upon State governments. They are given a coordinating role through State anti-poverty offices. In addition, the Adult Basic Education program is operated through State education agencies.

For fiscal 1966, \$7.5 million of the funds authorized for the CAP were allocated to State coordinators. The Act itself does not require State matching, but in practice States have to put up 10 to 13 percent of the cost of the State coordinators' offices. One State, New York, furnishes more than half.

Thus, of the \$55 million non-Federal contribution to CAP in fiscal 1966, States were supplying in the vicinity of \$1 million.

For Adult Basic Education, the non-Federal share is 10 percent in cash. While Federal funds (\$20 million expenditures, estimated for fiscal 1966) are channeled through States and most States provide the non-Federal share from State funds, the Act does not require them to do so. In some States, all or part of the 10 percent non-Federal contribution comes from local sources.

Thus, of a total program cost that is fast approaching \$1 billion, State tax sources were providing no more than \$3 to \$5 million--no more than one half of one percent of the total cost, or 5 percent of the non-Federal share. Considering the vastly superior tax sources available to States in comparison to the sources available to local communities, and the areawide nature of the poverty problem, the States' required financial participation in the war on poverty is a pittance.

CAP Financial Administration

Volume II of the CAP Guide consists of instructions for financial management of CAP funds under sections 204, 205, and 207 of the EOA. Major headings cover requirements for obtaining grant funds, payment procedure, accounting for program funds, Federal audit, and financial reports. The Guide requires each grantee to assure that the following requirements are met in accordance with the detailed instructions:

- "1. An accounting system adequate for the purposes of the grant must be established and approved by an independent accountant where the grantee is a private non-profit organization, or by the chief financial officer where the grantee is a public agency
- "2. Independent audits shall be conducted on a periodic basis
. . .
- "3. Adequate personnel must be assigned by the grantee to assure that financial operations and administration of the accounting system and related internal controls meet acceptable standards. . .
- "4. Each grantee is responsible for assuring that its delegate agencies adopt adequate accounting systems. . ." ⁷

Despite these financial management requirements, there have been instances of loose handling of funds among community action agencies. Probably the best-known case is that of Haryou-Act in Harlem. After its Project Uplift in the summer of 1965, the agency's financial records were found to be so chaotic that Federal funds were cut off temporarily, and the executive director was relieved of his duties for a time so that he could "reconstruct" the records.

At House hearings in March 1966, the OEO Director acknowledged that administration of the Haryou-Act program was weak, and that its records were inadequately kept. But he said that OEO froze funds until better methods were installed and the program subsequently continued.⁸ When it was later revealed

that Haryou-Act owed the Federal Government \$290,000 in withholding taxes, money it apparently failed to set aside or that it somehow lost track of, the New York Times called for Federal-State-local cooperative action to clear up such financial and administrative irregularities:

This is an odd way to run a vital agency financed by public funds. But, conversely, most of the city's anti-poverty organizations don't think the Office of Economic Opportunity is running things very well, either. . .

. . .the recurrent disclosures of maladministration, ineptness and either political lethargy or oneupmanship, here and in other cities, suggest that the forward movement of the anti-poverty effort is not nearly great enough. Nor can it ever be enough without proper standards and proper supervision.

If the OEO, State government, and city governments cannot among them put this program on the track, they will be inviting exhaustive Congressional scrutiny of the entire anti-poverty landscape. . .⁹

Chapter IV

CONCLUSIONS AND RECOMMENDATIONS

In this report the Commission has examined the intergovernmental aspects of the Economic Opportunity Act of 1964 as amended. It has focused on determining whether the Office of Economic Opportunity and its nine component programs are maximizing the unique potential of each of the three levels of government in pursuit of the Act's national objective of eliminating poverty. It has also sought to appraise the effect of the anti-poverty effort on the strength of the States and local governments as partners in the federal system.

The Commission recognizes that the Economic Opportunity Act does not constitute the total effort of the Federal Government to alleviate and eliminate poverty. The total effort includes especially the education, manpower, housing, health, and development programs which involve practically all Federal departments and agencies primarily concerned with domestic affairs. Passage of the Act and establishment of the Office of Economic Opportunity added new weapons to the Federal Government's arsenal and a desire to bring together existing and somewhat proliferated efforts into a concerted attack on poverty. Thus while the report and the recommendations that follow are concerned largely with the operation of the Economic Opportunity Act, the contributions of other Federal agencies and programs are not unrecognized.

The attack on poverty under the Economic Opportunity Act has tied together an amalgam of intergovernmental approaches, some of which are new in American government:

+ The Community Action Program, the newest and most important program in terms of resources and impact, is administered by a Federal agency, the Office of Economic Opportunity, through grants to local public and private nonprofit agencies. Involvement of the States is largely limited to technical assistance activities and the Governor's power to disapprove program proposals, the latter subject to overruling by the OEO Director.

+ Two programs--Job Corps and VISTA--are administered directly by OEO, with Governors empowered to disapprove projects in their States.

+ Neighborhood Youth Corps is administered by the Department of Labor through contracts with State and local public and private nonprofit agencies. Gubernatorial power to disapprove a project is subject to overruling by the OEO Director.

+ Adult Basic Education and Work Experience are administered by the Department of Health, Education, and Welfare, through State agencies in accordance with program plans, by grants to local agencies. The latter agencies are usually but not exclusively local school districts and welfare departments.

+ Rural loans are administered by the Department of Agriculture through officials and local committees of the Farmers Home Administration.

+ Small business loans are administered through Small Business Development Centers at the local level, financed usually through the Community Action Program or the Economic Development Administration.

+ The Migrant Workers Program is administered by OEO through grants to State and local public and private nonprofit agencies.

The Economic Opportunity Act offers a number of tools to help coordinate the efforts of this complex intergovernmental structure. (1) Responsibility for the nine programs under the Act is vested in the Director of the Office of Economic Opportunity, the coordinating agency within the Federal Government located in the Executive Office of the President. The Director has delegated responsibility for six of the nine programs to other departments and agencies of the Executive Branch, retaining appropriations and overall program control. (2) Community action agencies (CAAs) are created to "mobilize total community resources," through Federal grants both inside and outside of the Economic Opportunity Act. (3) A "preference" provision requires that programs under the Act give preference to activities conducted by community action agencies. (4) Another "preference" provision directs that administrators of other Federal programs with anti-poverty effects give similar preference, to the extent feasible and consistent with their own agency objectives and legislation.

At this point the Commission identifies its major findings and presents recommendations for the consideration of Federal, State, and local governments.

Summary of Major Findings

+ A distinct lag is evident in meeting the statutory objectives of making the benefits of the Act available to the poor, regardless of where they live. Many of the poorest 100 counties, measured by per capita income, have not been reached by programs of the Act. In contrast, most of the richest 100 counties, on the same per capita basis, are participating more fully in these programs. Rural areas in particular seem to lag behind urban areas.

+ The unique contributions and strengths of the States are not being fully utilized. Some blame can be attributed to weak or apathetic State action but a portion must rest with the minor and often negative role assigned to States under the Act. Few States have acted to help local communities meet the non-Federal share of Community Action Program costs, and in some States existing legislation or administrative practices present barriers to effective implementation of EOA objectives.

+ While the Act authorizes community action programs to be developed and conducted by either public or private nonprofit agencies, or a combination of both, there is a distinct tendency to set up private agencies which now represent about 75 percent of all CAAs. Involvement of local government in privately run community action programs is more extensive than this figure indicates. Many local officials serve on CAA governing bodies and executive committees and appoint other members of these bodies. Opportunities are provided for officials and public agencies to review and comment on CAP project proposals. State offices of economic opportunity tend to encourage use of

private agencies, especially in rural areas, when working with local communities to set up new CAAs. There is some evidence that OEO has shared this preference.

+ "Maximum feasible participation" of the poor appears to be contributing to the effectiveness of the Community Action Program. While it has caused the greatest stir of any feature of the Community Action Program, much of the commotion has tended to subside as OEO policies have become more settled and more experience has been gained both nationally and locally.

+ Perhaps largely because of the complex nature of Federal, State, and local organization, implementation of the two "preference" provisions has been somewhat slow. The greatest successes have been achieved in programs authorized by the Economic Opportunity Act and in other programs which contain reference to CAP preference in their authorizing legislation. Efforts to implement Section 211 (which grants preference in programs authorized by the EOA) and Section 612 (which requires preference on the part of other Federal programs to the extent consistent with other legislative requirements) have resulted in a substantial outpouring of interagency agreements, establishment of many interagency working groups and liaison assignments, and issuance of new and modified procedures in many program areas. If CAAs are to become the truly effective "mobilizers of total community resources," however, the preference provisions must be more fully implemented and their exercise by a CAA must become an integral and normal part of Federal program administration.

+ Lack of a requirement that CAAs establish a framework for making program decisions based on a balancing of anti-poverty needs and resources has also weakened CAAs as coordinators, and made more difficult OEO's task of achieving maximum effect with anti-poverty resources. A comprehensive community action planning process is essential for determining goals, balancing resources, setting priorities, and coordinating operations.

+ OEO has established guidelines for the geographic base of CAAs to encourage coordination with local units of government and achievement of economies of scale and effective use of resources, but it is too soon to determine how effective the guidelines are in metropolitan areas. It is still an open question whether these guidelines and OEO administration will encourage undesirable proliferation of CAAs or will result in the effective use of areawide programs as the Community Action Program matures and demands mount for CAP services in all parts of metropolitan areas. A related unanswered question is whether the Community Action Program will give enough encouragement to areawide cooperation and effort to contribute to lessening social and economic disparities which exist in metropolitan areas.

+ The Community Action Program adds one more layer to the growing number of federally aided programs and agencies at the local and regional level concerned with physical and human resource planning and development. It also adds one more agency with which effective coordination and planning ties must be established. Aside from the problems of confusion, friction, duplication, and coordination, this impact increases the strain on community leadership resources, particularly in rural areas, and makes communitywide political leadership more difficult.

+ The Governor's veto and approval provisions of the Act have apparently had little impact on the development and operation of programs. The large majority (ranging from 85 to 100 percent) of the executive directors of CAAs,

and county and city officials responding to questionnaires indicated that the veto provision had not affected programs in their communities and only limited complaints were received. It would seem that the parties involved in using the veto have reached working understandings concerning its use.

+ Some State laws and administrative regulations constitute barriers to most effective administration of anti-poverty programs. There is presently no intergovernmental machinery for identifying and solving these common problems. These include civil service restrictions on employment of "target area" people, use of public assistance data in reaching the poor, use of public facilities, and flow of public funds to private CAAs.

+ CAA executive directors are most troubled by "red tape" and delays in processing program applications and by friction with the regional OEO offices. They also voice need for better communication of instructions and more consistent and stable regulations; strengthening regional offices as loci of decision-making and service agencies for CAAs; more responsive and workable relationships with regional OEO offices; and better coordination of Federal programs locally through CAAs, including implementation of "preference" provisions.

+ Apparent difficulties encountered by public and private CAAs in providing the local 10 percent financial contribution to the Community Action Program indicates that the program will be in serious trouble if the present level of Federal funding is dropped to 50 percent on July 1, 1967, as now provided in the Act. Local officials and executive directors of CAAs say the reduction in Federal contribution will be a "catastrophe," or "disastrous."

The following 14 recommendations for local, State, and Federal action are directed toward helping to overcome many of the weaknesses in the war on poverty revealed by the foregoing findings. They are presented under three major headings:

- Improving the Community Action Program.
- Improving Federal Administration.
- Improving the Role of the States.

IMPROVING THE COMMUNITY ACTION PROGRAM

Recommendation No. 1. National, State, and Local Policies Regarding Responsibility for Administering the Community Action Program at the Local Level.

The Commission recommends that (a) in communities in which general units of local government are able and willing to undertake an effective program to aid the poor, general units of local government organize the community action agencies; (b) in communities in which local governments do not prefer or otherwise have refrained from undertaking anti-poverty programs for which there is a clear need, private nonprofit groups, or a combination of public and private representatives, organize the community action agencies. The Commission further recommends that when it appears that a community action program can be administered equally effectively by either a governmental or a nonprofit organization, OEO guidelines and performance standards give preference to establishment of community action agencies by units of local general government. The Commission further recommends that States, in encouraging and assisting establishment of community action agencies, follow the general directions suggested above in advising on the public or private nature of such bodies.

The Economic Opportunity Act departs from general practice with respect to grant-in-aid programs by allowing communities the alternative of administering the community action program through a private nonprofit agency, rather than exclusively through a local government agency. This pattern was adopted because of the shortcomings of local governments in many places as "mobilizers of total community resources" and the unwillingness of some public officials to assume pinpointed responsibility for initiating and conducting community action programs. Thus, private nonprofit groups could overcome the functional and geographical fractionalization that handicaps local government as a Community Action Agency (CAA), and, in the role of a "treaty organization," act to bring together city and county governments, school board, State, and the many and varied agencies under one umbrella. Using a private group, moreover, was necessary in those communities where local officials were unwilling to take on the job of setting up a CAA so long as the Community Action Program was going to be conducted as a Federal-local grant-in-aid program, depending heavily on local initiative. As a consequence, about three-fourths of the existing CAAs are private nonprofit agencies.

In administering the Community Action Program, OEO has recognized the importance of involving local officials even though the CAA is a private group. It has done this by requiring their representation on CAA governing bodies, giving them authority to appoint other members, and providing for submission of project proposals to chief elected officials and public agencies for review and comment.

Recognizing the practical considerations favoring use of private CAAs in many situations, the Commission nevertheless believes that local governments have several important advantages over private groups as CAAs: (1) They are definitely accountable to the public through the elective process. This is particularly important in the long run in assuring sensitivity to the needs of the poor, since the elective process offers the ultimate weapon of the vote

in achieving responsiveness to those needs. (2) Local governments control the bulk of existing community activities serving the poor (e.g., welfare, schools, public housing). (3) They also have taxation to fall back on as a more certain source of the non-Federal share of financing. (4) Local government CAAs offer more certainty than private organizations of continuing in existence over the long period expected to be needed to carry on the war on poverty.

The Commission believes, moreover, that wider use of local government agencies as CAAs is likely to increase local government's strength as the logical forum for community decision-making, and as coordinator of social, physical, and economic resources. Local general government long as been responsible for guiding physical development at the local level through land use controls, construction of physical facilities, and comprehensive physical planning. Increasing emphasis is being given to the relationship between physical development and economic and social development. Planning for social needs--an indispensable requirement in the long run for most effective use of community resources in attacking poverty--is thus a logical responsibility of local government. Finally, as has been proven in many other Federal grant-in-aid programs, performance standards necessarily accompanying the Federal grant can help in overcoming deficiencies in local government by raising the level of personnel, organization, and administration.

The Commission believes, in short, that this recommendation is necessary for assuring local government the widest participation in a very important partnership program, with consequent strengthening of local government's role in the federal system. It will as well protect the interest of Congress and OEO in assuring an effective Community Action Program where the shortcomings of local government as a CAA are obvious. OEO should implement this recommendation by appropriate amendments to the CAP Guide and Analyst's Workbook.

The Commission further believes that State offices of economic opportunity should encourage local communities to work through governmental or governmentally established CAAs where such an arrangement offers the community action program at least as many advantages for success as working through a private agency. OEO encourages State coordinators to play an important role in assisting communities to organize CAAs, and the Commission's inquiry shows that many have played this role. However, we have also found that of the State coordinators who encourage local communities to use either a private or public agency, all but a few said they urged both forms or put more emphasis on the private agency.

Recommendation No. 2. "Maximum Feasible Participation" of the Poor.

The Commission finds that the requirement of the Economic Opportunity Act for "maximum feasible participation of the residents of the area and members of the groups served" is working reasonably well, and therefore recommends that the Congress make no change in this provision of the law.

The requirement of the Act for "maximum feasible participation of residents of the areas and members of the groups served" probably has been the greatest source of controversy during the first year-and-a-half of the Act's operation. Some of the problem stems from apparent uncertainty on the part of OEO itself on how exactly to administer this innovative requirement. Some stems

from its racial overtones. Most, however, seems to arise from (a) administrative interpretation by OEO that the requirement necessitates inclusion of the poor or their representatives in policy-making, through membership on the governing bodies or advisory committees of community action agencies, and (b) the belief by many that the requirement is used to encourage and support protests against the "establishment," particularly local public officials.

On the average, representatives of the poor constitute about 27 percent of the members of CAA governing bodies. A substantial majority of the executive directors of CAAs responding to questionnaires stated that participation of the poor in policy-making had been useful, particularly in pointing out needs that would otherwise probably have been neglected. Participation of the poor ranked low as a problem in administering the Act, in the opinions of the CAA executive directors; it was, however, noted as a "principal" problem by a number of responding county officials.

The Commission commends the use of experimentation and testing of new ideas in the search for ways to resolve the serious problems of poverty. It is impressed with findings of psychologists, sociologists, community organization professionals and others that the poor are handicapped by a psychology of dependency, withdrawal, and apathy, and the conclusion that deliberate efforts to involve the poor in various aspects of the community action program have a good chance of helping them overcome that psychology. Experience has been too limited to warrant any firm conclusions, but we believe there have been enough signs of hopeful results, and the stakes are so high, that efforts must be made to continue and expand participation of the poor.

We are fortified in this view by the fact that the U. S. Conference of Mayors, on the basis of the experience of its 500 or more member cities, has adopted the constructive position of urging its members to commit themselves to carrying out effectively the spirit of the participation requirement. Also, the organization of such private groups as the Citizens Crusade Against Poverty indicates a broadly supported determination to make the requirement effective.

Our study reveals that many complaints about the requirement for involvement of the poor arose from the uncertainty at some times, and apparent inflexibility at others, of OEO's interpretation of the requirement, with specific reference to the number or percentage of the poor or their representatives who must be included in the governing bodies of community action agencies. The OEO Director has indicated that use of a rigid formula in determining adequate participation is not the policy of his office. As OEO adheres to this policy, and on the other hand, is not so flexible that it leaves local agencies uncertain about the precise meaning of the requirement they must follow, continued progress may be made in giving maximum feasible participation the whole-hearted try it deserves.

Recommendation No. 3. Comprehensive Anti-Poverty Planning at the Local Level.

The Commission recommends that OEO require CAAs, as a condition of funding or refunding of a CAP component, to initiate within a specified period comprehensive plans to guide anti-poverty programs.

In view of the emphasis in the community action program on effective mobilization of total community resources, the lack of any kind of requirement for comprehensive planning for meeting social needs is a serious omission in the Economic Opportunity Act. Logic would seem to suggest that careful planning is essential to establishment of goals and objectives, identification of needs and resources, setting of priorities, and most effective coordination and use of resources in achieving goals. In addition, other Federal programs affecting development of human and physical resources in recent years have come, through experience, to establish planning requirements as essential for effectiveness. These include the urban renewal, open space, interstate highway, and economic development programs. Also, the President's proposals for Community Development District ("Rural Poverty Program") and Demonstration Cities programs emphasize comprehensive planning.

The Economic Opportunity Act authorizes program development grants which, liberally construed, would seem capable of covering a comprehensive planning process. However, few communities are really using such money for that purpose, but rather for hiring staff, setting up an organization, determining what programs are already being conducted in the community, and developing project proposals.

The Commission understands that activity is under way in OEO to develop a planning requirement for CAAs. It has two objectives: (1) to undertake demonstration programs in selected communities for developing the "state of the art" of planning for social needs, such planning to be closely intertwined with physical and economic planning; (2) to develop a procedure whereby communities can be gradually phased into a process of one or two year planning, such progress to be closely linked to local decision-making.

The Commission urges OEO to move ahead along these lines, and as soon as feasible to require, as a condition of new or continued funding of community action programs, that CAAs initiate comprehensive plans within a specified period. No doubt the "state of the art" of planning for community social needs is a deterrent to an immediate full-blown requirement of a comprehensive plan. But administration of the requirement can be flexible in view of this lack of experience, and acceptable standards can be kept fluid at first as long as CAAs demonstrate, upon periodic review, steady progress toward eventual full compliance. Putting the planning requirement into effect could therefore follow the policy of administrative flexibility which the OEO Director has established for the requirement for "maximum feasible participation" of the poor, and which has been pursued in administration of the "workable program" requirement by the Department of Housing and Urban Development.

A comprehensive planning process requirement does raise the danger of cutting off initiative and stifling innovation in the community action program, as there is a tendency for plans to become rigid. But planning and innovation need not be inconsistent. In administering the planning requirement at both

the local and OEO levels emphasis should be on the "guideline" nature of any plans. In addition, CAP has the built-in safety valve of the bypassing provision which would warrant particular attention by OEO administrators to assure that, for the sake of adherence to a plan, meritorious proposals were not denied support by OEO.

A later recommendation in this report suggests that more effective use be made of the State offices of economic opportunity, and that the States themselves take the initiative in using Economic Opportunity Act grant funds (see recommendation 12, page 184). The Commission believes that an important part of the activities of State offices of economic opportunity should be to advise and assist local CAAs in initiating and developing comprehensive plans.

If a comprehensive plan is to have any force after it has been approved, it should serve as a guide in the CAA's preparation and OEO's approval of new project proposals. As noted in the discussion of the Section 211 "preference" provision in Chapter 3, the "reverse checkpoint procedure," recently established for Work Experience grant applications in communities having CAAs and now being negotiated for other OEO "delegate" programs, requires referral of such applications to the CAA for review and comment. A comprehensive community action plan would give the CAA a meaningful frame of reference in carrying out this checkpoint procedure with respect to "delegated" programs.

The comprehensive plan should also have an impact on programs outside the Act which nevertheless affect the local anti-poverty effort. A major group of such programs are those financed by grants that are flowing increasingly from the Federal Government. To make the plan effective with respect to these programs, the CAA in developing the plan must have information about the projected nature and magnitude of the grants and, probably more important, must have some way of influencing the making of such grants to accord with the plan as developed.

Section 612 of the Act, the second "preference" provision, offers leverage for assuring this coordination. It requires Federal agency heads in administering other grant programs to "give preference to any application for assistance or benefits which is made pursuant to or in connection with a community action program," to the extent feasible and consistent with the agencies' individual program objectives. Effective implementation of this provision would benefit from a provision for a mechanism, perhaps a reciprocal "checkpoint procedure," whereby the CAA would have an opportunity to review and comment on applications for grants under such programs as to their consistency with the community action plan.

This description of a possible method of implementing comprehensive community action plans may conjure up a picture of a hopelessly complicated tangle of crisscrossing referral procedures. Complex and unnecessary paper-shuffling could be avoided by the affected agencies, and the planning process itself could be made more effective, however, if the affected agencies are involved from the start in the planning process. It seems logical, for instance, that the CAA would attempt to engage appropriate public agencies in its plan-development process, just as it is required to engage them through the checkpoint procedure in the submission of grant applications.

Recommendation No. 4. The Areawide Approach for the Community Action Program in Metropolitan Areas.

The Commission recommends that the OEO, in order to achieve the advantages of pooled leadership resources, a proper interrelationship among social, economic, and physical planning, and economies of scale for the Community Action Program in metropolitan areas, take administrative action to encourage separate CAAs in such areas to enter into agreements or contracts to conduct community action planning and appropriate administrative and other services on a joint basis throughout their jurisdictions.

In this inquiry, the Commission has found that OEO guidelines for the geographic base of CAAs stress the desirability of "effective utilization of human, physical and financial resources in an attack on poverty," and "the creation of an adequate resource base." Responding to this guidance and direction from OEO, existing CAAs (a) tend to follow the geographic area of units of local general government, (b) most often use county boundaries, and (c) have not proliferated in metropolitan areas. With respect to metropolitan areas, however, this lack of proliferation is probably due, in some degree, to the fact that so early in the life of the Community Action Program, many grants to metropolitan areas have been made to central cities, and when they have gone to counties, the office and principal focus of CAA activity have been in the central city. A sterner test of OEO's attitude toward multiple CAAs in SMSAs will come as an increasing number of smaller suburban communities apply for grants. The potential for multiplication of CAAs in metropolitan areas certainly exists; contrary to popular belief, the problems of low income are about equally important in central cities and suburbia, except for large metropolitan areas and the Northeast region of the country.

OEO directives already suggest that local communities use as a geographic base for CAAs a group of political jurisdictions exercising responsibility for related public programs. They also suggest establishing the CAA "over the entire urbanized or urbanizing portions of the (metropolitan) areas." The Commission believes that OEO should also direct attention to achieving the benefits of joint action for CAAs where two or more such agencies have been established and the possibility of their structural consolidation seems infeasible or undesirable. OEO can do this by providing administrative encouragement for cooperative action in those spheres that hold promise of increased program effectiveness for all the individual CAAs involved.

One major reason for encouraging consolidation of small enterprises is to achieve economies of scale. This potential seems relatively minor in the anti-poverty program, however, because of the emphasis on services rather than on construction and maintenance of physical facilities, and the concentrated provision of such services to neighborhood target areas, rather than on a fairly uniform basis throughout a metropolitan area. Because of the neighborhood orientation, moreover, the smallness of the CAA may have the advantage of more sensitivity to special needs of individual areas served.

Nevertheless, pooling specific aspects of individual community action programs within SMSAs has certain advantages. For one, it can obtain for the benefit of all cooperating CAAs the advantages of pooled leadership resources, particularly where community leaders in higher income groups are separated from the poor by political boundaries. Second, the interdependence of the area

as a social and economic unit suggests the advantage of joint planning of social needs. Moreover, such planning can be more readily tied in with any physical and economic planning conducted in the area and which affects and is affected by planning for social needs. Finally, even though economies of scale may not be as substantial as they are in activities involving substantial physical facilities, they are nevertheless present in such areas as administrative overhead and training personnel.

Recommendation No. 5. Areawide Coordination of Physical, Economic, and Human Resource Planning and Development Programs in Multi-County Non-Metropolitan Areas.

The Commission recommends that States authorize and provide financial incentives for creation and operation of multi-purpose regional public agencies in non-metropolitan areas to undertake physical, economic, and human resource planning and development programs (including community action, economic and rural development, and areawide planning) over multi-county areas, particularly those areas in which local institutions have been unwilling or unable to respond to existing needs.

The Commission further recommends that, where States have taken such action, the head of each Federal department and agency administering grants for physical, economic, and human resource planning and development be required, by statute or Executive Order, to: (a) require use of the geographic base established pursuant to such State action as a condition of Federal grants to such areas; (b) utilize, to the maximum extent feasible, such multi-purpose agencies as the recipients of such grants; and (c) where other than the multi-purpose agency is used, require establishment of adequate checkpoint procedures to assure program coordination with, and the maximum use of the governing body, technical staff, and physical facilities of such multi-functional agencies.

The close relationship between planning and developing physical, economic and human resources has aroused growing interest among States in creating multi-county or regional agencies in non-metropolitan areas for performing these related functions. The Community Action Program is the obvious vehicle through which to carry out human resource planning and development, and therefore should be closely coordinated with agencies responsible for physical and economic planning and development.

In one State--Georgia--planning and development districts set up under State law and assisted by State grants, already combine planning and economic development functions, and since 1964, a number of them have also served as community action agencies. In addition, the Governor has designated them as agencies responsible for carrying out Economic Development Administration programs and Appalachian Regional Commission programs, and plans to use them under the proposed rural community development district act. Other States should follow this lead and provide legislative authorization and financial incentives for such multi-purpose agencies. ●

Not least of the advantages of this arrangement is more effective use of limited leadership resources. The Commission has heard from several sources that in many rural areas particularly, community action programs have put a

strain on the time and energies of community leaders already taxed by other local and areawide community programs.

Much of the growing interest among States in establishing multi-functional planning and development districts has been stimulated by the existence of a number of Federal grant programs in the same general field, raising the possibility of confusion and duplication in administering them over essentially the same geographical areas. In addition to the Community Action Program, these others include the areawide planning program of the Department of Housing and Urban Development (1954); and programs of the Area Redevelopment Administration (1961), and its successor, the Economic Development Administration (1965) directed toward increasing employment opportunities in depressed areas; and of the Appalachian Regional Commission (1965). In addition, President Johnson's proposed new "Community Development District Program" contemplates establishing community development districts for coordinated areawide planning in rural communities.

While each of these has special emphasis, all share a common concern for most effective use of human and other resources over a large area. Therefore, close coordination of policy-making, planning, and administration among the several programs where they exist in the same area seems worthwhile. It appears to the Commission that such coordination, maximizing program effectiveness and producing administrative economies, is most likely to be achieved through use of multi-functional State-created agencies of the Georgia type. Exclusive use of such agencies has its limitations, however. Although a single agency would increase the potential of economy of leadership and administrative resources, and program coordination, in some cases it might be at the price of lessened interest in one or more of the related functions, less likelihood of attracting persons of special interest and talent in a leadership role, and possible under-emphasis of one or more of the functions being administered by the single agency.

Much of the confusion that attends operation of a variety of Federal programs in local communities will be avoided by requiring, as a condition of Federal grants, use of the same geographic area as that used by the multi-functional agency. Such a requirement will also tend to cause grant recipients, if they are not the multi-functional agency, to have an areawide base. Administrative encouragement for using multi-functional agencies as grant recipients should provide impetus for limiting the number of regional agencies. The emphasis on coordination should serve to keep before Federal program administrators the need to encourage grant recipients to work together and pool personnel and other resources in the interest of economy and overall program effectiveness. At the same time, such an approach would recognize the shortcomings of a rigid requirement that a single agency be responsible for administering all such grants in the area.

In cases where the Community Action Program would be administered by a multi-functional agency, a special problem might arise concerning who should represent the groups and areas served in the policy-making process. It would appear that this difficulty could be met, under OEO policy guidelines, by having such representatives serve on advisory committees to the governing body of the agency. Similarly, other functions of the agency may warrant establishment of specialized groups to advise the governing body. This is nothing new in government, and is frequently done at the local level by creating special advisory committees to the chief executive or the city council or county board.

IMPROVING FEDERAL ADMINISTRATION

Recommendation No. 6. Making the "Section 612 Preference" Provision Effective.

The Commission concludes that OEO, despite substantial efforts to date, has not fully implemented the "Section 612 preference" provision with regard to a number of significant Federal programs. However, the Commission recognizes that in view of the nature of the organization of the Executive Branch of the Federal Government, the way in which program responsibilities are assigned to major departments and agencies by the Congress, and the competing national goals set forth in existing laws, it is unrealistic to attempt to give community action programs more than the limited preference for Federal grants provided under the "612" provision.

In light of these facts, and the priority importance of the Economic Opportunity program among domestic programs, the Commission recommends that the Director of OEO accelerate his efforts to achieve cooperation of Federal department and agency heads through interagency agreements and policy and procedural statements, so as to maximize the effectiveness of community action-related programs at the local level.

New tools for coordination provided in the Economic Opportunity Act are the two "preference" provisions. One of these, provided in Section 211 of the Act, requires agencies administering "delegated" programs to give preference for grants to community action agencies (CAAs). The Commission has found that, while there was considerable criticism of OEO through last summer for not giving effect to this provision, progress has been indicated recently in making it work, notably through a "checkpoint" procedure whereby CAAs are given an opportunity to review and comment on applications for grants from "delegate" agencies and periodic reports must be made to OEO of cases where disagreement has arisen over the making of the grant. The Commission urges OEO to work for full implementation of the Section 211 provision, through extension and active follow-through of the reciprocal "checkpoint" procedure and other means.

The second "preference" provision, Section 612, directs all Federal agencies administering poverty-related grant-in-aid programs outside the Economic Opportunity Act, to give preference to any application made in connection with a community action program, to "the extent feasible and consistent with the provisions of law governing any Federal program and with the purposes of this (Economic Opportunity) Act." This is obviously a duller weapon for coordination than Section 211, since it leaves final determination of preference in the hands of the agency heads. For this practical reason, apparently, OEO seeks to achieve such preference for CAAs as it can under this provision by enlisting the cooperation of other agencies. OEO states that it--

interprets this section as calling for a process which can secure for a community--and specifically for its poor--a wide spectrum of Federal resources to attack the causes of poverty. It entails the coordination of related Federal programs by a community action agency to secure concerted anti-poverty action, and requires a corresponding effort on the part of Federal agencies in Washington to complement community planning and development.

Thus, OEO states that the OEO Director has sought to implement the intent of the provision as part of his "focal responsibility for facilitating coordination of Government-wide anti-poverty effort" by coordinating OEO operations with those of other agencies, or promoting coordinated planning of agencies to achieve common objectives. The former objective involves working out formal agreements or informal understandings across the broad range of programs on a bilateral or multilateral basis--first at headquarters, then locally, assisted by headquarters' guidelines. The OEO planning and programming process is guided by the latter objective. Formal and informal agreements have been worked out by OEO's Office of Interagency Relations, located within the Office of the Director. Agreements have been executed especially with the Departments of Labor; Health, Education, and Welfare; and Agriculture.

Unlike these voluntary agreements are two "reverse checkpoint procedures" which actually insure a degree of preference to CAAs. These have not been implemented under Section 612, however, but under other laws requiring agencies to coordinate with Community Action Programs. The first is required by Title I of the Elementary and Secondary Education Act of 1965. Under that Act, applications for Federal assistance for education of children from low income families must be checked out by the local education agency with the CAA if there is one. Instructions by the Office of Education require that the application be accompanied by a form indicating the position of the CAA on the application. If there is local disagreement or if the "checkpoint" form shows a lack of coordinated planning or development, then the established procedure calls for investigation by pertinent State agencies and Federal regional offices.

Similarly, applications to the Department of Housing and Urban Development for neighborhood facilities grants, under Section 703 of the Housing and Urban Development Act of 1965, must be accompanied by a statement showing the relationship between such facility and the CAP and making reference to the specific CAP elements involved. The 1965 Act specifies that priorities are to be given to projects which primarily benefit members of low income families or further the objectives of CAP.

Failure of OEO to achieve more effective preference for CAAs under the Section 612 "preference" provision has been the cause of much criticism from CAAs and local officials. It appears to the Commission that some of this criticism may not be justified, in light of the fact that, whatever the desires of local CAAs, the provision does not in fact assure absolute preference. Considering the potential of an absolute preference as a way of giving real muscle to CAAs as mobilizers of total community resources, however, the question can be raised as to whether the law should not be amended to make the preference absolute. Perhaps, alternatively, it could be given more teeth by requiring, as in the Elementary and Secondary Education Act and the Housing and Urban Development Act of 1965, that other Federal grant programs coordinate their grant applications through a "reverse checkpoint procedure."

Certainly arguments can be made for such action in light of the legislative history and the total sweep of the Economic Opportunity Act. In his original message calling for a war on poverty, President Johnson recommended establishment of a new Office of Economic Opportunity to prevent the endeavor from becoming "a series of uncoordinated and unrelated efforts and from perishing for lack of leadership and direction." Following the President's recommendations, the Congress created the OEO establishing it in the Executive Office and giving it broad authority for coordination of anti-poverty programs. The most

far reaching innovation of the Economic Opportunity Act was creation of community action programs to "mobilize total community resources." It also provided the two preference provisions, and top-level interagency coordinating machinery--the Economic Opportunity Council--to "consult with and advise the Director in carrying out his functions, including the coordination of anti-poverty efforts by all segments of the Federal Government."

On the other hand, OEO and within it the Community Action Program are a relatively small part of the Federal Government's total anti-poverty effort. OEO has identified some 156 other programs administered by at least 15 other Federal agencies--including programs for education, manpower, health, welfare, and social security, housing and urban renewal, and economic development--which are direct contributors to the anti-poverty effort. The President's budget recommendations for fiscal year 1967 include estimated expenditures of \$21 billion for Federal benefits and services to the poor from administrative budget and trust funds. Of these, OEO expenditures comprise \$1.6 billion, or 7.5 percent. The Department of Health, Education, and Welfare accounts for 68 percent, and the remaining 24 percent is distributed among such agencies as the Departments of Labor, Agriculture, and Housing and Urban Development, and the Appalachian Regional Commission.

Major departments and agencies responsible for the lion's share of anti-poverty funds and programs are for the most part well-established agencies. Their responsibilities have been assigned over a long period by Congress, with specific national objectives in view. While their program objectives surely come under the umbrella of the general anti-poverty effort, they have special emphases for which the program administrators are given clear responsibility by Act of Congress, and for which they are answerable to various Congressional committees. Within this broad framework of Federal Government structure and programs, therefore, it seems to the Commission totally unrealistic to ask Congress to subordinate the accomplishment of all other domestic program objectives to decisions of the Director of the Office of Economic Opportunity for the sake of effective coordination at the local level through the Community Action Program.

The Commission believes, therefore, that, as a matter of realism, achievement of any degree of preferred treatment for CAAs with respect to grant programs administered outside the Economic Opportunity Act must mainly continue to point in the direction already set by the OEO, that is, negotiation of cooperative agreements between OEO and the other departments and agencies. The Commission believes further, however, that OEO needs to pursue this goal more aggressively and endeavor not only to reach agreements with all pertinent agencies and departments, but to achieve issuance of policy and procedure statements which set forth effective working arrangements for tying in, wherever feasible, the Community Action Agencies with grant application processes of other departments and agencies.

Recommendation No. 7. Coordination of Job Creation and Job Training Programs Affecting the Poor.

The Commission recommends that the Economic Opportunity Council establish the necessary machinery to assure integrated planning at the State and Federal levels of the anti-poverty impact of job creation and job training programs including the preparation by States, in consultation with local public and private agencies, of program coordination plans which would be subject to unified Federal review and evaluation.

The Economic Opportunity Council is established by the EOA to: ". . . consult and advise the Director of OEO in carrying out his functions including the coordination of anti-poverty efforts by all segments of the Federal Government." Its membership includes all Federal agencies and departments administering programs and activities which have a significant impact on poverty including the secretaries of Health, Education, and Welfare, Labor, Commerce, and Housing and Urban Development, and the Administrator of the Small Business Administration.

The EOA established a number of new programs aimed at job creation and job training and strengthened an existing one (Work Experience). Some of these programs are oriented to special groups, such as youths or individuals receiving public assistance, while others are broader in scope. They are all placed in a context of many other Federal activities having similar or related objectives and target groups. Some observers of the war on poverty have asserted the need for a stronger effort in the employment area. The Chairman of the House Education and Labor Committee, Representative Adam Clayton Powell, has stressed particularly the importance of this aspect of the EOA and related programs. While each State and local program applicant must choose the best mix of these programs to suit the needs of its citizens, the Commission finds that interrelationships among such efforts need to be strengthened.

Four areas compose the major thrust of the Federal Government in job creation. The first is the programs authorized by the Public Works and Economic Development Act of 1965 which makes available grants and loans for public works and development facilities and grants to supplement existing programs. Economic development districts and regional development commissions are provided to plan and administer development programs in designated areas. Section 101 of the Act makes specific reference, in the following language, to anti-poverty efforts as part of the eligibility criteria for such areas and projects:

The project for which financial assistance is sought will directly or indirectly. . . primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964.

A second area is the activities of the Appalachian Regional Commission which, through a Federal-State partnership, plans and administers programs designed to improve substantially the economic health and human well-being of the Appalachian region. The third is found in the Economic Opportunity Loans, authorized by the EOA and administered by the Small Business Administration through local small business development centers. Loans may be made either to low-income

businessmen or to employers who will create job opportunities for low-income individuals. A fourth program area is the broad planning activities for which Federal assistance is available from the Department of Housing and Urban Development. Specifically, the Community Renewal Program and the Urban Planning Assistance Program offer assistance in preparing plans which may include area economic base studies.

A new and perhaps equally significant program proposal now (May 1966) pending in Congress is the Community Development District Act. Under this bill, the Secretary of Agriculture would, with the assistance of States and after consultation with the Secretary of Housing and Urban Development, designate rural community development districts in which local boards would be established to plan and carry out comprehensive development programs.

Job training efforts fall into three major areas: basic education, work experience, and skill training. Some programs--such as the Job Corps--try to incorporate all aspects, while others--such as the Adult Basic Education program--are specialized. At least six major Federal job training programs can easily be identified, four of which are authorized by the Economic Opportunity Act. The Job Corps, administered by OEO with assistance of Federal, State, local, and private agencies, provides education, skill training, and work experience in an institutional setting. The Neighborhood Youth Corps of the Department of Labor aids State or locally administered projects which provide education and work experience training for in-school as well as out-of-school participants. The Work Experience program of the Welfare Administration affords recipients of public assistance opportunities for useful work experience designed to develop good work habits and the basis for further technical training and employment. The Adult Basic Education program carried out by the Office of Education through State education agencies provides support for giving adults the minimum level of educational skills necessary to profit from job training and to obtain and hold a job.

Among programs existing prior to the Economic Opportunity Act are the Vocational Rehabilitation grants to the States to assist them in maintaining, extending, and improving existing programs of vocational education and rehabilitation, and the Manpower Development and Training program provides Federal assistance for training projects administered by State employment and vocational education agencies, which involve basic education, institutional training, on the job training, and experimental and demonstration activities.

A number of steps have already been taken to improve coordination of manpower programs, principally by the President's Committee on Manpower established in 1964. In a recent (March 1966) report to the Secretary of Labor, the Committee concluded that:

There is no agreement at present regarding appropriate relationships between the . . . /manpower/ programs. Clear lines of demarcation between all the programs have not been drawn either in terms of the clientele to be served, or in terms of the services or training or work experience to be provided.

The Committee recommended establishment of three-man interagency teams in selected areas to develop comprehensive manpower programs. The teams would be composed of representatives of the departments of Labor and Health, Education,

and Welfare, and of the Office of Economic Opportunity. This recommendation was adopted and these teams are now at work in thirty areas. No evaluation of their effectiveness is yet available.

Unemployment among youth constitutes one of the largest and most crucial manpower problems. Through its existing relationship with State bureaus of employment security, the Department of Labor is also establishing Youth Opportunity Centers in 200 selected areas to bring together the numerous programs to serve youth and thus provide "one-stop shopping." The Department has also initiated a National-State Planning System for the development of training programs under the Manpower Development and Training Act. The System involves and draws upon State resources by the coordination of training agencies at all levels. Although this tool will be useful to the job training effort, it can give only limited support to the job creation aspects of other programs.

Some machinery for Federal-State-local communication in these areas already exists, although it provides for much lower frequency and narrower coverage than seems indicated. The OEO Director has established a Public Officials Advisory Committee on which governors, mayors, county officials, city managers, and other State and local officials are represented. The Public Works and Economic Development Act establishes a National Public Advisory Committee on which, among other groups, State and local governments are represented. Both these bodies, and others of a similar type, provide communication within a specified area but are unable to deal in a sustained manner with cross-area coordination problems. Similarly, the President's Committee on Manpower, although incidentally concerned with problems of local coordination, is primarily a Federal interagency coordinating device. The three-man local teams proposed by the President's Committee do not include a representative of the Economic Development Administration of the Department of Commerce, although that Department is represented on the subcommittee which would supervise the operation of these teams.

The Commission applauds these and other allied efforts and concurs in the necessity for stronger employment and manpower coordination. Coordination is required, however, not just among job training programs but between these activities and those designed to create jobs and to strengthen, broaden, and restructure the economic base of an area. Specifically, the contribution which each can make to the war against poverty must be examined and related to the role of other programs. After considering all these manpower and employment programs, a conference sponsored by the National Association for Community Development in December 1965 adopted a resolution stating, in part:

A comprehensive manpower development and employment program including job development and creation is central to the success of a community action program. . . Existing manpower and occupational training programs have not yet served adequate numbers of the poor. . . a successful national manpower policy requires vigorous, coordinating implementation at the State and community levels.

It is hard to overstate the importance of this inter-functional effort. Coordination is necessary to insure that all available resources can be applied in a coherent way to rehabilitate and train the poor and unskilled and to provide for creation of adequate job opportunities. Coordination is necessary to avoid training individuals for jobs which do not exist and creating new job

opportunities in areas where there are no trained workers. And finally, coordination is necessary to avoid, to the extent possible, wasteful shortages and surpluses in the labor market. As the national level of unemployment drops, manpower management will be increasingly important to insure prosperity and growth and to continue the inclusion of more and more citizens into the job market.

The Commission's recommendation for improving coordination in this aspect of the war on poverty is limited to strengthening the interrelationship of these programs in defined geographic areas and regions as they affect and serve the needs of the poor. Coordination of job creation and job training activities as they affect the total population would not properly be the responsibility of the Economic Opportunity Council and such a broader role certainly would be more complex than efforts limited to the anti-poverty program.

Developing a coordination mechanism at the State level as one part of this broad effort is recommended since it is the only common geographic base shared by all these major programs (short of national, which is too broad to be meaningful as a framework for individual community decision-making). While some States have undertaken sophisticated economic growth and development planning, others have not. The economic development planning process in some States neglects the impact of manpower and training programs.

Plans prepared under this recommendation would be submitted to each Federal agency administering the programs covered, perhaps as a condition of continued assistance. Each such agency would review the impact of the plan on its programs and certify its adequacy. A Federal interagency task force might be formed to evaluate the quality of the plan as a whole and to interpret its effect on national economic planning, or the President might assign this responsibility to a single agency.

Aside from this specific proposal, the Commission would urge the Economic Opportunity Council to develop other procedural and policy guidelines to improve program focus, not only among functional areas but also in translating programs to given geographic and economic areas. One of the most tangible end-products of anti-poverty programs will be the employment of many Americans who were previously unemployed or who may never have held a job in their lives. The Commission believes that it is important to coordinate the input of training and education with the output needed to supply our growing and changing national economy. Achieving this goal requires a strategy against poverty among the Federal Government's job creation and job training programs.

Recommendation No. 8. Increased Data Needs in Anti-Poverty Programs.

The Commission recommends that the OEO Director accelerate steps and Congress authorize the necessary funding to provide for the collection and availability of new types of and more current data by the appropriate departments and agencies on the incidence of poverty and on the way anti-poverty resources are being applied. This effort should be coordinated with the data planning of other Federal agencies administering related programs and activities.

The Commission believes that one of the most crucial problems facing the anti-poverty program is the lack of current data on a number of demographic and social characteristics related to the incidence of various kinds of poverty. The Commission found that certain categories of seemingly essential data were unavailable or were being derived from non-current sources. In addition, some programs approve expenditure of funds by State and local agencies without requiring an estimate of the way in which resources will be applied within the State or data on the impact of the program on urban vs. rural residents.

The very nature of the war against poverty requires the quantification of certain social and economic problems for the first time. Many of these problems reflect human suffering previously hidden from the national conscience. The difficulty of defining poverty and its related problems, among regions, between urban and rural areas, and among different groups in the population is an extremely complex job. Yet the development and execution of a successful campaign against poverty demands adequate data to guide program development and administration. Certainly the five year census, which this Commission has supported, would make a major contribution to meeting these needs but it would not be a complete answer. In addition to the lack of needed data, another concern is avoiding duplication in the collection of similar or identical data and the expense of collecting data which do not meet minimum validity standards. The Commission recognizes that the OEO Information Center plans to bring together existing data to produce community profiles which include measures of needs as well as identification of resources being applied. The Commission believes, however, that some entirely new kinds of data and more current figures for available data are needed to guide effective use of anti-poverty resources.

The Commission is specifically concerned about the lack of attention to the needs of rural areas. For example, under the Adult Basic Education program, Federal administrators have no estimate of the incidence of the benefits of State programs until after the funds have been expended. They are not in a position to provide guidelines to States concerning the urban-rural need ratio. While OEO should not in any way reduce the funding assistance to localities which apply for it, simply making funds available to other (especially urban) areas in which great poverty exists does not relieve OEO of its responsibility for the poor of rural areas. Certainly OEO cannot solve these problems alone but it should give more continuing attention, grant-by-grant, month-by-month, to the way anti-poverty resources are being applied in each State and on an urban-rural basis. The Commission also recognizes that other Federal agencies and departments are finding the need for improved data as the basis for program decisions. While some coordination of these efforts exists, the Commission urges establishment of improved machinery to bring together these individual yet related data needs and plans.

Specifically, the Commission believes that data in the following areas are needed on a relatively current basis: (1) number of "poor" individuals

by State, county, city, and metropolitan area; (2) urban-rural incidence of poverty (including number of individuals and families) by State, county, city, and metropolitan area; (3) comparative costs of living in order to relate the definition of "poverty" in urban vs. rural areas and among States and regions of the country; (4) the flow of anti-poverty funds, through State and local public or private agencies in order to assess the economic impact of the expenditure pattern; (5) improved measures of poverty to supplement current information on per capita and median family income and number of welfare recipients; (6) improved assessments of vocational training attainment by States, counties, cities, and metropolitan areas; (7) continuing studies on the movement of low-income, poor, and unemployed individuals between cities and States to assess the potential impact on anti-poverty needs; and (8) measures of State and local fiscal effort to serve as the basis for fiscal equalization.

Capabilities of modern automated and electronic data processing can substantially increase the ability of program administrators to make rational decisions and to control more directly the direction and impact of programs and the allocation of resources. The EOA provided for establishment of an Information Center in recognition of the need to assemble and utilize vast amounts of data in planning and directing anti-poverty programs. The lifeblood of such systems, however, is current and sufficient information without which they are of little benefit.

Recommendation No. 9. Local Financial Participation.

The Commission recommends that the Congress amend the Economic Opportunity Act to provide that the present 10 percent non-Federal matching provision pertaining to the Community Action, Neighborhood Youth Corps, and Adult Basic Education programs be continued indefinitely, instead of increasing to 50 percent on July 1, 1967 as presently scheduled by law.*

In its proposals to Congress for 1966 changes in the Economic Opportunity Act, the Administration has recommended indefinite extension of the 90 - 10 sharing formula proposed in this recommendation. The Community Action Program and the Neighborhood Youth Corps require some financial participation on the part of local communities, and States (sometime joined by their localities) are required to help finance the non-Federal share of the Adult Basic Education Program. As presently constituted, however, all three programs are being financed almost entirely from Federal funds. The Economic Opportunity Act requires a non-Federal contribution of 10 percent of the cost of such programs, which for CAP and NYC may be either in cash or in-kind. In the case of the CAP, the Director of OEO may waive the 10 percent requirement if it is demonstrated that it would impose undue hardship on the community. The waiver has

* Congressman Fountain dissents.

been applied to almost 200 counties, including all counties with per capita incomes of \$750 or less. Furthermore, it is estimated that only 2 percent of the local contribution to the Community Action Program is made in cash.

In these circumstances, the 10 percent non-Federal participation requirement would not appear to impose a financial burden upon the communities and States currently participating in CAP, NYC, or ABE. However, if, as contemplated by present legislation, the non-Federal share should be raised to 50 percent for fiscal year 1968, the financial burden would kill these programs in many communities, for it is estimated that the total cost of the three programs, including Head Start, will approach \$1.5 billion by fiscal 1968. Most community action agencies that responded to the Commission's questionnaire indicated that they would have to curtail their programs drastically if they were required to raise as much as half of the cost.

Although the "in-kind" provisions under the Community Action and Neighborhood Youth Corps programs have been a financial boon to the local communities, there is some evidence that this source of local participation in the OEO programs may be curtailed. Much of the in-kind matching has been provided by school systems, especially in connection with Head Start, in the form of equipment, space, and the like. Many of these same school systems are now obtaining Federal funds under the Elementary and Secondary Education Act, which also calls for 10 percent local participation, either in cash or in-kind. Obviously, to the extent that equipment and space can qualify as in-kind contributions under the Elementary and Secondary Education Act, school districts will withdraw this source from Economic Opportunity programs. As a result, community action agencies will be faced with the need to raise more of their local share in cash.

Many anti-poverty activities would not have been assumed by local communities without the strong financial support provided by the Federal Government. For example, few enough school systems have even a kindergarten program, let alone pre-school educational facilities of the kind provided under Head Start. The widespread incidence and pervasive character of poverty have impelled the Congress to view it as a national problem and to provide virtually 100 percent Federal financing to combat it. There is no reason to believe that the problem will have subsided sufficiently by fiscal 1968 to warrant risking the demise of a substantial part of the anti-poverty program by reducing Federal aid to 50 percent of the cost.

IMPROVING THE ROLE OF THE STATES

Recommendation No. 10 The Governor's Veto.

The Commission recommends that the present veto provisions, under which the Director of OEO may override a Governor's veto in the Community Action, Neighborhood Youth Corps, and the Adult Basic Education programs be retained.*

As amended in 1965, the Economic Opportunity Act provides the Governor of a State with a veto power in the Community Action, Neighborhood Youth Corps, and Adult Basic Education programs which the Director of OEO may override. The Governor may also veto the location of a Job Corps facility and his approval is required for the assignment of VISTA volunteers within the State. These provisions reflect a recognition both of the national interests involved in the anti-poverty program and of the rights and responsibilities of States within our federal system.

The anti-poverty program involves grants to State and local agencies for performing specific functions and services in communities within the State. These agencies are created by virtue of State law and therefore are responsible to the State for their actions. In addition to activities assisted under the EOA, the States have a number of functions and responsibilities which relate to the elimination of poverty. Coordination of these efforts with the anti-poverty program is vital.

* Mayor Blaisdell, Mayor Naftalin, and Mrs. Walters dissent from this recommendation and state:

"We believe that the Governor's veto should be abolished. In undertaking the war on poverty the Federal Government made a commitment to aid each individual who is in need of the benefits and services offered by the Act. It made this commitment regardless of the State in which the poor citizen lives, or whether he resides in a city or on a farm; and regardless of the willingness or unwillingness of State or local agencies to serve his needs. It is completely at variance with this national commitment to permit the Governor of a State to deny poor people the benefits of the anti-poverty program. Giving the Governor this negative authority is an unreasonable deprivation of the rights of the U. S. citizens as well as an unwarranted intrusion on the power of the Federal Government to meet the responsibilities imposed upon it by the Constitution. The veto gives the Governor an undesirable opportunity to impose his wishes, personal or political, on the development of local programs and organizations.

"In many other programs in which the Federal Government offers assistance to solve problems which the States and localities have been unable or unwilling to tackle, the Governor is not called on to approve or disapprove federally assisted programs. In these programs, the level of Federal support is usually much lower than the 90 to 100 percent available under the Economic Opportunity Act and is of less significance to the people that need help. Furthermore, the limited use of the Governor's veto to date, or even his review, would indicate the veto has little value or significance."

The veto requirement assures the Governor of an opportunity to review applications for Federal assistance which will result in State and local agencies performing functions on behalf of the Federal Government. His review will enable him to evaluate the degree to which the programs involved have been coordinated with existing State and local activities and to exercise his judgment on the adequacy of administrative and program planning. This process can be an invaluable contribution to the effectiveness of the national programs. The veto also assures that the Governor will be kept informed on the progress of these programs and on their impact on State and local agencies.

Many have claimed that Governors have used the veto to hinder program planning and development. Based on the questionnaire responses received in connection with this study 89.8 percent of the Executive Directors of Community Action Agencies, 84.4 percent of chief elected county officials in counties in which a CAP had been funded, and 100 percent of the mayors of cities under 50,000 population in which a CAP had been funded, agreed that the veto requirement had had no effect on the conduct of their local anti-poverty programs. Under the circumstances, the claim that the veto is being used by Governors as a deliberate or effective deterrent to the operations of this national program can hardly be justified.

The 1965 amendment to the EOA permits the Director of OEO to overrule the veto decision of a Governor in connection with the Neighborhood Youth Corps, Adult Basic Education, and Community Action programs. This amendment reflects the substantial national interest--both in terms of Federal responsibility and resources. Although the Director of OEO will certainly use this power with discretion, no one can say that the States are in a position to block or impede the actions of the Federal Government in meeting its responsibilities to the poor.

Of almost equal importance is the fact that once an intergovernmental relationship has been established, certain accommodations and understandings are reached by the partners of our federal system. These arrangements grease the intergovernmental machinery and enable programs and problems to be handled with ease. To change the present veto provisions would require renegotiation of these arrangements and might, on the whole, be more disruptive to the program than preserving the status quo.

Thus the present veto arrangements are a good compromise between assuring a proper and useful role on the part of the States and insuring the freedom of the Federal Government to meet the national commitment represented by the EOA. These arrangements should not be changed.

Recommendation No. 11. Uniform Procedures for Handling Governors' Approval or Veto.

The Commission recommends, in order to minimize delay in processing and to keep Governors adequately informed, that OEO and the Federal departments and agencies administering delegated programs establish uniform procedures for notifying Governors regarding the status of applications and for fulfilling the gubernatorial approval and veto requirements. Such procedures should provide that: (a) a copy of an application be sent to the Governor either by the applicant at the time of submission or by the Regional Office as soon as it is found acceptable for processing; (b) the State poverty coordinators and the applicants be kept fully informed as the application review progresses; and (c) the Governor receive, as the basis for his veto or approval review, a copy or complete summary of the application as approved by the Federal agency.

The procedures utilized by the OEO and the delegated Federal departments and agencies have been in a state of revision and evolution ever since initiation of the program. Some procedures being utilized do not involve or inform the Governor during the early stages of project development and review; others publicly announce the Federal approval of a project while the Governor is considering whether to exercise his veto authority; and still others ask the Governor to waive his veto authority on the basis of incomplete information. The procedures of some programs authorized by the Act compare favorably with the Commission's recommended guidelines while those in other areas vary significantly.

While there has been a general improvement in these procedures in the various EOA programs, the Commission finds that there is a need for uniformity among them and suggests certain guidelines to be followed by all agencies. The purpose of these guidelines is to minimize intergovernmental friction, improve the degree to which the Governors may make a positive contribution to program development and operation, and minimize unnecessary delays in the processing of applications.

Specifically, the Commission believes that keeping the Governor informed (through copies of applications) on project development from the earliest stages will permit him to make known any objections he may have early enough so that negotiations among the agencies involved can be initiated to avoid, wherever possible, the exercise of the veto or other undesirable problems. A frequent complaint, heard from CAAs and State coordinators alike, was the difficulty in determining the exact status of applications being processed and in identifying the problems, if any, which had arisen. Often there is no continuous dialogue between the Federal agency and the State or local sponsor which encourages the solution of problems as they arise. It therefore seems advisable to improve the flow of information on the status of applications both to the applicant and to the Governor's office, particularly in those programs with a veto or approval requirement. Further, the information accompanying such requests should be completely adequate for the review required by the Governor--either in the form of a copy of the application or of a complete summary of the pertinent points.

Unnecessary delays may result if the information reaching the Governor is insufficient for his needs. Another source of aggravation for some Governors has been that some applications submitted to them were not the final documents on which Federal approval was based or that changes on which their "approval" was conditioned were ignored by the Federal agency.

The veto at best establishes certain barriers to free and easy communication among levels of government. The Commission believes that uniform Federal procedures, adhering to the guidelines suggested above, will aid in minimizing these difficulties and all levels of government will profit. Uniformity in all programs is perhaps as important as the guidelines per se. However, the Commission also urges Governors to take full advantage of the information and communication opportunities offered by these procedures and to process expeditiously requests for action which are forwarded to them.

Recommendation No. 12. Scope of State Technical Assistance Activities.

The Commission recommends that the States fully utilize the grants available under the Economic Opportunity Act to undertake broad programs of technical assistance including: (a) public educational and informational services; (b) consultation in the organization of anti-poverty programs and agencies; (c) assistance in training personnel; (d) coordination of new and on-going programs; (e) broad program research, planning, and development; (f) program evaluation and review; (g) anti-poverty policy staff assistance to the Governor; and (h) the development and testing of model projects and programs.

Section 209 of the EOA makes grants available to the States for "providing technical assistance to communities in developing, conducting, and administering community action programs." Forty-nine of the fifty States have established agencies to administer this technical assistance. However, the Commission finds that in many States the funding of this function is below what appears to be necessary based on the index of poverty within the State. Over half of the States received Federal technical assistance grants of less than the amount allocated to them based on the OEO poverty index.

The Commission believes that the technical assistance function is one of the more important State anti-poverty functions. With 90% Federal funding provided, there is little excuse for a weak State effort. States are uniquely equipped to attack many of the technical assistance problems outlined in this report, especially the organization of anti-poverty programs in rural areas. Data received from State coordinators indicates that almost all States are giving more help to rural areas than is justified simply on the basis of rural-urban division of the population. While States should not slight the needs of urban centers, local governments in these more populous areas are usually stronger and require less assistance. The fact that as of April 1, 1966 only 51 of the poorest 100 counties (all of which are rural) as measured by per capita income, were receiving Adult Basic Education assistance, a State-administered program, certainly indicates a need for increased State technical assistance.

The Commission is taking no position on the organizational form which should be used by States. The form chosen should, however, insure access to

the Governor. In some States, depending on existing structure, the unit responsible for State anti-poverty functions might be placed in the Office of the Governor. In others, it could be included in a State planning or local affairs agency. With some organizational pattern it is possible that not all the functions outlined in this recommendation could be feasibly administered by a single agency. A number of States have utilized private non-profit groups, such as the North Carolina Fund and the Alabama Technical Assistance Corporation to augment the direct efforts of State agencies. While favoring some organizational flexibility, the Commission strongly urges that each State undertake a comprehensive program of positive action to help the anti-poverty program reach and serve the poor in each community.

The Commission finds that the initiative for this increased assistance must come from the States. The \$7.5 million allocated by OEO for State technical assistance during fiscal year 1966 seems to be more than adequate for the demonstrated interests of the States.

In terms of specific functions which States should perform, most coordinators felt that the organization and operation of Community Action Programs, educating the public and local agencies on the need for and operation of programs under the Economic Opportunity Act, and helping localities prepare applications and programs for Federal funding were of major importance. The State effort should encompass programs authorized by the Economic Opportunity Act as well as existing State and Federal programs which can contribute to anti-poverty efforts. The Commission feels that, under Section 209 funding, States should perform a number of specific functions in three areas:

First, with respect to localities, the States should: (1) perform educational and informational services for local agencies and citizens of the community; (2) assist in recruiting and training CAA personnel; (3) provide technical assistance in the organization of community action agencies and in the development of needed programs and CAP components; (4) assist CAAs in preparing and routing applications for Federal assistance; (5) on the basis of contractual or other arrangements, perform program and administrative services for CAAs; (6) evaluate the effectiveness of local programs and make recommendations for improvement; (7) identify opportunities for shared facilities; (8) serve as a clearinghouse for new program ideas; and (9) provide data and other research material needed in developing local programs.

Second, at the State level, the recommended functions are: (1) conducting research on the causes and incidence of poverty, evaluating the effects of poverty, and carrying out statewide poverty planning activities; (2) providing anti-poverty policy staff assistance to the Governor, including review of projects submitted in connection with the Governor's veto or approval authority; (3) coordinating and evaluating policies and operations of State departments in anti-poverty programs; (4) helping State agencies develop those programs which are administered by the State government; and (5) identifying new program needs and opportunities. Additional State technical assistance is available under the Adult Basic Education and Work Experience programs. Federal grants under these programs may be used, in part, by the State education and welfare agencies, respectively, for providing technical assistance.

Third, in relation to the Federal Government, the States should: (1) work with regional offices of OEO and the delegated agencies to develop programs suited to the needs of the individual localities and areas; (2) help assure

good working relationships between the Federal, State, and local agencies involved in anti-poverty programs; (3) improve the flow of program information about available Federal assistance; and (4) establish a continuous dialogue and communication link between Federal and local agencies.

Further, because of the importance of relating existing State programs and those initiated under the EOA, the Commission urges each State to establish effective machinery for interagency coordination. Although some States responding to the questionnaire have established interdepartmental committees, many others have weaker or no such formal machinery. Coordination seems particularly weak between State offices of economic opportunity and State planning and local affairs agencies. The Commission feels that coordination arrangements should be especially strong among these related activities. Some States, for example, have found it useful to place economic development, economic opportunity, comprehensive planning, and State technical assistance to localities under one administrative organization. While not advocating any specific organizational pattern, the Commission urges that each State provide fully effective means for the coordination of anti-poverty related programs.

The Commission also feels that States should utilize grants available under Section 204 (program development) and Section 207 (research, training, and demonstrations) to develop and test model projects and programs and new techniques for eliminating poverty. The Commission recognizes that funding of State proposals under these sections will be very selective since program development grants are generally used to initiate local programs and the Section 207 provision must be used in such a way as to make the best contribution to present knowledge.

In performing this laboratory function, States would develop model proposals for testing in a given situation. Some of these models might be based on suggestions from OEO or other Federal agencies, others could arise from the identification of common local problems, and still others would be based on new approaches identified as a part of State operations. If OEO determined the desirability and usefulness of the proposed model and provided funds for it, the State would make arrangements with the appropriate local or State agencies for carrying it out. Results would then be made available to OEO for distribution to other State and local agencies as well as to communities in the State in which the proposal was tested.

While in no way minimizing the creative leadership which has come from the Federal Government and the imagination which many communities have displayed, the Commission feels that the States still possess certain characteristics which permit them to play a useful laboratory role. As one writer pointed out: ". . . all levels of government are new to the problems of poverty, and . . . no one level has a monopoly on solutions." The Commission believes that the efforts and imagination of all levels--including the States--should be used to develop increasingly improved techniques to eliminate poverty.

Recommendation No. 13. The States and the Job Corps.

The Commission recommends that the Office of Economic Opportunity take positive steps to interest States in acting as prime or supporting contractors for Job Corps facilities, and fully inform the States of the opportunities for Federal assistance in the operation of State camps. The Commission further recommends that States in which there is a need for Job Corps training for youths aged 16 to 21, establish State camps or offer to serve as contractors for Federal facilities.

Under the EOA States may participate in Job Corps programs in two ways:

- a. By acting as a principal or supporting contractor (supporting contractors provide health, educational, training, work experience services as components of Job Corps training); and
- b. By operating State camps with Federal assistance.

State governments typically have substantial experience in the fields of education, training of youth, and institutional management, and in managing work facilities such as conservation and public works projects. The Job Corps has received correspondence from more than 20 States relating to the establishment of State-operated conservation camps. Less than half of these States have seen fit to prepare and submit a proposed plan. State operated centers have been funded in California, Hawaii, North Dakota, and Puerto Rico. Applications from three other States are pending and one additional application has been withdrawn. A number of State coordinators reported that their interest in Job Corps operations was lessened by an indication from OEO that funding might not be available in the view of the commitment to present and planned Federal facilities. The use of States in providing services to these Federal camps has been very minimal.

The Commission finds that OEO has not fully and positively sought the assistance to States in the Job Corps program. Requests for proposals are rarely sent to States by OEO and there is no system for soliciting the interest of State agencies. It appears that OEO is somewhat reluctant to utilize State agencies because of the administrative restrictions under which many operate and because private agencies can often respond more quickly to problems, particularly where the expenditure of emergency funds is involved. Conversely, the Commission feels that the States have neither strongly asserted their interest nor demonstrated their willingness to assist in carrying out Job Corps programs.

The Commission concludes, however, that the States have more experience than any other form of public or private agency in providing the kinds of services and programs involved in the Job Corps and that they should be fully encouraged to participate. It may be possible, for example, for each State to operate a camp with Federal assistance so that youths who need this training may more easily get it.

The use of States should not limit OEO in prescribing performance standards and evaluating effectiveness in order to insure that Job Corpsmen

everywhere profit from the best programs that can be developed. An increase in the involvement of the States in the Job Corps might also help graduates find jobs through the State employment service, and increase hiring of graduates by State agencies and departments.

Recommendation No. 14. Removal of State Legislative and Administrative Barriers.

The Commission recommends that OEO, the heads of State technical assistance agencies, and the Council of State Governments and its affiliated organizations, in cooperation with the Commission's staff and the affected Federal departments and agencies, establish machinery to identify State administrative and legislative barriers to anti-poverty programs, to study the State impact of poverty-related Federal legislation on State laws, and to prepare, as needed, model State statutes to remove unnecessary or unreasonable provisions or practices.

Because of the speed with which the war on poverty has been launched and the importance of organizing programs in thousands of communities, there has not been time for each State to thoroughly study barriers which existing States laws and regulations present to the effective administration of anti-poverty programs. The new techniques introduced in EOA programs have also caused re-examination of certain aspects of Federal, State, and local laws and regulations including civil service standards as they affect the poor and the right to counsel.

The questionnaire responses received from various groups identified certain specific kinds of legal and administrative barriers including the following:

- Restrictive licensing standards on day care centers.
- Regulations or practices which make it difficult for anti-poverty agencies to get lists of welfare recipients.
- Welfare regulations which discourage recipients from receiving job training.
- Overly restrictive standards on nonprofessional and sub-professional personnel in educational programs.
- Restrictions which prevent public agencies from contributing funds to private nonprofit CAAs.
- Enabling legislation for public housing interpreted to prohibit implementation of Title VII of the Act. (Title VII provides for the treatment of income for certain public assistance purposes.)
- Residence requirements or practices which hinder the initiation of Work Experience programs.
- Laws which prevent the use of public school facilities for pre-school (Head Start) children.

- Inadequate housing code legislation.
- In connection with State Job Corps camps, accepting non-residents, applying present civil service standards, and getting working capital to operate camps until Federal reimbursement becomes available.

The purpose of this recommendation is to assist States in considering revisions of State laws and regulations in these and other areas in which unintentional barriers to anti-poverty programs exist. The machinery would also establish a communication network among States and between Federal and State agencies which should be extremely useful. It would bring together the groups most closely involved in these problems and provide each State with the basis for examining and considering changes in its own legislation and regulations.

The Federal agencies brought into such an effort should include the Department of Justice, the Bureau of the Budget, agencies administering programs delegated by the OEO Director, and other departments and agencies which have an impact on a particular problem area (such as public assistance, housing, and education).

The Commission is not in a position to determine the validity of the types of barriers identified by the questionnaires or to suggest the appropriate remedy. It seems clear, however, that the establishment of lines of communication which can identify and assist in removing such barriers is very necessary. While this recommendation in no way detracts from the legislative process of each State, it does provide an avenue which encourages and facilitates needed reforms.

FOOTNOTES

FOOTNOTES

Chapter I

1. U. S., Congress, Congressional Record, 88th Congress, 2d Session, Vol.110, Part 4, p. 5287.
2. P. L. 88-253.

Chapter II

1. This definition of poverty focuses on the limitation of income resources. Other definitions are possible using such criteria as deficiency of community resources and income substitutes; the combination of negative characteristics for labor participation; and the presence of a "culture of poverty." See Poverty in America, ed. Louis A. Ferman, Joyce L. Kornbluh and Alan Haber (Ann Arbor: The University of Michigan Press, 1965), p. 1.
2. U. S., Council of Economic Advisers, Annual Report (Washington: Government Printing Office, 1964), pp. 58-59.
3. Sar A. Levitan, Programs in Aid of the Poor, (Kalamazoo, Michigan: The W. E. Upjohn Institute for Employment Research, 1965), p. 18.
4. Mollie Orshansky, "Counting the Poor: Another Look at the Poverty Profile," Social Security Bulletin, January 1965; "Who's Who Among the Poor: A Demographic View of Poverty," Social Security Bulletin, July 1965; and "Recounting the Poor--A Five-Year Review," Social Security Bulletin, April 1966.
5. See Council of Economic Advisers, Annual Report (Washington: Government Printing Office, 1966), pp. 110-114; Office of Economic Opportunity, Dimensions of Poverty in 1964 (Washington, 1965).
6. U. S., Council of Economic Advisers, Annual Report (1964), p. 70.
7. U. S., Congress, Senate, Economic Opportunity Act of 1964, Hearings before the Select Committee on Poverty of the Committee on Labor and Public Welfare, 88th Congress, 2d Session, (Washington: Government Printing Office, 1964), p. 247.
8. U. S., Congress, Senate, The War on Poverty, a compilation of materials relevant to S. 2642, 88th Congress, 2d Session, Document No. 86 (Washington: Government Printing Office, 1964), pp. 35-36.
9. Council of Economic Advisers, Annual Report (1964), p. 73.
10. Robert J. Lampman, "The Historical Approach," The Nation, June 7, 1965, p. 606.
11. Ibid.
12. Ibid., pp. 607-608.
13. See Study Committee on Federal Aid to Welfare, Commission on Intergovernmental Relations, Federal Aid to Welfare, (Washington: Government Printing Office, 1955), Chapter 6.

14. See Commission on Intergovernmental Relations, Final Report, (Washington: Government Printing Office, 1955), pp. 266-267.
15. Arthur M. Schlesinger, Jr., 1000 Days, (Boston: Houghton-Mifflin, 1965), p. 1008.
16. Ibid, p. 1009.

Chapter III

Part A

1. Economic Opportunity Act, Sec. 202(a)(4).
2. U. S., Congress, Senate, The War on Poverty, The Economic Opportunity Act of 1964, a compilation of materials relevant to S. 2462, 88th Cong. 2d Session, Document No. 86 (Washington: Government Printing Office, 1964), pp. 52-53.
3. See Appendix A, p. 228.
4. U. S., Congress, House, Economic Opportunity Act of 1964, Report No. 1458, 88th Congress, 2d Session, pp. 10-11.
5. For a "Partial List of People Mr. Shriver has consulted in Developing the Poverty Program," see U. S., Congress, House, Economic Opportunity Act of 1964, Hearings before the Subcommittee on the War on Poverty Program, Part I (Washington: Government Printing Office, 1964), pp. 23-25.
6. Ibid., Part II, remarks of mayors Robert Wagner (New York), p. 728, Richard Daley (Chicago), p. 768, Jerome Cavanaugh (Detroit), p. 785, Raymond Tucker (St. Louis), p. 790, and William F Walsh (Syracuse), p. 822, and Beverly Briley (Nashville-Davidson County) Part III, p. 1466.
7. U. S., Congress, Senate, Economic Opportunity Act of 1964, Report No. 1218, 88th Congress, 2d Session.
8. Community Action Program, Office of Economic Opportunity, Community Action Program Guide (Washington: 1965), B 2.d.
9. Ibid., B.3.c.
10. Ibid., B.4.
11. Ibid., B.6.
12. Ibid., B.6.a.
13. CAP Form 2, 2.6.
14. See Appendix B, Table B-2.
15. See Appendix B, Table B-3.

16. See Appendix B, Table B-4.
17. See U. S., Congress, Senate, Catalog of Federal Aids to State and Local Governments, Prepared for the Subcommittee on Intergovernmental Relations, Committee on Government Operations, by the Legislative Reference Service of the Library of Congress, Committee Print, 88th Congress, 2d Session; and 1965 Supplement.
18. 42 U.S.C. 2507.
19. P. L. 89-136.
20. U. S., Area Redevelopment Administration, A Community's Own Overall Economic Development Program (Preliminary) (Washington: processed, August 1962), p. 7.
21. Ibid., p. 8.
22. U. S., Department of Commerce, Guide for Overall Economic Development Programs, (Washington: 1966), p. 3.
23. Sar A. Levitan, Federal Aid to Depressed Areas (Baltimore: The Johns Hopkins Press, 1964), p. 197.
24. Advisory Commission on Intergovernmental Relations, Impact of Federal Urban Development Programs on Local Government Organization and Planning (Washington: Government Printing Office, 1964), pp. 112-113.
25. Memorandum from Administrator, ASCS, to Administrator, Rural Community Development Service, Department of Agriculture, November 23, 1965.
26. Memorandum from Acting Administrator, Farmers Home Administration, to Administrator, Rural Community Development Service, Department of Agriculture, November 19, 1965.
27. Separate statement by Morton Grodzins from Review of the Farmer Committee System, Report of the Study Committee Appointed by Secretary Freeman (Washington: Department of Agriculture, 1962), processed, pp. 11-13.
28. Other aspects of the "maximum feasible participation" requirement are analyzed below on pages 48-55.
29. Advisory Commission on Intergovernmental Relations, The Problem of Special Districts in American Government (Washington: Government Printing Office, 1964), p. 75.
30. Economic Opportunity Act, Section 202(a).
31. Community Action Program, Office of Economic Opportunity, Community Action Program Guide, (Washington, 1965), p. 13.
32. These principles are generally consistent with criteria used by the Advisory Commission on Intergovernmental Relations in its report, Performance of Urban Functions: Local and Areawide, (Washington: Government Printing Office, 1963), Chapter 2.

33. See Advisory Commission on Intergovernment Relations, Metropolitan Economic and Social Disparities: Implications for Intergovernmental Relations in Central Cities and Suburbs, (Washington: Government Printing Office, 1965).
34. See Advisory Commission on Intergovernmental Relations, Governmental Structure, Organization, and Planning in Metropolitan Areas, (Washington: Government Printing Office, 1961); Alternative Approaches to Governmental Reorganization in Metropolitan Areas, (Washington: Government Printing Office, 1962).
35. Advisory Commission on Intergovernmental Relations, Impact of Federal Urban Development Programs on Local Government Organization and Planning, (Washington: Government Printing Office, 1964), p. 15.
36. OEO, Poverty Program Information as of January 1, 1966, two volumes. The three SMSAs in Puerto Rico were excluded from the official list of 229 designated by the Bureau of the Budget.
37. Economic Opportunity Act, Section 202(a)(3)
38. U. S., Congress, House, Economic Opportunity Act of 1964, Hearings before the Subcommittee on the War on Poverty Program, Part 1, (Washington: Government Printing Office, 1964), p. 305.
39. CAP Guide, p. 16.
40. Ibid., p. 18.
41. Ibid., p. 16.
42. Ibid., pp. 58-59.
43. U. S. Conference of Mayors, Special Report: The Office of Economic Opportunity and Local Community Action Agencies (Washington: processed, undated) p. 3.
44. Washington Post, February 6, 1966.
45. Ibid., February 4, 1966.
46. OEO press release, November 5, 1965.
47. Ibid., November 5, 1965.
48. CAP, OEO, Workbook, P. III. A. 2.
49. Ibid., P. III. A. 6.
50. Washington Post, February 4, 1966.
51. Washington Daily News, August 4, 1965.
52. U. S. Conference of Mayors, Economic Opportunity in Cities, (Washington, 1966), p. 26.

53. Ibid., p. 36.
54. Washington Post, February 4, 1966.
55. For support of this view, see William F. Haddad, "Mr. Shriver and the Savage Politics of Poverty," Harper's, December 1965, pp. 43-50.
56. Citizens Crusade Against Poverty, Statement of Policy and Program (New York, October 13, 1964).
57. U. S., Congress, House, Economic Opportunity Amendments of 1965, Report No. 428, 89th Congress, 1st Session, (Washington: Government Printing Office, 1965), p. 7.
58. Ibid., pp. 7-8.
59. Ibid., pp. 8-9.
60. Economic Opportunity Act, Section 17.
61. CAP, OEO, CAP Guide, B.7, p. 18.
62. CAP, OEO, Memorandum No. 9, November 1, 1965.
63. Washington Post, December 1, 1965; January 6, 1966; January 17, 1966.
64. OEO news release, April 7, 1966.
65. Edgar S. and Jean C. Cahn, "The War on Poverty: A Civilian Perspective," The Yale Law Journal, Volume 73, No. 8, (July 1964), pp. 1317-1352.
66. Economic Opportunity Act, Section 202(a)(4).
67. CAP, OEO, CAP Guide, pp. 40-41.
68. Economic Opportunity Act, Section 211.
69. Ibid., Section 612.
70. See "Coordination in the War on Poverty," OEO, Congressional Presentation, March 1966 (processed), pp. 93-106.
71. P. L. 89-10, Section 205(a)(7).
72. P. L. 89-117, Section 703(c).
73. P. L. 89-136, Section 101(a)(A).
74. U. S. Conference of Mayors, The Office of Economic Opportunity and Local Community Action Agencies, (Washington, undated), p. 4.
75. National Association for Community Development, Community Programs on Employment and Manpower, (Washington 1966), pp. 155-156.

76. See Advisory Commission on Intergovernmental Relations, Relocation: Unequal Treatment of People and Businesses Displaced by Government, (Washington: Government Printing Office, 1965).
77. S 561, 89th Congress.
78. U S., Congress, House, Message from the President of the United States Transmitting the Rural Poverty Program, Document No. 367, 89th Congress, 2d Session, January 25, 1966.
79. H. R. 12341, 89th Congress.
80. U. S. Conference of Mayors, The Office of Economic Opportunity and Local Community Action Agencies (Washington, undated), p. 2.
81. See page 66.

Part B

1. Michael Harrington, The Other America (New York: The Macmillan Co., 1964), pp. 170-171.
2. Ibid., p. 171.
3. Peter Marcuse, "The Anti-Poverty Program: Attack on the Symptoms or Attack on the Source?" Pratt Planning Papers, III, No. 4 (October 1965), p. 28.
4. Terry Sanford, "Poverty's Challenge to the States," Law and Contemporary Problems, Vol. 31, No. I (Winter, 1966), p. 80.
5. Governor's Conference on State-Local Relations "Massachusetts Surveys Its Poverty" Proceedings of the Sixteenth Conference, June, 1964, ed. Robert A. Shanley (Amherst, Massachusetts: Bureau of Government Research, University of Massachusetts, 1964), p. 63.
6. The historical treatment, though not the interpretations, draws partially on preliminary research by Sar. A. Levitan and Roger H. Davidson for a forthcoming study by the W L. Upjohn Institute for Employment Research, financed by a grant from the Ford Foundation, and on Dr. Davidson's article, "Poverty and the New Federalism," which will shortly be published by the Institute.
7. U. S., Congress, Senate, Select Subcommittee on Poverty, The War on Poverty - The Economic Opportunity Act of 1964, 88th Congress, 2d Session, 1964, p. 3.
8. This summary is based on the provisions of the proposed Act as printed in ibid. pp. 7-26. It excludes the provisions of the Work Study program.
9. Ibid., Section 502, p. 21.
10. U. S., Congress, House, Economic Opportunity Act of 1964, 88th Congress, 2d Session, Hearings before the Subcommittee on the War on Poverty Program, Part II, (Washington: Government Printing Office, 1964), p. 825.

11. U. S., Congress, Senate, Economic Opportunity Act of 1964, Hearings before the Select Committee on Poverty of the Committee on Labor and Public Welfare, 88th Congress, 2d Session, (Washington: Government Printing Office, 1964), pp. 118-120.
12. U. S., Council of Economic Advisers, Annual Report, (Washington: Government Printing Office, 1965), pp. 61-66.
13. Michael S. March, "Coordination of the War on Poverty," Law and Contemporary Problems, Vol. 31, No. I (Spring 1966), p. 137.
14. Based on Spencer A. Rich, Congress and the Nation, 1945-64 (Washington: Congressional Quarterly, 1965), pp. 1326-29.
15. Office of Economic Opportunity, The First Step On a Long Journey, Congressional Presentation, 1965, I, p. 84.
16. U. S., Congress, House, Committee on Education and Labor, Economic Opportunity Amendments of 1965, 89th Congress, 1st Session, Report No. 428, (Washington: Government Printing Office, 1965), pp. 13-14.
17. U. S., Congress, Congressional Record, Senator Peter H. Dominick (R-Colorado), 89th Congress, 1st Session, 1965, Vol. 111, p. 20335.
18. Throughout the discussion of the veto provision, the phrase "to date" means May, 1966.
19. Economic Opportunity Act, Section 109.
20. Economic Opportunity Act, Section 209 as amended by Economic Opportunity Amendments of 1965, P. L. 89-253, Section 16.
21. Economic Opportunity Act, Section 202.
22. Based on a discussion of the Birmingham veto in "Operation of Poverty Program Under Sharp Attack," Congressional Quarterly, Vol. XXIII, No. 21, (Week ending May 21, 1965), p. 992.
23. The Governor of Wyoming has not created a State OEO office or designated an anti-poverty coordinator. The University of Wyoming is providing some technical assistance under a Section 207 research, training, and demonstration grant.
24. U. S., Senate, The War on Poverty, op. cit., Section 208(b) of the draft bill, p. 16.
25. Economic Opportunity Act, Section 213.
26. U. S., Congress, House, Committee on Appropriations, Hearings on Supplemental Appropriation Bill, 1966, 89th Congress, 1st Session, Part 2, (Washington: Government Printing Office, 1966), p. 649.
27. OEO, The First Step. . ., op. cit., p. 84.

28. Griffenhagen-Kroeger, Inc., An Evaluation of 25 Designated State Technical Assistance Agencies, an unpublished report prepared for the Office of Economic Opportunity (January, 1966) p. 1.
29. John M. Pfiffner and Robert V. Presthus, Public Administration, 4th ed. (New York: The Ronald Press Co., 1960), p. 111.
30. State of California, Implementation of the Economic Opportunity Act of 1964, The Role of the State, (January, 1966), p. 4.
31. For a listing of these State efforts to coordinate Federal programs see "Coordination of Federal Programs," The National Association of State Budget Officers Newsletter, Vol. 8, No. 1 (January-March, 1966), pp. 2-9.
32. Earl L. Darrah and Orville F. Poland, The Fifty State Governments: A Compilation of Executive Organization Charts (Berkeley, Bureau of Public Administration, University of California, 1961), p. 11.
33. See Appendix B, Table B-6 for data on the method of selection of State officials who may be involved in anti-poverty programs.
34. The President's Committee is headed by the Secretary of Labor and includes representatives from the Departments of Agriculture; Commerce; Defense; Health, Education and Welfare; and Interior; and from Atomic Energy Commission, Civil Service Commission, National Aeronautics and Space Administration, National Science Foundation, Selective Service System, Bureau of the Budget, Council of Economic Advisers, Office of Science and Technology, and the Office of Emergency Planning. OEO is represented on the Committee's Task Force on the Coordination of Manpower Programs at the local level.
35. President's Committee on Manpower, Memorandum For the Chairman of the President's Committee on Manpower, (March 4, 1966), p. 3.
36. Office of Economic Opportunity, Congressional Presentation, (March 1966), p. 47.
37. National Association for Community Development, "Eight Resolutions Passed at NACD Conference," Community Development, A Monthly Newsletter, Vol. 1, No. 2 (December 1965), insert.
38. U. S., Department of Labor, Report on Manpower Requirements, Resources Utilization, and Training by the Department of Labor, (March 7, 1966), p. 5.
39. OEO, Congressional Presentation, op. cit., p. 47.
40. Edmund G. Brown, Message to the California Legislature on State Poverty Programs (March 14, 1966), pp. 6-8.
41. OEO, Congressional Presentation, op. cit., p. 59.
42. OEO, Community Action Memo No. 11, November 15, 1965, pp. 1-2.

43. Ibid.
44. U. S. Conference of Mayors, Special Report: The Office of Economic Opportunity and Local Community Action Agencies, (Washington, 1965), p. 1.
45. For a listing of the features of State grant-in-aid plans, see U. S., Congress, Senate, Committee on Government Operations, Hearings on the Intergovernmental Cooperation Act of 1965, 89th Congress, 1st Session, (Washington: Government Printing Office, 1965), p. 79.
46. See Appendix A, Part E for illustrations of the problem.
47. Sections 2, 402, 1002, 1402, and 1602 of the Social Security Act as quoted in Department of Health, Education, and Welfare, Welfare Administration, Handbook of Public Assistance Administration Supplement B, Work Experience and Training Program, (Washington, 1965), Section B-3110, p. 1.
48. Jack T. Conway, speech delivered at War on Poverty Conference, Atlanta, Georgia, June 4, 1964.
49. Sanford, op. cit., p. 83.
50. Griffenhagen-Kroeger, op. cit., p. 60.
51. Orin F. White, Jr., "The Organization Society--Challenge For the States," Public Affairs Comment, published by the Institute of Public Affairs of the University of Texas, Vol. XII, No. 1 (January, 1966), p. 3.
52. Advisory Commission on Intergovernmental Relations, Seventh Annual Report, (Washington: 1966), p. 4.

Part C

1. For a discussion of the different definitions of poverty among Federal programs see "Income Limits Vary for Programs to Help Needy," Congressional Quarterly, Vol. XXXIV, No. 14 (April 8, 1966), pp. 754-757, 761.
2. John Allan Long, "Data lag charged in war on poverty," Christian Science Monitor, March 30, 1966, p. 1.
3. Lane W. Lancaster, Government in Rural America, (New York: D. Van Nostrand Co., Inc., 1952), pp. 93, 105.
4. "OEO Hearing Highlights," Economic Opportunity Report, Countdown Issue, March 21, 1966, p. 9.
5. National Association for Community Development, "Eight Resolutions Adopted at NACD Conference," Community Development - A Monthly Newsletter, Vol. 1, No. 2 (December, 1965), insert.

6. The data used in this analysis of the budget impact on the poor are drawn from Michael S. March, "Coordination of the War on Poverty," Law and Contemporary Problems, Vol. 31, No. 1 (Winter, 1966), pp. 120-123.
7. Based on March, op. cit., p. 121.
8. U S., Council of Economic Advisers, Annual Report (Washington: Government Printing Office, 1966), pp. 114-115.
9. Gerald Grant, "U. S. Aid a Boon for Needy Schools But Some Areas Go Empty Handed," Washington Post, (April 8, 1966), p. A-4. See also Hobart Rowen, "LBJ Hit for Cutting Subsidies to Well-to-Do," Washington Post (April 8, 1966), p. D-8.
10. Charles B. Kentnor, Jr., Federal Grants-in-Aid to State and Local Governments, testimony before the Subcommittee on Executive and Legislative Reorganization of the House Committee on Government Operations, (March 8, 1966), Appendix, p. 11.
11. "Bigger Slice Goes to Poorer Areas," Business Week, (November 27, 1965), p. 54.
12. OEO, Dimensions of Poverty, 1964, (December, 1965), p. 8.
13. "Seven States May Not Receive Minimum EO Funds," Economic Opportunity Report, Vol. 1, No. 11 (June 13, 1966), p. A-1.
14. Joseph A. Loftus, "South Is Lagging in Requests for Federal Anti-Poverty Money," New York Times (January 2, 1966), p. 48.
15. Excluding individuals in group quarters of five or more to make the total population data comparable with the poor population data.
16. March, op. cit., p. 130.
17. As defined by the Bureau of the Budget, Standard Metropolitan Statistical Areas (1964) updated through March 1966.

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1. Economic Opportunity Act, Section 203(b).
2. Ibid., Section 210.
3. Ibid.
4. Ibid., Section 116.
5. U S., Congress, House, Supplemental Appropriation Bill, 1966, Hearings before Subcommittee of the Committee on Appropriations, 89th Congress, 1st Session, Part 2, (Washington: Government Printing Office, 1966), p. 413.

6. Ibid., p. 370.
7. CAP, OEO, CAP Guide, Vol. II, Financial Instructions (June 1965), p. 24.
8. Congressional Quarterly, Vol. XXIV, No. 10 (March 11, 1966), p. 559.
9. New York Times, May 28, 1966.

APPENDIXES

APPENDIX A

THE OFFICE OF ECONOMIC OPPORTUNITY AND THE PROGRAMS ADMINISTERED UNDER THE ECONOMIC OPPORTUNITY ACT

This appendix is a description of the administrative structure and programs established by the Economic Opportunity Act of 1964 as amended. The nine programs summarized under sections B through J exclude the Work-Study Program set up by Title I-C of the 1964 Act, since this program was transferred to the Office of Education, Department of Health, Education, and Welfare, by the Higher Education Act of 1965.¹

A. THE OFFICE OF ECONOMIC OPPORTUNITY

The Office of Economic Opportunity (OEO) was established within the Executive Office of the President by the Economic Opportunity Act of 1964.² The Act provides for Youth Programs (Job Corps and others), Urban and Rural Community Action Programs, Special Programs to Combat Poverty in Rural Areas, Employment and Investment Incentives, and Work Experience Programs. The Director is authorized to carry out the programs and may, with the approval of the President, delegate any of his powers under the Act.

The purpose of the Office of Economic Opportunity is to strengthen, supplement, and coordinate efforts to further 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, the opportunity to work, and the opportunity to live in decency and dignity."

Organization of OEO

The Office of Economic Opportunity is headed by a Director, who is assisted by a deputy director and three assistant directors, all appointed by the President, by and with the consent of the Senate. Other assistant directors and a general counsel provide additional program and staff support. At present there are assistant directors for management, inspection, congressional relations, interagency relations, private groups, research, plans, programs, and evaluation, public affairs, Job Corps, VISTA, and community action programs.

The headquarters office of OEO is responsible primarily for OEO program planning, direction, control and evaluation. The seven regional offices, within designated geographic areas, are responsible for conducting OEO operations in accordance with policies, guidelines, and standards established by headquarters. Each region is headed by a regional director, who serves as the representative of the Director and directs and coordinates OEO programs in his region. Regional directors report to the Director, advising him of program accomplishments and problems, and recommending adjustments.

Division managers in the regional offices report to the regional director for overall program direction and policy guidance. Specific technical direction and communication relating to program administration may flow directly between headquarters organizations and regional counterparts. All other communications are routed through the regional director.

Programs Administered Directly and Under Delegated Authority

The OEO Director is responsible for coordinating all Federal anti-poverty activities authorized by the Economic Opportunity Act. OEO administers three programs directly: Community Action Program (Title II-A); Migrant Workers (Title III-B); and VISTA (Title VI-A). It exercises primary responsibility for the Job Corps (Title I-A), which is operated under contract by other public and private agencies.

The OEO Director has delegated responsibility for administration of five programs: (1) work-training (Neighborhood Youth Corps)(Title I-B) to the Secretary of Labor; (2) adult basic education (Title II-B) to the Secretary of Health, Education, and Welfare; (3) rural loans (Title III-A) to the Secretary of Agriculture; (4) employment and investment incentives (Title IV) to the Administrator of the Small Business Administration; and (5) work experience, other than the power to transfer funds (Title V) to the Secretary of Health, Education, and Welfare. The Director and the officers to whom powers are delegated jointly prescribe rules and regulations for carrying out the delegated powers.

Advisory Bodies

The Act establishes two advisory bodies. The Economic Opportunity Council consults with and advises the Director in carrying out his functions, including coordination of anti-poverty efforts by all segments of the Government. The Council is composed of the Director, as chairman, the Secretary of Defense, the Attorney General, the Secretaries of the Interior, Agriculture, Commerce, Labor, Health, Education and Welfare, and Housing and Urban Development, the Administrator of the Small Business Administration, the Chairman of the Council of Economic Advisers, the Director of Selective Service, and such other agency heads as the President may designate.

The National Advisory Council reviews the operations and activities of OEO, upon the Director's request, and makes appropriate recommendations. The Council is composed of the Vice President as Honorary Chairman, the Director as Chairman, and not more than 14 additional members appointed by the President. Members are representative of the public in general and appropriate fields of endeavor related to the purposes of the Act.

The Director is authorized to appoint additional advisory committees of private citizens and public officials of all three levels of government. He has appointed a Labor Advisory Council, a Business Leadership Advisory Council, a Community Representatives Advisory Council, consisting of residents of the areas and members of the groups served by anti-poverty programs, and a Public Officials Advisory Council. The membership of the latter is based on recommendations made to OEO by five national organizations of States and local officials: U. S. Conference of Mayors, National League of Cities, National Association of Counties, International City Managers' Association, and the Council of State Governments. This council has 26 members--11 mayors, five governors, five city managers, and five county executives. Its purpose is to facilitate responsible consultation with State and local officials in order to avoid unworkable rules and regulations, expedite the flow of information, and implement policy decisions.

Program and Financing

Following is a summary of OEO funded program costs for fiscal years 1965, 1966, and 1967:

TABLE A-1
OFFICE OF ECONOMIC OPPORTUNITY FUNDED PROGRAM COSTS:
FY 1965, 1966 (est.), and 1967 (est.)
(000)

<u>Program by activities</u>	<u>1965</u> <u>Actual</u>	<u>1966</u> <u>Estimate</u>	<u>1967</u> <u>Estimate</u>
1. Youth programs:			
(a) Job Corps	\$ 53,523	\$ 240,000	\$ 355,000
(b) Neighborhood Youth Corps	50,895	245,000	275,000
2. Community action programs:			
(a) Head Start components	5,000	147,000	260,000
(b) Other components	44,244	344,000	475,000
3. Migrant agricultural workers program	1,166	24,000	30,000
4. Rural areas program	1,727	2,000	2,000
5. Small business development centers	-	-	5,000
6. Adult basic education program	4,275	20,000	30,000
7. Work experience program	20,668	130,000	160,000
8. VISTA	1,393	14,000	23,000
9. General direction and administration	4,981	11,000	17,000
10. Draft reject program ^a	-	-	5,000
Total	\$187,822	\$1,177,000	\$1,637,000

^aFunds for Public Health Service and Vocational Rehabilitation Administration of the Department of Health, Education, and Welfare to make grants to State and local health agencies for counseling and referral for care of young men rejected from military service for medical reasons.

Source: Appendix to the Budget for Fiscal Year 1967, pp. 92-94.

Discrimination Prohibited

Programs authorized by the Economic Opportunity Act, like other Federal programs, are prohibited from discriminating against individuals on the ground of race, creed, color, or national origin, pursuant to the Civil Rights Act of 1964.

B. THE JOB CORPS (TITLE I-A)

The Job Corps of OEO offers educational and vocational training opportunities for men and women ages 16 to 21 in institutional facilities which remove the youth from his environment of poverty. In addition to improving the skills, education, health, and outlook of these youth, the program provides conservation and other community service activities to the States and communities in which facilities are located.

Goals and Objectives

In October of 1963 there were 730,000 young men and women between the ages of 16 and 21 who were both out of work and out of school. This figure had increased 22 percent in a one year period.³ The thrust of the Job Corps is against poverty as it affects this age group. These young Americans suffer from what the Council of Economic Advisers called a "cruel legacy of poverty."⁴

The Office of Economic Opportunity describes the lot of these youth in the following way:

There is one group that almost defies an accurate count; a mass of youngsters between the ages of 16 and 21, out of school and not even looking for work. . . They're difficult to keep track of because they're not in school, not covered by unemployment insurance or directly on public assistance. Many are still "dependent" children living at home. Many of them exist in a marginal world that produces gang warfare and other anti-social behavior. They have been sentenced to poverty without a fair trial.⁵

As Table A-2 shows, the incidence of poverty among youth is rather significant especially in relation to other age groups.

TABLE A-2
NUMBER AND MONEY INCOME OF UNRELATED INDIVIDUALS,^a
BY AGE GROUP, 1962

	Number (millions)	Percent with Income	
		Less than \$1,500 (1962 prices)	Less than \$1,000 (1962 prices)
All individuals	11.0	45	29
Age:			
14-24 years	1.1	51	40
25-54 years	3.5	27	19
55-64 years	2.3	37	25
65 years and over	4.2	64	37

^aUnrelated individuals are persons (other than inmates of institutions) who are not living with any relatives.

Source: Department of Commerce and Council of Economic Advisers.

Poverty among American youth is a national human resource development problem as well as a personal and family one. Without the training and education they need, these individuals represent not only a present and future cost to society (in terms of public assistance and related expenditures) but a substantial manpower loss to an economy which increasingly will face labor shortages in a number of skill categories in the 1970s.

As the Nation strives to attain full employment, unemployment continues to face large numbers of Americans who fall in this 16 to 21 age category. In March 1965, for example, 3,740,000 unemployed persons were looking for work, representing a seasonally adjusted unemployment rate of 4.7 percent. But among youth, the rate was much higher, ranging from 12.7 to 27.7 percent in various groups.⁶

The Job Corps' approach to educational and vocational training differs from that employed in other programs in one important respect. It removes the individual from his poverty environment and trains and educates him in a new surrounding together with others who need similar assistance. An alternative technique, employed by the Neighborhood Youth Corps, is to leave the individual in his surrounding and take the services to him. In certain situations, a break with an individual's environment may be an important step toward economic and personal betterment whereas in others, family and local conditions may dictate no change of residence. Regardless of the technique, the goal is the same: to provide youth, particularly those whom other programs have not helped, with the educational and vocational training and services they need to become self-sustaining citizens.

A secondary but important aspect of the Job Corps' purpose lies in the work of the Youth Conservation Corps (YCC). Under the Economic Opportunity Act, 40 percent of the membership of the Job Corps constitutes the YCC which carries out activities designed to develop, conserve, and improve parks and natural resources. This activity is under the supervision of the U. S. Forest Service and the National Park Service and is designed to contribute to the protection and development of outdoor recreational facilities. Toward these ends a Job Corps National Beautification Advisory Committee has been established to assist in developing and identifying beautification projects in which Job Corps Centers can make a contribution.

Historical and Legislative Development⁷

Like some of the other programs under the Economic Opportunity Act, the Job Corps concept was not entirely new. Proposals to create a Youth Conservation Corps modeled on the Civilian Conservation Corps (1933-42) of the New Deal period and to provide training and education for disadvantaged youth were considered by Congress for a number of years.

The Job Corps' predecessor, the Civilian Conservation Corps, was created in the spring of 1933 for a twofold purpose: to give relief to single, unemployed young men and their families, and to conserve and improve the public domain. At the outset the new agency was designed to furnish employment for 250,000 jobless youths between the ages of 18 and 25. They were to work 40 hours a week during their six-month enrollment period in the national forests receiving a wage of \$30 a month, in addition to food, clothing, shelter, medical care, and other such services. The plan required the enrollee to allot to his family \$25 a month from this wage. Between April 1933 and April 1938 more than 1,900,000 men were accepted for CCC employment. Selection was made through

cooperation between the Department of Labor and established State and local welfare and relief administrations, under uniform standards of eligibility covering age, citizenship, unemployment and relief status, marital status, character, and physical fitness. More than 1,500 CCC camps were established during its ten year history.

In 1959, S. 812, sponsored by Senator Humphrey and 19 other Senators, was passed by the Senate on a 47-45 roll call vote. The measure was opposed by the Eisenhower Administration as unnecessary and too costly and no further congressional action was taken during the 86th Congress. In 1961 President Kennedy sent Congress proposed legislation calling for three youth-training pilot programs: (1) a three-year program to train 25,000 youth for State and local government service; (2) a three-year program of on-the-job vocational training for 25,000 youths a year; and (3) a three-year program to train 6,000 young people a year in a Youth Conservation Corps. Although these proposals were reported in both the House and the Senate they did not receive approval in either.

In 1963, President Kennedy sent the Congress a Special Message on Our Nation's Youth and again called for a number of programs including the establishment of a Youth Conservation Corps to "provide useful training and work" for 15,000 (in the first year) young men aged 16-21; and employment in a home town service corps of 40,000 young men and women (in the first year) of the same age in local nonprofit community projects such as hospitals, schools, parks, and settlement houses. These measures (S. 1) and (H.R. 5131) passed the Senate, were reported in the House, but failed to get a rule permitting floor action in the latter body.

The proposed Economic Opportunity Act submitted by President Johnson in 1964, and approved by the Congress that year, brought about the establishment of the Job Corps in which young men and women, aged 16 to 21, could enroll for up to two years. The Corps was based on the earlier Youth Conservation Corps proposals and was similar in character to the Civilian Conservation Corps. It was to enroll 40,000 persons in the first year and 100,000 in the second. The Job Corps proposal differed from previous proposals in two ways: it included women as well as men, and its program level was much higher than even its enthusiastic Senate supporters of past years had hoped. The Job Corps differs from the Civilian Conservation Corps of the 1930's in one important way. The orientation of the CCC was to provide employment and the groups served were not necessarily lacking in education or job training--just in employment. The enrollees in the Job Corps generally lack the education and training necessary to permit them to obtain and hold a job.

Organizationally, the Job Corps is one of the three programs which the Office of Economic Opportunity administers directly, although the Departments of Defense, Agriculture, and Interior are involved in providing facilities and supporting services.

The Operation of the Job Corps

The Job Corps is a voluntary national residential training program for out-of-school, out-of-work underprivileged young men and women. In operating it, OEO receives supplementary assistance from public and private agencies and organizations. Job Corps enrollees may be assigned to three types of residential training centers: (1) conservation centers; (2) urban centers for men;

and (3) urban centers for women. The Federal Government bears the full cost of operating all three types of Job Corps centers.

Conservation Centers

Conservation centers are generally located in national parks and forests and accommodate 100-200 enrollees each. Enrollees learn basic skills such as surveying, forestry, weed and pest control, fire prevention and control, and hand and power tool operations. In addition to basic education courses, enrollees receive training in nutrition, personal hygiene, and physical fitness. These centers are supervised by the U. S. Park Service or the Forest Service under contract with the OEO.

Urban Centers for Men

These centers, in 1,500-2,000 planned capacity units, are established on surplus Department of Defense sites and operated by public or private contractors. The Department of Defense supplies certain logistical support including supplies. Contractors may be States, nonprofit organizations, or other public and private agencies. Vocational training programs available include automobile repair work, data processing, office machines operation and repair, accounting, cooking, farm equipment operation, and hospital skills.

Urban Centers for Women

Women's centers, in 300-1,000 planned capacity units, are established on privately leased sites and are also operated by non-Federal contractors. These centers provide training and educational programs including family responsibility, budget management, and fundamentals of good grooming and good health. Vocational training is provided in such areas as business and clerical occupations, household services, food preparation, health services, clothing services, graphic arts, recreation, and various electronic and technician occupations.

Eligibility Requirements for Enrollees

Job Corps enrollees must be: (1) 16-21 years old; (2) citizens or permanent residents of the United States; (3) out of school for three months or more; (4) unable to find or hold an adequate job; (5) underprivileged from having grown up in impoverished surroundings; and (6) in need of a change of environment in order to become useful and productive citizens.

Education and Training Components

The program presented in each Job Corps camp is composed of three elements: (1) Basic Education--suited to and presented in a manner intended to be attractive to Job Corps enrollees; (2) Vocational Training--which will provide Corps members with the skills necessary to enable them to secure a job after training; and (3) Work Experience--which will build good work habits while being useful to the country and the community.

Generally speaking, heaviest emphasis is placed on education and less on work experience in the urban centers than in the conservation centers.

Recruitment and Selection of Enrollees

Recruitment of enrollees is a cooperative effort of the Job Corps, public and private organizations, newspapers, radio and television, and the outdoor advertising industry. Locally, schools, public welfare and recreation departments, selective service boards, and the State Employment Service are prime recruitment sources.

Names of all prospective candidates 16 to 21 years of age are sent to local screening agencies which interview and test applicants. Screening is done by Women in Community Service (WICS--a national private organization which screens all female Job Corps applicants), the Bureau of Indian Affairs (BIA), private groups including 17 selected local community action agencies, and the United States Employment Service. The BIA is the exclusive recruitment and screening agency for residents of areas that are covered by BIA where Employment Service offices are not available. Eighty-five percent of the enrollees to date have been furnished by the Employment Service while the remaining 15 percent were developed by private screening agencies and the WICS.

Names of eligible applicants together with profile information are forwarded to Job Corps headquarters in Washington for selection and assignment to a Job Corps Center. Placement in a camp is based on an appropriate slot in a camp nearest to the prospective enrollee. Since the Job Corps is a national program, a camp is typically made up of youth from many States and several regions of the country. The map on the following page shows the location and planned capacity of Job Corps Camps established as of January 1, 1966. A key to the map which gives information about each facility follows.

Financial Arrangements for Corpsmen

Under the Economic Opportunity Act, Corpsmen are provided with:

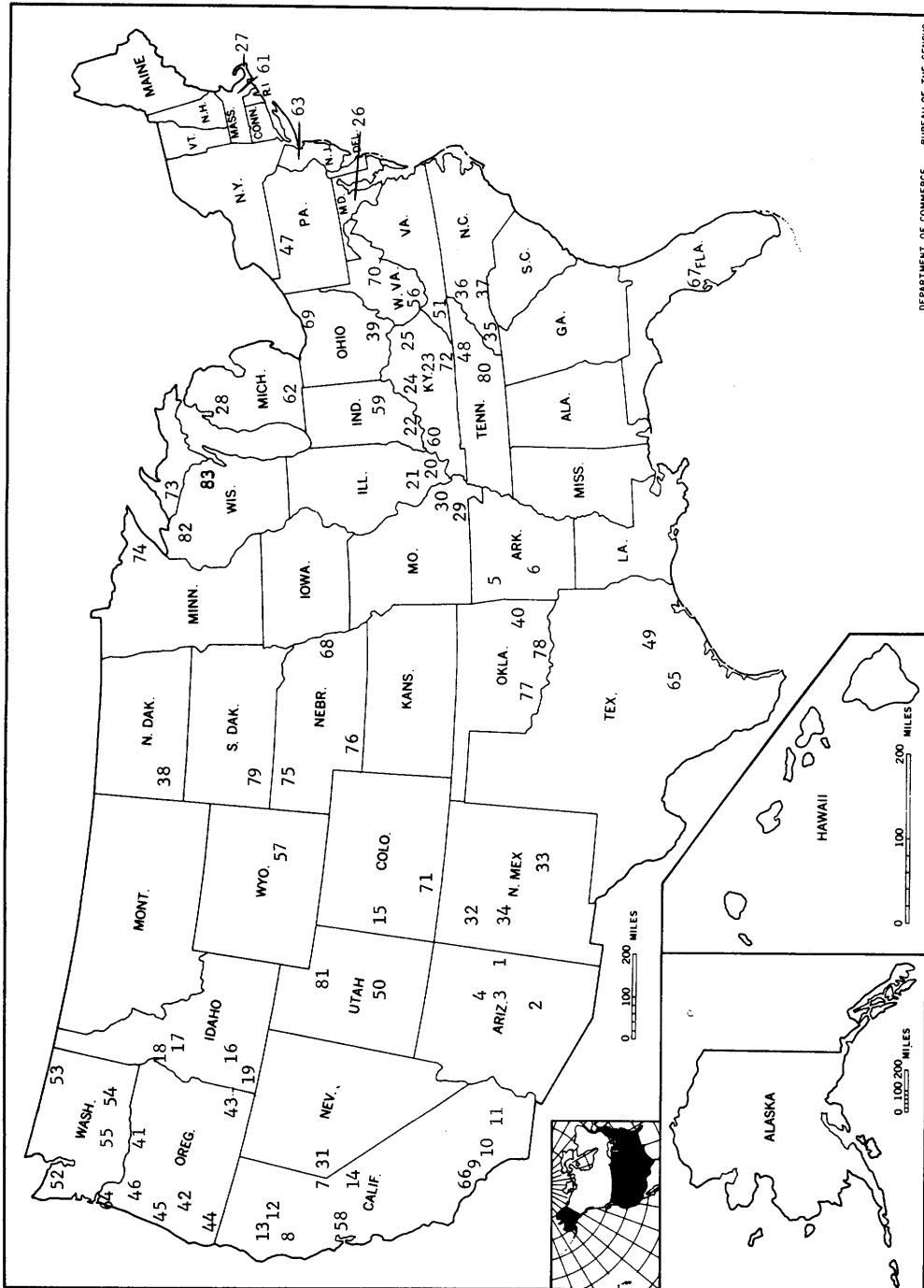
. . .such living, travel, and leave allowances and such quarters subsistence, transportation, equipment, clothing, recreational services, medical, dental, hospital, and other health services, and other expenses as the Director may deem necessary or appropriate for their needs.⁸

Job Corps volunteers receive a monthly living allowance of \$30. In addition, upon an enrollee's termination, he or she receives a readjustment allowance of \$50 for each month of satisfactory participation in the Corps. The director may permit a portion of the readjustment allowance (up to \$25.00 for each month of satisfactory service) to be paid, during the period of service, directly to a member of the enrollee's family and may supplement this payment with an equal amount.

After Job Corps

Although the Job Corps does not guarantee jobs for "graduates," every effort is made to assist them in finding employment. Many private and public organizations, including the regional OEO Job Corps staffs and community action agencies, are involved in this effort. The next step for Job Corps enrollees may be further training through another program such as the Manpower Development

JOB CORPS CENTERS IN OPERATION AS OF JANUARY 1, 1966



DEPARTMENT OF COMMERCE BUREAU OF THE CENSUS

Source: Job Corps, Office of Economic Opportunity.
See key on following pages, Tables A-3, A-4, and A-5.

TABLE A-3

KEY TO JOB CORPS MAP - CONSERVATION CENTERS

State	Key Number	County	Center Name	Date Established	Operated by ^a	Planned Enrollee Size
Arizona	1	Apache	Alpine	8/7/65	FS	100
	2	Gila	San Carlos	9/30/65	BIA	200
	3	Navajo	Heber	8/7/65	FS	200
	4	Navajo	Winslow	2/6/65	BIA	200
Arkansas	5	Franklin	Cass	6/15/65	FS	100
	6	Garland	Ouachita	2/6/65	FS	100
California	7	Eldorado	Sly Park	6/15/65	FS	100
	8	Glenn	Alder Springs	6/10/65	FS	200
	9	Los Angeles	Fenner Canyon	6/10/65	FS	100
	10	Orange	Los Pinos	7/26/65	FS	200
	11	Riverside	Oak Glen ^b	6/1/65	CRA	200
	12	Shasta	Toyon	4/27/65	BR	100
	13	Trinity	Lewiston	4/13/65	BR	200
	14	Tuolumne	Five Mile	8/25/65	FS	100
Colorado	15	Mesa	Collbran	5/15/65	BR	100
	71	Archuleta	Pagosa Springs	12/15/65	FS	100
Idaho	16	Elmore	Mountain Home	10/1/65	BLM	200
	17	Idaho	Cedar Flat	9/10/65	FS	200
	18	Idaho	Cottonwood	6/15/65	FS	200
	19	Owyhee	Marsing	10/30/65	BR	100
Illinois	20	Pope	Golconda	6/15/65	FS	200
	21	Williamson	Crab Orchard	6/21/65	SFW	100
Indiana	22	Perry	Branchville	6/15/65	FS	100
Kentucky	23	Bell	Cumberland Gap	6/20/65	NPS	100
	24	Edmonson	Great Onyx	6/15/65	NPS	200
	25	Menifee	Frenchburg	9/10/65	FS	100
	72	McCreary	Pine Knot	11/22/65	FS	200
Maryland	26	Frederick	Catoctin	1/6/65	NPS	100
Massachusetts	27	Barnstable	Wellfleet	4/30/65	NPS	100
Michigan	73	Gogebic	Ojibway	12/6/65	FS	200
	28	Wexford	Hoxey	10/15/65	FS	100
Minnesota	74	Lake	Isabella	11/30/65	FS	200
Missouri	29	Butler	Poplar Bluff	6/15/65	FS	100
	30	Stoddard	Mingo	11/1/65	SFW	100
Nebraska	75	Dawes	Pine Ridge	12/6/65	FS	100
	76	Red Willow	McCook	12/6/65	BR	200
Nevada	31	Ormsby	Clear Creek	9/15/65	FS	200
New Mexico	32	McKinley	Mexican Springs	8/10/65	BIA	200
	33	Torrance	Mountainair	4/13/65	FS	100
	34	Valencia	Grants	4/29/65	FS	200
North Carolina	35	Macon	Arrowood	2/1/65	FS	100
	36	Swain	Oconaluftee	10/15/65	NPS	100
	37	Transylvania	Schenck	5/18/65	FS	200
North Dakota	38	Stark	Dickinson	6/15/65	FS	200
Ohio	39	Lawrence	Vesuvius	6/15/65	FS	100

TABLE A-3 (continued)

State	Key Number	County	Center Name	Established	Operated by ^a	Planned Enrollee Size
Oklahoma	77	Comanche	Treasure Lake	11/22/65	SFW	100
	40	LaFlore	Hodgens	4/20/65	FS	100
	78	Murray	Arbuckle	11/15/65	BR	100
Oregon	41	Clackamas	Timber Lake	8/20/65	FS	200
	42	Douglas	Wolf Creek	4/13/65	FS	200
	43	Harney	Malheur	6/14/65	SFW	200
	44	Josephine	Fort Vannoy	8/10/65	BLM	200
	45	Lincoln	Angell	4/28/65	FS	100
	46	Tillamook	Tillamook	2/1/65	BLM	200
Pennsylvania	47	Forest	Blue Jay	4/20/65	FS	100
South Dakota	79	Lawrence	Boxelder	12/6/65	FS	200
Tennessee	80	Blount	Tremont	12/13/65	NPS	100
	48	Sullivan	Jacobs Creek	6/21/65	FS	100
Texas	49	Walker	New Waverly	8/16/65	FS	100
Utah	50	Carbon	Castle Valley	7/22/65	BLM	100
	81	Davis	Weber Basin	12/15/65	BR	200
Virginia	51	Wise	Flatwoods	9/15/65	FS	100
Washington	52	Clallam	Neah Bay	6/15/65	BIA	100
	53	Ferry	Curlew	6/1/65	FS	200
	54	Grant	Columbia Basin	11/1/65	BR	200
	55	Lewis	Cispus	6/15/65	FS	200
West Virginia	56	Greenbrier	Anthony	8/10/65	FS	100
Wisconsin	82	Bayfield	Clam Lake	11/3/65	FS	200
	83	Forest	Blackwell	12/8/65	FS	200
Wyoming	57	Natrona	Casper	4/15/65	BR	100

^aKey to operating agency symbols.

FS-Forest Service, Department of Agriculture
 BR-Bureau of Reclamation, Department of the Interior
 SFW-Bureau of Sport Fisheries and Wildlife, Department of the Interior
 NPS-National Park Service, Department of the Interior
 BIA-Bureau of Indian Affairs, Department of the Interior
 BLM-Bureau of Land Management, Department of the Interior
 CRA-California Resources Agency
 NDPS-North Dakota Park Service
 HLNR-Hawaii Land & Natural Resources Department

^bState related centers.

Source: Job Corps, Office of Economic Opportunity.

TABLE A-4

KEY TO JOB CORPS MAP - URBAN CENTERS FOR MEN

State	Key Number	County	Center Name	Date Established	Operated by ^a	Planned Enrollee Size
California	58	Pleasanton	Parks Job Corps	4/26/65	LI	2,000
Indiana	59	Edinburg	Atterbury ^b	4/27/65	MEF	2,000
Kentucky	60	Morganfield	Breckinridge	6/1/65	SIU	1,500
Massachusetts	61	New Bedford	Rodman	8/16/65	SRA	400
Michigan	62	Battle Creek	Custer	6/23/65	USI	1,500
New Jersey	63	Edison	Kilmer	2/11/65	FEC	2,500
Oregon	64	Astoria	Tongue Point	2/1/65	UO	900
Texas	65	San Marcos	Gary ^b	3/3/65	TEF	3,000

^aKey to operating agency symbols.

LI-Litton Industries

MEF-Midwest Education Foundation

SIU-Southern Illinois University in conjunction with Philco Corporation

SRA-Science Research Associates, Inc. (IBM affiliate)

USI-U. S. Industries, Inc. in conjunction with Western Michigan University

FEC-Federal Electric Corporation (ITT affiliate) in conjunction with Rutgers University

UO-University of Oregon in conjunction with Philco Corporation

TEF-Texas Educational Foundation, Inc.

^bState sponsored agencies.

Source: Job Corps, Office of Economic Opportunity.

TABLE A-5

KEY TO JOB CORPS MAP - URBAN CENTERS FOR WOMEN

State	Key Number	City	Date Established	Operated by ^a	Planned Enrollee Size
California	66	Los Angeles	6/11/65	YWCA	250
Florida	67	St. Petersburg	4/7/65	PCBPI	285
Nebraska	68	Omaha	6/29/65	BC	335
Ohio	69	Cleveland	4/29/65	AKA	325
West Virginia	70	Charleston	6/9/65	PBEC	300

^aKey to operating agency symbols.

YWCA-Young Women's Christian Association of Los Angeles

PCBPI-Pinellas County Board of Public Instruction

BC-Burroughs Corporation

AKA-Alpha Kappa Alpha national sorority in conjunction with Federal Electric Corporation

PBEC-Packard Bell Electronics Corporation

Source: Job Corps, Office of Economic Opportunity.

and Training Act; placement directly into a job; election of military service; or a return to academic pursuits either in high school or college (perhaps with the assistance of the Work Study, or Upward Bound Programs). Successful completion of a Job Corps experience demands close coordination with the Department of Labor; Department of Health, Education, and Welfare; State and local education and training agencies; and private agencies and employers.

Types of Contractors Used

Under Section 103 of the Economic Opportunity Act, the OEO Director may enter into:

. . . agreements with any Federal, State, or local agency or private organization for the establishment and operation, in rural or urban areas, of conservation camps and training centers. . .

Section 108 of the Act specifically makes State-operated camps eligible for assistance. That section reads as follows:

The Director is authorized to enter into agreements with States to assist in the operation or administration of State-operated programs which carry out the purposes of this part. The Director may, pursuant to such regulations as he may adopt, pay part or all of the operative or administrative costs of such programs.

The following table shows the pattern of contracted responsibility as of September 30, 1965.

TABLE A-6

JOB CORPS CONTRACTS FOR SERVICES

	<u>Total</u>	<u>Federal Agencies</u>	<u>State Agencies</u>	<u>Local Government</u>	<u>Others</u>
<u>Conservation Camps</u>					
Prime Contract	55	50	5		
Contracts for following related services:					
Basic Education	55	50 ^a	4 ^a	1 ^b	
Vocational Training	55	51 ^a	4 ^a		
Work Experience	55	51 ^a	4 ^a		
Health Services	55		4 ^a		51 ^c
<u>Urban Centers - Men</u>					
Prime Contract	8		1		7
Contracts for following related services:					
Basic Education	1				1
Vocational Training	3				3
Work Experience	-				
Health Services	-				
<u>Urban Centers - Women</u>					
Prime Contract	6			1	5
Contracts for following related services:					
Basic Education	0				
Vocational Training	0				
Work Experience	0				
Health Services	1				1

^aIncluded in prime contract.

^bSeparate contract.

^cServices provided by local doctors and dentists.

Source: Job Corps, Office of Economic Opportunity.

Based on program experience to date, OEO seems to feel that private contractors are preferable to public agencies such as State governments, State universities, and local public bodies. The private contractors often offer more flexibility, and faster decision-making in administrative operations as well as willingness to take prompt action to avoid problems. OEO has attempted to convince boards of governors of State institutions of higher learning, for example, to give their contract administrators more freedom of action in handling poverty activities than they are given in normal college functions. The administrative and legal limitations which bind many State and local agencies limit their ability to meet the performance standards established by the Job Corps.

Community Relations

To provide a link between Job Corps camps and the localities in which they are located, each center has a community relations council composed of the center director, center staff members, and interested local residents. This council plans activities designed to insure that the camp will be a "good neighbor" to the community. Conversely, programs are developed to enable local residents to display hospitality to Job Corps enrollees.

State Government Role

State governments may play two roles in the Job Corps. First, as noted above, the State may receive Federal assistance in the operation of a State facility modeled after Job Corps centers. Contract agreements have been approved for five State-operated conservation centers: one in California and four in Puerto Rico. The California Center is at Oak Glen near Beaumont and has a capacity of 100 Job Corpsmen. The Federal Government is contributing all operating costs and costs of rehabilitating the structures of the Center. The State Forestry Division of the Conservation Department is administering the Center. The Riverside County School System provides, under a separate contract, basic educational and counseling services.

The Puerto Rican Centers are to be located at Juana Dias, Vieques, Arecibo, and Guayama. The first two will have a capacity of 150 Job Corpsmen each; the other two will accommodate 200 Corpsmen each, for an overall total of 700. The Federal Government will contribute all operating costs of these Centers after they are established. The Department of Education of the Commonwealth of Puerto Rico will administer the Centers.

The second role of State governments arises from Section 109 of the Economic Opportunity Act which states:

. . .no conservation camp, training center, or other similar facility designed to carry out the purposes of this Act shall be established within a State unless a plan setting forth such proposed establishment has been submitted to the Governor of the State and such plan has not been disapproved by him within thirty days of such submission.

According to OEO, no proposed Job Corps location has yet been vetoed, although the views of State governments are generally solicited early enough in the negotiations so that such encounters for the most part are avoided.

Program and Budgetary Data

The following table summarizes the program and budgetary experience of the Job Corps through January 1, 1966.

TABLE A-7

JOB CORPS PROGRAM AND BUDGETARY DATA

	<u>FY 1965</u>	<u>FY 1966</u> <u>(est.)</u>	<u>FY 1967</u> <u>(requested)</u>
<u>Enrollment Summary</u>			
Conservation centers	4,022	11,600	15,550
State-related conservation centers	85	600	1,450
Men's Urban Centers	5,241	13,600	22,000
Women's Urban Centers	893	4,200	6,000
Total	10,241	30,000	45,000
<u>Financing (in thousands)</u>	<u>\$52,523</u>	<u>\$240,000</u>	<u>\$355,000</u>

Source: Appendix to the Budget for Fiscal Year 1967, pp. 92-93.

C. WORK TRAINING PROGRAMS--THE NEIGHBORHOOD YOUTH CORPS (TITLE I-B)

The work training programs (better known as the Neighborhood Youth Corps) of the Economic Opportunity Act provides payment by the Federal Government up to 90 percent of the cost incurred by local project sponsors under contract to help youths in the 16-21 age group to: (1) remain in school; (2) return to school if they have already left the classroom; and (3) obtain work experience and develop work habits if they are out of school and out of work. These objectives are met by providing employment opportunities which combine education as well as training and work experience.

Target Group and Objectives

Although the target group of the Job Corps and the NYC is essentially the same, the approaches of the two programs differ in a number of ways:

1. The NYC makes certain aids and services available to needy youths in their own community whereas the Job Corps relocates them to a camp.
2. The NYC attempts to improve the degree to which youth can utilize existing local services (such as schools), while the Job Corps provides these services independently.
3. The NYC program is carried out by Federal payment of up to 90 percent of contract cost of any work training program conducted by a State or local sponsor, while the Job Corps is an entirely federally supported and supervised operation which uses public and private contractors.
4. The most common secondary service benefit of the Job Corps is the preservation and development of natural resources, while NYC on the other hand provides a wide variety of community service activities, specifically designed to satisfy unmet public needs in urban as well as rural areas.
5. NYC places strong emphasis on its enrollees returning to and completing high school, whereas the Job Corps approaches education from an adult basic curriculum. Job Corps graduates may, of course, return to finish high school after their training.
6. Unlike the Job Corps where camp administration is, to a large extent, by private contractors, NYC work-training project sponsors must be either State or local government instrumentalities or private nonprofit organizations, but not private profit-making industrial firms.

As a part of its effort to encourage a return to formal education, the NYC attempts to identify and work with high school dropouts. Another group of particular interest to NYC are those youngsters who need part-time employment in order to complete their education. The group to which NYC is addressing itself may be described in the following way:

A substantial number of jobless teenagers are in school most of the time and are looking only for part-time work, but the majority of unemployed 16-19 year-olds are not attending school. And unemployment among the youngsters in this age group stands at the same high rate--almost 16 percent--whether or not they are in school. . .⁹

The NYC is more suited to a situation in which the social and economic environment of the individual and his community can provide an acceptable basis for assistance while the Job Corps is most appropriate where a change in environment is a prerequisite to effective improvement and social rehabilitation.

This relationship between the NYC and the Job Corps in terms of target groups has been noted in comparisons of the cost of the two programs.¹⁰ It is estimated that the cost to the Federal Government for the out-of-school enrollees is about six times higher in the Job Corps than in the NYC. Some have argued, therefore, that the limited funds available should be allocated to the NYC. Advocates of the Job Corps point out that rehabilitating some youths from impoverished families requires that they be uprooted from their unwholesome environment. They also say that a successful program for these youths requires appropriate educational facilities guidance, counseling, and medical and other services which may not be available in the community situation. In the end, the choice between NYC and the Job Corps for the 16-21 year olds in need of assistance is on an individual basis.

Just as natural resource conservation is a secondary byproduct of the Job Corps, community service is an offspring of activities of the NYC. The Act describes these activities as follows:

. . .programs which will permit or contribute to an undertaking or service in the public interest that would not otherwise be provided, or will contribute to the conservation and development of natural resources or recreational areas.¹¹

These service activities include assisting in schools, hospitals, playgrounds, parks, settlement houses, old age homes, and residences for homeless children.

Historical and Legislative Background¹²

Like the Job Corps, the NYC is rooted in the experiences of the New Deal. In 1935, President Roosevelt established a National Youth administration which carried out projects for needy unemployed youth who were not in school and helped young people obtain jobs with private employers. The objectives of the NYA are: (1) to provide funds for the part time employment of needy school, college, and graduate students between 16 and 25 years of age so that they could continue their education; (2) to provide funds for part-time employment on work projects for young persons, chiefly from families certified as being in need of public assistance, between 18 and 25 years of age. These projects were designed not only to provide valuable work experience but to benefit youth generally and the communities in which they lived; (3) to encourage establishment of job training, counseling, and placement services for youth; and (4) to encourage development and extension of constructive leisure-time activities.

This program was carried out by a national administrator with the assistance of community committees on which local officials and other citizens were asked to serve in suggesting, planning, and carrying out desirable projects. At its peak, the program aided more than 400,000 youth attending more than 25,000 colleges and universities and employed an additional 200,000 youths in work training projects.

More recently, the NYC approach was included in President Kennedy's 1963 Special Message on Our Nation's Youth. The Administration's proposals, incorporated in S 1 and H.R. 5131, called for the employment of 40,000 (in the first year) young men and women, aged 16-21, in local nonprofit, community projects such as hospitals, schools, parks and settlement houses. Volunteers would constitute a so-called "home town corps." These measures were not successful in the 88th Congress but were included, in a slightly varied form, in the Economic Opportunity Act of 1964 which received Congressional approval.

At its inception, the NYC was to provide employment for 200,000 young men and women of whom 30,000 would be working full-time, 60,000 half-time, and 110,000 either quarter-time throughout the year or full-time during the summer months.¹³

Responsibility for administering the Neighborhood Youth Corps Work Training Program was delegated by the Director of OEO to the Department of Labor.¹⁴ The program is carried out by a Neighborhood Youth Corps organization within the Manpower Administration of that Department.

Operation of the NYC

The sponsor of an NYC project may be a public agency or a private nonprofit group. States, counties, cities, and authorized subdivisions such as park commissions, boards of education, municipal hospitals, State and public libraries and community action agencies are generally eligible to enter into agreements with the Department of Labor for NYC projects.

Applications are submitted through NYC staff in regional offices of the Department of Labor. The Department also provides technical assistance to sponsors through technical bulletins and visits by NYC staff members. The Economic Opportunity Act establishes the following criteria for an acceptable NYC project:¹⁵

1. Enrollees are employed on publicly owned and operated facilities or projects, or on local projects sponsored by private nonprofit agencies other than those involving construction, operation, or maintenance of any facility used or intended for use of sectarian purposes or religious worship.
2. The project will increase the employability of enrollees by providing work experience and will develop good work habits, or
3. The employment will permit or contribute to an undertaking or service in the public interest which otherwise would not be provided, or

4. Employment on the project will enable student enrollees to stay in school or resume school attendance, or
5. The project will contribute to the conservation, development or management of a State or local natural resource or recreation area.
6. There will be no displacement of employed workers or impairment of existing contracts for services.
7. Rates of pay and other conditions are appropriate and reasonable for the type of work performed, geographical region, and employee proficiency.
8. The project is coordinated to the maximum extent feasible with existing State or local vocational training and educational services.
9. The program includes standards and procedures for selecting applicants--including cooperation with appropriate local and other authorities--which will encourage students to remain in or return to school.

For approved projects, the Federal Government is authorized to pay up to 90 percent of the cost. The local sponsor's share may be contributed in cash, physical plant, training facilities, services, or equipment.

Project Sponsors

The following table shows the pattern of sponsoring agencies as of September 30, 1965.

TABLE A-8

SPONSORS OF NYC PROJECTS ACTIVE AS OF SEPTEMBER 30, 1965^a

<u>Sponsoring agency</u>	<u>Number of projects</u>	<u>Participants enrolled</u>
Community action agencies	67	64,851
Local government agencies	375	95,565
Private nonprofit agencies (other than CAAs)	48	21,955
State agencies	27	29,824
Institutions of higher education	13	6,315
Other	<u>24</u>	<u>4,647</u>
Total	554	223,157

^aIncludes projects funded in FY 1965 and FY 1966.

Source: U. S. Department of Labor, Manpower Administration, Neighborhood Youth Corps.

As the table shows, local governments and community action agencies are the major sponsors of NYC projects. Perhaps this is a reflection of the requirement that communities with an approved Community Action Program receive preference for NYC projects.

Sponsors are required to: (1) demonstrate adequacy of the qualifications of administrators and supervisory staff; and (2) indicate the way in which proper space, equipment, and other facilities will be provided. Nonprofit organizations must demonstrate financial soundness and a capacity to fulfill commitments.

In almost all cases, enrollees must be paid \$1.25 for each hour of work. Sponsors who propose to pay more or less must present evidence to support the proposed compensation rate. Working conditions for all enrollees must comply with all applicable Federal, State, and local laws and regulations. To date, 55-60 percent of NYC enrollees have been male.

Relations Between Sponsors and Local Agencies

The official agreement between the Department of Labor and the local sponsor spells out the kinds of services to be provided to participants in the project and identifies the way these functions will be performed. The Act also calls for:

- Coordination with the vocational training and educational services adapted to the special needs of enrollees in the program and sponsored by State or local public educational agencies.
- Full coordination and cooperation with local and other authorities to encourage students to resume or maintain school attendance.
- Where local vocational training and educational services are inadequate or unavailable, efforts to enlarge, improve, or develop them and coordinate them with the Secretary of Health, Education, and Welfare.¹⁶

The EOA also requires that preference be given to NYC projects which are components of approved Community Action Programs. NYC proposals therefore identify the relationship between the proposed project and an existent Community Action Program. As Table A-8 shows, a significant number of community action agencies have undertaken the direct administration of NYC projects.

Project Services and Administration

The following sections discuss the ways in which State and local agencies are being involved in providing services to NYC projects on the basis of agreements with the sponsoring agency.

Recruiting and Selecting Participants

Sponsors of NYC projects are required, in their official agreement with the Department of Labor, to assume primary responsibility for recruiting and selecting enrollees. Project proposals must describe the methods to be used and identify the agency performing the service. NYC provides standards of eligibility to which sponsors must adhere. Sponsors may delegate the actual performance of the recruitment and selection function. Local educational agencies (school districts) which sponsor projects for students usually do their own

recruitment and selection. Some school districts have appointed a staff poverty coordinator to oversee this and related activities.

The United States Employment Service, based on an agreement between its parent organization (the Bureau of Employment Security) and the Neighborhood Youth Corps, has instructed its affiliates to provide recruitment and referral services upon request to all NYC projects. Sponsors of out-of-school projects are especially encouraged to use the State employment service.

Counseling

Sponsors are required to provide necessary counseling for enrollees to assist them in adjusting to the work situation and in thinking about their vocational futures. The official agreement between the sponsor and the Department of Labor contains information on the nature of counseling to be provided to enrollees. A Department of Labor survey of 208 projects funded at the beginning of fiscal year 1966 showed that counseling was included in 97.6 percent of these projects. Of the total enrollees involved in these projects, 99.9 percent were offered counseling assistance.

Use of the State employment service to perform the counseling function is encouraged, again especially for out-of-school projects. The USES offers the advantage of existing machinery to provide counseling services along with recruitment and referral activities.

In connection with the NYC and related programs, the Department of Labor has also established Youth Opportunity Centers as branches of State employment service offices. The YOCs are located in or near poverty areas and are staffed with individuals specially trained to deal with the poor. Eventually, 200 of these offices in 143 areas will be established to counsel impoverished youth and to develop a comprehensive plan to assist them in education and training. The YOCs provide pre- as well as post-counseling, guidance of NYC enrollees, and any necessary testing. In some instances, YOCs also provide counseling to enrollees during their work-training period. The employment service also assists in the development of jobs and further training opportunities for NYC graduates.

Remedial Education

NYC stresses the need for prospective sponsors to consider inclusion of educational services in out-of-school projects. Educational services include the determination of the need of enrollees for remedial education. NYC finances these services only when the sponsor has demonstrated that funds are not available from other sources. The official agreement outlines what educational services will be provided, how these services will be related to the project, what agency will provide the services, and how they will be financed.

Sponsors are urged to look for such services from State or local education agencies. Of the 737 out-of-school projects surveyed by the Department in December 1965, 27 percent offered remedial education to enrollees.

School districts have been the primary source of remedial education for NYC out-of-school projects throughout the Nation. One of every five projects has remedial education facilities for out-of-school enrollees. In some areas in

which NYC projects do have to provide this service, out-of-school enrollees take part in on-going educational programs provided by the local school board independently of the overall NYC project. School districts are particularly suited to operate this service. Their teachers meet qualification standards (State certification) required by NYC. They also are in a position to determine educational needs through the informal appraisal of enrollees or by the administration of tests. Related educational resources, such as libraries and demonstration material, are also available through school districts.

In a limited number of communities, when remedial education is not available from local sources, the NYC has funded the cost of the education component based on a demonstration of need by the sponsor.

After NYC What?

The NYC graduate is likely to go into a job, back to school, a Manpower Development and Training program, or even to the Job Corps. All things being equal, the decision is usually made on the basis of slots being available in one of these programs.

Job placement and the development of further training opportunities for NYC enrollees is handled by both the local sponsor and the State employment service. Usually, the employment service agency carries the major responsibility for this aspect of the NYC program.

In December 1965, a Department of Labor survey of 251 sponsors disclosed that they had developed almost 4,000 jobs for NYC enrollees. More than 3,000 employers had been contacted by these sponsors regarding future jobs for NYC enrollees. Hospital sponsors, for example, often offer preparatory training during the NYC enrollment period and permanent employment following graduation.

Role of State Government

Just as in the Job Corps, States have two roles to play in the NYC program. First, a State agency may act as a project sponsor and a number of park and recreation agencies have done so. (See Table A-8). Second, Section 209 of the Economic Opportunity Act extends the gubernatorial veto power to the NYC program. As provided in connection with the location of a Job Corps facility the Governor is allowed thirty days to review the proposal and decide whether he will veto it. In 1965 this section was amended to permit the Director of OEO to override the Governor's veto.

Program and Budgetary Data

The following table summarizes the program and budgetary experience of the NYC through December 31, 1965.

TABLE A-9

NYC PROGRAM AND BUDGETARY DATA

<u>Enrollment summary (training spaces)</u>	<u>FY 1965</u>	<u>FY 1966 (est.)</u>	<u>FY 1967 (requested)</u>
In-school program	102,000	115,000	125,000
Out-of-school program	62,000	60,000	64,000
Summer program	<u>144,000</u>	<u>165,000</u>	<u>165,000</u>
Total	308,000	340,000	354,000
<u>Total funded cost (in thousands)</u>	<u>\$50,895</u>	<u>\$245,000</u>	<u>\$275,000</u>

Source: Appendix to the Budget for Fiscal Year 1967, pp. 92-93.

D. THE COMMUNITY ACTION PROGRAM (TITLE II-A)

The Community action program (CAP) title of the Economic Opportunity Act of 1964 (Title II-A) establishes one of the three programs administered directly by OEO. Its purpose is to provide stimulation and incentive for urban and rural communities to mobilize their resources to combat poverty.¹⁷ Under the Act, a community action program is one which--¹⁸

+ Mobilizes and utilizes resources, public or private, of any urban or rural, or combined urban or rural, geographical area in an attack on poverty.

+ Provides services, assistance, and other activities of sufficient scope and size to give promise of progress toward eliminating poverty by developing employment opportunities, improving human performance, motivation, and productivity, or bettering conditions under which people live, learn, and work.

+ Is developed, conducted, and administered with the maximum feasible participation of residents of the areas and members of the groups served.

+ Provides for reasonable access of the public to information, including reasonable opportunity for public hearings and reasonable public access to books and records.

OEO makes CAP grants to local organizations to finance a wide variety of local actions to fight poverty. It also makes technical assistance grants to States for support of staffs to assist in program development and coordination,¹⁹ and grants to finance research, demonstration and training projects²⁰

Legislative and Other Background

The idea of community action programs emerged, in large measure, out of the experience of the "Gray Areas" Project Program sponsored by the Ford Foundation, and the planning and demonstration projects funded under the Juvenile Delinquency and Youth Offenses Control Act of 1961. These new programs were undertaken in response to a widely prevalent situation in American communities:²¹

+ Typical health and welfare programs were not meeting the needs of the poor. Attention was focused on agency services not on problems.

+ Involvement of the political structure or leadership in welfare decision-making was minimal. There was little serious participation of labor, minority or ethnic groups, and the poor.

+ A very small proportion of total community resources was being spent for human resources planning or program development.

The "Gray Areas" Program

Starting in 1960, the Ford Foundation made grants totaling more than \$3.2 million for a series of educational experiments and demonstrations in ten large cities, focusing on the educational needs of culturally disadvantaged children. Partly as an outgrowth of this experience, the foundation developed a program of large-scale grants to help selected cities organize a coordinated attack on all aspects of deprivation, including jobs, education, housing, planning, and recreation. The purpose was "to help local government and private

organizations confront the human problems of slums and 'gray areas'--changing neighborhoods characterized by family breakdown, low-income residents, and newly arrived groups from rural areas." 22

Grants totaling over \$12 million were made to Boston, New Haven, Oakland, Philadelphia, and the State of North Carolina, and later an additional grant was made to Washington, D. C. Each of the projects was planned locally and administered by private agencies, except in Oakland, where the city received the grant. The projects varied according to local conditions, but shared a number of common features, including:²³

+ An integrated attack on the causes of poverty and human deterioration rather than the symptoms.

+ The administering agencies did not for the most part conduct programs themselves, but instead worked with existing agencies to design, finance, and staff programs.

+ Education received primary, but not exclusive, emphasis.

+ School improvement was related to such other community needs as employment, health, and social services.

+ In addition to coordination with private agencies, the projects worked closely with local urban renewal programs and housing authorities.

+ Close working relationships were established with Federal juvenile programs and manpower-training programs.

The Foundation believed, in sum, that "the principles of these experiments--analysis and planning of local priorities, coordination of private and public agency efforts, and use of community resources--are necessary to any local efforts to meet the social challenges of the changing urban scene."²⁴

Juvenile Delinquency and Youth Offenses Control Act of 1961

The Juvenile Delinquency and Youth Offenses Control Act was enacted in 1961²⁵ when the nation was faced with a rapidly rising rate of delinquency. Practically every community in the country was concerned and had initiated programs to stem the tide--programs in vocational education or recreation or improved detention facilities, for example. These single-purpose programs, while worthwhile in themselves, were not meeting the problem.²⁶

The 1961 Act was based on the premise that existing, fragmented, partial or occasional approaches were inadequate to meet current and coming crises. In the first year of the Act, grants totaling \$3.4 million were made to 16 communities by the Secretary of Health, Education, and Welfare for the purpose of demonstrating improved methods for prevention and control of juvenile delinquency or youth offenses. Guidelines set out included:

+ Attack on the sources of anti-social behavior by a coordinated program, since delinquency stems from a wide variety of social and personal forces often at work simultaneously.

+ Assessment of its own situation by each community and devising of its own overall program, in order to adapt to community variables and generate new and useful ideas.

+ Enlistment of maximum support and participation, including close coordination of public and private youth-service agencies, political bodies, civic groups, business and labor, schools, churches, and other major community institutions.

+ Use of a viable, representative structure in order to assure the broad community commitment and participation and secure necessary resources in time, talent, and money.²⁷

As the Kennedy and Johnson administrations drew up plans for a proposed war on poverty, the experiences with both the "gray areas" and juvenile delinquency control programs were reflected in the outlines of the community action program.

President Johnson's Message on Poverty

In his message on poverty to Congress on March 16, 1964, President Johnson said that

through a new community action program we intend to strike at poverty at its source--in the streets of our cities and on the farms of our countryside among the very young and the impoverished old. This program asks men and women throughout the country to prepare long-range plans for the attack on poverty in their own local communities. These are not plans prepared in Washington and imposed upon hundreds of different situations. They are based on the fact that local citizens best understand their own problems, and know best how to deal with those problems. These plans will be local plans striking at the many unfilled needs which underlie poverty in each community, not just one or two. Their components and emphasis will differ as needs differ. These plans will be local plans calling upon all the resources available to the community--Federal, State, local and private, human and material. . .The most enduring strength of our Nation is the huge reservoir of talent, initiative and leadership which exists at every level of our society. Through the community action program we call upon this, our greatest strength, to overcome our greatest weakness.²⁸

The Administration's Congressional Presentation, 1964

The Administration's proposal to the Congress, prepared under the direction of Sargent Shriver, then special assistant to the President, described in some detail the concept and essential character of the community action program. It said that since the causes of poverty are complex, the solutions must be comprehensive. Community action must include political, business, labor, and religious leaders, the school board, the employment service, the public welfare department, private social welfare agencies, and neighborhood houses in a coordinated attack on local poverty. Above all, it must include the poor

people, whose first opportunity must be the opportunity to help themselves. The local agency to meet these requirements, the Administration said, "must satisfy only one basic criterion: It must be broadly representative of the interests of the community. It may be a public agency which seeks to build into its programs the advice and expertise of business, labor, and other elements of the private sector. Or it may be a private nonprofit agency which has the support of the relevant elements of community government. It may be an already existing organization, or it may be newly created for the specific purpose of fighting poverty. The community may be a city or a town, a metropolitan area, a county or a multicounty unit, or a combination of rural and urban areas. But above all, it must provide a means whereby the residents of the program areas will have a voice in planning and role in action. Additionally, in the case of grants for educational purposes, the application must come from the appropriate public body."²⁹

Method of Operation

Processing applications for community action program grants and the flow of funds are administered through the Community Action Program of the Office of Economic Opportunity, headed by an assistant director, and seven regional OEO offices. In addition, there is a CAP Special Programs Division of OEO headquarters for processing grants for migrants and for CAPs on Indian Reservations and in U. S. Territories and Trusts.

Until December 13, 1965, final approval of applications for all CAP grants was given in Washington. At that time, OEO regional directors were delegated authority to approve grant applications as follows:

1. Program development grant actions if the Federal funds share does not exceed \$75,000.
2. Conduct and administration grant actions if the Federal funds share does not exceed \$500,000 or, in the case of a Head Start project, if the Federal share does not exceed \$250,000.
3. State technical assistance grant actions if the Federal funds share does not exceed \$250,000.

Applications for grants for program development and conduct and administration in excess of the prescribed amounts, continue to require headquarters approval. Likewise, grants for programs for migrants, for programs on Indian Reservations and in U. S. Territories and Trusts, for technical assistance to communities, and for research, training and demonstration continue to require headquarters approval.

Program Development, Conduct and Administration Grants

Eligibility of Applicant

The "community" to be served by a community action program may be any urban or rural, or combined urban and rural, geographical area, including but not limited to a State, metropolitan area, county, city, town, multi-city unit, or multi-county unit. Generally, a community should be coterminous with a major political jurisdiction, and in metropolitan areas, whenever feasible, it

should include all urbanized or urbanizing portions of the area. It must cover a geographical area of sufficient size and population to allow for effective utilization of human, physical, and financial resources in an attack on poverty.

A public agency or a private nonprofit agency may be eligible for grants for development, conduct and administration of CAPs. To be eligible an applicant agency must have: (1) adequate authority to enter into contracts with and receive grants from the Federal Government and to carry out the program for which it requests assistance; (2) ability to mobilize and utilize the community's public or private resources in an attack on poverty; (3) a commitment to enlist participation of residents of the areas and members of the groups to be served in the development, conduct and administration of the proposed program; (4) adequate provision for participation in policy-making by major agencies and institutions in the community, both public and private, which have a concern with poverty and by residents of areas and members of groups to be served; (5) the capacity to use efficiently and expeditiously the assistance for which application is made.

Private nonprofit organizations which apply for grants must, in addition to the foregoing requirements, meet one of the following conditions: (1) be an institution of higher education; (2) be an institution or organization which has had a prior concern with problems of poverty; or (3) be sponsored by a public agency, or by one or more private institutions or organizations which have had prior concern with poverty problems.

An applicant must be able to mobilize and use the community's resources, public or private, in an attack on poverty. This means an effort embracing all or most of the educational, employment, family welfare, health service, housing, economic development, consumer information and credit, and legal services systems. "Each applicant agency must demonstrate its ability and intention to mobilize community resources against poverty through the establishment of linkages among and within service systems and through other means." 30

A community action program must be developed, conducted, and administered with maximum feasible participation of residents of areas in which the program will be carried out and of members of groups served. Among the means to ensure such participation are: (1) representation on the policy-making body and appropriate advisory boards of the community action agency; (2) use of neighborhood organizations to advise on program policy and, where appropriate, for actual conduct and administration of elements of neighborhood-based programs; (3) provision of meaningful opportunities for residents to protest or propose changes in the planning or conduct of a CAP; and (4) maximum feasible employment of the residents of areas being served in jobs created as part of the CAP itself.

The CAP Guide says that "the most effective and desirable community action program is one which is broadly-based, organized on a community-wide basis, and involves the coordination of a variety of anti-poverty actions."³¹ As minimum standards for representation it prescribes (1) representation from private and public agencies including at least one representative of the chief elected official, or officials, of the community, the board of education, the public welfare agency, and the major private social service agencies; (2) representation from the leadership of important elements in the community, such as labor, business, religious, and minority groups; and (3) representation from residents of areas and members of groups to be served.

Existence of a broadly-based community action agency is not a prerequisite to granting Federal assistance, but applicants for programs of limited scope from communities where a broadly-based agency has been or is being created must provide adequate evidence why they are unable to combine their efforts with those of the broadly-based agency. Such applicants need not meet the conditions for representation of major public and private agencies and of elements of the general public, but must meet the requirement for participation from groups being served.

Various means may be used to develop, conduct and administer a community action program, including (1) direct performance of activities by staff of the community action agency; (2) delegation of part or all of a component project to another public or private nonprofit agency by contract or agreement; and (3) use of consultants or other organizations. OEO data indicate that 89 percent of CAAs operate one or more components.

Eligibility of Activities

Applicant agencies have considerable flexibility in determining what activities they will undertake, the manner in which they will be undertaken, and the families and individuals that will be assisted. A wide variety of activities can be included in the community action program, but each CAP must display all the following characteristics: (1) benefit to the poor; (2) promise of progress toward eliminating poverty, or toward eliminating one of the underlying causes of poverty; (3) re-direction, extension, expansion, or improved use of existing programs and activities; and (4) an adequate range of activities, and the necessary linkages among such activities, to ensure a reasonable prospect of success.

A community action program is made up of component projects, each of which comprises a specific group of closely related activities, usually designed to be carried out by a single agency and intended to serve a particular target group or sector of the population. Component projects may be of four types: (1) program development components, enabling an applicant to prepare sound and effective plans and programs and to organize for community action; (2) conduct and administration components, to enable the undertaking of a variety of activities attacking poverty; (3) training or technical assistance components to provide for training of professional and nonprofessional personnel in community action agencies, or for technical assistance in situations where it may not be feasible to use program development funds; and (4) preference components, financed under other sections of the Economic Opportunity Act or under other Federal acts, but which are included in the CAP so that preference can be obtained for them.

The two major types of component projects are program development and conduct and administration activities. The following types of program development activities are eligible for CAP funding: (1) investigation of incidence of poverty and its characteristics; (2) analysis of existing agencies and services in terms of the extent to which they meet needs of the poor and how they might become more effective in achieving this objective; (3) preparation of proposals for organizing, financing, scope, and content of CAPs; and (4) developing of means by which residents of areas and members of groups to be served may participate effectively in CAPs.

Examples of eligible conduct and administration activities are: (1) remedial and noncurricular education; (2) employment, job training, and counseling; (3) health and vocational rehabilitation; (4) housing and home management;

(5) welfare; (6) consumer information, education, and mutual aid; (7) legal aid and information on the rights of the poor; (8) resident participation; (9) neighborhood centers; (10) VISTA and Job Corps activities; (11) administration of community action programs; and (12) evaluation of accomplishments.

Training and technical assistance activities generally include (1) training programs directly linked to carrying out a specific CAP or component; and (2) technical assistance for development, conduct and administration of CAPs.

Possible programs other than CAP, both under the Economic Opportunity Act and other Federal legislation, that might be coordinated with CAPs include: (1) work-study, adult basic education, and vocational education programs; (2) employment, job training, and counseling under various Labor and Health, Education, and Welfare Department programs and the Small Business Administration; (3) health programs; and (4) housing and home management activities under existing Federal housing programs.

Although CAP places major reliance on local community action agencies to originate and develop new program ideas, CAP itself may develop programs and encourage their adoption by local CAAs throughout the country. The outstanding example so far is Head Start, a program for development of pre-school children of the poor. It provides learning activities, medical and dental care, supervised field trips, balanced meals, and contact with middle class children and adults. 560,000 were involved in the program in the summer of 1965. Another such centrally initiated program is Upward Bound, a year round program designed to motivate impoverished students with untapped potential toward college.

Preference for Community Action Program Components

To make mobilization of community resources more effective, the Economic Opportunity Act provides that preference in extension of Federal assistance shall be given, to the extent feasible, to projects which are components of an approved community action program. There are two related forms of preference:

(1) Preference by the director of OEO for assistance extended under the Economic Opportunity Act, for programs delegated as well as administered directly by the OEO.

(2) Preference by the head of every Federal agency in administering any Federal program, so far as such preference is consistent with the purposes of the Economic Opportunity Act and the program affected.

Preference is obtained by having OEO determine that there is an approved CAP in a community, and that the project for which preference is sought is a component of an approved CAP. To date, however, OEO has not fully implemented these provisions of the Act.

Submission of Plan to the Governor

Section 209(c) of the Act as amended by Congress in 1965 requires that no financial assistance may be provided for the neighborhood youth corps (NYC) or community action programs except to institutions of higher education in existence on August 20, 1964, unless a plan setting forth the proposed assistance has been submitted to the Governor and has not been disapproved by him

within 30 days of such submission, or, if so disapproved, has been reconsidered by the Director and found by him to be fully consistent with the Act. The required submission is made by the OEO to the Governor, after an application for assistance has been reviewed and approved by OEO. The Governor's action must be with regard to the entire program, rather than on specific component projects or parts of it.

While applicants are directed to submit their applications directly to OEO and not through the Governor's office, they are required to keep appropriate State officials informed of their processing an application, and to transmit an information copy of the application to the Governor at the same time they are submitting it to the OEO.

State Technical Assistance Grants

The Act sets other roles for the State government. The OEO Director is instructed to establish procedures for facilitating effective participation of the States in CAPs. One of these procedures, as noted earlier, is provision of grants to enable States to offer technical assistance to communities in developing and conducting CAPs, particularly small communities.

State technical assistance agencies have been asked--and are expected--to take the lead in coordinating the many State and State-Federal programs related to poverty. They are expected, for example, to work closely with State education agencies and State welfare agencies in planning their programs. State agencies can play an important role in working with statewide private agencies in seeking their help in anti-poverty efforts. Finally, the State technical assistance agency can aid in obtaining modifications of State laws and regulations which inhibit the functioning of local community action program components.

Few formal procedures have been established whereby State agencies are directed to perform these functions in particular modes. Rather, States are encouraged to devise their own methods to meet their particular needs. Information on results is obtained through State reports, site visits, and formal evaluations.

Relationship to Other Federal Programs

The community action program has a special relationship to other Federal programs. Devised to coordinate and mobilize total local resources, public and private, the CAP aims to mesh Federal programs, as well as other types of program, with the total program of the community. The Act itself provides specific authorization for accomplishing this coordination through its two "preference" provisions. Section 211 gives the director authority in granting assistance under the Act to give preference to those projects that are components of a community action program. To the extent that the director exercises the power with respect to neighborhood youth corps or adult basic education grants, for example, he would favor giving grants to such projects that are under a CAP. In addition, Section 612 similarly directs heads of all Federal agencies administering grant programs to give preference to projects connected with community action programs, to the extent feasible and consistent with the purposes of the law governing their particular program. Community action agencies have the potential at least, of making extended use of other Federal programs.

The CAP Guide for local applicants cites examples of activities conducted by other Federal agencies that lend themselves well to community action programs. These include projects designed to use college students from low-income families enrolled in work-study programs; adult basic education classes financed through grants to State agencies from the Office of Education under Title II-B of the Economic Opportunity Act; vocational education programs financed under the Vocational Education Act; work-training projects financed under Title I-B of the Act and administered by the Neighborhood Youth Corps of the Department of Labor; developing work and training opportunities for unemployed parents through the work experience program established in Title V of the Act and administered by the Welfare Administration of the Department of Health, Education, and Welfare; aid to small businessmen under the loan program established in Title IV of the Act and administered by the Small Business Administration; on-the-job and in-school training programs for unemployed and underemployed workers conducted by State employment services and vocational training agencies under the Manpower Development and Training Act; community mental health centers financed under grants from the National Institute of Mental Health, and environmental health and related assistance available through the many programs operated by the Public Health Service; and use of assistance available in housing and home management from public housing, urban renewal, mortgage insurance, and other programs administered by the Department of Housing and Urban Development.

A number of Federal programs which concern human and physical resource development and were enacted by Congress after the Economic Opportunity Act, refer to or actually require coordination with community action programs. Thus, the Elementary and Secondary Education Act of 1965 requires, as a condition of approval of a grant application, that the State education agency determine that "wherever there is, in the area served by the local educational agency, a community action program approved pursuant to Title II of the Economic Opportunity Act of 1964. . .the programs and projects have been developed in cooperation with the public or private nonprofit agency responsible for the community action program. . ." ³² The Housing and Urban Development Act of 1965 provides that grants for neighborhood facilities authorized by the Act shall be conditioned, among other things, on a determination that the project will provide a neighborhood facility which is "necessary for carrying out a program of health, recreational, social, or similar community service (including a community action program approved under Title II of the Economic Opportunity Act of 1964) in the area." ³³ The Public Works and Economic Development Act of 1965 refers to the Economic Opportunity Act as a whole. It authorizes the Secretary of Commerce to make certain grants for public works and development facilities if he finds, among other things, that the grants "primarily benefit the long-term unemployed and members of low-income families or otherwise substantially further the objectives of the Economic Opportunity Act of 1964. . ." ³⁴

Fiscal Policies

Section 203 of the Act prescribes the manner in which appropriations shall be distributed among States for program development and program conduct and administration under the community action programs. Up to two percent of the total is set aside for allotment among Puerto Rico, Guam, American Samoa, the Trust Territory of the Pacific Islands, and the Virgin Islands. Twenty percent is set aside for the Director's allotment among the States as he sees fit. Additional amounts are taken for program administration, research, demonstration, technical assistance, and training. The remainder is distributed among the States according to the following formula: one-third according to the States' proportionate number of public assistance recipients, one-third

one-third according to their proportionate number of unemployed, and one-third according to their proportionate number of children under 18 years of age living in families with incomes under \$1,000 per year. The Director is authorized to reallocate among other States any allotment unused by a State. Sums allocated to the States according to this formula are known as "guideline" figures which are reviewed and revised during the year according to expenditure experience in the States.

Grants for program development and conduct and administration may not exceed 90 percent of total costs through June 30, 1967, and thereafter may not exceed 50 percent of such costs. The Director may, however, pursuant to objective criteria he establishes, pay more than these allowable maxima. In September 1965, OEO reported that it was covering 100 percent of the costs for the 182 poorest counties.

The non-Federal share of costs may be in cash or in-kind. Based on a study of 52 CAAs, OEO estimated that 98 percent of total non-Federal contributions are in-kind. "In-kind" includes plant, equipment, and services. OEO estimated that non-Federal contributions come from the following sources: local governments, including school districts - 61 percent; private nonprofit groups - 26 percent; State governments - 3 percent; other - 10 percent. "Other" includes individuals, public institutions of higher education, and tribal councils.

In order to assure that the Federal grant is used to make a net addition to community effort rather than a substitute for an ongoing program, Section 208(b) of the law requires that expenditures from non-Federal sources must be "in addition to the aggregate expenditures or contributions from non-Federal sources which were being made for similar purposes prior to the extension of Federal assistance." This is called the "maintenance of effort" provision.

The law also requires that the Director establish criteria to achieve an equitable distribution of assistance between urban and rural areas. He is required to consider seven factors in developing criteria, including the relative numbers of low-income families, particularly those with children; unemployed persons; and persons receiving cash or other assistance on a needs basis from public or private organizations.

Program and Budgetary Data

The following table summarizes the program and budgetary experience of CAP through December 31, 1965.

TABLE A-10

CAP PROGRAM AND BUDGETARY DATA

	<u>FY 1965</u>	<u>FY 1966</u> <u>(est.)</u>	<u>FY 1967</u> <u>(requested)</u>
Program development grants	315	300	300
Conduct and administration grants			
Communities with grants	220	700	900
Average number of components	2.5	5.5	6.5
Head Start			
Children participating - summer	560,000	500,000	500,000
Children participating - academic year	20,000	100,000	210,000
<u>Financing (000)</u>			
Total	\$49,244	\$491,000	\$735,000
Head Start portion	5,000	147,000	260,000

Source: Appendix to the Budget for Fiscal Year 1967, pp. 92-93.

E. THE ADULT BASIC EDUCATION PROGRAM (TITLE II-B)

The Adult Basic Education Program provides 90 percent Federal grants to State educational agencies to carry out remedial education programs for persons 18 years of age and older. These programs are operated locally by school districts and other educational agencies.

Target Group and Objectives

According to 1964 Census data on national education attainment, there were 19,463,000 Americans over 18 years of age who had less than an eighth grade education. In addition, 3,055,000 persons, or 2.4 percent of the U. S. population 15 years old or older were illiterate.³⁵ It is this group of Americans who are for one reason or another--including the inadequacy or lack of local educational services or their inability to afford the luxury of even a high school education--the prime focuses of the Adult Basic Education Program. As prescribed by the Economic Opportunity Act, the objectives of the program are as follows:

. . .To initiate programs of instruction for individuals who have attained age eighteen and whose inability to read and write the English language constitutes a substantial impairment of their ability to get or retain employment commensurate with their real ability, so as to help eliminate such inability and raise the level of education of such individuals with a view to making them less likely to become dependent on others, improving their ability to benefit from occupational training and otherwise increasing their opportunities for more productive and profitable employment, and making them better able to meet their adult responsibilities.³⁶

Although ABE assistance is available throughout the country, certain sections including large urban areas, Appalachia, the deep South, the Southwestern Indians, and migrants require special attention and emphasis. The State departments of education, which receive the Federal funds under an approved State plan, take the lead in encouraging local programs, although several major cities have moved very aggressively to provide this type of education for those who need it.

The way adult basic education relates to other programs authorized by or connected with the Economic Opportunity Act is obvious. If an individual cannot read and write and does not have at least an eighth grade level of education (the minimum objective of the ABE Program), he cannot hold certain categories of unskilled and semiskilled jobs and cannot be trained for many more. As has been noted in previous sections describing EOA programs, educational services combined with skill development and work experience are a vital triumvirate against poverty. Adult basic education services are provided both in connection with these programs and independently of them.

Curriculums under the program emphasize elementary education, including skills such as reading, writing, speaking, and arithmetic. Course content for teaching these skills includes such useful areas as acquiring and keeping a job, buying practices, health habits, relationship with other members of a family, homemaking, and citizenship responsibilities.

The Adult Basic Education Program is also related to the policy-making process of the war on poverty itself. In order to meet the requirement of "maximum feasible participation of the areas and groups served," effective indigenous leadership must be developed. Often, adult education programs can increase both the number and quality of available leaders for the poor. It can also increase the participation of the poor in political life, especially in the use of the ballot box. Its role in increasing the manpower resources available for the national defense should also be noted.

Legislative and Historical Background

Adult basic education as a federally supported function has two main roots. First, the military services sponsor programs to aid their members who failed to complete high school. Second, the Department of Justice through the Immigration and Naturalization Service sponsors adult basic education, particularly including an ability to write and speak English, for immigrants who seek American citizenship.

The first specific proposal for a comprehensive national program to improve the education abilities of adults was contained in President Kennedy's 1962 Message on Education. The First Session of the 88th Congress failed to enact this legislation. In the House, it was stymied by the House Rules Committee and in the Senate no final action was taken by the Committee on Education and Labor. The following year, a number of education proposals were enacted but they did not include the adult basic education title. Instead, on Congressional initiative, the Manpower Development and Training Act was amended to provide occupationally-oriented education to MDTA participants. The Department of Labor, which administers the MDTA program, delegated responsibility for this section to the Office of Education, HEW.

The Economic Opportunity proposal submitted by President Johnson to Congress in 1964 did not include the Adult Basic Education title. Congressional supporters inserted it in the Act based on a proposal pending with the Rules Committee which was intended to correct omissions in the 1963 legislation. The Congressional origin of Title II-B probably accounts for several features of the program which vary from the general pattern of the rest of the Act, including the State plan requirement.

Program Operations and Policies

The following general kinds of activities may be undertaken in connection with an Adult Basic Education Program: general instruction by local educational agencies; special projects for metropolitan areas, sparsely settled areas and economically depressed areas; pilot projects; State technical and supervisory services; and teacher training projects.

Administrative responsibility for the programs has been delegated by the OEO Director to the Secretary of Health, Education, and Welfare who has redelegated responsibility to the Commissioner of Education. Within the Office of Education, the Adult Basic Education Branch carries out the program on a day-to-day basis.

Under the program, a State educational agency submits a plan which has the following elements:

- (1) Provides for the administration of the program by the State education agency;
- (2) Provides that this agency will make reports to the Director in such form and containing such information as may reasonably be necessary to enable the Director to perform his duties under the program, and will keep such records and afford access to such records as the Director finds necessary to assure the correctness and verification of such reports;
- (3) Provides such fiscal control and fund accounting procedures as may be necessary to assure proper disbursement of and accounting for Federal funds paid to the State under the program;
- (4) Provides for cooperative arrangements between the State educational agency and the State health authority looking toward provision of such health information and services for individuals for whom the program is intended; and
- (5) Sets forth a program which will provide assurance of substantial progress within a reasonable period and with respect to all segments of the population and all areas of the State, toward eliminating the inability of adults to read and write English.

The "single State agency" requirement (that the program be administered by the State educational agency) has created some difficulty. In many States adult basic education and vocational rehabilitation have been jointly administered. However, Federal aid for vocational rehabilitation has often resulted in the separation of this function, organizationally and administratively from the normal educational program. Five States have independent State boards for vocational rehabilitation. The resulting impact on the adult basic education program is one of increased confusion at the State level between units responsible for elementary and secondary education and the vocational rehabilitation agency. In one State, for example, ABE plans were submitted by three different agencies, each of which claimed to be the official authorized agency for the purposes of the program. In such cases, a decision by the Governor is necessary. Even this solution can be complicated. In only five States is the chief State and education officer appointed by the Governor. In 22, he is popularly elected and in the remaining 23 he is appointed by the State Board of Education.³⁸ Relationships between the Governor and the education official may, therefore, be somewhat distant.

Another difficulty arises from this requirement in those States in which, despite the need and support for the program, the State educational agency refuses to take the initiative or responsibility for its establishment. In such States, the benefits of the program cannot be made available because of this requirement of the Economic Opportunity Act.

Local Administration

At the local level, programs authorized under a State plan by the State education agency are organized and administered by local educational agencies. As defined by the Act, this means:

. . .A board of education or other legally constituted local school authority having administrative control and direction of public elementary and secondary schools.³⁹

Some flexibility is possible, however. Special administrative arrangements may be made in metropolitan areas, sparsely settled areas, economically depressed areas, and other areas having special adult basic education needs which are not otherwise being sufficiently satisfied.⁴⁰ A community action agency is cited as an appropriate organization.

Under OE regulations, a local school district receiving funds under the Title II-B program cannot refuse to provide the service to a "nonresident" of the district.

Some of the problems discussed above in connection with State administration also arise at the local level. Of the 37,019 school districts counted in the 1962 Census of Governments, 34,678 were independent of other units of government both organizationally and fiscally. In addition, educational service areas in many localities were very small causing coordination problems within a single county just for educational programs. Only two State departments of education are empowered to determine the boundaries of school districts and thus consolidation must come either from within individual districts or by special act of the legislature.⁴¹ All these factors make the development of a comprehensive adult basic educational program at the local level and its coordination with related anti-poverty efforts very difficult from a structural standpoint.

Financial Arrangements

As previously noted, 90 percent Federal funds are available for the program. The local matching share must be in cash; in-kind contributions are not acceptable. In a number of States, the administering agency requires that the 10 percent matching share be raised locally while in others the State assumes part of all of this burden.

Payments to the States are made in advance under State allocations which the Commissioner of Education establishes. Each State submits program estimates to the Office of Education to draw upon this allocation. The allotments are determined by the number of individuals in each State who require adult basic education (defined as being the number of adults over 18 who have not completed five years of formal education). Unused program monies may be withdrawn from the State and used elsewhere, or deducted from allotments during the following fiscal year. Federal support for the program will, under the EOA, decrease to 50 percent as of June 30, 1967.

Coordination with Community Action Program

Under the EOA, preference must be given to Adult Basic Education programs established as components of approved community action programs. The Office of Education's administrative regulations require that Adult Basic Education proposals and programs be developed in conjunction with community action programs where they exist or are being established. No procedures for granting preference to CAP educational components have yet been established.

The Role of State Governments

The State government, through its educational agency, plays a more major and controlling role in the Adult Basic Education Program than in many other aspects of the war on poverty. In addition, the Governor has the right to veto any Adult Basic Education plan he does not approve. The veto power is less crucial in his program, however, because of the involvement and responsibility of the State educational agency. In some cases, the Governor has delegated authority for the exercise of his veto authority to the State poverty coordinator. In many States, good working relationships exist between the State educational department and coordinator, perhaps due in part to the existence of the veto provision. Some observers have also suggested that there has been an improvement in State-local working relationships in the past few years because of the availability of Federal aid to education through State educational agencies.

Program and Budgetary Data

Final State plans for 44 States have been approved to date. Six more have received tentative approval. Only Montana and American Samoa have not indicated an interest in the program. The following table summarizes program and budgetary data concerning the program.

TABLE A-11

ADULT BASIC EDUCATION PROGRAM AND BUDGETARY DATA

<u>Program data</u>	<u>FY 1965</u>	<u>FY 1966 (est.)</u>	<u>FY 1967 (requested)</u>
Number of States participating	14	50	50
Persons receiving instruction	38,000	75,000	75,000
Cost (thousands)	\$4,275	\$20,000	\$30,000

Source: Appendix to the Budget for Fiscal Year 1967, pages 92-93.

F. RURAL LOANS PROGRAM (TITLE III-A)

The purpose of the rural areas loan program is to meet some of the special problems of rural poverty by raising and maintaining the income and living standards of low-income farm and non-farm families. About one-half of the Nation's poor live in rural areas and an estimated 1.5 million families living on farms are classified in the poverty group.

One million of these families are headed by individuals too old, poorly educated, or physically handicapped to transfer into any occupation other than subsistence farming. Given the requirements and exigencies of the present-day employment market, it is impractical to attempt to retrain the vast majority of these for other occupations. Many of them can, however, be rehabilitated in place, on the farm, if they are assisted to improve their farming operations enough for them to raise their incomes and maintain a minimal standard of living. At present, the majority of disadvantaged farm family operators do not have access to Government credit programs, are not eligible for welfare-type assistance provided through existing agencies, and cannot qualify for or participate in retraining activities aimed at upgrading their skills. ⁴²

Under this section of the Act, loans are made to farm and nonfarm families living in the country or in small towns (2,500 population or less) to help them finance small businesses, trades, or services such as well drilling, carpentry, trucking, and other income-producing activities. Loans are made to farmers to buy livestock and farm equipment; to buy an interest in cooperatively used equipment; to develop water supplies, farm land, and buildings; to buy operating materials; or to pay farm operating expenses.

The maximum family loan is \$2,500, and is limited to the family's needs and ability to repay. Maximum loan term is 15 years at 4-1/8 percent interest per annum on the unpaid principal. The loan generally is secured by a promissory note and a loan agreement. Loans are accompanied by technical and management assistance. ⁴³

Loans are also made to local cooperative associations furnishing essential processing, purchasing, or marketing services, supplies, or facilities predominantly to low-income families. ⁴⁴ Maximum loan term is 30 years at 4-1/8 percent interest rate. ⁴⁵ Unless prior consent is given by the national office of Farmers Home Administration (FHA), loans may not exceed \$25,000 less (a) unpaid principal and interest of any other liens on real or personal property of the applicant, or (b) the unpaid principal of any other FHA loan. ⁴⁶

Legislative and Other Background

Section 302 of the Act as originally proposed by the Administration authorized grants not to exceed \$1,500 to low-income rural families for the purposes that loans were authorized for in the final version. In the act as passed the authorization for grants was stricken.

FHA provides supervised credit for farmers who cannot obtain credit from normal sources for loans to install or improve rural water supply and distribution systems, to develop recreational areas, to install or improve waste disposal systems, for the conversion of cropland, to help establish water development and soil conservation measures, rental housing loans for

senior citizens, and loans for rural renewal. Prior to the Economic Opportunity Act there were an estimated 500,000 or more families who were so poor and their farming operations so inadequate that they had insufficient debt-paying capacity to obtain loans from FHA under its then-existing programs. Title III-A was designed specifically to supplement the FHA programs of supervised credit so as to reach these poorest rural families.⁴⁷

Method of Operation

The Director of OEO has delegated authority for administering loans under Title III-A to the Secretary of Agriculture, who in turn has assigned responsibility to the Farmers Home Administration. FHA has a director in each State and an extensive field staff serving all rural counties.

Farmers, rural families, and cooperative associations desiring assistance are required to file formal applications with the local FHA office. Eligibility requirements are set forth in FHA instructions, and county FHA committees appointed under the Consolidated Farmers Home Administration Act of 1961, as amended, determine the eligibility of each applicant.⁴⁸ The Committee's certification includes, in addition to the issue of eligibility, consideration of "all pertinent information concerning the applicant and the proposed facility." Eligibility certifications for farmer and rural family applications are submitted to the FHA county supervisor for approval. With respect to cooperative association loan applications, the county supervisor submits the committee's review and recommendations with other forms to the State director for approval or disapproval, except that applicants for loans over the \$25,000 limit require prior national office consent.

The county FHA committee is composed of three individuals residing in the county. State directors of FHA appoint persons to these committees who are leaders in their communities and able and willing to help accomplish the objectives of the FHA. They are appointed for a three-year term, and are paid for committee services performed in connection with the FHA program. Major functions performed by the committees include: (a) determining eligibility of applicants for loans made by FHA; (b) establishing limits on amounts of credit that can be extended; (c) making recommendations with respect to loans to associations, soil and water districts, and partnerships; (d) advising county supervisors concerning the servicing of FHA loans; (e) advising supervisors with respect to borrowers who should be referred to other credit sources; (f) making recommendations regarding applications for compromise, adjustment, or cancellation of debts owing to the FHA.⁴⁹

In areas where approved community action programs operate or are in process of development, FHA county supervisors are instructed to carry on all FHA activities, including making loans to farmers and rural families so as to encourage applicants to participate in and make maximum use of the CAPs. Further, State directors are instructed to give preference in use of EO loan funds to those counties that have approved CAPs.⁵⁰

Fiscal and Program Data

Rural loan program administration cost \$1,727,000 in FY 1965, had appropriations of \$2 million for FY 1966, and the budget request for FY 1967 is \$2 million. Funds are authorized and appropriated directly to the Director

of OEO. There are no provisions for distribution among the States or by subdivisions among States. The following table summarizes program and budgetary data concerning the program.

TABLE A-12
RURAL LOANS PROGRAM AND BUDGETARY DATA
(obligations in thousands)

	1965 Actual		1966 Estimate		1967 Estimate	
	Number	Amount	Number	Amount	Number	Amount
Loans ^a	11,186	\$19,663	15,875	\$33,000	15,900	\$26,000
Program						
Direction	--	1,727	--	2,000	--	2,000
Totals	11,186	\$21,390	15,875	\$35,000	15,900	\$28,000

^aIncludes individual and cooperative loans.

Source: Office of Economic Opportunity.

A total of about \$19,663,000 was loaned to some 11,104 individuals and 82 cooperatives during fiscal year 1965. In fiscal years 1966 and 1967, it is estimated that about 15,500 individuals will be assisted; some 375 cooperatives in fiscal year 1966 and 400 cooperatives in fiscal year 1967 will be assisted. Although the request for fiscal year 1967 is \$7 million less than the amount provided for in 1966, a slightly increased program can be accomplished through the use of repayments on loans.

In fiscal year 1965, about one-third of all individual loans were for non-agricultural enterprises. This increased to nearly 50 percent during the first half of fiscal year 1966.

G. MIGRANT-SEASONAL FARM WORKERS PROGRAM (TITLE III-B)

The migrant agricultural employees program provides funds for loans, loan guarantees, and grants to help States, local governments, and private nonprofit groups to expand current efforts and to set up new programs for special needs of migrant workers and their families. The programs provide education for adults as well as children, with day care centers and adequate housing and sanitary facilities along the road and in the camps.⁵¹

Legislative and Other Background

The administration bill introduced in the 1964 session of Congress made no provision for special assistance for migrant workers.⁵² The provision was included in the versions reported out by both the House and Senate committees. Both committees observed that Section 311 authorized programs long proposed to Congress and included in three bills previously passed by the Senate: S. 521 (education), S. 522 (day care of children), and S. 526 (sanitation); and that the housing programs authorized under the section were similar to those proposed in another Senate bill, S. 981.⁵³

Method of Operation

The migrant worker program is administered by the Community Action Program through its special projects manager responsible for Indians, migrants, and Territories. Applications for grants are processed at the OEO headquarters rather than through the regional offices. Applications are made by public agencies, private and nonprofit organizations concerned with problems of migrants and the impoverished, or combinations of the same. Assistance is available under Title II-A (Community Action Program) as well as III-B. Under the CAP, financial assistance can be granted for many of the programs eligible for assistance under Title III-B, plus such additional kinds of projects as establishment and operation of migrant opportunity centers, manpower training projects, and continued counseling and assistance before and after a migrant leaves agricultural work.

Fiscal Policies

The migrant program spent \$1,166,000 in FY 1965, has appropriations of \$24 million in FY 1966, and has requested \$30 million for FY 1967. Funds are authorized and appropriated directly to the Director of OEO. There are no provisions for distribution among the States or political subdivisions. Funding is 100 percent Federal.

Nature of Applicants and Geographic Areas

Migrant program grants are made to a variety of agencies, as shown by the following distribution as of September 30, 1965.

TABLE A-13

MIGRANT PROGRAM GRANTS, BY TYPE OF RECIPIENT,
SEPTEMBER 30, 1965

	<u>Number of grants</u>
Private nonprofit agencies	27
State government	11
School Districts	6
General local government	5
Community action agencies	5
Institutions of higher education	<u>4</u>
	<u>58</u>

Source: Office of Economic Opportunity.

Sixteen of the programs were administered by State and local government agencies. Six of the 58 funded programs were for Statewide programs: a grant to the California Office of Economic Opportunity for a program of housing, rest stops, sanitation and education; to Associated Migrant Opportunity Services, Inc., of Indiana for a Statewide program in remedial education, adult education, and day care programs run through migrant opportunity centers scattered throughout the State; to a private Michigan corporation for a program of day care, adult education and housing improvement; to the New Mexico Council of Churches for a Statewide pre-school day care and adult education program; to the New York Education Department for a summer school program which included 16 summer school centers scattered throughout the State; and to the New York Department of Agriculture and Markets for a day care program operated through nine child care centers. A grant to the American Friends Service Committee in North Carolina funded a multi-State program of citizenship and leadership training to migrant farm workers traveling through 15 States in the East Coast Migrant Stream. Eleven other grants involved programs covering multi-county or multi-regional jurisdictions, such as a grant to the Texas Office of Economic Opportunity for an enrichment program for children in 40 school districts and adult education for 10 counties in South Texas.

H. SMALL BUSINESS LOAN PROGRAM (TITLE IV)

The Economic Opportunity Loan Program is designed to assist in establishing, preserving, and strengthening small business concerns and improving managerial skills employed in such enterprises; and to mobilize for these objectives private as well as public managerial skills and resources. The OEO Director may make, participate in, or guarantee loans, repayable in not more than 15 years, to any small business concern, or to any qualified person seeking to establish such a concern, when he determines that such loans will help carry out the purposes of the program, with particular emphasis on employment of the long-term unemployed. The SBA share of such financial assistance may not exceed \$25,000 for any one person. Borrowers may be required to improve their management skills as a condition of obtaining financial assistance. Thus, they may be required to participate in an approved management training program.

Legislative and Other Background

This program recognizes the contribution which very small business concerns--a neglected segment of the economy--can make toward eliminating poverty. Because of their limited resources, countless small enterprises employing up to four or five persons have been unable to meet the normal credit requirements for government loans under existing law. The resulting scarcity of capital has prevented them from strengthening and expanding their operations. This is one cause of poverty in many urban areas.

Within the limits of its existing legislation, the Small Business Administration had already experimented with such a loan program in Philadelphia in cooperation with local business groups and foundations. The program was started as a pilot project in January 1964, and the response was extraordinary in terms of applications for financial assistance and loans approved. In conjunction with these loans, members of the Philadelphia business community recognized as experts in fields such as bookkeeping, merchandising, and taxation, volunteered their services as advisers to borrowers. The small business loan program makes possible extension of the Philadelphia experience to the rest of the country.⁵⁴

Method of Operation

The OEO Director has delegated authority for administering loans under Title IV to the Administrator of the Small Business Administration. Within SBA, the program is administered by the Office of Economic Opportunity Assistance. Loan funds are allocated out of the SBA loan revolving fund and thus economic opportunity loan applications compete with applications for other SBA activities. To be eligible, the applicant for a loan must meet the following criteria: (1) he must be a person or persons whose income from all sources other than welfare payments is below that required to meet basic needs or those of dependents;⁵⁵ (2) the business to be assisted must be small; (3) when the applicant is located in an area where a community action program has been approved or whose approval is anticipated soon, the purposes of the loan must be consistent with that program; and (4) a determination must be made that funds are not otherwise available on reasonable terms from private sources or local, State or other Federal programs.⁵⁶

Loan applications are prescreened through small business development centers (SBDCs). These are organizations, either public or private nonprofit,

which mainly screen and process Title IV loan applications, but also arrange for management training and counseling for loan applicants and recipients and help identify new or unfilled opportunities for establishment or expansion of small businesses in the community. SBDCs are considered for financial assistance by OEO under Section 205 of Title II-A (conduct and administration grants) if (a) the proposed SBDC is a component part of an approved CAP; (b) the area of coverage of the SBDC is limited to the area of jurisdiction of the CAA, or of a group of CAAs joined together for purposes of the loan program; (c) the functions to be performed by the SBDC, and its choice of clientele, are clearly oriented toward a direct attack on poverty; and (d) the SBDC meets the general standards and criteria established by SBA for an organization performing screening and other functions with regard to the Title IV small business loan program.⁵⁷

Economic opportunity loan (EOL) applications are screened by SBA in substantially the same manner as regular business loan applications, but by EOL loan specialists. Preference and emphasis are given to applications that serve to implement directly the aims of an approved or developing community action program. Whenever the loan is in an area having a CAP, the loan specialist's report must include a finding that the loan is consistent with the CAP. Data which concern the loan specialist include earnings projections, degree of assurance that the loan will be repaid, and assurance that funds available will be adequate for completing the project. SBA assigns great importance to a borrower's character and ability, and no loan will be turned down solely because the applicant lacks collateral. No loan applicant may be discriminated against because of race, color, creed, or national origin.

Consultation is held with SBA management specialists or other appropriate officials, such as SBDC personnel, to determine the applicant's managerial competence. Where his competency appears inadequate, he may be required to participate in a management training and counseling program.

Loan Activity

The following table shows by State the number and amount of economic opportunity loans made by SBA as of September 30, 1965. Figures reflect loans issued by all SBDCs, including SBDCs not funded by CAP.

TABLE A-14

**ECONOMIC OPPORTUNITY LOANS PROGRAM, NUMBER AND AMOUNT
OF SMALL BUSINESS LOANS, BY STATE, AS OF
SEPTEMBER 30, 1965**

<u>State</u>	<u>Number of Loans</u>	<u>Amount</u>	<u>State</u>	<u>Number of Loans</u>	<u>Amount</u>
Arizona	6	\$123,000	Montana	1	\$ 15,000
District of Columbia	46	556,700	New Hampshire	4	62,000
Florida	1	8,000	New Jersey	6	47,050
Illinois	57	555,500	New York	115	1,185,250
Indiana	5	65,300	North Carolina	13	184,100
Kentucky *	32	592,800	Ohio	24	228,235
Louisiana	1	25,000	Oklahoma	17	296,533
Maryland	7	124,000	Pennsylvania	85	703,175
Massachusetts	13	164,700	Rhode Island	2	22,300
Michigan	46	784,900	Vermont	1	15,000
Minnesota	4	47,000	Virginia	6	90,000
Mississippi	27	527,500	Wisconsin	18	275,500
			Total	537	\$6,758,543

Source: Office of Economic Opportunity, Poverty Program Information as of September 30, 1965 (Washington: OEO Data Center, 1965).

Relationship to Community Action Program

Administration of the economic opportunity loan program is closely tied to the Community Action Program. Loans must be screened through an appropriate community organization, and the Community Action Program makes funds available to fund such organizations (SBDCs). As of the end of FY 1965 over two million dollars in CAP conduct and administration funds were tentatively reserved for funding SBDCs. As of the end of September 1965, CAP had funded eight SBDCs and had applications pending to fund four more. Plans are to fund 50 during FY 1966 and 70 in FY 1967. A special OEO appropriation of \$5 million for SBDCs is being asked for 1967; heretofore the money has come out of regular CAP conduct and administration grant funds.⁵⁸

In order to qualify for CAP funding, an SBDC must meet certain criteria: (1) Except for limited circumstances, the SBDC must be a component part of an approved CAP. It may be operated as a staff function of the community action agency (CAA) or as a component project of the CAP by a delegate agency. (2) Its area of coverage must be limited to a CAA's area of jurisdiction, and within the area must be concentrated on the same target areas selected for other CAP activities. A single SBDC may, however, be established to serve the needs of more than one CAP in the same general region by agreement among the CAAs involved. (3) The SBDC's functions, and its choice of clientele, must be clearly oriented toward a direct attack on poverty. (4) It must meet the screening and other criteria for loan processing set by SBA. In addition, the SBDCs are encouraged to take advantage of other SBA programs, other Federal programs such as manpower training under MDTA and economic development programs of the Economic Development Administration, and the services of local, State, and regional economic development agencies and programs.⁵⁹

As of December 1, 1965, there were 36 SBDCs. Twenty-two were funded by OEO, one was seeking OEO funding, five were funded by ARA, and eight were funded by other groups.

As another condition of funding by CAP, an SBDC's board of directors must include both leaders in the local business and banking community and persons from and/or representing those who are likely to form the SBDC's clientele. The SBDCs are also encouraged to allot staff positions to persons from areas and groups to be served.

Experience to date indicates that SBDCs funded by OEO have had a close organizational tie to community action agencies. One or more members of SBDC boards also serve on the local community action agencies except in three communities where none exist--Menominee County, Sawyer County, and the White Earth Reservation, all in Wisconsin. In the first two, board membership is tied into rural area development committees of the Department of Agriculture, and in the third, the Chippewa Tribe is the sponsoring agency.

Because of limitations on the amount of SBA loan funds available under Title IV, and in order to spread its SBDC funding in a manner best suited to meet anti-poverty objectives, OEO has established priorities for funding SBDCs. OEO policy is to divide SBDC administrative funds among the following types of areas: major urban centers with extensive community action programs underway and a large potential clientele for SBDC services; small and medium-sized communities with existing CAAs with good potential and urgent need for SBDC service; and rural southern and Appalachian communities with severe widespread poverty and where CAAs already exist. Generally, CAP funds for SBDC operation are made available, after consultation with SBA, in amounts proportionate to the population to be served and the potential demand for Title IV loans.

Geographic Areas of SBDCs

Geographic jurisdiction bears an important effect on the effectiveness with which small business development centers meet their objectives. To the extent that SBDCs are limited to individual municipalities in metropolitan areas, for example, it can be expected that they are not fulfilling maximum needs.

In general, SBA does not favor the use of an entire State as an SBDC because it seeks to preserve the grass roots it regards as essential to success of the program. On the matter of whether central city SBDCs should serve suburban jurisdictions, SBA defers to the locality. As already noted, OEO encourages local CAAs to join together in setting up SBDCs to serve larger areas.

The distribution of SBDCs by geographic area at the end of 1965 is shown in the following table.

TABLE A-15

**GEOGRAPHIC AREA OF SBDCs
DECEMBER 31, 1965**

<u>Geographic area</u>	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
City	5	-	5
City-county	9	-	9
City-multi-county	2	-	2
County	-	5	5
Multi-county	-	4	4
Indian reservation	<u>-</u>	<u>1</u>	<u>1</u>
Total	16	10	26

Source: SBA.

Eight SBDCs were reported to cover their entire metropolitan areas. No SBDCs served Statewide. Three served interstate areas: Cincinnati served three Kentucky counties; Washington, D. C., served adjoining counties in Virginia and Maryland; and the Navajo reservation served reservation residents in Utah and New Mexico as well as Arizona.

Fiscal Policies

Aside from CAP grants to cover administrative costs of SBDCs, no OEO money is involved in the Small Business Loan program under Title IV. Funds for loans are allocated out of the SBA revolving fund.

I. THE WORK EXPERIENCE PROGRAM (TITLE V)

The Work Experience Program provides up to 100 percent Federal funds to public welfare agencies or local sponsors for State and local projects designed to improve the employability and increase the capability for personal independence of needy persons, particularly unemployed men and women who are family heads.

Target Group and Objectives

In the United States, there are almost 300,000 families in which the father is unemployed and which are not receiving adequate assistance and training.⁶⁰ Females head 2 million poor households consisting of 7.4 million persons including 4.4 million children.⁶¹ Only three out of every 10 female heads of poor households were employed at all during 1963.⁶² For the 22.3 million members of impoverished families headed by a female, the average income per family member was less than \$200.⁶³ About 80% of the unemployed are semiskilled, unskilled, or have had no work experience. These conditions encourage the disintegration of families, the withdrawal of children from school, and the enforcement of a pattern of continuing poverty for many Americans.

The aim of the Work Experience Program is to support family unity by providing jobs and social services which give work experience and training as well as a source of income. In comparison with the target groups of other programs, the Work Experience approach is more work-oriented than the Work Study Program;⁶⁴ it involves work habits more than specific skills as opposed to the Job Corps or the Manpower Development and Training Act; and it is more family-oriented than the Neighborhood Youth Corps. In general, the Work Experience Program assists those whose skill and educational levels and personnel work habits are not sufficient to permit them to profit from Manpower Development and Training Act projects.

Work Experience thus has three major objectives:

1. To affect the employment condition of the head of a family (either male or female) in such a way as to encourage or reinforce family units.
2. To give unemployed individuals the type of assistance and training they require to obtain and hold jobs, thus reducing the number of individuals on welfare rolls.
3. To provide useful community service activities in hospitals, nursing homes, schools, and similar institutions which would not otherwise be available.

A Work Experience project may prepare its participants to hold a job or, depending on the individual and the scope of the project, it may simply provide work experience and educational training which will serve as the basis for further assistance under MDTA, Job Corps, or other programs. Under certain circumstances, participants in the Work Experience Program may be placed with a private profit-making employer. In such instances, the period of employment is carefully controlled and continued placement is made with an eye to eventual employment.

Historical and Legislative Background⁶⁵

The Work Experience Program evolved from a series of amendments of the Social Security Act beginning in 1961. These amendments expressed increasing concern for the employment of heads of families, opening opportunities for women in impoverished families to make a contribution to the family income, and for rehabilitating those receiving public assistance. Particularly startling was the number of "second generation" welfare recipients--individuals who require public assistance and whose parents were similarly in need of aid.

A 1961 amendment authorized Federal financial participation in assistance to families with an unemployed but employable parent living at home. This was accomplished by broadening coverage of the Aid to Dependent Children category of assistance to include unemployed parents. President Kennedy's 1962 Message on the Public Assistance and Welfare Program placed firm emphasis on reuniting families broken by poverty and unemployment and on providing opportunities for welfare recipients to be rehabilitated as contributing members of the national economy. He urged that Federal support for human rehabilitation--including costs of education, training, social work and other services--be distinct from general public assistance as a way to encourage States to undertake these new programs. He also called for extension of this assistance to women as well as men in view of the large number of needy families headed by women.⁶⁶

The President's recommendations were reflected in the 1962 amendments to the Social Security Act. New Section 409 established a Community Work and Training Program under which Aid to Families with Dependent Children-Unemployed Parents (AFDC-UP) funds could be paid as wages for work or training in special programs established by State Welfare agencies. Section 115 provided Federal assistance for pilot, demonstration, and experimental projects aimed at developing new techniques for rehabilitating welfare recipients or potential recipients. Federal reimbursement to States for providing rehabilitative services was increased from 50 to 75 percent and State agencies were permitted to use specialists from other State government departments. Authorization for the AFDC-UP program was extended to June 30, 1967. The Act also permitted States to require unemployed adults to participate in community work and training activities. Between 1962 and 1964, only eleven of the eighteen States which provide AFDC-UP assistance broadened their State legislation to implement the community work and training program.

The Economic Opportunity Act of 1964 liberalized these provisions still further. The 1962 amendments limited Federal participation to work and training costs, excluding cost of project supervision. The amendments contained in the EOA were actually based on legislation introduced by Senator Ribicoff which would have removed these limitations and encouraged the States to initiate new programs and to develop new techniques. Title V of the EOA had three major effects:

1. Extension of Aid for Dependent Children-Unemployed Parent to more families through encouraging more States to participate. (Federal assistance was raised to 100 percent.)
2. Extension of work and training programs to more families receiving AFDC-UP aid by underwriting pilot efforts to stimulate the adoption of programs.

3. Provision of basic education and training of AFDC mothers.

As a philosophical point, some argued that the Federal Government should not support efforts to employ mothers, feeling that the proper development and training of children should be their primary concern. To make this approach practical, advocates have proposed "paying mothers for staying at home and caring for their children." ⁶⁷ Although the Work Experience program attempts to encourage broad application in all States (projects have now been funded in all 50), it retains the demonstration element in that development of new techniques is constantly encouraged through pilot projects. There is no limit on the amount of Federal funds going into any one State. Instead, State allotments are determined by the size of welfare rolls and on the coverage of program proposals submitted.

Operation of the Work Experience Program

The Work Experience Program operates parallel with existing community work and training programs authorized under Section 1115 and attempts to stimulate States and local governments to adopt these programs. Emphasis is placed on projects which have a substantial impact on poverty.

Types of Projects

The language of the EOA provides for a wide variety of work experience and training projects. Following are a few examples of possible projects:

1. Projects designed to develop new or improved skills through the planned coordination of work experience, training, and related instruction.
2. Projects designed to improve or conserve existing skills.
3. Projects designed to develop and to prevent deterioration of good work habits, attitudes, and morale.
4. Projects that help needy older persons attain or retain employment.

Organizational Responsibility

The OEO Director has delegated program responsibility to the Secretary of Health, Education, and Welfare. ⁶⁸ The Secretary of HEW has further delegated responsibility to the Welfare Administration. Within the Administration, the Office of Special Services is responsible for day-to-day operations of the program through its staff both in Washington and in HEW regional offices. As in other programs administered by HEW, many facets of program administration are delegated to State governments and they in turn are held responsible for performance and effectiveness.

Application Procedure

Since the present legislative basis of the Work Experience Program is Section 1115 of the Social Security Act, the pattern of administration used in public assistance programs is followed. Project proposals, whether originating in States or localities, are reviewed and approved by the State welfare department before submission to the Office of Special Services. After Federal approval, projects may be administered by the State, by a local political subdivision, or by a non-profit private organization acting as the project sponsor. Report supervision is the responsibility of the State public welfare agency. To date, no community action agency has been approved as a local sponsor.

Coordination Arrangements

Coordination arrangements in the Work Experience Program have been established at four levels--Federal, State, regional, and local. Program regulations require that the local public welfare agency consult with the community action agency if one exists or is in the process of formation. All Title V project proposals submitted for communities in which there is a funded CAP, must be accompanied by the written comments of the CAA. CAAs have up to 14 days to comment on proposals.

State welfare agencies are required to enter into cooperative agreements with State education agencies (for adult basic education, high school equivalency and vocational training) and with State employment security agencies (for employment-related services). If an application includes use of Title V funds for services that could be available from other programs, the State welfare agency must explain why the necessary services could not be so furnished.

Under the EOA, preference must be given, to the maximum extent feasible, to Work Experience Projects which are components of community action programs. This requirement⁶⁹ states that since the application must meet all the technical stipulations of the Welfare Administration, it is usually preferable for the public welfare agency to complete the project application and submit it. However, this does not preclude a community action agency from submitting a Title V project to a State public welfare agency. The requirements referred to include: meeting full budgeted need, use of simplified method for determining need, adult basic education for all participants who need it, reduction of caseload for Title V projects to 60 cases per worker, adherence to a State's merit system in selecting new personnel for Title V projects by State and local public welfare agencies, and child care as necessary for children of participants. Coordination with related Federal programs includes, for example, refusal to fund projects which include participants who can be otherwise assisted under EOA (for example, those 16-21 who may be eligible for training through the Job Corps or the NYC programs).

State Government Role

The State, through its welfare department, plays a very vital role in the Work Experience Program. Only projects which have been approved by the State department will be submitted to the Welfare Administration for possible funding. The State welfare department may also be included in developing projects, supervising their administration, and in making appropriate coordinating arrangements

with other State departments.

Program and Budgetary Data

The initial objectives of the program were to provide employment for approximately 80,000 unemployed fathers, thus directly affecting 456,000 people. Extension of the work and training program to more families receiving AFDC-UP assistance was projected to reach another 20,000 families including a total of 114,000 people. Finally, provision of basic education and training to AFDC mothers was to reach 30,000 mothers and affect 117,000 people. All estimates were for the first year of the program. Approximately 88,700 received work experience and training during fiscal year 1965. Fiscal 1966 estimates provide for 109,000 trainees. By the end of fiscal 1965, 164 projects had been approved in 46 jurisdictions including Puerto Rico, the Virgin Islands, and the District of Columbia. The 88,700 trainees and their 273,000 dependents made a total of more than 360,000 men, women, and children who gained directly during fiscal year 1965.

The following table summarizes program and budgetary data for the Work Experience Program:

TABLE A-16

WORK EXPERIENCE PROGRAM AND BUDGETARY DATA

<u>Program data</u>	<u>FY 1965</u>	<u>FY 1966 (est.)</u>	<u>FY 1967 (requested)</u>
Persons enrolled for assistance	88,700	109,000	105,000
Number of projects funded	164	240	240
<u>Financing (in thousands)</u>	\$20,668	\$130,000	\$160,000

Source: Appendix to the Budget for Fiscal Year 1967, pages 92-93, and Welfare Administration, Department of Health, Education, and Welfare.

J. VOLUNTEERS IN SERVICE TO AMERICA (VISTA) (TITLE VI)

VISTA has been called the Domestic Peace Corps. Its volunteers serve in much the same way as Peace Corps volunteers, but in the United States rather than abroad. Its purpose is to recruit, select, train, and (1) upon request of State or local agencies or private nonprofit organizations, refer volunteers to perform duties in furtherance of programs combating poverty at a State or local level; and (2) in cooperation with other Federal, State, or local agencies involved, assign volunteers to work (a) in meeting the health, education, welfare, or related needs of Indians living on reservations, of migratory workers and their families, of residents of the District of Columbia, the Commonwealth of Puerto Rico, Guam, American Samoa, the Virgin Islands, or the Trust Territory of the Pacific Islands; (b) in the care and rehabilitation of the mentally ill or mentally retarded under treatment at nonprofit mental health or mental retardation facilities assisted in their construction or operation by Federal funds; and (c) in connection with programs or activities authorized, supported, or of a character eligible for assistance under the Economic Opportunity Act.

Legislative and Other Background

The VISTA program originated in both the Peace Corps Act of 1961 (P.L. 87-293) and the report of a cabinet-level study group appointed by President Kennedy and headed by Robert Kennedy, then Attorney General, titled Information on a Proposed National Service Program. The study group's findings and recommendations were translated into the National Service Corps Bill (S. 1321) that passed the Senate in 1963. The program was named VISTA rather than the Domestic Peace Corps because the act establishing the original Peace Corps stipulated that no other organization could use the same name.⁷⁰

Method of Operation

VISTA is one of three component programs administered directly by OEO through an assistant director. Eligible applicants for VISTA volunteers are any persons 18 years of age or older. Insofar as possible, attempts are made to recruit groups not successfully recruited for the Peace Corps--senior citizens, minority group members, non-college graduates. Married couples are eligible if both the husband and wife qualify. There is no upper age limit or minimum education requirement, and no test to pass. Selection is based on a preliminary application, a detailed application, evaluation by a selection staff, and successful completion of a six weeks training program.

Volunteers are trained at sites similar to places where they eventually will serve. Part of their training may take place on or near a college campus, and another part may be in field work in a setting that simulates conditions they are likely to find when they go to work. Training is supervised with the cooperation of local organizations and institutions, including colleges and universities.

Any bona fide organization at any level--neighborhood, larger community, local or State organization, agency, or institution--may sponsor a VISTA project. These conditions are required: (1) Local community need and a request for a project to overcome the causes and effects of poverty. (2) A desire for extensive personal contact between volunteers and the people with whom they will be working. (3) A responsible sponsoring organization. (4) Available support from

established agencies and the community. (5) The Governor's consent. (6) Involvement and consent of people with whom the volunteer will work. (7) Assurance that volunteer services will not duplicate, replace, or displace existing services or personnel.

The process by which a potential sponsor obtains VISTA volunteers starts with the interested group making an inquiry to VISTA. VISTA sends a letter of intent to the potential sponsor to determine sponsor eligibility and project feasibility. If the proposed project seems feasible and worthwhile, the potential sponsor is asked to complete a Project Proposal Form which asks for a detailed description of the nature, scope, and objectives of the project. VISTA then decides whether the proposal is acceptable. Upon approval of the project by the VISTA director, the Governor is sent a letter which describes it, and he is urged to wire his approval. When these approvals are completed, a contract is drawn up between VISTA and the sponsoring organization. Volunteers are assigned after special training.

In many instances a VISTA project may be part of a community action program, but VISTA projects are also set up as separate, unique programs in areas that have no CAP or have requested VISTA services only. Volunteers serve in rural and urban areas, on Indian Reservations, and among migrant workers, in mental health programs, and among the under-educated and under-employed. They work on a wide variety of projects: with non-English speaking people, as recreation leaders, on Indian reservations, in mental hospitals, with functional illiterates, with elderly people, with youth groups, and many others.

Volunteers serve for one year, with possible reenlistment for a second or third year. They receive pay for their food, rent, medical care coverage, and job travel expenses, and a monthly personal allowance of \$75.00. In addition, they receive a \$50.00 per month stipend, which is paid to them at the end of their term of service.⁷¹

Nature of Sponsoring Agencies

VISTA reported the following breakdown of sponsoring agencies by type, as of September 30, 1965.

TABLE A-17

TYPES OF AGENCIES SPONSORING VISTA PROJECTS, SEPTEMBER 30, 1965

	Number of <u>Sponsors</u>	Number of <u>Volunteers</u>
Community action agency	43	342
Local government agency	10	117
Private non-profit agency	35	324
State agency	10	98
Indian tribal councils	46	196
Job Corps conservation center	<u>13</u>	<u>23</u>
Total	<u>157</u>	<u>1,100</u>

Source: OEO.

At approximately this time, VISTA volunteers were working in 39 States and the District of Columbia. About 65 percent of the volunteers were assigned to rural projects.

Other Federal Programs

The Economic Opportunity Act specifically authorizes referral of VISTA volunteers to programs or activities authorized, supported, or eligible under the Act, and to other Federal agencies involved in programs combating poverty. In commenting on the VISTA program, the Senate Committee on Labor and Public Welfare, and the House Committee on Education and Labor noted, in identical language, that VISTA has a major responsibility to make volunteers available for work in Job Corps camps, in work-training and work-study programs, and as part of community action projects. However, the committees cautioned the Administration, particularly during the early years of operation, to avoid committing all the volunteers to these activities and programs so that the full potential of the program could be determined.⁷²

Program and Budgetary Data

As one of three direct OEO programs, administered by OEO headquarters in Washington, financing for the VISTA program is included in the authorization for Title VI--Administration and Coordination. However, the Act makes a distinction in financing pay and allowances of those assigned upon request of State or local agencies or private nonprofit organizations, and all others. The former are made the obligation of the State, local, or private nonprofit agency.

The table below summarizes the program and budgetary experience of VISTA through December 31, 1965.

TABLE A-18

VISTA PROGRAM AND BUDGETARY DATA

	<u>FY 1965</u>	<u>FY 1966</u> <u>(est.)</u>	<u>FY 1967</u> <u>(requested)</u>
Number of Volunteers	1,100	3,500	4,500
Financing (000)	\$1,393	\$14,000	\$23,000

Source: Appendix to the Budget for 1967, pp. 92-94.

APPENDIX B

DETAILED RESEARCH DATA RELEVANT TO THE REPORT

The purpose of this Appendix is to provide the interested reader or researcher with additional data relating to the several analyses contained in the body of the report. A brief description of the contents of each of the tables which follow and of their relationship to the report is first provided.

Table B-1: Data on Mail Questionnaire

A major means of obtaining data and opinions on the operation of the Economic Opportunity Act at the local, State, and Federal levels was a series of mail questionnaires. These were prepared in cooperation with and sent out by three national organizations closely concerned with the anti-poverty effort: the National Association of Counties (NACO), the National Association for Community Development (NACD), and the National League of Cities (NLC).

When the questionnaires were ready to be mailed, the most up-to-date listing of community action agencies readily available from OEO was the listing dated October 1, 1965.⁷³ This list showed 483 community action agencies which had received program development (Section 204) or conduct and administration (Section 205) grants from OEO. These 483 CAAs were conducting programs in 518 counties, and in 85 cities with population of 50,000 or less. Thus NACO sent out questionnaires to the chief elected county officials of the 518 counties affected, usually the chairman of the county board of commissioners or supervisors, or the presiding county judge; NACD sent questionnaires to the executive directors of the 483 CAAs and to the directors of the 49 State offices of economic opportunity; and NLC sent questionnaires to mayors of the 85 cities under 50,000 population having a CAA. Discussions were held with the U. S. Conference of Mayors of the possibility of the Conference's sending questionnaires to the mayors of all cities in which there were CAPs. It was decided, however, that in view of the intensive contact that the Conference staff had had with its mayor members on the subject of the anti-poverty program, in lieu of using questionnaires reliance would be placed on Conference of Mayors' reports on the subject and consultation with the Conference staff to obtain the views of the mayors represented by the Conference.

The questionnaires were mailed out by the three organizations near the end of December, 1965. The numbers of responses, classified by target group and geographic region, are summarized in Table B-1.

Table B-2: Sponsorship of CAAs

This table shows the type of local agency, public or private, which sponsors the CAAs from which responses were received in the mail questionnaire. The validity of this data is verified against a random sample of 50 CAAs conducted by the Office of Economic Opportunity, and shown in Table 4 of the text.

Table B-3: Profile of CAA Governing Bodies

This table shows the percentage of the members representing various groups serving on the governing bodies of the 192 CAAs from which questionnaire responses were received. The validity of this data was verified against a random sample of 50 CAAs conducted by the Office of Economic Opportunity (see text Table 4).

Table B-4: Profile of CAA Executive Committees

This table shows similar data on the makeup of the executive committees of the governing boards of 122 CAAs among the group responding to the mail questionnaire which indicated that such a committee existed.

Table B-5: Use of State Technical Assistance Funds

This table shows the technical assistance funds allocated to each State for the 1966 fiscal year compared with the Federal grant actually made. The last column shows the amount by which the grant exceeded or fell below the allocated figure.

Table B-6: Selection of State Officials

This table shows the means of selecting various (non-elected) State department heads in functional areas related to anti-poverty programs. These data are relevant to the ability of the Governor to coordinate State activities which have an impact on EOA programs.

Table B-7: Ratio of Technical Assistance to Total EOA Funds

This table shows, by State, the ratio of total technical assistance to total EOA dollars. This ratio represents the number of total EOA dollars (as of April 1, 1966) brought into the State for each technical assistance dollar spent and is a form of evaluation of the effectiveness of the State technical assistance effort.

Table B-8: State Technical Assistance Funding

This table shows the following data on the level of State technical assistance funding in each State: total TA funding; the State share; the percentage of the total funding which the State share represents; the total funding per poor person; and the State share per poor person.

Table B-9: Incidence of Poverty and EOA Resources

This table shows the number of poor in each State, the total EOA dollars brought into the State as of April 1, 1966, EOA dollars on a per poor person basis, and the State's ranking among other States on the latter basis, from lowest to highest.

Table B-10: Urban-Rural Division of Poverty and TA Resources

This table shows the urban-rural make-up of the poor in each State and compares it with the urban-rural allocation of State technical assistance resources. Rural poor includes rural farm and non farm. The measure of State technical assistance resources, provided in the responses to the State Anti-Poverty Program Coordinator Questionnaire, is professional staff time. The extent to which the TA resources devoted to rural areas exceeds or falls below the rural percentage of the poor population is also shown.

Table B-11: Selected SMSAs With and Without CAPs

This table shows the SMSAs in each of the two groups used in Chapter III, Part C. The group on the left is the 45 SMSAs which did not have a CAP grant within the area as of January 1, 1966, and the group on the right is an equal number of comparable SMSAs which did have a CAP grant at that time.

Table B-12: Comparative Profile of Two SMSA Groups

This table gives a brief statistical profile of the two groups of SMSAs listed in Table B-11.

TABLE B-1

QUESTIONNAIRES MAILED AND RETURNED IN ACIR ANTI-POVERTY STUDY:
BY OEO REGION, STATE, AND TYPE OF QUESTIONNAIRE, AS OF JUNE, 1966

	Executive Directors			Chief Elected			Mayors			Total			States		
	CAAs			County Officials						Local					
	Sent	Returned	%	S	R	%	S	R	%	S	R	%	S	R	%
A. Northeast Region															
Connecticut	6	3	50%	3	-	0%	1	-	0%	10	3	30%			X
Maine	8	6	75%	8	2	25%	3	1	33%	19	9	47%			X
Massachusetts	13	5	38%	8	3	38%	5	-	0%	26	8	31%			X
New Hampshire	5	1	20%	3	1	33%	1	-	0%	9	2	22%			X
New Jersey	16	7	44%	10	1	10%	3	-	0%	29	8	28%			X
New York	25	11	44%	18	6	33%	2	-	0%	45	17	38%			X
Rhode Island	6	2	33%	4	-	0%	2	-	0%	12	2	17%			X
Vermont	8	2	25%	4	-	0%	2	-	0%	14	2	14%			X
	87	37	43%	58	13	22%	19	1	5%	164	51	31%	8	8	100%
B. Mid-Atlantic															
Delaware	1	-	0%	1	-	0%	-	-	-	2	0	0%			X
Kentucky	19	4	21%	18	3	17%	8	-	0%	45	7	16%			X
Maryland	15	4	27%	15	4	27%	-	-	-	30	8	27%			X
North Carolina	13	10	77%	14	6	43%	3	-	0%	30	16	53%			X
Pennsylvania	21	9	43%	16	4	25%	2	1	50%	39	14	36%			X
Virginia	15	7	47%	12	1	8%	3	1	33%	30	9	30%			X
West Virginia	18	13	72%	16	2	13%	-	-	-	34	15	44%			X
Dist. of Columbia	1	-	0%	-	-	-	-	-	-	-	-	-			
	103	47	46%	92	20	22%	16	2	13%	211	69	33%	7	7	100%
C. Southeast															
Alabama	6	1	17%	7	3	43%	1	1	100%	14	5	36%			X
Florida	10	4	40%	9	3	33%	2	-	0%	21	7	33%			X
Georgia	18	7	39%	117	9	8%	1	-	0%	136	16	12%			X
Mississippi	4	3	75%	-	-	-	1	-	0%	6	3	50%			X
South Carolina	8	4	50%	8	3	38%	1	-	0%	17	7	41%			X
Tennessee	16	8	50%	15	4	27%	5	1	20%	36	13	36%			X
	62	27	44%	156	22	14%	12	2	17%	230	51	22%	6	6	100%
Southeast excl. Ga.				39	13	33%				94	35	37%			
D. Great Lakes															
Illinois	7	3	43%	7	1	14%	2	-	0%	16	4	25%			X
Indiana	9	7	78%	8	3	38%	1	-	0%	18	10	56%			X
Michigan	16	6	38%	18	4	22%	1	-	0%	35	10	29%			X
Minnesota	11	6	55%	10	3	30%	4	2	50%	25	11	44%			X
Ohio	21	11	52%	21	7	33%	3	-	0%	45	18	20%			X
Wisconsin	5	2	40%	6	2	33%	1	-	0%	12	4	33%			X
	69	35	51%	70	20	29%	12	2	17%	151	57	38%	6	6	100%
E. N. Central															
Colorado	6	1	17%	6	5	83%	-	-	-	12	6	50%			X
Idaho	-	-	-	-	-	-	-	-	-	-	-	-			X
Iowa	5	3	60%	5	2	40%	-	-	-	10	5	50%			X
Kansas	3	-	0%	3	2	67%	-	-	-	6	2	33%			X
Missouri	26	14	54%	25	6	24%	1	-	0%	52	20	38%			X
Montana	6	-	0%	5	1	20%	3	1	33%	14	2	14%			X
Nebraska	1	-	0%	1	-	0%	-	-	-	2	-	0%			X
North Dakota	-	-	-	-	-	-	-	-	-	-	-	-			X
South Dakota	1	-	0%	2	-	0%	2	1	50%	5	1	20%			X
Utah	2	1	50%	2	-	0%	-	-	-	4	1	25%			X
Wyoming	-	-	-	-	-	-	-	-	-	-	-	-			X ^a
	50	19	38%	49	16	33%	6	2	33%	105	37	35%	11	11	100%

TABLE B-1 (continued)

	Executive Directors			Chief Elected			Mayors			Total			States		
	CAAs			County Officials						Local					
	Sent	Returned	%	S	R	%	S	R	%	S	R	%	S	R	%
F. <u>Southwest</u>															
Arkansas	7	1	14%	6	1	17%	4	2	50%	17	4	24%			X
Louisiana	7	3	43%	7	3	43%	2	1	50%	16	7	44%			X
New Mexico	12	4	33%	8	1	13%	2	-	0%	22	5	23%			X
Oklahoma	12	3	25%	12	-	0%	3	1	33%	27	4	15%			X
Texas	<u>12</u>	<u>4</u>	<u>33%</u>	<u>12</u>	<u>5</u>	<u>42%</u>	<u>3</u>	<u>1</u>	<u>33%</u>	<u>27</u>	<u>10</u>	<u>37%</u>			<u>X</u>
	50	15	30%	45	10	22%	14	5	36%	109	30	28%	5	5	100%
G. <u>Western</u>															
Alaska	1	-	0%	-	-	-	1	-	0%	2	-	0%			X
Arizona	5	2	40%	4	2	50%	1	-	0%	10	4	30%			X
California	36	11	31%	26	13	50%	2	-	0%	64	24	38%			X
Hawaii	4	-	0%	2	1	50%	-	-	-	6	1	17%			X
Nevada	2	-	0%	2	1	50%	-	-	-	4	1	25%			X
Oregon	7	2	29%	7	6	86%	2	1	50%	16	9	56%			X
Washington	<u>7</u>	<u>4</u>	<u>57%</u>	<u>7</u>	<u>5</u>	<u>71%</u>	<u>1</u>	<u>-</u>	<u>0%</u>	<u>15</u>	<u>9</u>	<u>60%</u>			<u>X</u>
	62	19	31%	48	28	58%	7	1	14%	117	48	41%	7	7	100%
Total	483	199	41%	518	129	25%	86	15	18%	1087	343	32%	50	50	100%
Total excl Ga.				401	120	30%				951	327	34%			

^aThe Wyoming State questionnaire was returned uncompleted as no technical assistance agency had been established as of June, 1966.

Source: Questionnaires mailed in ACIR-NACO, ACIR-NACD, and ACIR-NLC surveys.

TABLE B-2
TYPE OF SPONSORSHIP OF 199 COMMUNITY ACTION AGENCIES,
EARLY 1966

<u>Type of Sponsor</u>	<u>Number</u>	<u>Percent</u>
A. <u>Governmental Agencies</u>		
City	9	4.5
County	14	7.0
Multi-governmental	9	4.5
State	2	1.0
Special district (other than schools)	1	0.6
Other public body	<u>6</u>	<u>3.0</u>
Subtotal	41	20.6
B. <u>Private Non-profit Agencies</u>		
Existing private group	8	4.0
Newly-established group	142	71.4
Other	<u>8</u>	<u>4.0</u>
Subtotal	<u>158</u>	<u>79.4</u>
Total	199	100.0

Source: NACD-ACIR questionnaire survey.

TABLE B-3
PROFILE OF MEMBERSHIP OF 192 CAA GOVERNING BODIES,
EARLY 1966^a

<u>Members Chosen From</u>	<u>Percent of Members</u>
City government	7.9
County government	8.2
School district	10.3
Other local governments	4.9
Private health and welfare agencies	9.3
Business	12.4
Labor	5.1
Civil rights groups	4.6
Churches	7.0
The poor	26.9
Other	<u>3.4</u>
	100.0

^aSeven of the 199 respondents did not furnish this information.

Source: NACD ACIR questionnaire survey.

TABLE B-4
PROFILE OF MEMBERSHIP OF 122 CAA EXECUTIVE COMMITTEES,
EARLY 1966^a

<u>Members representing</u>	<u>Percent of Members</u>
City government	10.5
County government	9.4
School district	11.6
Other local governments	3.8
Private health and welfare agencies	12.9
The poor	8.3
Other elements of community	<u>43.5</u>
	100.0

^aSeventy-seven of the 199 CAAs responding indicated that they did not have executive committees or did not indicate the membership of the committee if they had one.

Source: NACD-ACIR questionnaire survey.

TABLE B-5

**STATE BY STATE DATA ON TECHNICAL ASSISTANCE GRANTS
MADE AND AMOUNT ALLOCATED FOR FISCAL 1966**
(in thousands)

State	Allocation by OEO, FY 1966	Actual Federal Grants Made	Difference Between Allocation and Grant
Alabama	\$236.3	\$ 77.1	\$-159.2
Alaska	9.8	179.3	+169.5
Arizona	60.8	86.7	+ 25.9
Arkansas	120.8	76.0	- 44.8
California	696.8	437.0	-249.8
Colorado	73.5	61.7	- 11.8
Connecticut	75.8	50.8	- 25.0
Delaware	14.3	33.0	+ 18.7
Florida	211.5	133.0	- 78.5
Georgia	216.8	183.0	- 33.8
Hawaii	19.5	71.7	+ 52.2
Idaho	22.5	34.0	+ 11.5
Illinois	342.8	329.3	- 13.5
Indiana	117.8	72.6	- 45.2
Iowa	88.5	99.3	+ 10.8
Kansas	63.8	37.8	- 26.0
Kentucky	186.8	179.8	- 7.0
Louisiana	224.3	150.9	- 73.4
Maine	34.5	53.0	+ 18.5
Maryland	98.3	64.2	- 34.1
Massachusetts	174.0	116.0	- 58.0
Michigan	251.3	239.9	- 11.4
Minnesota	123.0	133.2	+ 10.2
Mississippi	220.5	114.1	-106.4
Missouri	201.8	235.3	+ 33.5
Montana	21.0	49.4	+ 28.4
Nebraska	41.3	35.8	- 5.5
Nevada	10.5	54.6	+ 44.1
New Hampshire	14.3	58.9	+ 44.6
New Jersey	194.3	386.2	+191.9
New Mexico	47.3	75.7	+ 28.4
New York	614.3	477.4	-136.9
North Carolina	275.3	79.7	-195.6
North Dakota	24.0	54.4	+ 30.4
Ohio	303.0	213.0	- 90.0
Oklahoma	129.8	136.6	+ 6.8
Oregon	53.3	71.1	+ 17.8
Pennsylvania	447.8	251.4	-196.4
Rhode Island	37.5	50.0	+ 12.5
South Carolina	157.5	89.8	- 67.7
South Dakota	30.0	28.7	- 1.3
Tennessee	206.3	182.9	- 23.4
Texas	426.0	173.5	-252.5
Utah	29.3	49.6	+ 20.3
Vermont	14.3	39.7	+ 25.4
Virginia	147.8	83.0	- 64.8
Washington	105.0	74.8	- 30.2
West Virginia	138.8	135.3	- 3.5
Wisconsin	100.5	90.0	- 10.5
Wyoming ^a	11.3	0.0	- 11.3

^aWyoming has not established a technical assistance agency.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD; and budget data and allocation formula from Office of Economic Opportunity.

TABLE B-6
ADMINISTRATIVE SELECTION OF STATE OFFICIALS

Method of Selection		Number of States by Position or Department				
Appointed by	Approved by	Labor	Welfare	Health	Conservation	Agriculture
Board	Senate		1			
Commission	--	2	3		6	2
Commission	Governor			1		
Commission	Senate					
Governor	--	13	7	8	8	5
Governor	Senate	20	12	12	7	12
Governor	Either House	1	1	1		1
Governor	Both Houses	2	2	1	2	2
Governor	Departmental Board	1		2		
Governor	Council	3	2	3	1	2
Civil Service	--		1	1		1
Director of Department	--		1			
Director of Department	Governor		1	1		
Director of Department	Senate					
Departmental Board	--		13	18	6	8
Departmental Board	Governor		2	2	2	1

Source: Joel S. Posner, "State Administrative Organization, 1962-63," *The Book of the States, 1964-65*, (Chicago: Council of State Governments, 1965), pp. 142-151.

TABLE B-7
RATIO OF TOTAL EOA FUNDS TO TOTAL TECHNICAL ASSISTANCE FUNDS, BY STATE^a

State	Ratio	State	Ratio
Alabama	172.0	Montana	103.9
Alaska	24.4	Nebraska	225.4
Arizona	244.5	Nevada	77.9
Arkansas	330.8	New Hampshire	21.0
California	253.5	New Jersey	107.8
Colorado	253.4	New Mexico	235.0
Connecticut	252.0	New York	86.0
Delaware	50.4	North Carolina	329.4
Florida	225.0	North Dakota	69.2
Georgia	147.4	Ohio	198.4
Hawaii	67.4	Oklahoma	134.5
Idaho	151.5	Oregon	316.8
Illinois	138.8	Pennsylvania	192.3
Indiana	275.5	Rhode Island	137.2
Iowa	93.7	South Carolina	106.1
Kansas	99.0	South Dakota	159.1
Kentucky	359.1	Tennessee	146.9
Louisiana	94.0	Texas	274.5
Maine	223.4	Utah	136.9
Maryland	165.0	Vermont	65.0
Massachusetts	276.7	Virginia	159.7
Michigan	210.0	Washington	187.1
Minnesota	157.7	West Virginia	228.7
Mississippi	294.1	Wisconsin	179.2
Missouri	122.2	Wyoming	0.0

^a Program data as of April 1, 1966.

Source: State Anti-Poverty Program Coordinator Questionnaires, ACIR-NACD; and Office of Economic Opportunity.

TABLE B-8
DATA ON FUNDING OF TECHNICAL ASSISTANCE, BY STATE,
FISCAL 1966

<u>State</u>	<u>Total TA Funds (000)</u>	<u>State Share of TA Funds (000)</u>	<u>State Share as % of Total</u>	<u>Total TA Funds Per Poor Person</u>	<u>State Share of TA Funds Per Poor Person</u>
Alabama	\$ 84.8	\$ 7.7	9.1%	\$0.062	\$.006
Alaska	202.7	23.4	11.5	5.391	.622
Arizona	96.5	9.8	10.2	.307	.031
Arkansas	84.4	8.4	10.0	.100	.010
California	487.0	50.0	10.3	.221	.023
Colorado	68.3	6.6	9.7	.219	.021
Connecticut	56.9	6.1	10.7	.241	.026
Delaware	37.6	4.6	13.9	.512	.063
Florida	152.9	19.9	13.0	.112	.015
Georgia	202.4	19.4	9.6	.134	.013
Hawaii	80.8	9.1	11.3	.793	.089
Idaho	38.1	4.1	10.8	.308	.033
Illinois	384.3	55.0	14.3	.266	.038
Indiana	83.7	11.1	13.3	.105	.014
Iowa	111.4	12.1	10.9	.191	.021
Kansas	42.0	4.2	10.0	.100	.010
Kentucky	199.8	20.0	10.0	.176	.018
Louisiana	167.7	16.8	10.0	.132	.013
Maine	53.6	9.5	14.9	.241	.043
Maryland	73.8	9.6	13.0	.141	.018
Massachusetts	144.8	19.2	13.3	.238	.032
Michigan	268.1	28.2	10.5	.221	.023
Minnesota	148.0	14.8	10.0	.229	.023
Mississippi	126.7	12.6	10.0	.108	.011
Missouri	267.6	32.2	12.2	.255	.031
Montana	54.9	5.5	10.0	.424	.042
Nebraska	40.0	4.3	10.8	.129	.014
Nevada	60.8	6.2	10.2	1.708	.174
New Hampshire	67.7	8.8	13.0	.782	.102
New Jersey	426.7	40.4	9.5	.634	.060
New Mexico	85.9	10.2	11.9	.309	.037
New York	1,030.5	553.0	55.3	.444	.238
North Carolina	88.6	8.9	10.0	.049	.005
North Dakota	60.5	6.1	10.0	.358	.036
Ohio	249.9	36.9	14.8	.166	.024
Oklahoma	151.8	15.3	10.1	.223	.023
Oregon	80.2	9.0	11.2	.306	.034
Pennsylvania	279.5	28.1	10.1	.149	.015
Rhode Island	55.6	5.6	10.0	.412	.041
South Carolina	100.8	11.0	10.9	.096	.010
South Dakota	33.1	4.4	13.3	.164	.022
Tennessee	185.3	2.3	1.2	.135	.002
Texas	192.3	19.3	10.0	.065	.006
Utah	50.6	7.0	13.8	.375	.052
Vermont	44.1	4.4	10.0	.502	.050
Virginia	94.0	11.0	11.7	.081	.009
Washington	83.7	8.9	10.6	.211	.022
West Virginia	150.9	15.6	10.3	.237	.024
Wisconsin	100.0	10.0	10.0	.165	.016
Wyoming	0.0	0.0	0.0	0.0	0.0

Source: Office of Economic Opportunity.

TABLE B-9

INCIDENCE OF POVERTY AND EOA RESOURCES, BY STATE

State	Number of Poor ^a (000)	Total EOA Dollars ^b (000)	EOA Dollar Per Poor Person (000)	State Ranking on EOA Dollars Per Poor Person Basis (lowest to highest)
Alabama	1,374.0	\$14,584.3	\$ 10.61	3
Alaska	37.6	4,937.4	131.31	50
Arizona	314.1	23,596.1	75.12	47
Arkansas	843.2	27,923.3	33.12	27
California	2,199.4	123,457.9	56.13	40
Colorado	311.4	17,307.1	55.58	39
Connecticut	236.2	14,336.9	60.70	42
Delaware	73.5	1,896.6	25.80	15
Florida	1,370.8	34,398.0	25.09	14
Georgia	1,505.5	29,841.0	19.82	11
Hawaii	101.9	5,443.2	53.42	37
Idaho	123.6	5,770.6	46.69	34
Illinois	1,446.0	53,342.3	36.89	29
Indiana	797.0	23,058.0	28.93	18
Iowa	583.3	10,441.4	17.90	9
Kansas	418.9	4,158.2	9.93	1
Kentucky	1,137.2	71,757.2	63.10	43
Louisiana	1,273.8	15,763.5	12.38	4
Maine	222.1	11,972.6	53.91	36
Maryland	523.4	12,173.9	23.26	12
Massachusetts	608.4	40,063.5	65.85	44
Michigan	1,215.7	56,291.1	46.30	33
Minnesota	645.5	23,345.9	36.17	28
Mississippi	1,173.0	37,263.8	31.77	23
Missouri	1,051.4	32,693.9	31.10	22
Montana	129.5	5,704.7	44.05	32
Nebraska	308.9	9,015.1	29.18	19
Nevada	35.6	4,734.3	32.99	26
New Hampshire	86.6	1,422.8	16.43	7
New Jersey	672.7	46,016.7	68.41	45
New Mexico	277.9	20,188.1	72.29	46
New York	2,319.4	88,605.8	38.20	30
North Carolina	1,796.0	29,186.1	16.25	6
North Dakota	168.9	4,189.6	24.81	13
Ohio	1,508.5	49,588.9	32.87	25
Oklahoma	679.6	20,423.7	30.05	21
Oregon	262.5	25,409.3	96.80	49
Pennsylvania	1,880.5	53,761.5	28.59	17
Rhode Island	135.1	7,628.6	56.47	41
South Carolina	1,049.3	10,690.2	10.19	2
South Dakota	201.8	5,265.0	26.09	16
Tennessee	1,374.0	27,212.5	19.81	10
Texas	2,970.3	52,787.2	17.77	8
Utah	135.1	6,928.1	51.28	35
Vermont	87.9	2,866.6	32.61	24
Virginia	1,164.0	15,007.3	12.89	5
Washington	396.9	15,657.4	39.45	31
West Virginia	636.8	34,512.1	54.20	38
Wisconsin	607.0	17,917.3	29.52	20
Wyoming	53.3	4,338.6	84.57	48

^aBased on 1960 Census data.^bAs of April 1, 1966.

Source: Office of Economic Opportunity.

TABLE B-10

URBAN-RURAL DIVISION OF POVERTY AND TECHNICAL ASSISTANCE

State	Make-up of Poor Population		Technical Assistance Resources Applied		Variation in Favor of Rural
	% Urban	% Rural	% Urban	% Rural	
Alabama	42.4	57.6	20	80	+22.4
Alaska	29.7	70.3	5	95	+24.7
Arizona	59.7	40.3	5	95	+44.7
Arkansas	31.5	68.5	20	80	+11.5
California	82.3	17.7	40	60	+42.3
Colorado	62.8	37.2	35	65	+27.8
Connecticut	81.2	18.8	90	10	- 8.8
Delaware	52.5	47.5	40	60	+12.5
Florida	67.3	32.7	25	75	+42.3
Georgia	44.1	55.9	20	80	+24.1
Hawaii	68.1	31.9	75	25	- 6.9
Idaho	40.3	59.7	10	90	+30.3
Illinois	71.4	28.6	60	40	+11.4
Indiana	57.4	42.6	35	65	+22.4
Iowa	35.1	64.9	15	85	+20.1
Kansas	51.4	48.6	20	80	+31.4
Kentucky	28.3	71.7	10	90	+18.3
Louisiana	51.3	48.7	40	60	+11.3
Maine	40.3	59.7	25	75	+15.3
Maryland	62.6	37.4	10	90	+52.6
Massachusetts	85.1	14.9	80	20	+ 5.1
Michigan	67.8	32.2	50	50	+17.8
Minnesota	37.3	62.7	40	60	- 2.7
Mississippi	26.9	73.1	30	70	- 3.1
Missouri	50.0	50.0	25	75	+25.0
Montana	38.8	61.2	75	25	-36.2
Nebraska	36.1	63.9	25	75	+11.1
Nevada	60.7	39.3	70	30	- 9.3
New Hampshire	51.6	48.4	35	65	+16.6
New Jersey	84.6	15.4	70	30	+14.6
New Mexico	49.0	51.0	20	80	+29.0
New York	82.9	17.1	40	60	+42.9
North Carolina	29.5	70.5	10	90	+19.5
North Dakota	18.9	81.1	20	80	- 1.1
Ohio	65.9	34.1	25 ^a	75	+40.9
Oklahoma	49.9	51.1	10	90	+38.9
Oregon	54.7	45.3	25	75	+29.7
Pennsylvania	65.6	34.4	10 ^a	90	+55.6
Rhode Island	86.3	13.7	90	10	- 3.7
South Carolina	31.6	68.4	50	50	-18.4
South Dakota	21.9	78.1	5	95	+16.9
Tennessee	40.6	59.4	25	75	+15.6
Texas	66.7	33.3	40	60	+26.7
Utah	65.7	34.3	75	25	- 9.3
Vermont	28.4	71.6	0	100	+28.4
Virginia	38.7	61.3	25	75	+13.7
Washington	61.4	38.6	50	50	+11.4
West Virginia	23.2	76.8	25	75	- 1.8
Wisconsin	45.3	54.7	20	80	+25.3
Wyoming ^b	47.9	52.1	NA	NA	NA

^aThe Ohio and Pennsylvania responses used different definitions for rural-urban than the one prescribed by OEO.

^bWyoming does not have a technical assistance agency.

Source: State Anti-Poverty Program Coordinator questionnaires, ACIR-NACD.

TABLE B-11

SMSAs WITHOUT CAPs AND THOSE WITH CAPs SELECTED FOR COMPARATIVE ANALYSIS

SMSA without CAP ^a	Population (000)	Number of Counties	Comparable SMSA with CAP	Population (000)	Number of Counties
1. Mobile, Ala.	363.4	2	Ft. Lauderdale - Hollywood, Fla.	333.9	1
2. Montgomery, Ala.	199.7	2	Huntsville, Ala.	153.9	2
3. Gadsden, Ala.	97.0	1	Tuscaloosa, Ala.	109.0	1
4. Texarkana, Ark.	91.7	2	Fort Smith (Ark. part)	88.0	2
5. Anaheim - Santa Ana - Garden Grove, Calif.	704.0	1	San Jose, Calif.	642.3	1
6. Pensacola, Fla.	203.4	2	West Palm Beach, Fla.	228.1	1
7. Boise, Idaho	93.5	1	Pueblo, Colo.	118.7	1
8. Bloomington - Normal, Ill.	83.8	1	Decatur, Ill.	118.3	1
9. Peoria, Ill.	313.4	3	Rockford, Ill.	230.1	2
10. Springfield, Ill.	131.4	1	Champaign - Urbana, Ill.	132.4	1
11. Davenport - Rock Island, Moline, Ia.-Ill.	319.4	3	Lansing, Mich.	298.9	3
12. Anderson, Ind.	125.8	1	Evansville (Ind. part)	189.4	2
13. Lafayette - West Lafayette, Ind.	89.1	1	Terre Haute, Ind.	172.1	4
14. Muncie, Ind.	111.0	1	Fort Wayne, Ind.	232.2	1
15. South Bend, Ind.	271.0	2	Gary - Hammond - East Chicago, Ind.	573.5	2
16. Waterloo, Iowa	122.5	1	Cedar Rapids, Iowa	136.9	1
17. Monroe, La.	101.7	1	Lafayette, La.	84.7	1
18. Shreveport, La.	281.5	2	Baton Rouge, La.	230.1	1
19. Portland, Me.	139.1	1	Lewiston - Auburn, Me.	70.3	1
20. Lowell, Mass.	164.2	1	Brockton, Mass.	149.5	3
21. Fargo - Moorhead, N. D. - Minn.	106.0	2	Bay City, Mich.	107.0	1
22. Jackson, Miss.	221.3	2	Augusta, Ga. - S.C.	216.6	2
23. Springfield, Mo.	126.3	1	St. Joseph, Mo.	90.6	1
24. Lincoln, Neb.	155.3	1	Topeka, Kas.	141.3	1
25. Greensboro - High Point, N. C.	246.5	1	Charlotte, N.C.	316.8	2
26. Raleigh, N. C.	169.1	1	Winston - Salem, N. C.	189.4	1
27. Canton, Ohio	340.3	1	Lorain - Elyria, Ohio	217.5	1
28. Altoona, Pa.	137.3	1	Scranton, Pa.	234.5	1
29. Greenville, S. C.	255.8	2	Charleston, S. C.	254.6	2
30. Sioux Falls, S. D.	86.6	1	Billings, Mont.	79.0	1
31. Abilene, Tex.	120.4	2	Lawton, Okla.	90.8	1
32. Amarillo, Tex.	149.5	2	Lake Charles, La.	145.5	1
33. Beaumont - Port Arthur, Tex.	306.0	2	El Paso, Tex.	314.1	1
34. Brownsville - Harlingen - San Benito, Tex.	151.1	1	Corpus Christi, Tex.	221.6	1
35. Ft. Worth, Tex.	573.2	2	San Antonio, Tex.	716.2	2
36. Galveston - Texas City, Tex.	140.4	1	Asheville, N. C.	130.1	1
37. Lubbock, Tex.	156.3	1	Waco, Tex.	150.1	1
38. Midland, Tex.	67.7	1	Laredo, Tex.	64.8	1
39. Odessa, Tex.	100.0	1	Omaha, Neb. - Iowa (Iowa part only)	83.1	1
40. San Angelo, Tex.	64.6	1	Pine Bluff, Ark.	81.4	1
41. Tyler, Tex.	86.4	1	Texarkana, Tex. - Ark.	91.7	2
42. Wichita Falls, Tex.	129.6	2	Austin, Tex.	212.1	1
43. Provo - Orem, Utah	107.0	1	Ogden, Utah	110.7	1

TABLE B-11 (continued)

<u>SMSA without CAP^a</u>	<u>Population (000)</u>	<u>Number of Counties</u>	<u>Comparable SMSA with CAP</u>	<u>Population (000)</u>	<u>Number of Counties</u>
44. Green Bay, Wis.	125.1	1	Racine, Wis.	141.8	1
45. Kenosha, Wis.	100.7	1	Lima, Ohio	103.7	1

^aAs of January 1, 1966

Source: Bureau of the Budget, Standard Metropolitan Statistical Areas (1964), updated through March 25, 1966.

TABLE B-12

SMSAs WITHOUT CAPs AND THOSE WITH CAPs SELECTED FOR COMPARATIVE ANALYSIS

<u>Factors compared</u>	<u>SMSAs without CAPs</u>	<u>SMSAs with CAPs</u>
Number of SMSAs	45	45
Total population of group (000)	8,229.1	8,797.3
Number of SMSAs in following population ranges:		
less than 100,000	10	10
100,001 to 250,000	25	27
250,001 to 500,000	8	5
500,001 to 750,000	2	3
750,001 and above	0	0
Number of counties in group	63	62
Number of States involved	23	23

Source: Bureau of the Budget, Standard Metropolitan Statistical Areas (1964), updated through March 25, 1966; Census data.

FOOTNOTES FOR APPENDIXES

1. P. L. 89-329, Section 441.
2. P. L. 88-452.
3. U. S., Congress, Senate, Committee on Labor and Public Welfare, Select Subcommittee on Poverty, War on Poverty, 88th Congress, 2d Session, 1964, p. 36.
4. U. S., President, 1963 - (Johnson), Economic Report of the President together with the Annual Report of the Council of Economic Advisers, (Washington: Government Printing Office, 1964), p. 70.
5. U. S., Office of Economic Opportunity, The First Step on a Long Journey, (Washington: Government Printing Office, 1965) Volume I, p. 11.
6. U. S., Department of Labor, Manpower Report of the President and the Report on Manpower Requirements, Resources, Utilization and Training, (Washington: Government Printing Office, 1965), p. xi.
7. The historical development of the Job Corps proposal set forth in this section rests on the following works: Josephine Brown, Public Relief, 1929-39 (Chicago: Holt, 1940). Russell H. Kurtz (ed.), Social Work Yearbook, 1939 (New York: Russell Sage Foundation, 1939). Spencer A. Rich, Congress and the Nation, 1945-64 (Washington: Congressional Quarterly, 1965), pp. 1326-29. Annual Report of the Director, Civilian Conservation Corps Federal Security Agency, Fiscal Year ending June 30, 1943.
8. Economic Opportunity Act, Section 105.
9. Robert M. Ball, "Is Poverty Necessary?" Social Security Bulletin, Department of Health, Education, and Welfare, (Washington, August 1965), p. 22.
10. For a discussion of this point see: Sar Levitan, Programs in Aid of the Poor, (Washington: W. E. Upjohn Institute for Employment Research, 1965) p. 22.
11. Economic Opportunity Act, Section 111.
12. See Brown, op. cit.; Kurtz (ed.), op. cit.; Rich, op. cit.
13. U. S., Senate, War on Poverty, op. cit., pp. 47-49.
14. U. S., General Services Administration, Office of the Federal Register, Federal Register, (October 24, 1964), 30 FR 14764.
15. Summarized from Section 113, Economic Opportunity Act.
16. Economic Opportunity Act, Section 113(a)(6).
17. Economic Opportunity Act, Section 201.
18. Ibid., Section 202(a).
19. Ibid., Section 209(b).

20. Ibid., Section 207.
21. Sanford Kravitz, Community Organization and Program Development, January 1965 (memo), p. 1.
22. American Community Development, (New York: Ford Foundation, 1964), p. 1.
23. Ibid., pp. 2-4.
24. American Community Development, op. cit., p. 4.
25. P. L. 87-274.
26. Statement of David L. Hackett, Executive Director, President's Committee on Juvenile Delinquency, in U. S., Congress, House, Economic Opportunity Act of 1964, Hearings before the Subcommittee on The War on Poverty Program, 82d Congress, 2d Session, Part 3, p. 1235.
27. President's Committee on Juvenile Delinquency and Youth Crime, Counter-Attack on Delinquency, (Washington, 1964), p. i.
28. U. S., Congress, Congressional Record, 88th Congress, 2d Session, 1964 Vol. 110, Part 4, p. 5287.
29. "The War on Poverty, A Congressional Presentation, March 17, 1964" reprinted in U. S., Congress, Senate, The War on Poverty, The Economic Opportunity Act of 1964, A Compilation of Materials Relevant to S. 2642, 88th Congress, 2d Session, Document No. 86, (Washington: Government Printing Office, 1964), p. 53.
30. Community Action Program, Guide (Washington, 1965), p. 16.
31. Ibid., pp. 16-17.
32. P. L. 89-10, Section 205(a)(7).
33. P. L. 89-117, Section 703(c).
34. P. L. 89-136, Section 101(a)(1)(A).
35. Jesse W. Lewis, Jr., "Adult Illiteracy Attack," Washington Post quoting Roy B. Minnes, Chief, Adult Education Program, U. S. Department of Health, Education, and Welfare (February 9, 1966), p. A-7.
36. Section 213, Economic Opportunity Act.
37. Summarized from Section 214, Economic Opportunity Act.
38. Robert F. Will, State Education, Structure, and Organization, published in cooperation with the Standing Committee of the Council of Chief State School Officers (Washington: U. S. Department of Health, Education, and Welfare, Office of Education, 1964), pp. 13-18.
39. Section 219, Economic Opportunity Act.

40. U. S., Department of Health, Education, and Welfare, Office of Education, Interim Guide for the Development of the State Plan for the Administration of Adult Basic Education under Title II-B of the Economic Opportunity Act, (June 1965), p. 22.
41. Will, op. cit., pp. 13-18.
42. U. S., Congress, House, Economic Opportunity Act of 1964, Report No. 1458, from the Committee on Education and Labor, 88th Congress, 2d Session, pp. 18-19.
43. OEO, Catalog of Federal Programs for Individual and Community Improvement, (Washington, 1965), p. 89.
44. P. L. 88-452, Section 303.
45. OEO, Catalog, op. cit., p. 88.
46. U. S., Department of Agriculture, Farmers Home Administration, Cooperative Association Loan Policies, Authorizations and Procedures, Interim FHA Instruction 442.5, Sheet 7.
47. U. S., Congress, Senate, Economic Opportunity Act of 1964, Report No. 1218, 88th Congress, 2d Session, p. 27.
48. U. S., Department of Agriculture, FHA, Economic Opportunity Loans to Farmers for Agricultural and Nonagricultural Enterprises, Interim FHA Instruction 441.5, Sheet 2; Economic Opportunity Loans to Rural Families for Non-agricultural Enterprises, Interim FHA Instruction 441.6, Sheet 2; Cooperative Association Loan Policies Authorizations and Procedures, Interim FHA Instruction 442.5, Sheet 7.
49. Letter from Acting Administrator, FHA, to Administrator, Rural Community Development Service, November 19, 1965.
50. U. S., Department of Agriculture, FHA, Interim FHA Instructions 441.5 and 441.6, op. cit.
51. Economic Opportunity Act, Section 311.
52. U. S., Congress, House, Economic Opportunity Act of 1964, Hearings before the Subcommittee on the War on Poverty Program of the Committee on Education and Labor, 88th Congress, 2d Session, Part I.
53. U. S., Congress, Senate, Economic Opportunity Act of 1964, Committee on Labor and Public Welfare, Report No. 1218, 88th Congress, 2d Session, p. 31; U. S., Congress, House, Economic Opportunity Act of 1964, Committee on Education and Labor, Report No. 1458, 88th Congress, 2d Session, p. 26 and p. 82.
54. U. S., Congress, Senate, Economic Opportunity Act of 1964, Report No. 1218, 88th Congress, 2d Session, Committee on Labor and Public Welfare, July 21, 1964, pp. 32-33.

55. At the outset, existing or small business which would use the services of poor people were also eligible, but SBA regulations have been changed so that only persons meeting the poverty definition are now eligible.
56. Small Business Administration, Financial Assistance Manual, SBA-500, Section 304, Chapter III, (February 12, 1965).
57. OEO, Community Action Memo No. 5, OEO Policy on Small Business Development Centers, June 28, 1965, p. 2. Also Small Business Administration, Office of Economic Opportunity Assistance, Information Kit on Implementation of Title IV of the EO Act of 1964 by the SBA, June 10, 1965.
58. Appendix to the Budget for Fiscal Year 1967 (Washington: Government Printing Office, 1966), p. 93.
59. CAP, OEO, Community Action Memo No. 5, June 28, 1965.
60. Senate, War on Poverty, op. cit., p. 65.
61. Levitan, op. cit., p. 2.
62. Ibid.
63. Ibid.
64. Excluded from this report. See explanation on page 204.
65. Rich, op. cit., pp. 1326-29; 1225-38.
66. U. S., President, 1960-63 (Kennedy), Message of the President Relative to the Public Assistance Program, House Document No. 325, 87th Congress, 2d Session, February 1, 1962.
67. For a discussion of this point see: Levitan, op. cit., p. 21, and Thomas Gladwin, "The Anthropologist's View of Poverty," The Social Welfare Forum (New York: Columbia University Press, 1961), p. 85.
68. Federal Register, op. cit.
69. Welfare Administration, Handbook of Public Assistance Administration Supplement B, "Work Experience and Training Program," Section B-2161.3, (November 29, 1965).
70. Hannah Lees, "VISTA: A New Kind of Public Service," The Reporter, April 22, 1965, p. 31.
71. Questions and Answers about VISTA (Washington: date (?)).
72. U. S., Congress, Senate, Economic Opportunity Act of 1964, 88th Congress, 2d Session, Report No. 1218, July 21, 1964, p. 42; U. S., Congress, House, Economic Opportunity Act of 1964, 88th Congress, 2d Session, Report No. 1458, June 3, 1964, p. 37.
73. OEO, Directory CAP Grantees (October 1, 1965).

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