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**APPROVED**

**MAY 7 - 1976**

85/7/76

ACTION

THE WHITE HOUSE

Last Day: May 10

WASHINGTON

May 5, 1976

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

H.R. 12226 - Peace Corps  
Authority for Fiscal Year 1977

Posted  
5/8  
To Archives  
5/10

Attached for your consideration is H.R. 12226, sponsored by Representative Morgan and eight others. The enrolled bill authorizes appropriations for the Peace Corps of not to exceed \$81.0 million for FY 77 and such additional sums as may be necessary for increases in personnel remuneration and benefits. The bill earmarks \$10.1 million of the amount appropriated for FY 77 for payment of readjustment allowances to Peace Corps volunteers.

Additional information is provided in OMB's enrolled bill report at Tab A.

OMB, Max Friedersdorf, Counsel's Office (Lazarus), NSC and I recommend approval of the enrolled bill.

RECOMMENDATION

That you sign H.R. 12226 at Tab B.

To Thayer Smith, Press Office 5/7/76 (4:15 pm)





EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 4 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12226 - Peace Corps authorization  
for fiscal year 1977  
Sponsor - Rep. Morgan (D) Pa. and 8 others

Last Day for Action

May 10, 1976 - Monday

Purpose

Authorizes appropriations for the Peace Corps of not to exceed \$81.0 million for fiscal year 1977 and such additional sums as may be necessary for increases in personnel remuneration and benefits; earmarks \$10.1 million of the amount appropriated for fiscal year 1977 for payment of readjustment allowances to Peace Corps volunteers.

Agency Recommendations

Office of Management and Budget	Approval
ACTION	Approval
Department of State	Approval

Discussion

On January 30, 1976, the Administration submitted legislation to the Congress proposing an appropriation authorization for fiscal year 1977 of not to exceed \$67,155,000 -- the amount requested in the 1977 Budget -- and such sums as may be necessary for fiscal year 1978 for the Peace Corps. The Administration bill also contains a "such sums" appropriation authorization for fiscal year 1977 and 1978 for increases in salary, pay, retirement, or other employee benefits authorized by law.

The enrolled bill does not include any authorizations for fiscal year 1978. For fiscal year 1977, the \$81.0 million authorized represents essentially a continuation of the fiscal year 1976 requested level for the Peace Corps, but is \$13.8 million above the fiscal year 1977 budget request which proposes a substantial reduction from fiscal year 1976 operating levels.

The enrolled bill would also mandate that \$10.1 million of the amount actually appropriated for the Peace Corps for fiscal year 1977 be available only for payment of readjustment allowances. These allowances are paid to the volunteers in a lump sum at the end of their service to assist them in readjusting to life in the United States following their service abroad.

From the time the Peace Corps was created in 1961 until last year, the readjustment allowance was set in law as a maximum of \$75 per month. Last year, in enacting the fiscal year 1976 Peace Corps authorization, the Congress amended the Peace Corps Act to increase the ceiling on the readjustment allowance to \$125 per month, citing the decline in purchasing power resulting from inflation during the preceding 15-year period.

The budget requests for fiscal years 1976 and 1977 do not include funds to provide for readjustment allowances greater than \$75 per month, since the Peace Corps was unable to provide adequate justification for the need to increase the allowances. Both the House and Senate Committee reports on H.R. 12226, however, make clear the Committees' intent that the allowances be increased to the new statutory maximum of \$125 per month, and the mandatory earmark of \$10.1 million in the bill is designed to assure this end.

Of the \$67.2 million requested in the budget for the Peace Corps for fiscal year 1977, \$6.1 million was included for readjustment allowances at the \$75 monthly rate. The enrolled bill would require an additional \$4 million for the allowances, which the Peace Corps agrees is the amount needed to finance them at \$125 per month for the planned number of trainees and volunteers. Since the total authorization provided in H.R. 12226 is \$13.8 million over the budget request, the bill would result in an add-on of \$9.8 million to the request for other Peace Corps operations if the full amount authorized were actually appropriated.

It is too early to predict the outcome of congressional consideration of fiscal year 1977 appropriations for the Peace Corps. In fact, the agency's fiscal year 1976 appropriations have not yet been enacted. However, the conference report on the 1976 bill includes \$80.8 million for the Peace Corps -- the amount provided in the Senate version of the bill. The Senate Appropriations Committee report indicates that these funds include provision for an increase in the readjustment allowances to \$125 per month effective April 1, 1976.

### Recommendations

ACTION recommends approval, noting that it feels an increase in the volunteer readjustment allowance is justifiable and that the bill enjoyed broad bipartisan support in the Congress, having passed the House by a vote of 274-75 and the Senate by voice vote. ACTION does point out, however, that because of the earmarking in the bill, if an appropriation of less than \$71.1 million is provided for fiscal year 1977 (representing the budget request plus the amount needed to cover the mandated readjustment allowance payments), "the agency would be unable to meet its volunteer man year targets or use its full appropriation."

\* \* \* \* \*

This enrolled bill is undesirable in two respects: it would authorize total appropriations for fiscal year 1977 approximately 20% over the budget request and it would reduce administrative flexibility by mandating an earmark of part of the appropriation. On the other hand, the bill basically represents a continuation of the fiscal year 1976 budget level, and the actual funding through the appropriations process may be less than the total amount of \$13.8 million by which the authorization exceeds the 1977 budget request. On balance, we do not believe the objectionable aspects of H.R. 12226 are sufficiently serious to warrant a veto, and we therefore concur with ACTION in recommending that you sign this bill.

*James M. Frey*  
Assistant Director for  
Legislative Reference

Enclosures



OFFICE OF  
THE DIRECTOR

# ACTION

WASHINGTON, D.C. 20525

April 30, 1976

Mr. James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C. 20503

Re: H.R. 12226

Dear Mr. Lynn:

This will respond to your request for our views and recommendations with respect to H.R. 12226, an enrolled bill authorizing appropriations for Peace Corps for fiscal year 1977.

Section 1 of the bill authorizes an appropriation of \$81,000,000 for Peace Corps for fiscal year 1977. This authorization is \$13,845,000 more than the Administration request of \$67,155,000. The Administration also requested authorization for the appropriation of such sums as may be necessary for the Peace Corps for fiscal year 1978. This request was deleted from the bill which was passed.

Section 2 of the bill authorizes the appropriation of such additional sums as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law. This provision is identical to the Administration bill, except that the Administration bill would have provided an authorization of such sums as may be necessary for fiscal year 1978 in addition to the authorization for fiscal year 1977.

Section 3 of the bill states that of the amount appropriated for fiscal year 1977 to carry out the purposes of the Peace Corps Act, \$10,100,000 is earmarked for the payment of volunteer readjustment allowances. The fiscal year 1976 Peace Corps authorization bill authorized an increase in the readjustment allowance from \$75 per month to \$125 per month. H.R. 12226, as reported by the House International

Relations Committee, would have required an increase in the readjustment allowance to \$125 per month. Because of the requirements of the Congressional Budget Act, which prohibits the enactment of any new entitlements until after approval of the first budgetary resolution, the present provision was substituted. It is, nevertheless, the intent of the bill that the readjustment allowance be increased.

The amount earmarked in the bill for readjustment allowances would provide readjustment allowances at the rate of \$125 per month for the 6255 volunteer and trainee years of service, the amount provided in the budget request. If the full amount authorized is appropriated, a portion of the additional funds would have to be used to pay the readjustment allowances associated with the additional volunteer years of service provided. The language of the bill does not prevent us from doing so.


Because of the earmarking, if an appropriation of less than \$71,133,000 is provided, the agency would be unable to meet its volunteer man year targets or use its full appropriation.

The ACTION agency has felt for some time that an increase in the volunteer readjustment allowance was justifiable; however, program priorities and, until last year, legislative restrictions, have prevented us from implementing such an increase. The readjustment allowance has never been increased from its original \$75 per month level established in 1961, although inflation during that 15-year period has greatly reduced the value of the allowance. The increase in the readjustment allowance accounts for approximately \$3,978,000 of the \$13,845,000 increase authorized.

We would note that the bill, as passed, enjoyed broad bipartisan support. H.R. 12226 passed the House by a vote of 274-75 and the Senate by voice vote.

In view of the factors noted above, we recommend that the President approve H.R. 12226.

Sincerely,

  
John L. Ganley  
Deputy Director



DEPARTMENT OF STATE

Washington, D.C. 20520

MAY 3 1976

Dear Mr. Lynn:

In reply to Mr. Frey's transmittal of H.R. 12226, dated April 28, 1976, the Department of State has no objection to and recommends approval of the enrolled bill.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert J. McCloskey".


Robert J. McCloskey  
Assistant Secretary for  
Congressional Relations

The Honorable  
James T. Lynn,  
Director,  
Office of Management and Budget.



NATIONAL SECURITY COUNCIL

May 5, 1976

MEMORANDUM FOR: JAMES M. CANNON  
FROM: Jeanne W. Dav   
SUBJECT: H. R. 12226

The NSC Staff concurs in H. R. 12226 - Peace Corps Authority for  
FY 77.

-THE WHITE HOUSE-

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 4

Time: 700pm

FOR ACTION:

~~Spencer Johnson~~ *sk*  
NSC/S *sk*  
Max Friedersdorf *sk*  
Ken Lazarus *sk*

cc (for information):

Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

---

DUE: Date: May 5

Time: 300pm

---

SUBJECT:

H.R. 12226-Peace Corps Authority for FY 77

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

---

K. R. COLE, JR.  
For the President

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 4

Time: 700pm

FOR ACTION: Spencer Johnson  
NSC/S  
Max Friedersdorf  
Ken Lazarus

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 5

Time: 300pm

SUBJECT:

H.R. 12226-Peace Corps Authority for FY 77

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection -- Ken Lazarus 5/5/76

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If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

THE WHITE HOUSE

WASHINGTON

May 5, 1976

MEMORANDUM FOR: JIM CAVANAUGH  
FROM: MAX L. FRIEDERSDORF *MG.*  
SUBJECT: H. R. 12226 - Peace Corps Authority for FY 77

The Office of Legislative Affairs concurs with the agencies  
that the subject bill be signed.

Attachments

EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

MAY 4 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 12226 - Peace Corps authorization  
for fiscal year 1977  
Sponsor - Rep. Morgan (D) Pa. and 8 others

Last Day for Action

May 10, 1976 - Monday

Purpose

Authorizes appropriations for the Peace Corps of not to exceed \$81.0 million for fiscal year 1977 and such additional sums as may be necessary for increases in personnel remuneration and benefits; earmarks \$10.1 million of the amount appropriated for fiscal year 1977 for payment of readjustment allowances to Peace Corps volunteers.

Agency Recommendations

Office of Management and Budget	Approval
ACTION	Approval
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Discussion

On January 30, 1976, the Administration submitted legislation to the Congress proposing an appropriation authorization for fiscal year 1977 of not to exceed \$67,155,000 -- the amount requested in the 1977 Budget -- and such sums as may be necessary for fiscal year 1978 for the Peace Corps. The Administration bill also contains a "such sums" appropriation authorization for fiscal year 1977 and 1978 for increases in salary, pay, retirement, or other employee benefits authorized by law.



10-  
J. Cavanaugh  
5-4-76  
5:00 p.m.

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: May 4

Time: 700pm

FOR ACTION: Spencer Johnson  
NSC/S  
Max Friedersdorf  
Ken Lazarus

cc (for information): Jack Marsh  
Jim Cavanaugh  
Ed Schmults

FROM THE STAFF SECRETARY

DUE: Date: May 5

Time: 300pm

SUBJECT:

H.R. 12226-Peace Corps Authority for FY 77

ACTION REQUESTED:

\_\_\_\_\_ For Necessary Action

\_\_\_\_\_ For Your Recommendations

\_\_\_\_\_ Prepare Agenda and Brief

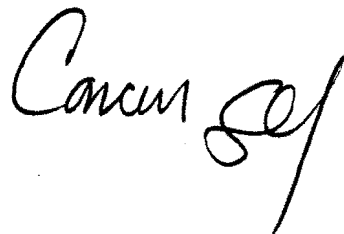
\_\_\_\_\_ Draft Reply

  X   For Your Comments

\_\_\_\_\_ Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing



PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

If you have any questions or if you anticipate a delay in submitting the required material, please telephone the Staff Secretary immediately.

James M. Cannon  
For the President

## TO AMEND FURTHER THE PEACE CORPS ACT

APRIL 23, 1976.—Ordered to be printed  
Filed under authority of the order of the Senate of April 14, 1976

Mr. SPARKMAN, from the Committee on Foreign Relations,  
submitted the following

### REPORT

[To accompany H.R. 12226]

The Committee on Foreign Relations, to which was referred the bill (H.R. 12226) to amend further the Peace Corps Act, having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

#### PURPOSE

The basic purpose of H.R. 12226 is to authorize an appropriation of \$81 million to finance the operations of the Peace Corps during the fiscal year 1977. Other provisions of this legislation are designed to: (a) authorize an additional appropriation of such sums as may be necessary for increases in salary, retirement, or other employee benefits that may be authorized in FY 1977; and (b) earmark \$10.1 million of FY 1977 appropriation for use in the payment of the Peace Corps volunteer's readjustment allowance.

#### PEACE CORPS PROGRAM BACKGROUND

On July 1, 1971, the Peace Corps became a part of ACTION, an agency established under the Reorganization Plan No. 1. ACTION is made up of the Peace Corps, VISTA (Volunteers in Service to America), RSVP (Retired Senior Volunteer Program), FGP (Foster Grandparent Program), and UYA (University Year for ACTION.) ACTION has established three functional operating areas: International Operations (Peace Corps), Domestic Operations, and Support Programs. Funds for these programs are requested in two appropriations: (1) the Peace Corps, and (2) ACTION Domestic Programs. Each of these appropriations includes a share of the agency-wide Support Programs.

Recent Peace Corps requests, authorizations, appropriations, and obligations follow:

	[In thousands]			
	Request	Authorization	Appropriation	Obligation
Fiscal year 1975.....	\$82,256	\$82,256	\$77,687	\$77,670
Fiscal year 1976.....	80,826	88,468		
Transition quarter.....	25,729	27,887		
Fiscal year 1977.....	67,155			

The following table gives the highlights of the Peace Corps Programs for fiscal year 1977, together with the comparable estimates for fiscal year 1976 and actual figures for fiscal year 1975.

PEACE CORPS PROGRAM HIGHLIGHTS, FISCAL YEAR 1977

	[In thousands]				
	1975 actual expenditures	1976 authorization (Public Law 94-130)	1976 estimated expenditures	1977 administra- tion request	Increase or decrease
<b>I. FUNDS</b>					
<b>A. Training and specialized recruiting:</b>					
1. Preservice training.....	\$8,338	\$7,526	\$7,644	\$6,859	-\$785
2. In-service training.....	383	743	587	280	-307
3. Intern programs.....	429	625	588	294	-294
4. Preinvitational stagings (PRIST).....	163	165	34	34	
Subtotal.....	9,313	9,059	8,853	7,467	-1,386
<b>B. Volunteer costs:</b>					
1. International travel.....	7,163	7,599	8,580	7,175	-1,405
2. Allowances.....	25,584	22,502	23,468	22,251	-1,217
3. Other volunteer support.....	5,070	4,596	5,367	4,339	-1,028
4. Dependent support.....	458	522	301	301	
5. Multilateral volunteers.....	23	30	111	120	+9
Subtotal.....	38,298	35,249	37,827	34,186	-3,641
<b>C. Peace Corps program support:</b>					
1. Staff.....	18,127	16,822	18,971	16,598	-2,373
2. State Department services.....	3,895	5,325	5,036	1,906	-3,130
3. Multilateral grants.....	19	70	149	40	-109
4. Evaluation.....	36	318	318	100	-210
Subtotal.....	22,067	22,535	24,474	18,644	-5,822
<b>D. Peace Corps share of agencywide support:</b>					
E. Readjustment allowance increase.....	12,749	13,983	13,803	10,883	-2,928
		7,642			
Program total.....	82,397	88,464	84,957	71,180	-13,777
Less comparative transfer.....	-548		-368		+368
Less host country contributions.....	-4,180		-4,295	-4,025	+270
Plus lapse.....	+16		+979		-979
Budget authority total.....	77,685	88,464	81,273	67,155	-14,118

PEACE CORPS PROGRAM HIGHLIGHTS, 1975 AND 1976—VOLUNTEERS AND TRAINEES

	[Actual number]	
	1975 actual	1976 estimate
<b>II. VOLUNTEERS AND TRAINEES</b>		
<b>A. Onboard strength at end of calendar year (Dec. 31):</b>		
1. Latin America.....	1,613	1,635
2. North Africa, Near East, Asia, and Pacific.....	2,276	2,181
3. Africa.....	2,325	2,241
Total.....	6,214	6,057
<b>B. End strengths at end of program year (June 30):</b>		
1. Trainee.....	605	537
2. Volunteer.....	6,233	5,459
Total.....	6,838	5,996
Number of host countries.....	68	69
Average cost per volunteer.....	\$10,894	\$12,234

The original Administration request of \$67.1 million for fiscal year 1977 represented a decrease of \$21.4 million from the amount (\$88.5 million) authorized by Congress for fiscal year 1976. Such an authorization would necessitate a reduction in volunteer strength of approximately 257 manyears and would impose severe cuts in program support. In order to avoid such a cut-back, the Committee recommends that the Senate adopt H.R. 12226 which would authorize \$81 million to finance the operations of the Peace Corps for fiscal year 1977. It is the intent of the Committee that the Peace Corps utilize these additional funds to operate at fiscal year 1976 levels and to grant the volunteer the increase in his or her readjustment allowance authorized in 1976.

AUTHORIZATION TO FUND EMPLOYEES SALARY AND BENEFIT INCREASES

In its original authorization request, the executive branch requested the appropriation of "such sums as may be necessary" for employee salary and benefit increases during fiscal year 1977 and fiscal year 1978. The House gave the agency an open-ended authorization for fiscal year 1977 only. The Foreign Relations Committee in considering this bill, adopted the House version of this provision (Section 2 of H.R. 12226.)

READJUSTMENT ALLOWANCE INCREASE

During last year's authorization process, Congress amended the Peace Corps Act to increase the ceiling on the readjustment allowance paid to volunteers from \$75 a month to \$125 a month. The general purpose of this allowance is to provide volunteers with a lump sum payment at the end of their volunteer service to enable them to readjust to life in the United States following two years of service abroad. Last year's increase was the first since the creation of the Peace Corps in 1961.



Subsequently, the agency made a determination not to grant the increase for fiscal year 1976, and the fiscal year 1977 executive branch authorization request did not provide for it. The House International Relations Committee reported H.R. 12226 with an amendment which would have made the readjustment allowance increase mandatory. However, this amendment would have created an entitlement and such action is not permitted under the Budget Act until after May 15. Therefore, the House amended the bill on the floor to earmark \$10.1 million of the fiscal year 1977 appropriation to be used only for the payment of the readjustment allowance. It was the intent of the House, as expressed by the sponsors of the amendment, that the Peace Corps utilize this amount to pay its volunteers their full readjustment allowance (\$125 a month).

#### COST ESTIMATE

Section 252(a)(1) of the Legislative Reorganization Act of 1970 requires that Committee reports on bills and joint resolutions contain an estimate of the cost of carrying out such legislation in the fiscal year in which it is reported and in each of the five years which follow.

H.R. 12226 authorizes appropriations to finance the operations of the Peace Corps for one fiscal year, 1977. The total authorization for this purpose is \$81 million, plus such additional amounts as may be necessary for mandatory salary and employee benefit increases. Due to the uncertainties of program planning, it is impossible to estimate with any degree of accuracy the cost of the Peace Corps program for the next five years. However, the Director of Action indicated during the Committee hearings that the Peace Corps has reached its optimum size.

#### COMMITTEE ACTION AND RECOMMENDATIONS

A public hearing (see Appendix) on H.R. 12226 was conducted by the Foreign Relations Committee on April 13, 1976. The principal witness was Michael P. Balzano, Director, ACTION, accompanied by John Dellenback, Associate Director for International Operations; John Ganley, Deputy Director; and Emerson Markham, Director of Budget. At that time, the full Committee considered H.R. 12226 in an open mark-up session and ordered it reported without amendment by a voice vote.

During the hearing, the Committee expressed its serious concern about the severe cuts in the Peace Corps' fiscal year 1977 budget, and indicated its strong support for the continuation of the Peace Corps program as an essential part of the United States' official international presence. The declaration of purpose in the Peace Corps Act states that the purpose of the Corps is to promote "world peace and friendship." Providing technical assistance is only one means to that end. The recent tendency of the Peace Corps to concentrate on the highly-skilled technical aspects of assistance should be set in the perspective of the Peace Corps' primary objective. The Committee strongly urges the Peace Corps, during this period of high domestic unemployment, to recruit all qualified Americans, including generalists, to fill the increasing number of host country requests.

The Committee also believes that Peace Corps programs should not duplicate other existing international or host country programs. Peace Corps programs should be designed to ensure a planned phase-out

based on a nation's need. These programs should emphasize activities which strengthen the host country's ability to deliver its own services to the broad mass of its population. In this respect, the Committee urges the Peace Corps to continue to cooperate closely with the other agencies of the Government of the United States as well as private and international organizations and the governments of all host countries to prevent any duplication of effort, avoid needless competition, and efficiently utilize its resources to produce the maximum benefit to the people and communities served.

The Committee recommends that the Senate pass H.R. 12226 without amendment.

#### CHANGES IN EXISTING LAW

In compliance with paragraph 4 of Rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman) :

The Peace Corps Act, as amended :

\* \* \* \* \*

#### AUTHORIZATION

SEC. 3. (a) \* \* \*

(b) There are authorized to be appropriated for fiscal year 1976 not to exceed \$88,468,000, [and] for the period July 1, 1976, through September 30, 1976, not to exceed \$27,887,800 *for fiscal year 1977 not to exceed \$81,000,000*, to carry out the purposes of this Act: *Provided, however*, That not to exceed \$500,000 of funds made available hereunder for fiscal year 1967 shall be obligated under contracts or agreements to carry out research: *Provided further*, That no such contracts or agreements shall be executed unless the research in question relates to the basic responsibilities of the Peace Corps. Unobligated balances of funds made available hereunder are hereby authorized to be continued available for the general purposes for which appropriated and may at any time be consolidated with appropriations hereunder. None of the funds authorized to carry out the purposes of this Act shall be used to carry out the Volunteers to America Program conducted under the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et. seq.), or any similar program involving the service or training of foreign nationals in the United States.

[(c) In addition to the amounts authorized for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976, there are authorized to be appropriated for the Peace Corps for such year not in excess of \$1,000,000 for increases in salary, pay, retirement, or other employee benefits authorized by law.]

(e) *In addition to the amounts authorized for fiscal year 1976, for the period July 1, 1976, through September 30, 1976, and fiscal year 1977, there are authorized to be appropriated for fiscal year 1976 and the period July 1, 1976, through September 30, 1976, not in excess of \$1,000,000, and for fiscal year 1977 such sums as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.*

\* \* \* \* \*

## APPENDIX

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### PEACE CORPS AUTHORIZATION

---

TUESDAY, APRIL 13, 1976

UNITED STATES SENATE,  
COMMITTEE ON FOREIGN RELATIONS,  
*Washington, D.C.*

The committee met, pursuant to notice, at 10:23 a.m., in room 4221, Dirksen Senate Office Building, the Honorable John Sparkman, (chairman of the committee), presiding.

Present: Senators Sparkman, Pell, McGovern, Clark, Case, and Javits.

Also present: Senator Cranston.

The CHAIRMAN. Let the committee come to order, please.

The first order of business is Senate Resolution 406. Senator Javits I know you have amendments prepared.

Senator JAVITS. I do.

The CHAIRMAN. I will put this to you and to Senator Cranston. I wonder if you would have any objection to our taking up H.R. 12226, Peace Corps Authorization. I understand that testimony on the bill will not be very lengthy.

However, my problem has been solved since I started to make that suggestion, I have to leave here about 10:30, and I was eager to have someone serve as Chairman. Now Senator McGovern is here and I am sure he would be willing to take over and go through with it. So we will do either one you want, either take up Senate Resolution 406 or take up the Peace Corps.

Senator JAVITS. Mr. Chairman, I think that Senator Cranston, being the principal author, we ought to suit whatever he wishes.

Senator CRANSTON. I should not determine the committee's agenda. Do whatever you wish.

The CHAIRMAN. I thought the discussion on Senate Resolution 406 might be a little lengthy and then too there are other Senators of the committee who I know are interested in it. And we do have three proxies here.

Senator CRANSTON. I would just as soon wait until other Senators are here, but it depends on whatever you wish.

The CHAIRMAN. Suppose we take up the Peace Corps then.

[Text of H.R. 12226 follows:]

[H.R. 12226, 94th Cong., 2d sess.]

AN ACT TO amend further the Peace Corps Act

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended by striking out "and" after "\$88,468,000," and by adding after "\$27,887,000," the phrase "for fiscal year 1977 not to exceed \$81,000,000."

SEC. 2. Section 3(c) of the Peace Corps Act (22 U.S.C. 2502(c)) is amended to read as follows:

"(c) In addition to the amounts authorized for fiscal year 1976, for the period July 1, 1976, through September 30, 1976, and fiscal year 1977, there are authorized to be appropriated for fiscal year 1976 and the period July 1, 1976, through September 30, 1976, not in excess of \$1,000,000, and for fiscal year 1977 such sums as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law."

SEC. 3. Of the amount appropriated for fiscal year 1977 to carry out the purposes of the Peace Corps Act, \$10,100,000 shall be available only for payment of the readjustment allowances authorized by sections 5(c) and 6(1) of such Act.

Passed the House of Representatives March 22, 1976.

Attest: EDMUND L. HENSHAW, Jr.,  
*Clerk.*

The CHAIRMAN. I will ask Mr. Balzano, the Director of ACTION, if he will come to the table. Why do not all three of you come to the table, Mr. Balzano, John L. Ganley, Deputy Director of ACTION, and John Dellenback, Associate Director for International Operations, the three of you—are there four?

**STATEMENT OF MR. MICHAEL P. BALZANO, DIRECTOR, ACTION, ACCOMPANIED BY MR. JOHN L. GANLEY, DEPUTY DIRECTOR, ACTION, MR. JOHN DELLENBACK, ASSOCIATE DIRECTOR FOR INTERNATIONAL OPERATIONS, AND MR. EMERSON MARKHAM, DIRECTOR OF BUDGET, ACTION**

MR. BALZANO. Mr. Chairman, we have with us our Budget Director, Mr. Emerson Markham, in case there are questions on the budget.

The CHAIRMAN. Very well then, Mr. Balzano, we will start with you, or you direct the panel as you see fit.

MR. BALZANO. Thank you very much, Mr. Chairman.

Today it is my pleasure to appear before this committee and report on the state of the Peace Corps as well as to describe its plans for the coming fiscal year. Before I do, however, I would like to clear up what I believe is some unfinished business from last year.

**ALLEGED WRONGDOINGS OR MISMANAGEMENT AT ACTION**

Last year, the problems of earlier administrations of ACTION were casting suspicions on the present ACTION management and more particularly me. At that time, I was fortunate enough to have mem-

bers of this committee sitting in judgment on ACTION's case. I recall especially that Senator Humphrey, being the honorable and just man that he is, assured me that we would not be affected by any newspaper accounts which alleged wrongdoing or mismanagement at ACTION. In short, the members of this committee gave ACTION a chance to clear its name. We have done so, Mr. Chairman.

I would like to submit for the record a letter to me from the Civil Service Commission to that effect.

The CHAIRMAN. That will be put in the record.  
[The information referred to follows:]

U.S. CIVIL SERVICE COMMISSION,  
BUREAU OF PERSONNEL MANAGEMENT EVALUATION,  
Washington, D.C., February 4, 1976.

HON. MICHAEL P. BALZANO, Jr.,  
Director, ACTION,  
Washington, D.C.

DEAR MR. BALZANO: Thank you for your letter of December 19, 1975, responding to the report of the Commission dated November 18, 1974, concerning alleged political influence in personnel matters at ACTION. We have now reviewed the attachments to your letter, which represented a comprehensive series of documents reflecting actions you have taken to insure the integrity of merit system operations in your agency. We appreciate the timely and comprehensive response to our report, as well as the clear evidence you provided of top management's commitment to effective personnel management in your agency.

We are mindful, of course, that the personnel violations and abuses dealt with in our investigative report largely occurred prior to your assignment as Director of ACTION. It is also apparent that on your own initiative, after you had had a reasonable opportunity to familiarize yourself with your agency, you initiated actions that were clearly designed to improve personnel management and overcome many of the deficiencies that had prevailed in the past. Further needs for improvement were pointed out, of course, in our "October 1974 Report on Personnel Management at ACTION", and a number of the steps you have taken on the basis of that report to strengthen merit system operations in your agency have indeed been salutary. In our view, therefore, a significant degree of progress has been achieved on your part, and your actions have set the stage for still further improvements to be accomplished in the future.

Needless to say, the job of being totally in compliance with the law and civil service regulations is a continuing one, and it requires constant effort and vigilance. We are confident of your unflagging efforts toward that end, as well as your continuing commitment to merit principles. To the extent that our investigative report helped your agency to focus anew on serious past abuses that must not be permitted to recur, we hope it has been of value. Please let us know if we may be of further assistance to you in this particular matter.

Sincerely yours,

JOHN D. R. COLE, *Director.*

## STATE OF THE PEACE CORPS

Mr. BALZANO. Mr. Chairman, the state of the Peace Corps is good. The morale and feeling of accomplishment of Peace Corps volunteers have never been better. This belief is confirmed by the results of a recent survey of volunteers. Eighty-seven percent of their volunteers reported that they felt satisfaction about the Peace Corps experience; about 90 percent of the volunteers consider their jobs to be useful for the development of the country in which they are serving.

Because of the new directions we initiated over the last four years, Peace Corps volunteers do not all come from the same mold. In age range, they range from 20 to 80 years, although two-thirds of them are still in their twenties. Sixty-three percent of them are men and 37 percent are women. Seventy-eight percent are college graduates. The percentage of older volunteers is higher than it has been in earlier years of the Peace Corps. At present, 333 volunteers are over the age of 50.

## FISCAL YEAR 1977 AUTHORIZATION REQUEST

For fiscal year 1977 we are requesting \$67,155,000. This is a tight budget set against the backdrop of pressing national needs to set our economic house in order. However, I can assure you that this budget will not jeopardize the operation of our program. And, it has been designed to impact least on the volunteer.

We expect the reduction of volunteer-years to be about 257. Hence the budget will still give us approximately 5,700 volunteer-years and still allow 3,370 new trainees to enter the field this year.

In fiscal year 1977 the Peace Corps expects to serve in 67 countries. During fiscal year 1976 and the transition quarter, Peace Corps will complete its program in Iran, India, and Mauritius. At present we plan to enter at least one new country, Haiti. A careful evaluation of our program in host countries is currently under way.

## DOES PEACE CORPS BELONG IN ACTION?

During the past few years, we have been asked the question, "Does the Peace Corps belong in ACTION?" In terms of hard economic facts, the cost of Peace Corps operations is at an all-time low. As we indicated, in the last three years, we have solved a number of fiscal problems which have plagued the Peace Corps for more than ten years. These include identifying and correcting the readjustment allowance imbalance.

We have also established procedures which make it possible to meet Government accounting standards. As we pointed out last year, for the first time in the history of the Peace Corps our principles of accounting were approved by the Comptroller General. We have reduced our training costs by almost 50 percent and have reduced the cost of our operations by almost the same figure. Finally, we have corrected the problem of sizable unobligated balances at the end of the fiscal year that the Peace Corps faced for a number of years.

While there is no question about the economic benefits of Peace Corps residing in ACTION, there are other benefits which have helped Peace Corps in the area of better planning and meeting program needs. I speak here of the improvements made in our volunteer systems.

Last year, we took our experience on the domestic side and used it in addressing major Peace Corps problems. I do not have to remind the members of this Committee about the hundreds of complaints from constituents whose applications were lost in the months and sometimes years of delay that they encountered in trying to join the Peace Corps.

By sharing our Domestic Operations knowledge with the Peace Corps, in one region alone, we reduced the application processing time by 50 percent and reduced the number of applications required to fill our programs by 75 percent. And, we have reversed the downward trend of the ability to fill our programs in that region by 6 percent, which is the first positive shift in that trend in 5 years.

ACTION's recent modifications of the volunteer delivery system represent the first major change in that system in 15 years. From an economic standpoint, we have lowered the cost of that operation by more than 50 percent; that is, from almost \$10.4 million in fiscal year 1971, to \$4.8 million in fiscal year 1977.

Aside from the economic benefits, however, we have produced a system that, for the first time, ties recruiting to programming and provides more accurate information on available positions as well as more personalized service to the applicants. By moving our domestic recruiting knowledge to the Peace Corps, the complaints that we used to hear are today rare.

By moving still other domestic innovations into the international side, we hope to emulate the domestic programs fill rate, which is over 100 percent of that required. We intend to do still more in this area.

On the program side, we are now moving toward the training of B.A. generalists to fill program requests which heretofore went unfilled because of our inability to obtain, in a timely fashion, scarce skills.

In these two areas alone, the Peace Corps has already reaped the harvest of program ideas and experience which it would not have enjoyed if it had been outside ACTION. The cross-cultural training techniques learned in the Peace Corps have been transferred to the domestic side.

We saw an excellent example of this, our blending of Peace Corps and domestic skills in the resettlement of Vietnamese refugees. I personally witnessed in Hawaii the resettlement of hundreds of families through assistance of Peace Corps trainers and staff providing technical assistance to Vietnamese and American volunteers.

Once again, this result was obtained by a combination of Peace Corps and Domestic Operations, which made possible ACTION's lightning fast response to this problem.

Finally, Mr. Chairman, I would like to add that this June ACTION is helping to sponsor an international conference which has as its theme, volunteer service as an instrument for mobilizing human resources for development. This conference was initiated by dozens of countries throughout the world. These were developing countries which requested information about our domestic innovations. Through this conference we will share what we know and we will learn from others. Again, the major inquiries from the developing countries, including the Peace Corps countries are aimed at obtaining information about our domestic programs. This conference will truly highlight the international benefits to be derived from the ACTION concept.

Mr. Chairman, I have my staff with me today, including some support staff, and we will respond to your questions.

The CHAIRMAN. Thank you very much. Does anyone else care to make a statement? Your prepared statement, which I notice is really a combined statement for the panel, will be printed in full in the record.

[Mr. Balzano's prepared statement follows:]

#### PREPARED STATEMENT OF MICHAEL P. BALZANO, JR.

Mr. Chairman and members of the committee, it is a pleasure for me to have the opportunity to appear before you to report on the state of the Peace Corps and to describe its plans for the coming fiscal year.

#### ATTITUDES OF VOLUNTEERS

The state of the Peace Corps is good. In my opinion, the morale and feeling of accomplishment of Peace Corps Volunteers have never been better. This belief is confirmed by the results of a recent survey of volunteers. Over 66 percent of all volunteers who were active at the time of survey—nearly 3,500 in number—returned the questionnaires.

Eighty-seven percent of the volunteers reported that they felt satisfaction about their Peace Corps experience. About 90 percent of the volunteers considered their jobs to be useful for the development of the country in which they are serving.

This overwhelming endorsement by the volunteers of the Peace Corps and their own individual work is a strong indication of the high morale and the dedication of more than 6,000 Peace Corps Volunteers to their work of improving the lives of the citizens of the 69 countries in which they are located. These American men and women are now in 27 countries in Africa, 22 in Latin America, and 20 countries throughout the rest of the world. Working principally in the fields of agriculture, health and education, the volunteers are also engaged in a myriad of projects in such other fields as small business development, the establishment of cooperatives, the promotion of conservation, providing constructive projects for the young, and urban development.

Let me mention another indicator of the volunteers' satisfaction with their Peace Corps experience. Twenty-four percent of ACTION's full-time personnel are former Peace Corps Volunteers. Included in their numbers are Peace Corps Country Directors, a Regional Director and Deputy Regional Directors for domestic operation, and many of our other key employees. We consider ourselves fortunate that the talent of so many ex-volunteers, honed by experience in the field, remains available to us.

#### ATTITUDES OF HOST COUNTRIES

The satisfaction of Peace Corps Volunteers with their jobs is matched by the satisfaction of the governments and people of the countries in which they serve. The demand for our volunteers is consistently high. Host countries continue to make significant contributions to Peace Corps. In fiscal year 1977, we anticipate receiving some \$4 million in cash and in-kind contributions. In addition to this \$4 million, host countries routinely provide substantial amounts in support of enterprises in which Peace Corps Volunteers are engaged.

Chiefs of state, ministers of education and health, and average citizens of these nations have heaped praise on the work of Peace Corps. Commendations such as the following from Vice Chancellor L. F. Brosnahan of the University of the South Pacific in Fiji are typical:

There is little doubt that if the Peace Corps assistance in Staffing were to be withdrawn, the teaching programs of the University would need to be terminated, to the detriment of the educational development of the South Pacific Region.

Let me cite one specific example of the respect which the Peace Corps commands. Not too long ago, in an African country, a coup replaced a civilian government with one controlled by the military. As soon as the new government came to power an immediate ban was imposed on all intra-country transportation, and travel outside the country was severely curtailed.

Several days after the coup, our Peace Corps Country Director received a call from a high ranking official of the new government. Despite the general prohibition on internal transportation, the official informed our Director that the ban did not apply to the Peace Corps.

This official informed our Director that the new government was composed of individuals who had grown up in villages throughout the countryside. They had seen Peace Corps Volunteers in action. They had gained a great respect for what Peace Corps could do and was doing. And they wanted that to continue.

#### PEACE CORPS MISSION

The Peace Corps continues to pursue its three goals throughout the world—without fanfare, in places that are far from center-stage in the world, and among people whose poverty-stricken existence generally goes unnoticed. It imparts skills and provides technical assistance. It provides cultural interchange. But its aim above all—an aim that Congress specifically set down in the Peace Corps Act 15 years ago—is to promote world peace and friendship. The Peace Corps is the only agency of the United States that is charged with a specific statutory mandate for this mission.

I want to pay a deserved tribute to one group of Peace Corps Volunteers. In the aftermath of the horrible earthquake last February in Guatemala that left over 25,000 dead and more than a million people homeless, all 130 Peace Corps Volunteers were immediately engaged in relief efforts at strategic points in the country to assist in the delivery of health care and food. I am pleased to note that every single volunteer is safe and none of our volunteers was seriously injured by the earthquake. Their services are being utilized by such agencies as CARE, Catholic Relief Services, Red Cross, and the famous Bherhorst Clinic. Since our volunteers live in all parts of Guatemala, speaking the native tongue and understanding the needs and mores of the people, they are uniquely able to assist the relief programs in remote areas of the country. In one area, 12 of the 27 persons working in a CARE relief project are Peace Corps volunteers. And six others are former volunteers.

#### THE PEACE CORPS VOLUNTEER

Peace Corps volunteers do not all come from the same mold. In age they range from 20 to 80, although two-thirds of them are in

their twenties. Sixty-three percent are men and 37 percent women. Seventy-four percent are college graduates. The percentage of older volunteers is higher than it was in the early days of the Peace Corps. At present, 333 volunteers are over the age of 50.

An attempt in a short statement to summarize the activities of more than 6,000 Peace Corps Volunteers would produce only a confused blur. Rather than make such an attempt, I would like to speak for just a few moments about one Peace Corps Volunteer, Douglas Spidle.

After working for more than 25 years as an electrical lineman in Nevada and on the west coast, Douglas Spidle, 49, of Las Vegas, decided that he wanted to do something different—"to do more than just make a weekly wage."

A year ago, Spidle, who has two married children and four grandchildren, joined the Peace Corps. Last fall, he and his wife, Mary, moved to Ecuador where he serves as a volunteer lineman for the country's rural electrification program.

"I'll never make a million dollars doing this and sometimes the job gets so frustrating I feel like heading home on the next plane," said Spidle. "But despite the frustration, I can see results in my program. You know you have helped somebody, and these people need help so badly."

Spidle is the only Peace Corps lineman working for the Instituto Ecuatoriano de Electrificación (INECEL), the country's electrification agency. The volunteer works mostly in rural areas, spending two or three weeks at a time assisting in the construction and maintenance of isolated power plants and other electrical projects.

One of the least developed countries of South America, Ecuador has considerable hydroelectric power potential. Since the early 1960's, the government has set a high priority on electrical development by INECEL.

"About 75 percent of the country's small rural areas have no electricity at all, and some others might have it for one or two hours a day. Some people out in the campo (countryside) have never even used electricity," said Spidle. "One 25-watt bulb in a house is considered real electrical power in most rural areas. There are no electrical appliances except in the larger towns."

The electrification project desperately needs experienced electrical linemen to train Ecuadorian crews to string wire, plant poles, run transmitters and generators, and to teach unskilled foremen to train and supervise line workers. If enough skilled electrical craftsmen volunteer for this work over the next few years, INECEL would have the expertise it needs to finish the electrification project without outside help.

Because of INECEL's urgent need for linework expertise, the Ecuadorian government and the Peace Corps have arranged for Spidle to recruit volunteer linemen in the United States. He has interrupted his work for one month to tour the country in search of eight experienced linemen to serve INECEL for 2 years as Peace Corps Volunteers.

Spidle's 2-year tour in the Peace Corps will be completed in the fall of 1976, but he may extend for another year's service in Ecuador. "I don't know right now. I just take 1 day at a time," he said. When he

leaves Ecuador, he plans to join Volunteers in Service to America (VISTA) to assist in electrical development on an Indian reservation.

#### THE PEACE CORPS BUDGET

For fiscal year 1977 we are requesting \$67,155,000, which is \$14,118,000 below the previous year's request. As you know, the President, in his fiscal year 1977 budget, has proposed cutting the rate of growth in federal spending in half. The President has also proposed permanent tax reductions which, combined with his spending policy, would promote sustainable economic growth and lead to a balanced budget within 3 years.

To accomplish these objectives, savings have to be made in many government programs, among them the Peace Corps. Our reduction will be mainly in program support and training activities and will have a minimum impact on volunteer levels. We plan a decrease of only 257 volunteer work-years. During fiscal year 1977, Peace Corps will provide 5,708 volunteer years of service and there will be 3,370 volunteer trainees. As far as possible we will compensate for the reduction in resources by maximum efficiency in using available resources.

In fiscal year 1977 the Peace Corps expects to serve in 67 countries. During fiscal year 1976 and the transition quarter, Peace Corps will complete its program in Iran, India and Mauritius. At present we plan to enter at least one new country—Haiti. A careful evaluation of our program in many host countries is currently underway. Close study or negotiations have commenced with several countries around the world on the possibility of establishing Peace Corps programs in those nations.

The reduction in the budget is made in the three major activity areas: Program Support, Training and Specialized Recruiting, and Volunteers.

Of the three activities, the largest reduction comes from Program Support, which develops, maintains, and coordinates Peace Corps programs abroad, provides administrative and technical support to volunteers already on the job, and supervises in-country training programs. We propose to reduce this activity by \$8,641,000, requesting for fiscal year 1977, \$29,487,000. This decrease is attainable in the following way:

1. The assumption by the State Department of a major part of the costs of services previously paid by the Peace Corps under the Shared Administrative Services, amounting to \$3,130,000.

2. A reduction in the Washington staff and the associated costs such as travel, equipment, supplies, and building rental, totaling \$799,000.

3. A reduction in overseas support by \$1,574,000. Although the number of staff positions abroad will only be slightly reduced, there will be a savings in salaries, support, and travel. Also, no purchase of new vehicles is planned in fiscal year 1977, a reduction of \$600,000 from the amount to be spent in the current fiscal year.

4. A reduction in program evaluation by \$210,000.

5. A reduction in agencywide costs by \$2,928,000, resulting from changes in recruitment as well as reductions in public affairs and communications, planning and policy development, and management and

administration. In part this reduction also reflects a change in the formula for allocating agencywide costs which reduce the share of such costs attributed to ACTION's international operations.

We recognize, however, the fact that support can be reduced only so far without seriously impairing the effectiveness of the volunteer. We are determined to monitor closely the effects of cuts in support activity in order to avoid this danger.

Secondly, we are asking for \$7,467,000 for training and specialized recruiting, a reduction of \$1,386,000. The estimated decrease of \$785,000 in preservice training is because the cost per trainee-week and the number of trainee entries have both been reduced. Since all on-board volunteers will have received in-service training in fiscal year 1976 and the transition quarter, this activity will be cut by \$307,000. Also, a reduction will be made of \$294,000 in the intern programs because of our added emphasis on small contracts with specialized groups to identify individuals with scarce skills who would like to join the Peace Corps.

Thirdly, the total number of volunteer years will be reduced by 257, or 4% in volunteer activity. There will be a total savings of \$3,750,000 for such volunteer support as travel, subsistence, support of dependent children, leave, and various allowances. The amount requested for this activity is \$34,226,000.

The consequence of the most recent action taken by the Congress on readjustment allowances is not included in our proposed budget. The Conference Committee on appropriations for foreign assistance for fiscal year 1976 has recently specifically earmarked part of Peace Corps total appropriation for increasing the Peace Corps readjustment allowance for each volunteer to \$125 a month.

Also, as you know, the House has mandated the identical increase in the Peace Corps authorization bill for fiscal year 1977. The cost of this action will mean \$3,978,000 for fiscal year 1977, which is not included in our budget. Therefore, we estimate that we would have to reduce our volunteer years for fiscal year 1977 by approximately 540 from the level in our budget request. A reduction of this magnitude—some 9 percent—would bring us to the lowest number of volunteers since 1963, the second year of Peace Corps' existence.

We are also requesting that you authorize the appropriation of such sums as may be necessary for the operation of the Peace Corps in 1978. In view of the requirement of the Congressional Budget Act that our request for authorization for fiscal year 1978 be submitted to you prior to May 15 of this year, a request for such sums as may be necessary seemed to us to be the best approach. We will be pleased to make a more precise presentation of our needs for fiscal year 1978 at a later date.

Finally, we are requesting authorization of such sums as may be necessary for both fiscal year 1977 and fiscal year 1978 for increases in salary, pay, retirement, and other employee benefits that may be authorized by law.

#### TRENDS IN PEACE CORPS

During fiscal year 1976, several significant trends have emerged within Peace Corps.

There is an increasing emphasis on using volunteers with a generalized educational background and giving them concentrated training to equip them for specialized areas of service.

Based on lessons learned in fiscal year 1975, with alternate methods of recruiting and placing volunteers, a new recruiting and placement system went into effect at midyear to shorten the timelag between these two functions and to avoid securing large numbers of applications which create false hopes among potential volunteers.

The placement function has been shifted organizationally to International Operations where it can be more responsive to field needs, and the recruiters are armed with much more specific and timely program information.

Internal administration has been further tightened with resultant reductions in staff personnel and the establishment of clear lines of authority and responsibility.

To insure continuity and an increased level of professionalism in the recruitment area, WAE (when actually employed) recruiters are being converted to permanent General Schedule seasonal employees in fiscal year 1976.

A review of relationships with the voluntary organizations, USAID and volunteer exporting organizations in other countries is underway. Out of this study will come a plan for defining and re-emphasizing the opportunities for cooperation with them.

Records of innovative and distinctive projects and programs from all over the world over the past 15 years as well as various manuals written by Peace Corps volunteers in the field are being compiled for use in the international aid field.

We believe that the original concept of the Peace Corps remains as solid today as it was in 1961. The people of the United States wish to express their concern for, and interest in, the peoples of other countries through an organization which brings Americans into close contact with the people of other lands. For 15 years the Peace Corps has been the major organization through which this concern has been expressed.

The original concept of the Peace Corps has within itself some of what is best in the American tradition. We want to retain those elements as an essential part of the organization. Beyond this, we will be exploring changes in policies and procedures where such changes will help us carry out the mandate of our mission.

The past 15 years have demonstrated the deep and abiding value of the contributions which Peace Corps has been able to make to Americans and to the world. Under the guidance and with the continued support of the Congress the Peace Corps eagerly looks forward to continuing this great and successful effort.

The CHAIRMAN. And for my part, I am very glad to have this report from you.

#### PEACE CORPS OPERATIONS AND TURNOVER

In how many countries does the Peace Corps operate?

Mr. BALZANO. At present, we are in 69, Mr. Chairman.

The CHAIRMAN. How many Peace Corps workers would there be typically in a country?

Mr. BALZANO. Mr. Chairman, that would range quite a bit, from a very few in some to a great many in others. But the average is about 100 per country.

The CHAIRMAN. Is there much turnover in the Corps?

Mr. BALZANO. Every 2 years, Mr. Chairman.

The CHAIRMAN. But they stay for the full time?

Mr. BALZANO. Yes, we have some who will leave before the two years, and we also have some who extend beyond the 2 years of duty.

The CHAIRMAN. Senator McGovern, do you have some questions?

#### PLANNED REDUCTION IN PEACE CORPS' SIZE

Senator McGOVERN. Mr. Balzano, it is my understanding, from your testimony, that you are planning a reduction in the size of the Peace Corps. Is that correct?

Mr. BALZANO. 257 volunteer-years. That is correct.

Senator McGOVERN. What is the relative size of the Peace Corps today and the number of enrollees as compared to, say, 1968?

Mr. BALZANO. We can provide you with the exact figures.

Mr. GANLEY. It is roughly about 50 percent, sir.

[The information referred to follows:]

#### RELATIVE SIZE OF PEACE CORPS TODAY AND IN 1968

[Supplied by ACTION:]

The total number of volunteer years for fiscal year 1968 was 11,784. We project using 5,708 volunteer years for fiscal year 1977.

Senator McGOVERN. Is the need comparatively less today than it was 7 or 8 years ago, or why has there been that kind of a reduction?

Mr. BALZANO. Senator, there are a number of reasons for the decline.

On the one hand, the environment in which Peace Corps operates is markedly different than it was 4 or 5 years ago. Host country requests have become far more specific with respect to scarce skills. At the present time, even with all the improvements made in recruiting operations, we still would have to make further improvements to recruit the kinds of skilled persons that these nations are requesting.

But it must be understood by members of the Committee that some of the requests for skills by the developing countries at this time are so difficult to fill that we are now competing with private industry for these same individuals. A country might ask for such a specific person as a Ph. D. in agronomy, who is a male under 25 years of age, and who speaks French. There are not enough people interested in joining Peace Corps in the whole population that could fill all of these requests.

On the other hand, we have to recognize how the international environment has changed. There is rising nationalism. There is a desire on the part of the developing countries to turn to their own populations to provide the kinds of services offered by Peace Corps.

I think this is one of the reasons why we had a rise in the requests for the establishment of domestic programs overseas.

Senator McGOVERN. But the implication of that is that the demand for Peace Corps volunteers is the key factor in explaining the fact that we have fewer of them. Is that really true?

Mr. BALZANO. I would say that is probably the principal reason.

Senator McGOVERN. Do you really mean that the countries around the world are not as interested in getting Peace Corps support and that explains why we have cut back on the number we are offering?

Mr. BALZANO. Senator McGovern, I am not quite sure of the thrust of your question.

Senator McGOVERN. The thrust of my question is very clear. Did you reduce the program because the demand for it is decreasing?

Mr. BALZANO. In some countries, yes.

Senator McGOVERN. What about the world as a whole?

Mr. BALZANO. In other countries, we had some programs that we felt were not as high on the priority list with respect to the host governments and our own priorities. We had to close out a number of programs in Latin America, for want of—not funds—but a better working relationship and understanding between ourselves and the host government.

Quite frankly, there have been other pressures placed upon us, some coming from the Congress of the United States, to move out of certain countries. This is a question that I feel uncomfortable addressing, but perhaps should be addressed.

Senator McGOVERN. The reason I think it should be addressed is that there is a considerable portion of your statement devoted to making the case that the Peace Corps is very popular and very much in demand and making an important contribution to the development of other countries. But you conclude with the report that you are going to cut it back, that it has already been substantially reduced in size and that further reductions are projected for fiscal 1977.

What I am trying to find out is whether that is to save money or because we do not have any real demand for the program. I cannot correlate the reduced budget with the first part of your statement, explaining how necessary this program is.

Mr. BALZANO. Senator McGovern, we are meeting all present host country requests for manpower that we can, given two factors. The first one is the ability to fill scarce skills; and the second is dollars. We are not saying that, if we had more dollars, we could fill some of these requests. Some of the requests are still so esoteric that no amount of money will attract those persons with those scarce skills. So it is not just a question of either/or.

Second, we simply have to wait for a request for volunteers from host countries. There are a number of countries right now that have made inquiries about getting volunteers of the Peace Corps placed in their country. Should these countries make the necessary agreements and then make the request, we might need more money. But at the present time, we think the Peace Corps has reached its optimum size, given the national and international situation.

#### COMPARATIVE NUMBERS OF APPLICATIONS RECEIVED AND ACCEPTED

Senator McGOVERN. How many requests for Peace Corps volunteers have you turned down in the last year? In other words, what is the rough comparison between the number of applications that you receive and the number you accept?

Mr. GANLEY. There are two question that you are asking:

One is the number of Americans who are willing to serve; and the other is the number of requests for a specific type of volunteer which have been generated from the host country.

We are now filling about 76 percent of the requests.



Mr. DELLENBACK. In 1976, Senator McGovern, we received requests for some 4,384 positions, of which we were able to fill 3,282.

Senator MCGOVERN. These are country requests?

Mr. DELLENBACK. These are requests from the country where we have actually worked out the programs, Senator. We have tried to find those particular skills requested and we were able to fill in 1975, 3,296 from about 4,311 such requests.

So, as Mr. Ganley stated we fill about 70 percent of those requests, which were not for generalist volunteers, but which took a special effort on our part to find.

Senator MCGOVERN. If you are only filling 70 percent of the requests, why are you trimming the program back?

Mr. BALZANO. I think the point there, Senator, is again the skills requested. The growing sophistication of the developing countries has led to their asking for increasingly more difficult skills. Our problem is not one of total numbers. Our problem is one of quality, of meeting the required skills.

Senator MCGOVERN. Do you mean to tell us that you cannot find 4,400 Americans who can fill these requests? It seems hard for me to accept the fact that with 8 million or 10 million people unemployed and tens of thousands of college students, some of them with graduate degrees, coming out who cannot find jobs, that we could not fill a request for 4,400 volunteers.

Mr. BALZANO. Senator McGovern, I accept that logic of that proposition. We reasoned exactly the same way, but were disappointed in the results of our recruitment during periods of unemployment. Even on the domestic side, we initiated some programs which we thought were going to attract certain unemployed skilled people, particularly those in the Seattle area who were with the aircraft industry. And what we discovered was that those people simply did not join a volunteer program. And the same thing is true in recruiting for our overseas programs. The kind of person that volunteers for our program is a dedicated, committed person. And it is not a question to him of seeking some alternative for making a few dollars for a few years. It just does not work out that way.

#### PRINCIPAL LIMITATION ON SIZE OF PEACE CORPS PROGRAM

Senator MCGOVERN. Is that really the principal limitation on the size of this program, that you cannot find qualified Americans to do these 4,400 jobs?

Mr. BALZANO. Yes. Let me give you just one specific example.

Eight years ago, the kind of skilled person that we put into Latin America which was requested and acceptable in most Latin American countries at that time was the B.A. generalist. He would probably be assigned to teaching in a college, working in community action, or assisting in community development in a major city.

Today, most of the Latin American governments want people with scarce skills—agriculture backgrounds, industrial or vocational education—and they do not want them in the cities. That factor alone has reduced by 50 percent the number of volunteers we would have sent to Latin America eight years ago. What was our field strength in Latin America 10 years ago?

Mr. GANLEY. Ten years ago, it was probably double what it is now.

Mr. BALZANO. That shift alone has been because the host country desires to move away from the B.A. generalist and into the scarce skill field.

Senator MCGOVERN. Mr. Balzano, in your statement you tell us that you are going to ask a reduction of \$14 million below last year's request, that you are going to ask a drop from about \$81 million down to \$67 million.

Now the House disagreed with that. They voted you \$31 million for fiscal 1977. If the Senate were to do the same thing, what would you do with those additional funds, with that \$14 million that goes beyond the request that you say you need?

Supposing the Senate agrees with the House that you need as much money in this coming fiscal year as you need in the current year, what would you do with the funds?

Mr. BALZANO. Senator McGovern, we will try very hard to carry out the wishes of the United States Congress. Quite frankly, we do not have a specific plan as to how we would spend that money.

I can tell you one or two areas where we might use some of the additional money. Specifically, the increase in the readjustment allowances for volunteers, for which we have not been given funds as well as some overseas conferences that we decided we were not going to hold this year. That alone would cost about \$400,000.

But quite frankly, I am not sure where we would spend the additional money. We are entering one country now, but we are still in the negotiations stages.

At the suggestion of some Members of the Congress, we have been asked to move out of some countries. To accomplish that we are reducing the staff. And, in one or two other countries, we have as many staff members as volunteers. We cannot let that situation exist.

And so, in all honesty, we do not know what we would do with that money. I am sure we will find a way to spend it; I mean it happens all the time.

Senator MCGOVERN. I am not interested in simply getting rid of the money. But it does strike me as very odd that when we have economies, they usually come in programs of this kind.

You talk about the President wanting to cut the rate of growth in Federal spending. We are not talking about the rate of growth here. We are talking about a rather substantial decline in absolute terms. We are talking about dollars that do not buy as much in 1977 as they bought a few years ago. And you are asking for a cut in the absolute totals, not any reduction in growth rates.

A few days ago, I testified before the Senate Armed Services Committee, asking them to hold up for a while and take another look at this B-1 bomber program. Do you know that one single B-1 bomber costs more than \$81 million, costs more than your whole program? You could run the whole Peace Corps for less than it costs to produce one of those bombers, and I am not talking about the operational costs. This is just to build it and put it on the line. That is going to be more than the annual operating budget of your whole Department, all your permanent personnel, all your volunteers in the field.

All I am suggesting to you is that I find it hard to understand, looking at the problems of the world, where you have about two-thirds of the people in a development process where, it would seem to me, they need some technical help and guidance, that that is the area where the Administration has chosen to make a substantial cut.

It would just seem to me that there ought to be enough imagination in that agency to figure out how to at least hold the line in the budget you have now, without wasting money, and yet putting some of these idealistic young Americans to work doing something worthwhile.

The CHAIRMAN. Thank you, Senator McGovern. Would you object if we break in right here.

[The committee proceeded to discuss other business.]

Senator MCGOVERN. It is my understanding we now go back to the Peace Corps authorization matter. Mr. Balzano and his colleagues are still with us. I have completed my questions. Senator Case, do you have any?

Senator CASE. No questions.

Senator PELL. No questions.

Senator MCGOVERN. Senator Javits.

#### COMMENDATION OF PEACE CORPS

Senator JAVITS. Mr. Balzano, first, I am very pleased with the operation of the Peace Corps myself, and I join with Senator McGovern in the suggestion to you and to our former colleague, Mr. Dellenback, that you do not hesitate to come back to us if there is a deserving case for more people. There is no cutoff here and now. And, second, I wish to express my concurrence with the action of the House on the \$81 million figure and the reservation respecting the readjustment allowance, which I wish very much to see paid.

#### SELF-HELP OR OTHER RESOURCES FACTOR

Last, may I ask you this question? In determining what countries you are going into or to what extent you will go into them, do you consider the self-help or other resources available; in other words, whether a country really does not need us; it can do it itself, or that there are other agencies, whether they are other national agencies or international agencies, which can supply the need so that our evaluation and decision is made on a needs basis?

Mr. BALZANO. Senator Javits, the question of need is one of the greatest considerations for the Peace Corps prior to entering a country. But let me have our Director of the International Operations add some specifics to that matter.

Mr. DELLENBACK. Senator Javits, we very much appreciate the warm support which you have just expressed for the Peace Corps and which you have given us over the years, as has this committee.

In response to your direct question, we do look at a number of factors. For example, we look at the degree of economic development and need in the country. We look at their proposed use of the volunteers. We look at the cross-cultural exchange. We look at program efficiency and program quality. We look at volunteer satisfaction and the host country's support. We do look at what other kinds of assist-

ance—private or government—are available. We do not use any of the above criteria as the sole factor for program development because we are mindful of the mandate that the Congress has given the Peace Corps, that its basic purpose is to promote world peace and friendship.

Senator JAVITS. I think we are interested in the Congress in non-duplication. We are delighted if other people will help to carry the AID burden or the Peace Corps burden or any other burden, but we are not looking for business, and that is what I think is very important to emphasize by your agency, that we have cognizance of what others are doing, and we are not trying to sell our stuff, as it were.

Mr. BALZANO. Senator, if I may, that is an excellent point. Over the last four years, we have made a concerted effort to obtain host country contributions, either in cash or in kind, to support our programs in those countries. We have required that there is a justified need plus a willingness on the part of the country to provide something in the way of assurance that they really, in fact, do want these programs.

So, we could not agree with you more.

Senator JAVITS. Mr. Balzano. I am glad to hear you say that, and when the time comes to report out the bill, which I hope we will do today, I shall ask our committee to include an adequate and full statement drafted in cooperation with the agency in the report so that hopefully the policy of the United States may be clear on that score.

#### PEACE CORPS' NON-DUPLICATION

Mr. DELLENBACK. May we point out one additional fact, Senator. That is that, to a considerable degree, the Peace Corps is unique in that we are supplying volunteers. And thus, we are, only to a minimum degree, competitive with some agency, like AID or programs which basically deal material support.

We try to coordinate what we do, as we did in the Sahel, but we had people there, not duplicating in any way other agency's work, but coordinating very closely with them. So much of what we strive to do with people on a low-level technological basis is not duplicated by others.

Senator JAVITS. And in your reports, I hope very much that you will cover this point very, very thoroughly. Thank you, Mr. Chairman.

Senator MCGOVERN. Senator Clark.

Senator CLARK. No questions.

#### AMOUNT EQUAL TO CURRENT FISCAL YEAR RECOMMENDED

Senator MCGOVERN. If there are no other questions, I guess you gentlemen may be dismissed. I would like to suggest to the committee that we recommend an amount equal to the current fiscal year which would bring our recommendations on the Senate side into line with what the House has already done. The Peace Corps is now operating at a budget of about \$81 million a year. The administration has requested a cut of some \$14 million, but in view of the needs of countries around the world and the number of unmet applications that we have here at home, it seems to me to make sense that we at least hold the

budget at the present level. I would like to move for the committee's consideration that we hold the budget at the fiscal 1976 level. That is \$81 million.

Senator CASE. How does that fit in with the estimates we submitted to the Budget Committee.

Senator JAVITS. The administration request is \$67 million.

Senator CASE. The estimate we submitted to the Budget Committee was \$71 million. So we are going ahead by 10 over our own previous action.

Senator JAVITS. Mr. Chairman, Senator Case is right, but we can add the 10 because it is a figure for the readjustment allowance when, and if they actually have to use it, there is sufficient room in the budget for an extra \$10 million here. So I would like to join with the Chair.

Senator CASE. I certainly have no objection. I just wanted to know what it did in relation to this previous action we have taken. If it is appropriate, then I join also in that.

Senator McGOVERN. Those in favor of a budget recommendation at the present level of \$81 million, say aye.

[A chorus of ayes.]

Senator McGOVERN. Those opposed, no.

[No response.]

Senator McGOVERN. The ayes have it.

#### REPORTING BILL FAVORABLY MOVED

Senator JAVITS. I move, Mr. Chairman, we report the bill favorably.

Senator McGOVERN. Without objection, so ordered.

Mr. HOLT. And this would be the House Bill without amendment.

Senator McGOVERN. That is correct. Thank you, Mr. Balzano, and members of the ACTION program.

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## AMENDING FURTHER THE PEACE CORPS ACT

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MARCH 4, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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Mr. MORGAN, from the Committee on International Relations, submitted the following

### REPORT

[To accompany H.R. 12226]

The Committee on International Relations, to whom was referred the bill (H.R. 12226) to amend further the Peace Corps Act, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

#### COMMITTEE ACTION

Executive Communication No. 2434, dated January 30, 1976, was referred by the Speaker to the Committee on International Relations. It contained draft legislation providing for the authorization of appropriations for the Peace Corps for fiscal 1977 and 1978. That legislation was introduced by the Committee chairman, by request, as H.R. 11711, on February 4, 1976.

The committee held a public hearing on the proposal on February 26. Testifying were the Honorable Michael P. Balzano, Jr., Director of ACTION, and the Honorable John Dellenback, Associate Director of ACTION for International Operations (Peace Corps).

On March 2, the committee met in an open markup session of H.R. 11711 and adopted three amendments. The chairman was requested to introduce the amended proposal as a "clean" bill, which he did the same day as H.R. 12226. Eight other members of the committee co-sponsored the proposal, including Representatives Zablocki, Fraser, Hamilton, Meyner, Bonker, Buchanan, Whalen and Biester. The bill was ordered reported from committee on March 3 by a voice vote.

#### PRINCIPAL PURPOSE OF THE LEGISLATION

The principal purpose of the legislation is to authorize an appropriation of \$81,000,000 for the Peace Corps for fiscal 1977.

The bill also increases the readjustment allowance for Peace Corps volunteers from a maximum of \$75 per month of service to a minimum of \$125 per month, beginning with months of service completed after September 30, 1977.

#### THE MISSION OF THE PEACE CORPS

The Committee continues to believe that the Peace Corps serves a useful purpose by providing an "extra dimension" to United States foreign policy in many parts of the world. The mission of the Peace Corps is threefold:

1. To help the people of developing countries and regions in meeting their needs in agriculture, education, health and other areas;
2. To help promote a better understanding of the American people on the part of the peoples served; and
3. To help promote a better understanding of other peoples on the part of Americans.

For 15 years, the Peace Corps has been accomplishing those goals. H.R. 12226 authorizes funds necessary for the agency to continue to recruit and train American volunteers to serve abroad as important participants in effort to combat problems which beset poor peoples.

A dramatic illustration of the practical value of Peace Corps volunteers was described by ACTION director Balzano, during his appearance before the Committee:

I want to pay a deserved tribute to one group of Peace Corps Volunteers whom John Dellenbeck visited only last week. At this very moment, in the aftermath of the horrible earthquake in Guatemala that left over 20,000 dead and more than a million people homeless, all 130 Peace Corps Volunteers there are engaged in relief efforts, located at strategic points in the country to assist in the delivery of health care and food. I am pleased to note that every single volunteer is safe and none of our volunteers was seriously injured by the earthquake. Their services are being utilized by such agencies as CARE, Catholic Relief Services, Red Cross, and the famous Bherhorst Clinic. Since our volunteers live in all parts of Guatemala, speaking the native tongue and understanding the needs and mores of the people, they are uniquely able to assist the relief programs in remote areas of the country. In one area, 12 of the 27 persons working in a CARE relief project are Peace Corps volunteers. And 6 others are former volunteers!

During fiscal year 1977, the Peace Corps will be carrying on programs in 67 countries, training at least 3,370 Americans as new volunteers, and maintaining at least 5,708 volunteer years of service abroad. Currently, Peace Corps volunteers range in age from 20 to 80, although two-thirds of them are in their twenties. Sixty-three percent are men and thirty-seven percent are women. Seventy-eight percent are college graduates. The percentage of older volunteers is higher than it was in the early days of the Peace Corps. At present, 333 volunteers are over the age of 50.

#### FUNDING FOR THE PEACE CORPS

The Executive Branch requested a two-year authorization for the Peace Corps—\$67,155,000 for fiscal 1977 and "such sums as may be necessary" for fiscal 1978. Because the Committee has believed that such open-ended authorizations are unwise and because it was not possible for the Peace Corps to come forward with firm fiscal 1978 figures, the authorization was limited to a single year.

For fiscal 1977, the Committee authorized \$81,000,000 for the Peace Corps. That is \$7.5 million less than the Congress authorized for the same purpose in fiscal 1976 and just \$1 million more than the appropriations level approved by the House for fiscal 1976.

The committee increased the authorization for the Peace Corps over the Executive Request for two basic reasons:

First, as a result of committee oversight of Peace Corps operations, it was clear that past reductions in Peace Corps budgets had cut screening, training, medical aid and other field support for the volunteers to the point where the effectiveness of the program was in jeopardy. Further budget reductions, without a drastic reduction in the numbers of Peace Corps volunteers, could well have a very injurious effect.

The committee believes that quality of Peace Corps programs and volunteers is to be emphasized over numbers of countries served and numbers of volunteers. In that context, the committee believes that at least fifty percent of the increase authorized over and above the budget request should be used to strengthen recruitment, screening, training, field support including medical aid, and staff support overseas.

Second, the committee provided additional funds to pay for an increase in the readjustment allowance paid to volunteers after the end of their tours of service.

#### READJUSTMENT ALLOWANCE INCREASE

In response to a clear need for action, the Committee last year amended the Peace Corps Act to increase the ceiling on the readjustment allowance paid to volunteers upon the completion of their tours from \$75 per months of service to \$125 per month. At the same time, it authorized the estimated additional funds needed to cover the increase—the first since the Peace Corps was founded in 1961.

Subsequently, however, the Peace Corps took the position that it would increase the allowance only to the extent that the appropriation for fiscal 1976 exceeded its budget submission to Congress which had not included an increase in the allowance. Further, it was prohibited by the Office of Management and Budget from requesting the Appropriations Committees for the additional needed amount. The Foreign Assistance and Related Programs Appropriation Bill for fiscal 1976, as reported from the Appropriations Committee, does not contain the funds for an increase in the adjustment allowance. As a result, despite the new ceiling the volunteers are likely to be compensated at the old \$75 per month rate in fiscal 1976.

The committee believes strongly that the volunteers deserve an increase. Inflation has whittled away their \$75 per month. Virtually every other program, allowance or salary level in the government has

been adjusted upward to reflect the decline in the purchasing power of the dollar; our Peace Corps volunteers deserve no less.

Acting on its belief, the committee has amended the Peace Corps Act to set \$125 per month as a minimum amount of compensation, rather than as a ceiling. It has provided an increase in the fiscal 1977 authorization sufficient to cover the increased cost, which the Peace Corps estimates at \$4 million annually.

#### PEACE CORPS PROGRAMING IN RELATIVELY AFFLUENT COUNTRIES

During the Peace Corps hearings and markup in 1975, the committee devoted considerable discussion to the problem of Peace Corps programs in relatively prosperous countries of the developing world—especially those countries which have amassed considerable wealth through oil production and increases in the prices of raw materials in recent years.

In its report on the bill, the committee noted:

Peace Corps programs should, in the committee's judgment, be concentrated in those developing areas which are demonstrably in need of such assistance and should be phased out of countries with the means and resources to underwrite their own development efforts.

Two countries, Iran and Venezuela, were singled out. During the past year the Peace Corps has responded to this criticism by phasing out the Iran program entirely and reducing the number of volunteers in Venezuela to five.

While pleased by these actions, the committee believes that there is still room for improvement. The attention of the committee was drawn to the case of Brazil. Brazil is the economic giant of Latin America, with a gross national product above \$80 billion and an annual growth rate in recent years of around twelve percent. Yet, Brazil has steadily and sharply reduced its contribution to our Peace Corps effort in that country every year since fiscal year 1974. This coming fiscal year, even though Brazil has a sizable Peace Corps program, it will contribute only \$10,000. That is one percent of the total cost—down from 1.5 percent this fiscal year—which is less than one-fifth of the average percentage contribution by host countries.

The situation clearly indicates that the Peace Corps should consider terminating its Brazil program. Similar action may be called for in other, more prosperous countries in Latin America and Asia.

#### OVERSIGHT OF PEACE CORPS ACTIVITIES

The Committee on International Relations has devoted considerable attention to oversight of Peace Corps activities. In 1972 a staff study team was sent to four countries in Asia to review the agency's operations. Just last fall, the same staff team visited six countries in West Africa to look at Peace Corps programs. In their report, entitled

"The Peace Corps in West Africa, 1975," they cited a number of problems confronting the Peace Corps in that region. These problems include:

1. A lack of clear leadership related to the apparent inability of ACTION/Washington to maintain continuity in the country director position;
2. Inadequate staff support in the field because of drastic reductions in overseas staff positions and the failure to fill some authorized positions;
3. Inadequate advance programming and follow-up on Peace Corps-volunteer assignments;
4. Lack of coordination between Washington and the field, leading to confusion and misassignment of volunteers;
5. An insufficient level of medical care being afforded to volunteers in high-risk health areas;
6. Lack of preliminary screening procedures to select out unacceptable candidates before they are sent overseas.

As noted earlier, the committee has provided additional funds to the Peace Corps for fiscal 1977 with the express purpose of fostering improvement in these problem areas. The committee intends to work closely with the Peace Corps in eliminating deficiencies.

#### COST ESTIMATE

Pursuant to clause 7 of Rule XIII of the House Rules, the committee estimates that the costs involved in this legislation will be \$81 million for fiscal 1977, the amount of the authorization. Because of the many uncertainties involved in the international scene, it is not possible to estimate with any degree of accuracy the cost of the Peace Corps program over the next five years. No large increase in the program, however, is foreseen.

#### STATEMENTS REQUIRED BY RULE XI (1) (3) OF HOUSE RULES

##### A. OVERSIGHT FINDINGS AND RECOMMENDATIONS

The Committee, in addition to annual hearings on the Peace Corps, has sent staff study teams to review the agency's operations overseas. See the previous section.

##### B. BUDGET AUTHORITY

The legislation creates no new budget authority.

##### C. CONGRESSIONAL BUDGET OFFICE ESTIMATE AND COMPARISON

No estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974 has been received by the committee.

D. COMMITTEE ON GOVERNMENT OPERATIONS SUMMARY

No oversight findings and recommendations have been received which relate to this measure from the Committee on Government Operations under Clause 2(b) (2) of Rule X.

INFLATIONARY IMPACT STATEMENT

Given the fact that the proposed Peace Corps authorization accounts for about 21/1000ths of one percent of the administration's total budget for fiscal year 1977, it is not likely to have any identifiable inflationary impact.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

In compliance with clause 3 of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman) :

PEACE CORPS ACT

\* \* \* \* \*

TITLE I—THE PEACE CORPS

\* \* \* \* \*

AUTHORIZATION

SEC. 3. (a) \* \* \*

(b) There are authorized to be appropriated for fiscal year 1976 not to exceed \$88,468,000, [and] for the period July 1, 1976, through September 30, 1976, not to exceed \$27,887,800 for fiscal year 1977 not to exceed \$81,000,000, to carry out the purposes of this Act: *Provided, however,* That not to exceed \$500,000 of funds made available hereunder for fiscal year 1967 shall be obligated under contracts or agreements to carry out research: *Provided further,* That no such contracts or agreements shall be executed unless the research in question relates to the basic responsibilities of the Peace Corps. Unobligated balances of funds made available hereunder are hereby authorized to be continued available for the general purposes for which appropriated and may at any time be consolidated with appropriations hereunder. None of the funds authorized to carry out the purposes of this Act shall be used to carry out the Volunteers to America Program conducted under the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et. seq.), or any similar program involving the service or training of foreign nationals in the United States.

[(c) In addition to the amounts authorized for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976, there are

authorized to be appropriated for the Peace Corps for such year not in excess of \$1,000,000 for increases in salary, pay, retirement, or other employee benefits authorized by law.]

(e) *addition to the amounts authorized for fiscal year 1976, for the period July 1, 1976, through September 30, 1976, and fiscal year 1977, there are authorized to be appropriated for fiscal year 1976 and the period July 1, 1976, through September 30, 1976, not in excess of \$1,000,000, and for fiscal year 1977 such sums as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law.*

\* \* \* \* \*

PEACE CORPS VOLUNTEERS

SEC. 5. (a) \* \* \*

\* \* \* \* \*

(c) Volunteers shall be entitled to receive a readjustment allowance at a rate not [to exceed] less than \$125 for each month of satisfactory service as determined by the President; except that, in the cases of volunteers who have one or more minor children at the time of their entering a period of preenrollment training, one parent shall be entitled to receive a readjustment allowance at a rate not [to exceed] less than \$125 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however,* That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582(b) of title 5, United States Code. For purposes of the Internal Revenue Code of 1954 (26 U.S.C.), a volunteer shall be deemed to be paid and to receive each amount of a readjustment allowance to which he is entitled after December 31, 1964, when such amount is transferred from funds made available under this Act to the fund from which readjustment allowance is payable.

\* \* \* \* \*

PEACE CORPS VOLUNTEER LEADERS

SEC. 6. The President may enroll in the Peace Corps qualified citizens or nationals of the United States whose services are required for supervisory or other special duties or responsibilities in connection with programs under this Act (referred to in this Act as "volunteer leaders"). The ratio of the total number of volunteer leaders to the total number of volunteers in service at any one time shall not exceed one to twenty-five. Except as otherwise provided in this Act, all of

the provisions of this Act applicable to volunteers shall be applicable to volunteer leaders, and the term "volunteers" shall include "volunteer leaders": *Provided, however, That—*

(1) volunteer leaders shall be entitled to receive a readjustment allowance at a rate not **[to exceed]** *less than* \$125 for each month of satisfactory service as determined by the President;

(2) spouses and minor children of volunteer leaders may receive such living, travel, and leave allowances, and such housing, transportation, subsistence, and essential special items of clothing, as the President may determine, but authority contained in this paragraph shall be exercised only under exceptional circumstances;

(3) spouses and minor children of volunteer leaders accompanying them may receive such health care as the President may determine and upon such terms as he may determine, including health care in any facility referred to in section 5(e) of this Act, subject to such conditions as the President may prescribe in section 5(e); **and**

(4) spouses and minor children of volunteer leaders accompanying them may receive such orientation, language, and other training necessary to accomplish the purposes of this Act as the President may determine.

\* \* \* \* \*

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# Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

*Begun and held at the City of Washington on Monday, the nineteenth day of January,  
one thousand nine hundred and seventy-six*

## An Act

To amend further the Peace Corps Act.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) is amended by striking out "and" after "\$88,468,000," and by adding after "\$27,887,000," the phrase "for fiscal year 1977 not to exceed \$81,000,000,".*

SEC. 2. Section 3(c) of the Peace Corps Act (22 U.S.C. 2502(c)) is amended to read as follows:

"(c) In addition to the amounts authorized for fiscal year 1976, for the period July 1, 1976, through September 30, 1976, and fiscal year 1977, there are authorized to be appropriated for fiscal year 1976 and the period July 1, 1976, through September 30, 1976, not in excess of \$1,000,000, and for fiscal year 1977 such sums as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law."

SEC. 3. Of the amount appropriated for fiscal year 1977 to carry out the purposes of the Peace Corps Act, \$10,100,000 shall be available only for payment of the readjustment allowances authorized by sections 5(c) and 6(1) of such Act.

*Speaker of the House of Representatives.*

*Vice President of the United States and  
President of the Senate.*

April 28, 1976

Dear Mr. Director:

The following bill was received at the White House on April 28th:

H.R. 12226

Please let the President have reports and recommendations as to the approval of this bill as soon as possible.

Sincerely,

Robert D. Linder  
Chief Executive Clerk

The Honorable James T. Lynn  
Director  
Office of Management and Budget  
Washington, D. C.