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SPECIAL TO THE DAYTON EXPRESS

FOR RELEASE UPON RECEIPT

Congressman Charles W. Whalen, Jr. (R-Ohio) and 7 other Representatives and Senators today introduced legislation aimed at assisting private employers to hire and train the hard-core unemployed.

Whalen said present programs are not doing the job. One of the reasons he cited is the lack of incentive offered private business to hire the hard-core unemployed.

Whalen said the bill will provide the necessary incentives in the form of tax credits and direct reimbursements for every new employee hired under the proposed program.

Whalen estimated that 290,000 persons could be absorbed by private employers under this plan rather than the 70,000 projected under the present JOBS program alone.

"The cost to the government may be as high as $770 million or as low as $457 million, depending upon the mix of tax credits and direct federal payments in support of on-the-job training," Whalen said.

"Per man, the tax credit approach entails a tax loss of $2,080 per man-year, nearly $1,500 less than the $3,500 per man-year cost estimated by the Administration for the JOBS program."
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IMMEDIATE RELEASE: CONGRESSMAN CHARLES W. WHALEN AND OVER 60 OTHER REPRESENTATIVES AND SENATORS TODAY INTRODUCED LEGISLATION AIMED AT ASSISTING PRIVATE EMPLOYERS TO HIRE AND TRAIN THE HARD-CORE UNEMPLOYED.

WHALEN SAID PRESENT PROGRAMS ARE NOT DOING THE JOB. ONE OF THE REASONS HE CITED IS THE LACK OF INCENTIVE OFFERED PRIVATE BUSINESS TO HIRE THE HARD-CORE UNEMPLOYED.

WHALEN SAID THE BILL WILL PROVIDE THE NECESSARY INCENTIVES IN THE FORM OF TAX CREDITS AND/OR DIRECT REIMBURSEMENTS FOR EVERY NEW EMPLOYEE HIRED UNDER THE PROPOSED PROGRAM.

NOTE: 30-SECOND TAPE OF STATEMENT AVAILABLE AT Dayton CONGRESSIONAL DISTRICT OFFICE.

OFFICE OF CONGRESSMAN CHARLES W. WHALEN, JR.
Dear Congressman:

We are asking your cosponsorship of a new package of Republican proposals in the field of job training and employment of the hard-core poor. The drafting of these proposals has been a joint Senate-House undertaking, and we are aiming for simultaneous introduction of the legislation in the Senate and House on Thursday, March 28. The area of manpower programs for the hard-core has now been repeatedly identified as the master problem and the top priority solution to poverty and urban and rural slums; we feel that it is important for the GOP to have a balanced and imaginative set of proposals to meet the issue.

Our proposed legislation is in two parts: a title I, containing a group of new programs cast as amendments to the Manpower Development and Training Act of 1962, which is before us now for extension; and a title II, containing an amendment of the Internal Revenue Code to give a tax credit for employment of the hard-core poor. The proposal draws strong support and confirmation from the recommendations of the National Advisory Commission on Civil Disorders, which endorsed a large number of GOP legislative suggestions of long standing.

The bill is accompanied by a memorandum of explanation which describes the legislation and sets forth the other elements in the package which cannot at present be reduced to legislative form. For example, the memorandum makes clear that the bill is offered with the understanding that its sponsors favor an increased manpower effort only in the context of a net budgetary reduction produced by cuts in low priority programs, perhaps along the lines suggested in the Human Renewal Fund proposal advanced by Republicans in the House. Hence, your cosponsorship of the bill will include your endorsement of the memorandum, which will be issued as a joint statement.

If you wish to join us in this major effort, please contact Mr. Phil Rockefeller, at x 6911 in the Education and Labor Committee minority lounge. We must have your decision on the matter by noon Thursday at the very latest; we hope that it will be favorable.

Sincerely,

[Signatures]

March 26, 1968
House and Senate Republicans joined forces today to urge immediate and favorable action on proposed legislation dealing with the critical problem of hard-core unemployment.

In a statement to reporters at a conference called by more than fifty Republican Senators and Congressmen, Representative Charles E. Goodell (R-N.Y.), a co-author of the bill, stressed that it would assist private employers to hire and train 220,000 hard-core unemployed in 1969, as contrasted with only 70,000 under the Administration's JOBS program.

Mr. Goodell stated, "We appreciate the difficulty experienced by this Administration in formulating policies that can achieve broad-gauged involvement of private employers in the rehabilitation and upgrading of hundreds of thousands of poorly-motivated and inadequately-trained individuals. But we must also note that there is a conspicuous lack of leadership in seeking from the Congress the means to do a better job. It would appear, tragically, that the President is not even willing to be guided by the advice of the very Commission appointed by him to investigate the causes of civil disorders, and to recommend appropriate national or other action. Yet the Commission's Report noted, and I quote,

'Unemployment and underemployment are among the persistent and serious grievances of disadvantaged minorities. The pervasive effect of these conditions on the racial ghettos is inextricably linked to the problem of civil disorder.'

"In addition, while the Administration asserts that there are some half-million hard-core unemployed in our nation's cities, the Commission has reported that, and again I quote,

'Today there are about two million unemployed, and ten million underemployed, 6.5 million of whom work full time and earn less than the annual poverty wage.'

'Laudable as the current efforts may be, they are just not good enough. We do not accept the posture of this partial response to our critical manpower situation. Instead, in the bill to be introduced today, we propose:

'FIRST. Immediate enactment of a Federal tax credit for employers hiring the hard-core unemployed for specified time periods. Our proposal is designed to give the dollars-and-cents incentive to employers of whatever size or location. It is aimed at reducing the swollen welfare and unemployment rolls and converting the unemployed poor from a state of dependency to the status of men and women enabled to compete on equal terms for available job positions.

'It is estimated that in combination with the quota system now used to encourage hiring of the disadvantaged pursuant to the JOBS program, our nation's private employers would absorb 220,000 such persons into the economy, rather than the 70,000 projected under the JOBS program alone. The cost to the Government may be as high as $770 million or as low as $457 million, depending on the mix of tax credits and direct Federal payments in support of on-the-job training. Per man, the tax credit approach entails a tax loss of $2,080 per man-year (less the amount of taxes paid by such individual, of course), nearly $1,500 less than the $3,500 per man-year cost estimated by the Administration for the JOBS program."
SECOND. Initiation of community service programs to provide work and training opportunities with both public and private employers in public service job fields. We specifically encourage the carrying out of such programs by profit-making service companies that would contract to perform needed public services. In addition, we encourage development of service programs under this legislation to promote the public safety and assist local police departments to improve community relations, and undertake additional patrol and crime-prevention activities. The cost in FY 69 of this proposal would be $400 million.

THIRD. Establishment of a Federally-chartered corporation to coordinate and provide the technical assistance to private employers who undertake to hire and train the hard-core unemployed. We observe that there long has been a need for a clearinghouse to collect, evaluate, and disseminate the experience of employers in their efforts to qualify disadvantaged individuals for productive, permanent employment.

FOURTH. A series of three amendments to the present Manpower Development and Training Act. A new statement of purpose will focus this important legislation upon the severe problems of unemployment and underemployment. A specific direction to the Secretary of Labor will finally inaugurate the use of a high-speed job data system to match available jobs with qualified job-seekers. Finally, the General Accounting Office, the watchdog agency of the Congress, will be asked to undertake continuing and comprehensive evaluation of Federal manpower programs, so as to further our understanding of their impact and improve our capacity for legislative oversight.

Congressman Goodell warned that the Republican proposal was endorsed only on the condition of substantial cutbacks of more than $6.5 billion in lower priority areas of Federal spending. "I believe this manpower package to be a higher priority item than any other proposed expenditure; in fact, it has to be a first order of business," said Mr. Goodell. "The hard decisions on spending have already been made by the seventy Congressmen who have endorsed the Human Renewal Fund, and this bill is fully consistent with the sense of priority for national objectives advanced by those Members several weeks ago."

* * * * * *
Title I -- Amendments to the Manpower Development and Training Act of 1962

Title I of the bill is composed of six major amendments to the Manpower Development and Training Act of 1962, which is presently before the Congress for extension. These amendments are not intended as reforms of present programs under the MDTA, but are rather new language and new programs to be operated by the Department of Labor.

1. Statement of Purpose. The bill commences with a complete rewriting of the statement of purpose of the MDTA. That Act's purpose section was originally written with a heavy emphasis upon problems caused by automation and technological change, but that is not the major problem today nor is it the way the Act is being applied. The new statement of purpose emphasizes the problems of unemployment and underemployment caused by lack of education and occupational skills and by existence of artificial barriers to employment, as well as the problems of automation. It calls for a comprehensive national manpower policy which places the basic responsibility for job training and employment with the private sector, in the same manner that the National Housing Act identifies the private sector as having the chief responsibility in the housing field.

2. Job Vacancy and Labor Supply Information. The United States is the only major industrial country which has no national program of identification of job vacancies. The Republican Party has long espoused such a program, operated on an automated basis, and the Riot Commission has now endorsed this type of program. To carry out this idea, the bill amends section 106 of the MDTA to require such a job opportunity survey and a program for matching unemployed persons with employer requirements and job vacancies on a local, inter-area, and nationwide basis.

3. Community Service Employment Programs. The bill adds a new title IV to the MDTA establishing a community service employment program for the hard-core. Employment and training opportunities would be created in a wide variety of public-service type activities--including health, education, public safety, neighborhood rehabilitation, beautification, and recreation. The programs could be operated by public or private organizations. The bill would make available an authorization of $400 million for this purpose for fiscal year 1969, and $500 million for fiscal year 1970; these amounts would create 80,000 and 100,000 new jobs in those two years.

Forty percent of the amounts authorized would be allotted according to a state allocation formula for use within a state plan arrangement; for this purpose, each state would receive a minimum of $1 million. This is essentially a block grant scheme, with the states redistributing the funds to local program sponsors. The state plan provisions require that the state not retain more than 25 percent of its funds for operation of community service employment programs directly by state agencies; but this "pass-through" requirement can be waived by the Secretary if he finds that the programs would be more effectively operated by the state itself (as where the state is too small to have to deal through local sponsors).

The remaining 60 percent of the sums appropriated for any fiscal year are to be expended by the Secretary to carry out the purposes of the Act in accordance with such criteria as he may prescribe. If he likes the way the state is administering its funds under the state plan, he could add funds from this discretionary 60 percent to the 40 percent already passing through the state plan. Alternatively, he may fund local programs directly.

The bill emphasizes coordination and consolidation of all the various community service employment programs at the local level. The Secretary is required to designate urban and rural areas containing high concentrations or proportions of unemployed or low-income persons as eligible areas for the purposes of the program. He then designates a prime sponsor for each eligible area to receive all assistance under the program. The prime sponsor is also to receive all funding under
the various other community service employment programs now in existence, including the Neighborhood Youth Corps, Operation Mainstream, the New Careers program, and the Work Incentive program under the Social Security Act. The prime sponsor becomes the funnel at the local level through which all these resources would flow, and the prime sponsor must submit to the Secretary a community employment plan setting forth a comprehensive program according to which all these funds will be spent. These local community employment plans are, in turn, coordinated with the development of the state plan. Both the Secretary and the state agencies would provide assistance through the prime sponsor in each eligible area, although there is a by-pass provision if they find that funding a different organization would better carry out the purposes of the program.

The state plan provisions are similar to those set forth under Title III of the Elementary and Secondary Education Act of 1965. As under that Act, the state plan would be developed and carried out by a policy group (the state manpower policy council) which would be broadly representative of the job training and employment resources of the state.

Financial assistance under the program would be provided both to create the new jobs and to provide necessary supportive services in the area of education, training, day care and other services. In order to increase the motivation of participants, the Secretary is instructed to give a preference in appropriate cases to the funding of programs through local service companies which would be owned in substantial part by the employees themselves. For example, in the area of neighborhood clean-up the Secretary could seek to form a local service company to undertake the project on a contractual basis, and he could provide for added profits to the group if they perform a contract in an expeditious and successful manner. In this way, the employees are actually given the added motivations of business ownership, and in time their company would become self-sufficient and seek contracts as a regular competitive business. This approach is presently proving successful with certain pilot projects being conducted by the Labor Department. In order to facilitate the formation of such local service companies and to aid them in becoming self-sufficient, the Secretary would be authorized to provide assistance to "service development organizations." Such development groups, which might be the local chapters of the Urban Coalition or even private profit-making companies, would be authorized to undertake planning and market research activities, legal and technical assistance, management training, and the provision of business services on a centralized basis (such as billing and accounting).

In order to further increase motivation among program participants and to remove the aura of dead-end and make-work employment, the Secretary is instructed to give a preference to successful participants for entry into an on-the-job training or placement program providing jobs in the private sector. In this manner, a real job ladder into regular competitive employment is provided.

A special section deals with the critical need for programs in the field of public safety. The Secretary is directed to provide special encouragement to the development of such programs, whereby employment and training opportunities would be created for disadvantaged persons as community service officers and other support personnel in or under the supervision of the police departments. This type of proposal has been endorsed by the "Crime Commission" (The President's Commission on Law Enforcement and Administration of Justice) and by the Riot Commission. Community service officers could be full or part-time employees who would perform services in the area of recruiting police personnel from eligible areas and minority groups, improving police-community relations and grievance resolution mechanisms, and performing community escort and patrol work. In this manner, the new employment program would have a direct impact on stabilizing community conditions and reducing the incidence of crime. The Secretary and the Attorney General would jointly prescribe the regulations governing programs in the public safety area.

Federal financial assistance under the program would be limited to 90 percent of project costs, where the program was being carried out on a grant basis by a public agency or private nonprofit organization.
4. The Economic Opportunity Corporation. The Riot Commission endorsed the idea of a Federally chartered corporation to take on the major role in coordinating and providing technical assistance under private sector job programs (on-the-job training and tax credits). Republicans have long backed the concept of a national technical assistance corporation to encourage private industry to participate in antipoverty efforts such as manpower programs. The bill would reintroduce this Economic Opportunity Corporation proposal, co-sponsored last year in the Senate by 23 Republicans, as a new title V of the MDTA.

The Corporation would be a Federally chartered nonprofit corporation with a board of directors of 15 persons, five appointed by the President and ten elected by the members of the Corporation. Any person or organization could become a member of the Corporation by making a tax exempt gift to it or by buying one of its bonds. The Federal Government would provide $10 million to the Corporation as seed money on a one-time basis, with a requirement that up to $10 million more Federal funds would be provided to match private contributions and bond purchases.

The Corporation would have a variety of purposes and functions:
1. It would establish an information and research center on how private groups can participate in antipoverty activities, including information on existing government programs and case studies on successful private projects;
2. It would actively provide technical assistance to organizations in the planning and operation of such projects and programs;
3. It would participate in the development and conduct on a contractual or other basis of government antipoverty programs linked to the private sector, including by working with the Secretary of Labor in drawing up regulations under the tax credit and on-the-job training schemes;
4. It would undertake special responsibilities in the fields of manpower training and business ownership by minority group and low-income persons; and
5. It would develop and carry out its programs through subsidiary groups at the local level, such as local Urban Coalitions. It is hoped that by providing a legislative base for this kind of private technical assistance activity, the Congress can promote a greater degree of cooperation between the Urban Coalition and the National Alliance of Businessmen.

While the Corporation itself would be a nonprofit organization, it could establish profit-making subsidiaries as new business enterprises in the urban and rural slums, and it could hope to raise funds to sustain its operations through those operating subsidiaries.

5. Evaluation and Oversight by the Comptroller General. Under a Republican amendment last year to the antipoverty legislation, the General Accounting Office is presently conducting a qualitative evaluation of the Office of Economic Opportunity programs. This marks a new departure for the GAO into qualitative program evaluation, beyond its usual accounting and auditing functions. It is the first step in building that agency into a real legislative oversight and evaluation arm for the Congress. This bill would propose to extend that development to the field of manpower training and employment by authorizing a continuing study and oversight by the GAO of Federal work and training programs. Among the activities specifically included in the study would be a comparison of the relative costs and benefits of different types of training and employment programs, and an annual report to the Congress on the efforts made by Federal agencies in complying with legislative amendments and the instructions in Committee Reports. Such sums as might be necessary to carry out these functions are authorized by this legislation, which takes the form of a new title VI of the MDTA.

Title II - Tax Credits for Employment of the Hard-Core

The GOP has long championed the idea of providing tax credits to private industry for the training and employment of the hard-core poor. That approach has now received important endorsement from the Riot Commission. The Commission established a special task force of businessmen to look into the question of private sector involvement, and that task force recommended a detailed program of tax credits in the manpower field. Title II of the bill sets forth in legislative form the tax credit proposal advanced by the Riot Commission. This is in no way pre-emptive of the GOP Human Investment Act, which provided a tax credit through a somewhat different mechanism, but is intended as a companion proposal with the understanding that both tax credit bills deserve immediate consideration by the Administration and the Congress.
The Commission's tax credit proposal stresses simplicity and automaticity more so than does any previous version of the idea. The local recruiting agency would give to each hard-core person a "green card." For each new such employee added to his payroll, the employer would receive a substantial tax credit, providing that no existing employees are dismissed in order to hire green-card people. The employer would get a credit equal to 75 percent of the employee's wages and fringe benefits for the first six months, 25 percent for the second year, and nothing thereafter. As an inducement to force the employer to encourage the worker to stay on the job, the employer would get none of the credit for any 6 or 12 month period unless the employee stayed for that entire period. The credit was purposefully based on the employee's wage in order that a precisely defined figure could be used; apparently, the businessmen thought that any effort to refer to training costs would involve too much red tape and Internal Revenue Service oversight. Using a minimum wage of $1.60 per hour, the total credit for the first year would be $2,080, and over the 2-year period would come to $2,912--far less than the $3,500 reimbursement (over 15 months) contemplated under the President's new "JOBS" (OJT) program. Of course, the cost of the tax credit would be even less than this since there is a wash effect in that the new wage earners are paying taxes and producing revenue for the Treasury.

The GOP bill would allow an employer to take either a tax credit or to seek reimbursement under the OJT program, but would not allow both. The cosponsors would, therefore, support the OJT program and would in fact ask for greater funding for it than the President has suggested, but no legislation is needed in that regard since MDTA-OJT has an open-ended authorization.

**Job Slots Authorized and Costs**

This set of manpower proposals would create 300,000 new jobs for the hard-core poor in the first year of operation. The community service employment program would be extended to a second year at a level of 100,000 job slots, and of course the tax credit and on-the-job training provisions would also remain in force but we cannot estimate the number of slots which might be produced in the second year under those approaches. The figure of 300,000 jobs is to be compared to the 70,000 jobs suggested by the President for fiscal year 1969 under his new JOBS program; hence, this Republican proposal would create over 4 times as many new jobs as the President recommends.

The 300,000 new jobs would be split into 220,000 jobs in the private sector under the tax credit-OJT option, and 80,000 jobs under community service employment program. Of the 220,000 private sector jobs, the bill follows the estimate of the Riot Commission in suggesting that the tax credit approach would produce 150,000 slots in the first year. The remaining 70,000 slots would be allocated to the on-the-job training program. Using this set of estimates, the cost of the tax credit in the first year would be $312 million, and the cost of the reimbursements would be $244 million, for the total cost of $556 million for the private sector jobs. (But since an employer would have a choice of the tax credit or reimbursement approaches, the cost of the private sector job program could vary between $457 million, if all the jobs were financed by the tax credit, and $770 million, if they were all financed by way of reimbursements.) To this must be added $400 million for the community service employment program and $20 million for the Economic Opportunity Corporation, for a total cost of $976 million. But while this is the cost, it is not the appropriation since the tax credit approach involves no direct appropriation. The total in new appropriations requested is $664 million, of which $420 million is above and beyond what the President requested in the fiscal year 1969 budget. It should also be understood that the cost figure would in fact be somewhat less than the $976 million projected, because there would be a wash effect due to the added tax revenues to the Treasury from the new wage earners.
The following Members of the House of Representatives are co-sponsors of the Manpower Act of 1963, introduced in both the House and the Senate on March 28, 1963:

John B. Anderson (Ill.)
Wm. H. Ayres (Ohio)
Alphonzo Bell (Calif.)
Edward G. Biester, Jr. (Pa.)
Benjamin B. Blackburn (Ga.)
Donald G. Brozman (Colo.)
Cary Brown (Mich.)
Don H. Clausen (Calif.)
Clarence J. Brown (Ohio)
James C. Cleveland (N.H.)
Silvio O. Conte (Mass.)
Robert J. Corbett (Pa.)
Wm. O. Cowger (Ky.)
John Dellenback (Oreg.)
John N. Erlenborn (Ill.)
Marvin L. Esch (Mich.)
Edwin D. Eshleman (Pa.)
Paul Findley (Ill.)
H. B. Peter Frelinghuysen (N.J.)
Charles E. Goodell (N.Y.)
Charles S. Gubser (Calif.)
Gibert Gude (Md.)
James Harvey (Mich.)
Margaret M. Heckler (Mass.)
Edward Hutchinson (Md.)
Theodore R. Kupferman (N.Y.)

Donald E. Lukens (Ohio)
Robert McClory (Ill.)
Paul N. McCloskey, Jr. (Calif.)
Jack H. McDonald (Mich.)
Thomas J. Meskill (Conn.)
Catherine Nye (Wash.)
Charles A. Mosher (Ohio)
F. Bradford Morse (Mass.)
Rogers C. B. Morton (Md.)
Albert H. Oulie (Minn.)
Howard W. Pollack (Alas.)
Tom Railsback (Ill.)
Ogden F. Reid (N.Y.)
Donald Rumsfeld (Ill.)
Herman T. Schneebeli (Pa.)
Richard S. Schweiker (Pa.)
Robert T. Stafford (Vt.)
J. Wm. Stanton (Ohio)
William A. Steiger (Wisc.)
Burt L. Talcott (Calif.)
Guy Vander Jagt (Mich.)
Charles Whalen (Ohio)
Wm. B. Widnall (N.J.)
John W. Wydler (N.Y.)
Frank Horton (N.Y.)
Donald W. Riegle, Jr. (Mich.)
Fred Schwengel (Iowa)
EXPLANATION OF THE REPUBLICAN MANPOWER PROPOSAL

We are presenting this manpower legislation in the form of a four-part proposal designed to meet the Nation's urgent problems of hard-core unemployment in a balanced and flexible manner. We are proposing a major escalation of national effort in this area, yet we do so within the context of a reordering of our national priorities so that a net budgetary reduction can still be achieved. The proposal contains the following elements.

1. Private enterprise programs. The Republican Party has long endorsed the concept that the private sector has the primary responsibility and the greatest ability to deal with the hard-core unemployment problem. That view has now drawn major support from the Report of the National Advisory Commission on Civil Disorders, which has endorsed the idea of tax credits for employing the disadvantaged, an approach pioneered by the GOP in the Human Investment Act and other bills. Moreover, the President has finally expanded the on-the-job training program to increase the reimbursements available to industry to train and employ the poor; that approach was also championed by the GOP and a Republican-sponsored amendment to the Economic Opportunity Act last year is providing the major authority for the Administration's new effort.

We now propose a substantial expansion and a new coordination of this approach. First, the proposed legislation would establish a system of tax credits to employers for hiring the hard-core, along the lines suggested by the Riot Commission. We continue to support the Human Investment Act, which presents a somewhat different mechanism under which the tax credit would be given, and believe that both proposals deserve immediate analysis and consideration by the Administration and the Congress. We cannot understand why the President has ignored this proposal of his own Commission and we urge him to give the matter the urgent attention we feel it deserves. Second, we propose that each employer be given the option of receiving either the tax credit or a reimbursement under the on-the-job training (OJT) program for each new hard-core employee. In this context we support the new OJT effort and expanded funding for it.

Our proposal involves the creation of 220,000 new private sector jobs under this option technique. Following the estimates of the Riot Commission, we believe that 150,000 new jobs could be created in the first year under the tax credit approach, which would cost the Treasury about $312 million in reduced tax revenues. This cost would, of course, be significantly reduced by tax revenues generated from the new wage earners. The remaining 70,000 jobs, if created under the OJT framework, would cost $244 million, for a total cost of $556 million. Since an employer would have a choice of the tax credit or reimbursement approach, the cost of the program would vary depending on the mix of credits and
reimbursement which is finally elected, but the outer limits would be $457 million (if all employers took the tax credit) and $770 million (if all employers took the reimbursement under OJT).

2. **Community Service Employment Program.** We recognize that private enterprise cannot and should not be asked to do the whole job itself. There are many individuals not ready for employment in the private sector and some who might never be able to hold a job in regular competitive employment. For this group we propose a new community service employment program, creating work and training opportunities with both public and private employers in such fields as health, public safety, education, recreation, and neighborhood improvement. Such a program has now been recommended by the Automation Commission, the Urban Coalition, and the Riot Commission.

This bill would differ in four major respects from other bills which have been introduced to create public service jobs. First, we suggest two new approaches to meet the difficult problems of high dropout rates and of motivation of prospective employees, who might view the program as involving dead-end jobs with no future. Our bill would require the Secretary of Labor to give a preference in appropriate cases to the conduct of such programs by profit-making companies operated and owned by the employees themselves. Thus, instead of hiring disadvantaged persons to work for the city sanitation department, they would instead be organized as a company and given a contract for neighborhood clean-up, with an incentive profit feature if they perform in a timely and effective manner. The employees are thus given the added motivations of ownership and profit. Development companies, which might be organized by local branches of the Urban Coalition, would provide management assistance and centralized business services to the new service companies. Another aspect of our bill would increase motivation by giving successful participants in the program a preference for enrollment in a training or placement program operated with private industry, so that a real job ladder into the private sector is offered.

Second, our bill would put a heavy emphasis on consolidation at the local level of the various public service employment programs, including the Neighborhood Youth Corps and the new work program for welfare recipients. This consolidation was strongly urged by the Riot Commission. Third, the GOP bill specifically authorizes and encourages the development of a variety of programs in the area of public safety, including employment of community service officers in police departments and other personnel designed to improve police-community relations and grievance resolution. Fourth, the GOP bill involves a major role for the States, setting aside 40 percent of the funds for allocation through State plans drawn up by broadly representative groups.

This portion of the bill would create 80,000 new jobs at a cost of $400 million in the first year; a second year authorization calls for 100,000 slots at a cost of $500 million. The private sector and community service employment programs taken together would create a total of 300,000 new jobs in the first year, which is over four times
more new jobs for the hard-core unemployed and underemployed than the President proposes to create in his JOBS program.

3. The Economic Opportunity Corporation. The Riot Commission endorsed the idea of a Federally chartered corporation which would be given the major role in coordinating and providing technical assistance for private employers who wish to use either the tax credit or reimbursement schemes for hiring the hard-core poor. The corporation would work with the Secretary of Labor in drawing up guidelines for the tax credit and OJT programs, and would suggest and evaluate different programs designed to involve businessmen in hiring the disadvantaged. This corporation approach is in fact a GOP idea of long-standing, beginning the Economic Opportunity Corporation bill introduced in 1966. The latest version of the EOC legislation, cosponsored by 23 Republicans in the Senate, provides a vehicle almost in line with the Riot Commission's recommendations.

Our new bill would include legislation establishing an Economic Opportunity Corporation to serve as a national technical assistance group to assist private industry and other private groups to participate in antipoverty activities in such fields as manpower training and minority-group entrepreneurship. It would be a central source of information on useful government programs and a repository of case studies of successful private efforts. It would also be a source of seed money and program assistance for local groups, such as the local Urban Coalitions. The total cost of this proposal is $20 million.

4. New Programs Under the MDTA. Finally, our legislation makes three important additions to the Manpower Development and Training Act of 1962. First, we would add a new statement of purpose to that Act to focus it upon the problem of hard-core unemployment and underemployment. Second, we would add a new requirement for an automated job vacancy survey and matching program to put people into available jobs; this has long been a GOP proposal and was endorsed by the Riot Commission. Third, we propose to authorize a continuing evaluation and study of Federal manpower programs by the General Accounting Office to guide further legislation and to improve our capacity for legislative oversight. We do not intend this bill as a comprehensive set of reforms of present programs under the MDTA, and each sponsor reserves the right to introduce separate measures for that purpose.

The entire package is endorsed by its sponsors with the understanding that it is within the framework of proposals to cut low priority programs in the fiscal year 1969 budget on the order of about $6.5 billion. Part of this amount would be reallocated to high priority programs such as presented in this manpower legislation. The Human Renewal Fund proposal advanced by Republicans in the House of Representatives offers a possible model in this regard.