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succeed, some fail, and some show mixed results.

These programs need patient, determined leadership, and they need careful evaluation, sympathetic as to goals and objective as to results. That leadership and that evaluation are what the programs of the 1960's have not received from today's indifferent caretakers.

Instead, all these social initiatives—Medicare, Medicaid, rent supplements, Title One help for children from low-income families, Head Start, Job Corps, community health centers, legal aid for the indigent, and many others—are lumped together and disparaged as ideas that were tired and shown to be a "dismal failure."

It is easy to abandon the difficult effort to help the approximately thirty million who live in poverty, to stigmatize them as drones and welfare cheats, to revert to the old sink-or-swim philosophy. It may even be temporarily popular. The nation has taken that easy way before and lived for a time with its uneasy conscience. But ultimately the struggle for social justice has to be renewed. It will be again.

A REQUESTED REEVALUATION OF FUNDING FOR SOCIAL PROGRAMS

Mr. INOUYE. Mr. President, last Wednesday, February 21, the Council of the City and County of Honolulu passed a resolution calling on the President and the Congress to reevaluate funding for social programs as proposed by the President in his recent budget message and to restore moneys for those essential programs that have provided needed educational programs that have provided needed educational, health, housing, and manpower services to our citizens in the past.

The Honolulu councilmen and women represent over 80 percent of the people of the State of Hawaii. I believe their voice reflects the prevalent opinion of the people of my State and the bulk of Americans across the Nation. I concur with the sense of this resolution and ask unanimous consent that the text of this resolution be printed in the RECORD.

There being no objection, the resolution was ordered to be printed in the RECORD, as follows:

RESOLUTION

Whereas, the preamble to the Constitution of the United States affirms one of our nation's basic objectives to "promote the general welfare"; and

Whereas, recent federal budget announcements indicate severe reductions and deletions in many programs designed to promote the general welfare of the people of each state, including Hawaii; and

Whereas, major reductions and deletions include, but are not limited to the following which directly affect the operations of the City and County of Honolulu:

The scuttling of the Model Cities program which on Oahu has helped thousands of residents to become active in their communities and has improved social, physical, and economic conditions;

The freezing of funds for new water, sewer, and open space projects, public facilities loans and grants to small communities for building water and sewer systems;

The elimination or reduction of numerous manpower programs designed to reduce unemployment, including Concentrated Employment Program (CEP) and Manpower Development Training Program institutional training, Public Service Careers and CEP on-the-job training programs, Neighborhood Youth Corps, and Operation Mainstream;

Proposed shifting to the uncertain fate of Urban Community Development revenue sharing of programs for rehabilitation loans, neighborhood facilities grants and urban renewal; and

Whereas, the following reductions and deletions of other such programs on the state level will adversely affect the health and welfare of the people of the City and County of Honolulu by:

The complete dismantling of the Office of Economic Opportunity and important agencies related to it, including the Community Action Program which in Hawaii has involved many hundreds of our low-income citizens in taking a direct role in decisions affecting their lives and improving their conditions;

The stoppage of housing programs designed to bring relief to the thousands of people in our state who live in overcrowded and dilapidated units at prices they cannot afford, including Section 235 and 236 programs which, along with others, are designed to stimulate construction of moderate income housing; and including U.S. Department of Agriculture loans for low-income rural families and credit for farm labor housing and rural rental and cooperative housing;

The elimination of federal funding for education aid to federally impacted areas amounting to some $10 million in Hawaii alone; and similar elimination of funds to libraries, vocational education training of personnel, new careers in education, training institutes and summer fellowships, P.L. 815 school construction, programs for strengthening state departments of education, drug abuse education, environmental education, and vocational rehabilitation services;

The proposed shifting to the uncertainty of revenue sharing of many educational programs, including education for deprived children, supplementary services, programs for the handicapped, vocational and adult education opportunities;

The cutting of the distribution of social service funds to the states by 40%, leading to the probable loss for Hawaii of $9.5 million to $17.5 million in federal funds for welfare programs through both public and private agencies, including up to $7.5 million in social services and $2 million to $10 million in food, clothing and medical care payments;

The reduction of vital programs for senior citizens including the elimination of dental care for the aging under Medicaid, the stoppage of all research and training under the Administration on Aging, the deletion of expected and necessary expansion of the Retired Senior Volunteer Program, the Foster Grandparent Program, the Senior Corps of Retired Executives, and research on aging under the National Institute of Child Health and Human Development; and

Whereas, the above federal cutbacks, along with many others, will have a serious social and economic effect on the City and County of Honolulu and on the State of Hawaii; now, therefore;

Be it resolved by the Council of the City and County of Honolulu that it does hereby call upon the President of the United States and the Congress to re-evaluate funding for social programs and restore monies proposed to be deleted; and

Be it further resolved that copies of this resolution be transmitted to the President of the United States, Hawaii's Congressional delegation, and the Mayor of the City and County of Honolulu.

BASIC GRANTS

Mr. MONDALE. Mr. President, on February 22, the Education Subcommittee, of which I am a member, held a most informative hearing on the proposed rules for the family contribution schedule for the new basic educational opportunity grants.

I was shocked to learn this week that the proposed rules would discriminate severely against young people from farm families or families which operate small businesses. This discrimination would occur because the assets needed to operate a farm or small business would be treated in the proposed formula in the same way as all other assets, including stocks and bonds and savings accounts.

We were privileged to have testify at the hearing a most able spokesman for higher education, Dick Hawk, executive director of the Minnesota Higher Education Coordinating Commission. Mr. Hawk testified that the median adjusted gross income for farmers in my home State is approximately $3,500 per year. He further pointed out that considerable investment in land and equipment is required to produce even that meager income. Yet, under the proposed guidelines, a child from a family with over $34,000 in assets could not receive a basic grant—regardless of how low the family's income.

It is my sincere hope that as a result of the information brought out at the Education Subcommittee hearing, we will see a modification of the proposed guidelines which would treat all young people who seek a higher education equitably.

I ask unanimous consent that a copy of Mr. Hawk's testimony before the subcommittee be placed in the RECORD.

There being no objection, the testimony was ordered to be printed in the RECORD, as follows:

STATEMENT BY RICHARD C. HAWK

Mr. Chairman, members of the Committee. Thank you for this opportunity to comment on proposed regulations for the Basic Educational Opportunity Grant Program, which potentially can make post-secondary education available to many students previously excluded from education beyond high school.

Making post-secondary education realistically accessible to all citizens, regardless of family economic status, is an important national goal and a serious problem worthy of your continuing attention. The Basic Opportunity Grants Program can be a significant means to achieve this goal, if implemented properly. The Congress and the Education Subcommittee are to be commended for establishing such a well formulated program. Those of us who are striving to improve access to post-secondary education in Minnesota have been especially gratified by the persistent interest and effort of our own distinguished senator, Walter F. Mondale.

While some provisions of the proposed BEOG regulations are commendable, other provisions are so deficient as to impair the potential effectiveness of the program. Implementation of the program under the proposed regulations would effectively preclude grants to a significant portion of the most needy students in Minnesota and many other states—those whose families derive their income from farming or operation of small business establishments.

The BEOG Program is appropriately directed to the students who are least able to afford post-secondary education, because as we have found in Minnesota, it is the students from low income families to whom post-secondary education is least accessible.

Indeed, a major thrust of the efforts of the Minnesota Higher Education Coordinating Commission this year has been concerned with mechanisms to improve access to post-secondary education for low income and disadvantaged students. The BEOG Program, based on an entitlement principle, can complement our efforts by providing a base upon which state efforts can build.

It is as an entitlement determination system that I have reviewed the proposed guidelines, and it is in this context that my comments are made. I note this context because when balanced against the existing procedures used to determine family ability to pay, the proposed procedures suffer from serious problems. Social security payments and state income tax payments, for example, vary directly with family income level (and coming from Minnesota with a rather hefty state income tax, I should note that income tax varies considerably by state also). This variation is not reflected in the stable allowance which, I assume, is included in the Family Size Offset. Similarly, a family's disposable income is directly affected by the amount of property tax it is required to pay. Although I presume that a housing allowance included in the Family Size Offset includes a standard property tax allowance, it is quite clear that the property tax paid (either directly or indirectly through rent payments) will vary from the standard allowance and will as a consequence, affect the individual family's disposable income and ability to pay in a manner not reflected in the procedure proposed in the guidelines.

I do not, however, consider these problems significant given the entitlement purpose incorporated in the BEOG Program. Given the entitlement concept, the system used to determine eligibility should be sufficiently simple and straight-forward for students to estimate the approximate size of the grant for which they might qualify. The proposed procedure would accomplish this.

The proposed guidelines make another important contribution by establishing standards and definitions that have been problematic in student aid for many years. I refer here to the definition of procedures for Independent Student, for determining what year of income information to use, for identifying what should be counted as unusual expenses, and for defining what should be included as an asset. For years, these concepts have been debated and various procedures and definitions have been used by financial aid administrators. By establishing standard procedures, the guidelines will facilitate greater horizontal equity among students by treating similar students in a similar manner.

There are, however, four problems in the proposed guidelines which need attention. First, there appears to be no appeal procedure for those students whose family or financial situation changes dramatically between the base year (1972 for applicants for the 1973–74 year) and the year in which the student will be enrolled. Although the majority of students are not affected, the student whose family experiences a sudden loss of income (through the death of a father, loss of the father's job, or some other unpredictable event), could be excluded from eligibility to the BEOG Program and, as a consequence, could be deprived of post-secondary education. The system should provide a procedure to meet needs of students who experience sudden income losses.

Second, the proposed procedure for evaluating family assets would effectively exclude the majority of low income farm and small business families. This is a particularly serious problem for a state such as Minnesota where approximately 12 percent of our population is on the farm and roughly seven percent of the families are small business owners. Table I indicates that the median adjusted gross income for farmers in Minnesota is approximately $3500 per year. This would clearly identify students from these families as a target for the BEOG Program because of the very limited disposable income of these families and their relative and absolute inability to bear the post secondary educational expenses of their children. We know also that farmers require significant investment in capital—both land and equipment—to earn an income. The typical farmer needs net capital assets (as opposed to liquid assets) in excess of $34,000 merely to earn a living. Yet, under the proposed guidelines, any family with net assets (regardless of their purpose or nature) in excess of $34,000 is automatically excluded from the BEOG Program. Thus, the effect of these guidelines would be to exclude from the BEOG Program the majority of farm families and a high proportion of small business families who would otherwise qualify because of their low incomes and their inability to pay for the post-secondary expenses of their children. More than 8,000 students from farm families are graduated from Minnesota high schools annually.

TABLE I.—DISTRIBUTION OF MINNESOTA FARMS BY AMOUNT OF SALES AND NET INCOME, 1970

Sales	Number	Percent	Net income
Under $2,500	21,722	19.6	$1,059
$2,500 to $4,999	14,144	12.8	2,049
$5,000 to $9,999	20,976	18.9	3,492
$10,000 to $19,999	27,081	24.5	6,208
$20,000 to $39,999	19,509	17.6	9,962
Over $40,000	7,315	6.6	25,664
Total	110,747	100.0	

Note: Medians: Sales $9,950; net income $3,473; farm population=455,000 or 11.9 percent of total population.

TABLE II.—COMPARISON OF EXPECTED FAMILY CONTRIBUTION FROM INCOME AND NET WORTH DERIVED FROM FEDERAL, CSS AND ACT COMPUTATION PROCEDURES

Computation procedure	Number of dependent children— 1	3	5	7
EFC from income:				
Federal	$701	$412	$208	0
CSS	635	167	(39)	($133)
ACT	690	70	(100)	(340)
EFC from net worth:				
Federal	375	375	375	375
CSS	319	238	165	162
ACT	0	0	0	0
EFC composite:				
Federal	1,076	787	583	375
CSS	954	405	135	29
ACT	690	70	(100)	(340)

[1] Excludes net assets in excess of $15,000 for retirement allowance.

Note: Case data: 2 parents, 1 parent employed; father age 43. Adjusted gross family income equals $7,500; net worth equals $15,000. Only adjustment to family income is the amount of Federal income tax liability.

Third, the proposed guidelines suggest an ability to contribute from both income and assets that is not realistic when compared to the assessments made by the American College Testing Program and the College Scholarship Service. Table II contains a comparison of the contribution expected from parents with income of $7500 and assets of $15,000 under the system proposed in the guidelines and the ACT and CSS need analysis systems. It can be observed that for all family sizes the contribution expected by the procedure outlined in the guidelines, from both income and assets, is considerably in excess of that expected by the two other systems. This suggests that the use of the proposed system will not provide the necessary assistance for the target population to pursue post-secondary education because of an unrealistic expectation of what the family can provide. The danger of this procedure is that it will undermine the significant potential of the BEOG Program by promising more than it will deliver.

My final point is also exemplified in Table II. As family size increases, the difference in the contribution expected by the proposed procedure increases when compared to the ACT and CSS systems. This is undoubtedly caused by inadequate Family Size Offsets in the procedure outlined in the guidelines. Indeed, this should not be surprising when one considers that the proposed allowance for the summer expenses of an Independent Student are set at $700 and the proposed allowance for the expenses of maintaining a two-person family are set at only $2800 for an entire year. It would appear that the Family Size Offsets are considerably below that which is required to maintain a family and that, as family size increases, the Family Size Offsets are increasingly inadequate. The negative potential created by this procedure is emphasized by the fact that large families tend to be concentrated among the lower income segments of the population.

Before concluding, I should like to call your attention to three additional potential problems. Realizing the potential of this program depends on a successful beginning. I would hope, therefore, that the BEOG Program will be implemented by the middle of April at the latest. By this time, institutions have made their awards and are in the process of notifying students. If the program is implemented much later, both students and institutions are likely to be confused by the process.

Second, since the program is based on an entitlement concept, adequate funding is crucial. We cannot afford to raise false hopes. When low income students learn that they are entitled to a grant because they meet the criteria (presumably realistic criteria), the funds necessary to meet students' expectations must be available. Their confidence in this society's ability to deliver on promises is at stake; their confidence in governmental processes hangs in the balance. That is not, I would submit, an insignificant challenge.

Finally, I would appeal to you to provide funding for other student aid programs. The BEOG is appropriately targeted to those students most in need. But, college costs are increasing faster than family incomes, and meeting the rising costs is increasingly difficult for students from middle-income families. It is of interest that a survey of a sample of Minnesota banks revealed that 58 percent do not plan an increase in student loans and 62 percent do not plan to make loans in excess of the subsidized proportion available under the new FISL regulations. Proposed guidelines for the BEOG Program must be reviewed and funding for other student aid programs must be considered in the context of rising costs and inadequate aid for both low and middle income students.

Summarizing, Mr. Chairman, I would propose the following recommendations:

(1) An appeal procedure should be incorporated into the proposed BEOG process to accommodate sudden financial changes for individual students.

(2) The evaluation of family assets should be modified to prevent the systematic exclusion of low income farmers and small business owners from the BEOG Program.

(3) The Family Size Offsets should be adjusted upward to more realistically represent the living expenses of larger families and to provide a more accurate assessment of parents' ability to pay regardless of the family size.

In addition, I would urge this committee to encourage a timely implementation of the BEOG Program, to seek adequate funding of the program and to strive for adequate funding for the other Federal student aid programs.

Thank you, Mr. Chairman, for the opportunity to meet with you. I hope my comments will be helpful in your deliberations.