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8 7/12/76

APPROVED
JUL 13 1976

THE WHITE HOUSE
WASHINGTON
July 8, 1976

ACTION
Last Day: July 13

MEMORANDUM FOR

THE PRESIDENT

FROM:

JIM CANNON

SUBJECT:

S. 3168 - Foreign Relations
Authorization Act, Fiscal Year 1977

Posted
7/12/76

archives
7/12/76

Attached for your consideration is S. 3168, sponsored by Senator Sparkman.

The enrolled bill authorizes FY 77 appropriations for the State Department, United States Information Agency, and Board for International Broadcasting. It also amends the Foreign Service Retirement Act to conform certain provisions of the Foreign Service Retirement system to comparable provisions of the Civil Service Retirement system.

A detailed discussion of the provisions of the enrolled bill is provided in OMB's enrolled bill report at Tab A.

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

RECOMMENDATION

That you sign S. 3168 at Tab B.





EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 7 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3168 - Foreign Relations
Authorization Act, Fiscal Year 1977
Sponsor - Senator Sparkman (D) Alabama

Last Day for Action

July 13, 1976 - Tuesday

Purpose

Authorizes fiscal year 1977 appropriations for the State Department, United States Information Agency, and Board for International Broadcasting and makes a number of changes in substantive law, including amendments to the retirement provisions of the Foreign Service Act.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
United States Information Agency	Approval
Board for International Broadcasting	Approval
Civil Service Commission	Approval
National Security Council	Approval (Informally)
Agency for International Development	No objection (Informally)
Department of Defense	
Department of Justice	No objection
General Services Administration	No objection (Informally)
Department of Commerce	No objection
American Revolutionary Bicentennial Administration	No objection
Department of Health, Education and Welfare	Defers to other agencies

DiscussionState Department

The enrolled bill authorizes fiscal year 1977 appropriations totalling \$1,054,992,453 for the State Department, approximately \$37 million more than the Administration's request. The major portion of this increase consists of three increases as follows:

- \$20 million initiated, as in the past, by the Congress to assist Soviet refugees resettling in Israel;
- \$12 million toward general expenses of the 1979 Pan American Games in San Juan, Puerto Rico (discussed in greater detail below); and,
- \$3.6 million to complete payment of the United States assessment against the calendar year 1974 budget of the United Nations Educational, Scientific and Cultural Organization (UNESCO), so that we may maintain our vote in the October 1976 General Conference. Under existing law, U.S. contributions to UNESCO are prohibited until the President certifies to Congress that UNESCO has taken satisfactory steps to reverse actions of a political character taken against Israel.

United States Information Agency (USIA)

S. 3168 authorizes a total of \$262,908,000 for the USIA for fiscal year 1977, \$1 million less than the Administration's request. The bill also authorizes the distribution of seven films and one exhibit produced by USIA within the United States in conjunction with the celebration of the bicentennial. Further, the bill establishes in law the principles which currently govern the operation of the Voice of America and contains certain other minor amendments.



Board for International Broadcasting

The enrolled bill authorizes \$58,385,000 for the Board for fiscal year 1977, including \$5 million not sought by the Administration for costs arising from exchange rate fluctuations. The bill also authorizes the Board to procure and hold title to radio broadcasting equipment, a measure the Administration did not seek because it could change significantly the nature of the Board from an oversight organization to an operational organization. Neither provision, however, is highly objectionable, since discretion is left to the executive branch to exercise them.

Personnel Provisions

With minor modifications, Title V of S. 3168 incorporates major revisions to the Foreign Service Retirement Act proposed by the Administration. These amendments would conform certain provisions of the Foreign Service Retirement (FSR) system (which applies to Foreign Service employees of State, USIA and AID) to comparable provisions of the Civil Service Retirement (CSR) system, and improve the financing of the FSR system. Among other things, the revisions would:

- parallel numerous changes enacted in recent years for the CSR system, on which the FSR system is patterned, and make necessary technical and conforming amendments. For example, the effective date and amount of cost-of-living adjustments under the FSR system would be changed to coincide with such adjustments under the CSR system. Thus, when the "1 percent kicker" is repealed under the CSR system, it will also be eliminated from the FSR system;
- authorize automatic future changes in the FSR system to maintain appropriate conformity with the CSR system without the need for further legislation. The bill provides that any Civil Service amendment generally applicable to participants in the CSR system would apply to participants in the FSR system if the corresponding provisions in the two systems

had been substantially identical before enactment of the Civil Service amendment. The President would be authorized to implement by Executive order such conforming changes retroactive to the effective date of any such amendment to the CSR system. This authority would apply to such Civil Service amendments enacted since January 1, 1974. Three 1974 amendments to the CSR system will require such an Executive order, which State is preparing for issuance after October 1, 1976, the effective date of Title V;

- provide that costs of the FSR system not covered by agency/employee contributions each fiscal year be met from annual appropriations (estimated at \$10.6 million annually); and,
- authorize immediate coverage under the FSR system for State and USIA Foreign Service Staff (FSS) employees (such coverage is currently provided for FSS employees of AID).

Apart from these retirement amendments, other personnel-related provisions would:

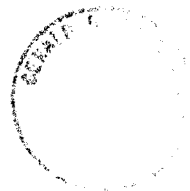
- require the State Department to prepare a plan, including proposed legislation if necessary, within 180 days, to improve the personnel systems of the Department and the United States Information Agency;
- provide protection for State Department and AID medical personnel against malpractice suits similar to the protection afforded under existing law to medical personnel of the Veterans Administration and the Public Health Service;
- authorize the Department to compensate alien annuitants for losses resulting from changes in exchange rates;
- state the sense of Congress that a greater number of positions of ambassador be occupied by career Foreign Service personnel; and,

- permit Federal employees to accept educational and cultural exchange grants financed by foreign governments.

Other Provisions

S. 3168 also contains several miscellaneous provisions which would:

- require that United States Commissioners to the International Joint Commission be appointed by the President with the advice and consent of the Senate and authorize entertainment and representation expenses for the Commission;
- authorize continued United States membership in four minor international organizations responsible for various international commodity matters;
- provide for General Accounting Office audits of State Department expenditures for gifts to foreigners;
- state that the vital interests of the United States in the operation and defense of the Panama Canal must be protected in any negotiations;
- express a policy against State Department involvement in public or private contracts or agreements that exclude any American by reason of race, religion, national origin or sex (this is consistent with your announcement of November 20, 1975);
- increase ceilings on expenses for congressional participation in various international parliamentary conferences;
- authorize additional appropriations of \$30 million, as requested for the new embassy complex in Moscow;



- authorize a \$10,000 ex gratia payment to Lady Catherine Helen Shaw, wife of the late Australian ambassador, as an expression of the concern of the United States Government, for injuries she suffered when assaulted in the District of Columbia;
- make several technical and administrative changes to the Japan-United States Friendship Act, allowing the Japan-United States Friendship Commission to hire more staff and authorizing Japanese yen now held by the Commission to remain in Japanese banks rather than be converted to dollars and invested in U.S. obligations;
- require the President to report to Congress by January 31, 1977, concerning the future need for international broadcasting and use of broadcasting facilities funded by the United States Government; and,
- require that reports on the expenditure of foreign currencies by Members of Congress traveling abroad be reported in the Congressional Record.

Conclusion

Although some of the congressionally added provisions noted above are not desirable, only the \$12 million authorization for the Pan American Games raises concern. This provision is contrary to your decision in June that the Commerce Department should propose legislation that would make available the same kind of limited Federal assistance for the Pan American Games that you proposed for the 1980 Lake Placid Winter Olympic Games (i.e., support for construction of permanent, unique sports facilities rather than funds for general expenses as S. 3168 provides). The Commerce Department has prepared such a bill, but it was not transmitted to Congress prior to congressional action on S. 3168. The Department's proposal would utilize current Commerce authorities and appropriations to the extent possible. It would

provide only about \$6 million, instead of the \$12 million contained in S. 3168.

Approval of S. 3168 would authorize assistance to the Pan American Games on a more liberal basis than you proposed for the Lake Placid Olympics and could establish a precedent for general Federal subsidies for any future games in the United States. Although the Pan American Games provision is clearly undesirable, we do not believe it is sufficiently objectionable to warrant disapproval of this important authorization bill.

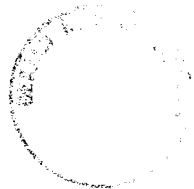
In discussing the Pan American Games provision, State's letter on the enrolled bill states:

"The Department prefers that this section of the Authorization Bill not be implemented and that the Department of Commerce's proposed legislation be submitted to the Congress as soon as possible."

We note that Congress has not completed its work on your Lake Placid Olympics proposal. Depending upon the outcome of that bill, further action regarding the Pan American Games, such as that proposed by State, may be appropriate.

James M. Frey
Assistant Director for
Legislative Reference

Enclosures



THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 7

Time: 615pm

FOR ACTION:

NSC/S *ok*
Max Friedersdorf *ok*
Lynn May *ok*
David Lissy
Bill Seidman *ok*
Ken Lazarus *ok*

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

FROM THE STAFF SECRETARY

DUE: Date: July 8

Time: 500pm

SUBJECT:

H. 3168-Foreign Relations Authorizations
Act, FY 76

ACTION REQUESTED:

- | | |
|---|---|
| <input type="checkbox"/> For Necessary Action | <input type="checkbox"/> For Your Recommendations |
| <input type="checkbox"/> Prepare Agenda and Brief | <input type="checkbox"/> Draft Reply |
| <input checked="" type="checkbox"/> For Your Comments | <input type="checkbox"/> 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



DEPARTMENT OF STATE

Washington, D.C. 20520

JUL 6 1976

Dear Mr. Lynn:

In reply to Mr. Frey's request to review and offer recommendations on the Foreign Relations Authorization Act, Fiscal Year 1977, the Department of State has no objection to and recommends approval of the enrolled bill.

The Department would like to point out, however, that the bill authorizes an appropriation of \$12,000,000 for payment to the Recreational Development Company of Puerto Rico for the Eighth Pan American Games to be held in 1979. This provision is inconsistent with legislation being developed by the Department of Commerce for this same purpose and with the Administration's position on federal support for the Lake Placid Olympics. The Department prefers that this section of the Authorization Bill not be implemented and that the Department of Commerce's proposed legislation be submitted to the Congress as soon as possible.

Comprehensive Foreign Service retirement amendments long sought by the Department are in Title V of the bill. The primary purposes of the amendments are to equate Foreign Service survivor and other appropriate provisions with comparable Civil Service provisions and to authorize additional annual appropriations to the Fund to place the Foreign Service retirement system on an actuarially sound basis.

Title V would not only conform the Foreign Service retirement system to the Civil Service retirement system in appropriate areas, but would provide a mechanism for maintaining appropriate conformity in the future without

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



Congressional action. Section 503 would provide that any Civil Service amendment generally applicable to participants in the Civil Service system would apply to participants in the Foreign Service system if the corresponding provisions in the two systems had been substantially identical before enactment of the Civil Service amendment. The President would be authorized to implement the provision by issuing Executive orders, that would have the force and effect of law, amending the Foreign Service retirement system to incorporate provisions of new laws as appropriate. This section has a January 1, 1974 effective date and would have to be used to extend to Foreign Service participants the provisions of the following laws enacted since that date: PL 93-260 and 93-474 which improved Civil Service survivor benefits; PL 93-273 which, inter alia, authorized a \$240 annual annuity increase to certain older annuitants.

Section 515 would automatically eliminate the extra one percent from Foreign Service annuity adjustments as soon as it is eliminated from Civil Service adjustments.

Section 519 lowers from 65 to 60 the mandatory retirement age of career ministers who are not serving in positions to which appointed by the President and confirmed by the Senate.

Title V would create an estimated \$30.7 million in unfunded liability for the Foreign Service system that, under existing law, would be amortized by 30 annual appropriations of \$2 million each. Title V also authorizes appropriations to meet that portion of the Foreign Service normal retirement cost not now being met. At present, this amounts to an estimated \$10.6 million per year.

Section 112 would authorize the Secretary to supplement Civil Service annuities to certain retired alien employees of the Service. Payments would be made to those whose annuities have been reduced in value by exchange rate losses to levels below prevailing retirement benefits in the country of employment. Payments equivalent to exchange rate losses would be made from appropriations for Salaries and Expenses.

Although American retirees who live abroad have been similarly disadvantaged by adverse exchange rates, their salaries were fixed in dollars and they choose to live abroad for their own convenience. Aliens, on the other hand, are citizens of the various foreign countries involved, are recruited in those countries, work for the United States in those countries throughout their careers and live there during retirement. They render valuable services to the U.S., sometimes at great personal risk. They certainly have a right to expect that their pensions, for which they contributed seven percent of their local currency-based salaries, will convert to the percentage of their salaries earned by their length of service. In countries where they do not, and where they are also below prevailing pension levels, the case for relief is compelling.

We estimate about 800 alien retirees in seven European countries would qualify for supplemental payments at the present time and that the total Government-wide cost would be \$500,000 per year. Over 90 percent of this cost would be attributable to retirees of foreign affairs agencies and the balance to Defense and domestic agencies with employees abroad if they choose to utilize this authority. Costs would be distributed approximately as follows: State: \$325,000; USIA: \$125,000; Others: \$50,000. AID is not involved because it does not have employees in affected countries. No funds for this program are included in appropriations requests for FY 1977.

I am enclosing for your review, a table comparing the Administration's request to the enrolled bill with an explanation of the differences.

Sincerely,



Robert J. McCloskey
Assistant Secretary for
Congressional Relations

Enclosure:

Table.

DEPARTMENT OF STATE

Differences Between Administration
Request and Conference Report for FY 1977 Authorization Bill (S.3168)

<u>Item</u>	<u>Administration Request</u>	<u>Conference Report</u>	<u>Difference</u>	<u>Explanation of Difference</u>
Administration of Foreign Affairs:				
Salaries and Expenses	\$539,800,000	\$539,800,000	-	-
Representation Allowances	2,000,000	2,500,000	+\$ 500,000	\$500,000 added by House for Representation Allowances
Emergencies in the Diplomatic and Consular Service	2,100,000	2,100,000	-	-
Payment to Foreign Service Re- tirement and Disability Fund ..	8,055,000	8,055,000	-	-
Subtotal, Administration of Foreign Affairs	<u>551,955,000</u>	<u>552,455,000</u>	<u>+ 500,000</u>	
International Organizations and Conferences:				
Contributions to International Organizations	274,000,000	277,545,453	+3,545,453	Added by Senate for UNESCO Arrearage
Contributions for International Peacekeeping Activities	45,000,000	45,000,000	-	-
Missions to International Organizations	9,300,000	9,340,000	+ 40,000	\$40,000 added by the Senate to allow an additional \$20,000 each to cover the increase in expenses

<u>Item</u>	<u>Administration Request</u>	<u>Conference Report</u>	<u>Difference</u>	<u>Explanation of Difference</u>
				of U.S. components of the Canada-U.S. Interparliamentary Group and the Mexico-U.S. Interparliamentary Group.
International Conferences and Contingencies	\$ 7,035,000	\$ 7,035,000	-	-
International Trade Negotiations	3,540,000	3,540,000	-	-
Subtotal, International Organizations and Conferences	338,875,000	342,460,453	+\$3,585,453	
International Commissions:				
International Boundary and Water Commission, United States and Mexico	9,729,000	9,729,000	-	-
American Sections, International Commissions	1,840,000	1,840,000	-	-
International Fisheries Commissions	5,500,000	5,500,000	-	-
Subtotal, International Commissions	17,069,000	17,069,000	-	-
Educational Exchange:				
Mutual Educational and Cultural Exchange Activities	58,500,000	58,500,000	-	-

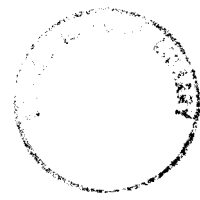
<u>Item</u>	<u>Administration Request</u>	<u>Conference Report</u>	<u>Difference</u>	<u>Explanation of Difference</u>
Center for Cultural and Technical Interchange Between East and West	\$ 10,000,000	\$ 10,000,000	-	-
Subtotal, Educational Exchange	68,500,000	68,500,000	-	
Migration and Refugee Assistance:				
Migration and Refugee Assistance	10,000,000	10,000,000	-	-
Subtotal, Department of State	986,399,000	990,484,453	+\$4,085,453	
Foreign Service Buildings:				
Acquisition, Operation, and Maintenance of Buildings Abroad	31,458,000	31,458,000	-	-
Subtotal, Foreign Service Buildings	31,458,000	31,458,000	-	-
Other Provisions:				
Russian Refugee Assistance	-	20,000,000	+20,000,000	Added by the House and Senate to aid in the resettlement of Refugees from Russia and Eastern Europe.
UNESCO	-	(3,545,453)	(3,545,453)	UNESCO arrearage
U.S. Passport Office	-	1,000,000	+ 1,000,000	Added by the House for the Miniaturization of the Passport Files.
North Atlantic Assembly	-	50,000	+ 50,000	Added by the House to cover expenses when the U.S. Group Hosts the 22nd Session of the Assembly.

<u>Item</u>	<u>Administration Request</u>	<u>Conference Report</u>	<u>Difference</u>	<u>Explanation of Difference</u>
Pan American Games	-	\$12,000,000	+\$12,000,000	Added by the House to permit the U.S. to provide financial assistance for the Eighth Pan American Games.
Payment to Lady Catherine Shaw .	-	(10,000)	(10,000)	Contained in funds for Salaries and Expenses. Expression of concern by the U.S. to Lady Shaw for injuries sustained while in the United States.
Subtotal, Other Provisions ...	-	33,050,000	+33,050,000	
Grand Total	<u>1,017,857,000</u>	<u>1,054,992,453</u>	<u>37,135,453</u>	

USIA
UNITED STATES
INFORMATION AGENCY
WASHINGTON 20547

July 1, 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management
and Budget
Washington, D. C. 20503



Dear Mr. Frey:

This will reply to your request for the views of this Agency on Enrolled Bill No. S. 3168.

USIA is pleased with the provisions of the legislation as they affect this Agency and supports its enactment into law.

Sincerely,

A handwritten signature in cursive script that reads "George W. Haley".

George W. Haley
General Counsel and
Congressional Liaison



BOARD FOR INTERNATIONAL BROADCASTING

United States of America

Suite 430
1030 Fifteenth Street, N.W.
Washington, DC 20005
202/254-8040

July 2, 1976

Mr. James M. Frey
Assistant Director
for Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

We have reviewed enrolled bill S. 3168 and find it covers adequately the requirements of the Board. We therefore recommend Administration endorsement.

However, we would like to point out that it would be extremely difficult by January 31, 1977 to comply in a meaningful manner with the request in Title IV Miscellaneous--Section 403 Report on International Broadcasting--subsection (4) regarding recommending steps to extend broadcasting.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Barry F. Gidley". The signature is written in a cursive style and is positioned above the typed name.

Barry F. Gidley
Budget and
Administrative Officer





UNITED STATES CIVIL SERVICE COMMISSION

WASHINGTON, D.C. 20415

CHAIRMAN

July 6, 1976

Honorable James T. Lynn
Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for
Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the Commission's views on enrolled bill, S. 3168, "To authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

Section 111 of the enrolled bill provides for the participation by Federal employees in cultural exchange programs.

Section 112 provides authority for the Secretary of State to make supplemental payments under certain circumstances to civil service annuitants who are former alien employees (or their survivors) who were paid in foreign currency.

Section 117 directs the Secretary of State to submit to Congress a comprehensive plan for the improvement and simplification of the personnel system within the State Department and the United States Information Agency.

The Commission has no objection to sections 111 and 117. While we view section 112 as a possible precedent-setting amendment, we consider it in the area of foreign policy and thus within the jurisdiction of the State Department. The provision would not add to the unfunded liability of the Civil Service Retirement System and the Commission would not recommend a veto of the enrolled bill based on this provision.

Title V of the enrolled bill contains a number of amendments designed, among other things, to incorporate liberalizations into the Foreign Service Retirement law similar to those recently enacted into the Civil Service Retirement law. It also contains a provision for maintaining, without separate legislation, existing areas of conformity between the Civil Service and Foreign Service retirement systems for any liberalization enacted into the Civil Service Retirement law subsequent to January 1, 1974.

Section 515 of Title V of the enrolled bill amends the Foreign Service cost-of-living annuity increase provision so that subsequent increases will be identical to corresponding percentage increases to Civil Service annuitants under section 8340(b) of title 5, United States Code. The effect of this provision is that if the 1% "kicker" is removed from the cost-of-living annuity increase formula for Civil Service annuitants, it will also be removed from the formula for Foreign Service annuitants.

The Commission views conformity as a desirable feature whenever possible and has no objection to these provisions.

Sections 518 and 519 amend the provisions for mandatory retirement for career ambassadors and for other participants in the Foreign Service Retirement System.

Section 522 provides for the transfer to the Foreign Service system of certain Foreign Service staff officers and employees with unlimited appointments who are currently covered under the Civil Service Retirement System.

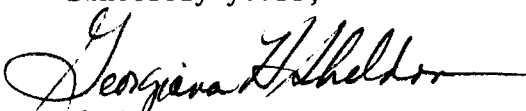
We have no objection to these provisions.

The other provisions of the enrolled bill do not directly or substantially affect the programs administered by the Commission so we defer to the views of the Department of State on the merits of those provisions.

Accordingly, the Commission recommends that the President sign enrolled bill S. 3168.

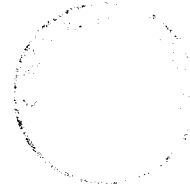
By direction of the Commission:

Sincerely yours,


ACTING Chairman

Department of Justice
Washington, D.C. 20530

July 7, 1976



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

Dear Mr. Lynn:

This is in response to your request for the views of the Department of Justice on S. 3168 Enrolled Bill, 94th Congress, 2nd Session, an act to authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board of International Broadcasting, and for other purposes.

The bill would provide that the remedy against the United States provided by Section 1346(b) and 2672 of Title 28 for damages arising out of medical malpractice on the part of personnel of the Department of State while in the exercise of their official duties shall be exclusive of any other civil action or proceeding against the individual whose act or omission gave rise to such claim.

The Attorney General would be obligated to defend any action brought against the individual. Upon certification that the individual was acting within the scope of his employment, at the time of the incident out of which the suit arose, the case may be removed to a Federal Court and be deemed a tort against the United States.

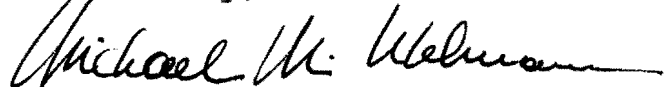
The Secretary of State or his designee could hold harmless or provide liability insurance for employees in specified circumstances.

This bill would immunize Department of State employees from liability for malpractice while acting in the scope of their employment. Such protection from individual

liability has been granted to federal drivers (28 U.S.C. §2679(b) and medical personnel of the Veterans Administration (28 U.S.C. §4116) and the Public Health Service (42 U.S.C. §233). This bill was modeled directly after 42 U.S.C. §233.

The Department of Justice has no objection to the enactment of this legislation.

Sincerely,

A handwritten signature in cursive script, reading "Michael M. Uhlmann". The signature is written in dark ink and is positioned above the typed name and title.

Michael M. Uhlmann
Assistant Attorney General



**GENERAL COUNSEL OF THE
UNITED STATES DEPARTMENT OF COMMERCE**
Washington, D.C. 20230

JUL 2 1976

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

Attention: Assistant Director for Legislative Reference

Dear Mr. Lynn:

This is in reply to your request for the views of this Department concerning S. 3168, an enrolled enactment

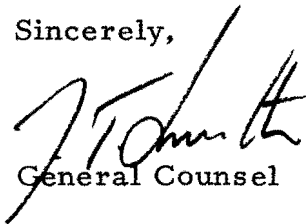
"To authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

to be cited as the "Foreign Relations Authorization Act, Fiscal Year 1977".

We note that section 110 of S. 3168 authorizes the Department of State to provide financial assistance to the Eighth Pan American Games to be held in San Juan, Puerto Rico, in 1979. This Department would have no objection to approval by the President of S. 3168.

Enactment of this legislation is not expected to involve any increase in the budgetary requirements of this Department.

Sincerely,


General Counsel





JUL 06 1976

Mr. James M. Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Executive Office of the President
Washington, D.C. 20503

Dear Mr. Frey:

This is in response to OMB transmittal of July 1, 1976, requesting the views and recommendations of the American Revolution Bicentennial Administration (ARBA) on enrolled bill S. 3168 (especially Section 205), the "Foreign Relations Authorization Act, Fiscal Year 1977."

The ARBA has no comments to make with respect to S. 3168 except for Section 205, Bicentennial Distribution of Certain Items Prepared by the United States Information Agency. The ARBA is pleased to advise that it has previously submitted a favorable report to the Congress on proposed legislation similar to Section 205, authorizing the domestic distribution and showing of certain USIA films of particular relevance to the Bicentennial objectives. It would appear that the seven films authorized for domestic showing in Section 205 are in that category.

Further, the ARBA has transferred \$100,000 in non-appropriated revenue funds to USIA for the production and distribution of the exhibit, "Life, Liberty, and the Pursuit of Happiness." The ARBA is of the view that the above films and the exhibit should be excepted from the statutory prohibition on domestic dissemination of USIA material.

The ARBA has no objection to the approval by the President of the enrolled bill.

In the Spirit of '76,

A handwritten signature in black ink, appearing to read "Eugene J. Skora".

Eugene J. Skora
General Counsel



DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

JUL 7 1976

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

Dear Mr. Lynn:

This is in response to your request for a report on S. 3168, an enrolled bill "To authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

In summary, we support the provision in the enrolled bill which would extend to State Department medical personnel protection against malpractice suits that may arise in connection with their official duties, but defer to other Federal agencies as to the merits of the enrolled bill as a whole. Such protection is already provided under existing law to medical personnel in the Veterans' Administration and the Public Health Service.

There is only one provision in the enrolled bill directly related to matters in which this Department has particular expertise. A provision in S. 3168 would provide that if a person may bring an action against the United States under the Federal Tort Claims Act (or other provision of law providing benefits in lieu of those provided by that Act) based on the malpractice of a State Department employee in the field of health in connection with official duties, the person may not bring an action against the employee. The provision would also authorize the Secretary of State, to the extent he finds it appropriate, to hold harmless or insure such an employee against a malpractice suit if the employee were carrying out official duties abroad, on detail to a non-Federal agency or institution, or under circumstances in which a claim against the United States probably could not be made.

Provisions of law similar to that in the enrolled bill already exist in relation to medical personnel in the Veterans' Administration and the Public Health Service. These provisions are desirable because a Federal employee should not have to bear personally the expense and risk of judgment involved in a suit concerned with activities carried out in the scope of the employee's official activities. Also, Federal employees are on a fixed salary, and so cannot cover their own purchase of malpractice insurance by increasing the fees charged to clients. State Department personnel are no different in these respects.

We therefore support the provision in the enrolled bill concerned with malpractice suits but defer to other Federal agencies as to the merits of the bill as a whole.

Sincerely,

Marjorie Byrnes
Secretary
Under



THE WHITE HOUSE

ION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 7

Time: 615pm

FOR ACTION: NSC/S
Max Friedersdorf
Lynn May
David Lissy
Bill Seidman
Ken Lazarus

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

FROM THE STAFF SECRETARY

DUE: Date: July 8

Time: 500pm

SUBJECT:

S. 3168-Foreign Relations Authorizations
Act, FY 76

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 7/8/76



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

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 7

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FOR ACTION: NSC/S
Max Friedersdorf
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REMARKS:

please return to judy johnston, ground floor west wing

*Approved
JWS*

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

THE WHITE HOUSE
WASHINGTON

~~7/8/76~~

TO: Bill Kendall/Charlie Leppert

FROM: Jane Greenleaf

Comments Please

BK - sign

CL - passed House (Conf Report)
358 - 45 - sign

RKW Recommend approval

THE WHITE HOUSE

WASHINGTON

July 8, 1976

MEMORANDUM FOR: JIM CAVANAUGH
FROM: MAX L. FRIEDERSDORF *mb*
SUBJECT: S. 3168 - Foreign Relations Authorizations
Act, FY76

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

Attachments

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 7

Time: 615pm

FOR ACTION: NSC/S
Max Friedersdorf
Lynn May
David Lissy
Bill Seidman
Ken Lazarus

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

FROM THE STAFF SECRETARY

DUE: Date: July 8

Time: 500pm

SUBJECT:

S. 3168-Foreign Relations Authorizations Act, FY 76

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

*7/8
Approval
[Signature]*

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

7/9

Judy

Please.

Kate



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

DATE: 7-9-76

TO: Bob Linder
FROM: Jim Frey

Attached are agency views
letters as follow:

Labor - H.R. 11804

GSA - S. 3168

Treasury - H.R. 13680

*To, Records
7/9*

*To, Records
7/9*

Please have included in the appropriate enrolled bill files. Thanks

UNITED STATES OF AMERICA
GENERAL SERVICES ADMINISTRATION
WASHINGTON, DC 20405



July 6, 1976

Honorable James T. Lynn
Director, Office of
Management and Budget
Washington, D. C. 20530

Dear Mr. Lynn:

By letter of July 1, 1976, you requested the views of the General Services Administration (GSA) on enrolled bill S. 3168, a bill "To authorize fiscal year 1977 appropriations for the Department of State, the United States Information Agency, and the Board for International Broadcasting, and for other purposes."

GSA has completed its review and has no objection to presidential approval of this bill.

Sincerely,

A handwritten signature in cursive script that reads "Jack Eckerd".

JACK ECKERD
Administrator

NATIONAL SECURITY COUNCIL

July 8, 1976

MEMORANDUM FOR: JAMES M. CANNON
FROM: Jeanne W. Davis *JWD*
SUBJECT: S. 3168

The NSC Staff concurs in the proposed Enrolled Bill S. 3168 -
Foreign Relations Authorization Act, Fiscal Year 1977.



DEPARTMENT OF STATE
AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

8 JUL 1976

Mr. James Frey
Assistant Director for
Legislative Reference
Office of Management and Budget
Washington, D. C. 20503

Dear Mr. Frey:

This letter is in response to your request for comments from the Agency for International Development on the Enrolled Bill, S. 3168, the Foreign Relations Authorization Act, Fiscal Year 1977.

The bill contains a section which we believe may raise serious problems in implementing United States foreign policy objectives. Section 121, entitled "Discrimination", provides that no employee of the Department of State or A.I.D. may disseminate information about, or otherwise participate or provide other assistance in the negotiation of any contract or arrangement with any foreign country, individual, or entity, if such country prohibits the participation in such contract or arrangement by any United States citizen on account of such person's race, religion, national origin, or sex. The provision codifies existing A.I.D. policy regarding A.I.D.-financed programs, and is consistent with U.S. policy regarding federal financing of any overseas program. Nonetheless, we would note that a number of Middle East, A.I.D.-financed contracts have been challenged in recent months by disgruntled bidders, and it is entirely possible that this new section will be used to challenge awards. We are more seriously concerned, however, with the provision's impact on the implementation of certain reimbursable type programs in the Middle East, even though the specific contracts or arrangements for such programs would not explicitly sanction such discrimination.

For example, if a country has a law of general applicability which prohibits entry into such country on the basis of a person's national origin, and that law could potentially be applied to a U.S. citizen, section 121 of this bill would arguably preclude the participation of

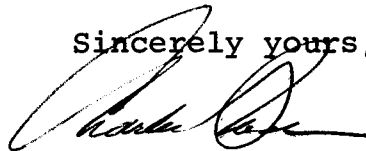
the Department of State or A.I.D. in either the dissemination of information regarding any U.S. financed contract or arrangement or any participation by State or A.I.D. employees in the negotiation of any such contract or arrangement in that country. In the event that a U.S. citizen were in fact excluded from participation by the foreign country, State/A.I.D. participation would undoubtedly have to be terminated.

Under section 607 of the Foreign Assistance Act, A.I.D. is authorized to enter into reimbursable agreements with foreign countries for the provision of services and commodities. Frequently, A.I.D. will authorize another executive branch department or agency to enter into contracts with foreign governments to supply such services or commodities, but in many cases, A.I.D. contracts directly with U.S. agencies, individuals or entities to provide such services and commodities. In those cases, withdrawal of A.I.D. involvement would be tantamount to termination of the reimbursable program.

We should emphasize that this is our preliminary analysis of section 121, but we are concerned that in their comments on this bill, the Department of State has not addressed the potential impact of section 121. We strongly recommend that before this bill is submitted to the President for signature, that the Department of State thoroughly review this section to determine whether the laws and practices of any foreign countries will adversely affect U.S. interests as a result of the conditions contained in section 121 of this bill. We will, of course, be happy to participate fully with the Department in this review.

Other than this provision, we have no objections to the enactment of this bill.

Sincerely yours,



Charles L. Gladson
General Counsel

Attachments

1. Section 121
2. Section 607 of the Foreign Assistance Act

DISCRIMINATION

SEC. 121. Information should not be disseminated about opportunities for, and there should be no participation or other assistance by any officer or employee of the Department of State (including the Agency for International Development) in, the negotiation of any contract or arrangement with a foreign country, individual, or entity, if—

(1) any United States person (as defined in section 7701(a)(30) of the Internal Revenue Code of 1954) is prohibited from entering into such contract or arrangement, or

(2) such contract or arrangement requires that any such person be excluded from participating in the implementation of such contract or arrangement.

on account of the race, religion, national origin, or sex of such person in the case of an individual or, in the case of a partnership, corporation, association, or other entity, any officer, employee, agent, director, or owner thereof.

Sec. 607.³⁶³ **Furnishing of Services and Commodities.**—(a)³⁶⁴ Whenever the President determines it to be consistent with and in furtherance of the purposes of part I and within the limitations of this Act, any agency of the United States Government is authorized to furnish services and commodities on an advance-of-funds or reimbursement basis to friendly countries, international organizations, the American Red Cross, and voluntary nonprofit relief agencies registered with and approved by the Advisory Committee on Voluntary Foreign Aid. Such advances or reimbursements may be credited to the currently applicable appropriation, account, or fund of the agency concerned and shall be available for the purposes for which such appropriation, account, or fund is authorized to be used, under the following circumstances:

(1) Advances or reimbursements which are received under this section within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered.

(2) Advances or reimbursements received pursuant to agreements executed under this section in which reimbursement will not be completed within one hundred and eighty days after the close of the fiscal year in which such services and commodities are delivered: *Provided*, That such agreements require the payment of interest at the current rate established pursuant to section 2 (b)(1)(B) of the Export-Import Bank Act of 1945 (59 Stat. 526), and repayment of such principal and interest does not exceed a period of three years from the date of signing of the agreement to provide the service: *Provided further*, That funds available for this paragraph in any fiscal year shall not exceed \$1,000,000 of the total funds authorized for use in such fiscal year by chapter 1 of part I of this Act, and shall be available only to the extent provided in appropriation Acts. Interest shall accrue as of the date of disbursement to the agency or organization providing such services.³⁶⁵

(b)³⁶⁴ No Government-owned excess property shall be made available under this section, section 608, or otherwise in furtherance of the purposes of part I of this Act, unless, before the shipment of such property for use in a specified country (or transfer, if the property is already in such country), the agency administering such part I has approved such shipment (or transfer) and made a written determination—

(1) that there is a need for such property in the quantity requested and that such property is suitable for the purpose requested;

(2) as to the status and responsibility of the designated end-user and his ability effectively to use and maintain such property; and

(3) that the residual value, serviceability, and appearance of such property would not reflect unfavorably on the image of the United States and would justify the costs of packing, crating, handling, transportation, and other accessorial costs, and that the residual value at least equals the total of these costs.

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 7 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill S. 3168 - Foreign Relations
Authorization Act, Fiscal Year 1977
Sponsor - Senator Sparkman (D) Alabama

Last Day for Action

July 13, 1976 - Tuesday

Purpose

Authorizes fiscal year 1977 appropriations for the State Department, United States Information Agency, and Board for International Broadcasting and makes a number of changes in substantive law, including amendments to the retirement provisions of the Foreign Service Act.

Agency Recommendations

Office of Management and Budget	Approval
Department of State	Approval
United States Information Agency	Approval
Board for International Broadcasting	Approval
Civil Service Commission	Approval
National Security Council	Approval (Informally)
Agency for International Development	No objection (Informally)
Department of Defense	
Department of Justice	No objection
General Services Administration	No objection (Informally)
Department of Commerce	No objection
American Revolutionary Bicentennial Administration	No objection
Department of Health, Education and Welfare	Defers to other agencies



To: [Handwritten signature]
7-7-76
6:00 p.m.

THE WHITE HOUSE
WASHINGTON

July 2

FOR THE RECORD:

Fred Sparrow, Senate Enrolling Clerk called this day to request that we exchange page 6 because the word "death" was omitted from the 8th line in the bill.

Bob Linder exchanged the page this day.

Ron Geisler

“PART J—MALPRACTICE PROTECTION

“SEC. 1091. (a) The remedy—

“(1) against the United States provided by sections 1346(b) and 2672 of title 28 of the United States Code, or

“(2) through proceedings for compensation or other benefits from the United States as provided by any other law, where the availability of such benefits precludes a remedy under such sections,

for damages for personal injury, including ^{death,} allegedly arising from malpractice or negligence of a physician, dentist, nurse, pharmacist, or paramedical (including medical and dental assistants and technicians, nursing assistants, and therapists) or other supporting personnel of the Department of State (including the Agency for International Development) in furnishing medical care or related services, including the conducting of clinical studies or investigations, while in the exercise of his or her duties in or for the Department of State or any other Federal department, agency, or instrumentality shall be exclusive of any other civil action or proceeding by reason of the same subject matter against such physician, dentist, nurse, pharmacist, or paramedical or other supporting personnel (or his or her estate) whose act or omission gave rise to such claim.

“(b) The United States Government shall defend any civil action or proceeding brought in any court against any person referred to in subsection (a) of this section (or his or her estate) for any such damage or injury. Any such person against whom such civil action or proceeding is brought shall deliver, within such time after date of service or knowledge of service as determined by the Attorney General, all process served upon him or her or an attested true copy thereof to whomever was designated by the Secretary to receive such papers and such person shall promptly furnish copies of the pleading and process therein to the United States attorney for the district embracing the place wherein the proceeding is brought, to the Attorney General, and to the Secretary.

“(c) Upon a certification by the Attorney General that the defendant was acting within the scope of his or her employment in or for the Department of State or any other Federal department, agency, or instrumentality at the time of the incident out of which the suit arose, any such civil action or proceeding commenced in a State court shall be removed without bond at any time before trial by the Attorney General to the district court of the United States of the district and division embracing the place wherein it is pending and the proceeding deemed a tort action brought against the United States under the provisions of title 28 of the United States Code and all references thereto. Should a United States district court determine on a hearing on a motion to remand held before a trial on the merits that the case so removed is one in which a remedy by suit within the meaning of subsection (a) of this section is not available against the United States, the case shall be remanded to the State court except that where such remedy is precluded because of the availability of a remedy through proceedings for compensation or other benefits from the United States as provided by any other law, the case shall be dismissed, but in that event, the running of any limitation of time for commencing, or filing an application or claim in, such proceedings for compensation or other benefits shall be deemed to have been suspended during the pendency of the civil action or proceeding under this section.

“(d) The Attorney General may compromise or settle any claim asserted in such civil action or proceeding in the manner provided in

BOARD FOR INTERNATIONAL BROADCASTING ACT FOR
FISCAL YEAR 1977

MARCH 9, 1976.—Committed to the Committee of the Whole House on the
State of the Union and ordered to be printed

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

REPORT

together with

DISSENTING VIEWS

[To accompany H.R. 12262]

The Committee on International Relations to whom was referred the bill (H.R. 12262) to amend the Board for International Broadcasting Act of 1973 to authorize appropriations for fiscal year 1977 and to require the President to submit to the Congress a report on more effective utilization of overseas broadcasting facilities, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 12262 is to authorize an appropriation of \$58,385,000 for fiscal year 1977 to support the operations of Radio Free Europe, Radio Liberty and the Board for International Broadcasting.

COMMITTEE ACTION

On February 16, 1976, the Executive sent to the Speaker of the House Executive Communication 2545, together with a draft bill "to amend the Board for International Broadcasting Act of 1973 and to authorize appropriations for fiscal years 1977 and 1978 for carrying out that Act," which was referred to the Committee on International Relations. The draft bill was referred to the Subcommittee on International Political and Military Affairs on February 17, 1976 and introduced that day as H.R. 11926 by the Honorable Dante B. Fascell, Chairman of the Subcommittee, and the Honorable Larry Winn.

The Subcommittee held a public hearing on the bill on February 25, 1976. Testimony was received from Dr. David M. Abshire, Chairman of the Board for International Broadcasting; Thomas Henry Quinn, a Member of the Board; Sig Mickelson, President of Radio Free Europe and Radio Liberty and an ex-officio Member of the Board; Walter R. Roberts, Executive Director of the Board; and Dr. Maury Lisann, a private author and consultant concerned with international broadcasting policy. Other Members of the Board for International Broadcasting who were unable to be present are: Hon. Foy D. Kohler, professor, Center for International Studies, University of Miami, Coral Gables, Florida; John T. Murphy, President, AVCO Broadcasting Corporation, Cincinnati, Ohio; and John P. Roche, Henry R. Luce Professor of Civilization and Foreign Affairs, the Fletcher School of Law and Diplomacy, Tufts University, Medford, Massachusetts.

On March 1, 1976 the Subcommittee held an open markup session and ordered reported to the Full Committee the text of a clean draft bill authorizing funds for fiscal year 1977 and amending the Board for International Broadcasting Act of 1973. On March 3, 1976, the Full Committee held an open markup session and ordered that a draft bill be introduced. This bill, H.R. 12262, was ordered favorably reported by the Committee on March 4, 1976 by voice vote.

PROVISIONS OF THE BILL

The principal purpose of the bill is to provide authorization totaling \$58,385,000 for appropriations for the operations of Radio Free Europe and Radio Liberty and the policy board which oversees their operations, the Board for International Broadcasting. The amount authorized includes \$52,985,000 for operating the radio stations, \$400,000 for the activities of the Board for International Broadcasting, and \$5 million in contingency funds to assure the smooth functioning of the radio stations in the event of unanticipated currency fluctuations.

The bill also amends the Board for International Broadcasting Act of 1973 by: providing procurement authority for the Board, providing authority for establishment of a currency fluctuation contingency fund, reducing the number of board members from 7 to 6, and by making technical changes necessitated by the replacement of separate operating heads of Radio Free Europe and Radio Liberty by a single combined executive and by the change in the dates of the fiscal year.

In addition, the bill requires a Presidential report to Congress by January 31, 1977 on: steps to more effectively utilize government owned broadcasting transmission facilities; the feasibility of increased use of existing resources through increased cooperation with foreign nations; projected U.S. needs for future U.S. international broadcasting facilities taking into account associated language requirements; and the advisability of expanding Radio Free Europe/Radio Liberty type broadcasts to other nations whose governments limit access to information.

BACKGROUND

Radio Free Europe (RFE) and Radio Liberty (RL) had their origins in the years following World War II when the Soviet Union established hegemony over Eastern Europe and was perceived as threatening the independence of the nations of Western Europe. RFE was incorporated in New York in 1950 and RL in Delaware in 1951.

Operational headquarters of both stations are located in Munich, Germany. RL concentrates its broadcasting efforts on the Soviet Union while RFE focuses on Eastern Europe. Both stations attempt to provide the kinds of information to the peoples of these areas that they would receive if there were a free flow of information in their homelands. This contrasts with the role of the Voice of America which primarily seeks to foster an understanding of the United States and its policies.

Until June 30, 1971, both RFE and RL were supported by funds furnished by the U.S. Central Intelligence Agency. In addition, RFE raised a total of \$50,050,000 from private resources between 1951 and June 30, 1976. After Congress terminated CIA funding of the two Radios they were funded on a temporary basis under section 703 of the U.S. Information and Educational Exchange Act of 1948, as amended. As a result of Congressional concern over the future of the Radios, a series of studies was conducted on RFE and RL by the Library of Congress, the General Accounting Office and, subsequently, the Presidential Study Commission on International Radio Broadcasting, headed by Dr. Milton Eisenhower.

Following appraisal of the various reports, Congress, in October 1973, passed and the President signed the Board for International Broadcasting Act of 1973. This Act was based largely on the recommendations of the Eisenhower Commission. It created a five member Board for International Broadcasting which was authorized to receive Congressionally appropriated funds and to allocate them to RFE and RL. In addition, the Board was assigned specific review and oversight responsibilities.

THE BOARD FOR INTERNATIONAL BROADCASTING

The Board consists of five voting members appointed by the President by and with the advice and consent of the Senate. In addition, the operating head of the stations is an ex-officio non-voting member of the Board. The law specifies that voting members are to be selected from "among Americans distinguished in the fields of foreign policy or mass communications" who are not regular full time employees of the U.S. Government. Not more than three such members may be of the same political party. Board members serve without any annual salary although, while attending Board meetings or engaged in official Board business, they may be compensated on a daily basis as level V of the executive schedule. In addition, they may receive travel expenses and

per diem when on Board business. The Board is served by a small staff located at the Board's office in Washington, D.C. The staff is composed of four professionals and three secretaries.

BOARD FUNCTIONS

The Board is authorized to receive funds authorized and appropriated by Congress and to allocate them to RFE and RL. It is also charged with the responsibility of overseeing and evaluating the operations of RFE and RL and with assessing the "quality, effectiveness, and professional integrity" of their broadcasting within the framework of broad U.S. foreign policy objectives. The Board is also required by law to "encourage the most effective utilization of available resources and undertake such studies as may be necessary to insure economic and efficient operations" and to develop financial and auditing procedures to insure that grants made to RFE and RL are being used for purposes intended by Congress. The Board is further required to report annually to the President and Congress on the activities of the Board and the two Radios.

BOARD'S OVERSIGHT RESPONSIBILITIES

The Board for International Broadcasting has been in operation for less than two years. While several months were consumed in setting up the Board, it has in a relatively short time taken significant steps to eliminate costly duplication of staffs, administrative and technical facilities, and various support services. This progress toward consolidation of RFE and RL already has produced significant annual savings in wages and has permitted significant steps be taken toward improved programming. These steps include some modernization of transmitter facilities, a preliminary review of program schedules to improve technical effectiveness, studies of future needs and possible cooperation with the Voice of America. The Committee is encouraged by the benefits already gained by the consolidation actions taken at the Board's initiative and is hopeful that further efforts in this regard will further reduce costs and improve the overall level of effectiveness of RFE and RL.

The Committee remains convinced of the necessity for continuing vigorous oversight of the Radios by the Board. The Board must continue to insist on full and unimpeded access by it, the staff and consultants to information on all aspects of the operation and programming of the Radios. Any restrictions on such access should be taken into account in recommending future funding for the Radios and should be brought to the attention of the appropriate Congressional committees in future annual reports.

Continuing Congressional support for the Board and the Radios will depend in large measure on the way in which the Board exercises the active role contemplated for it in the Board for International Broadcasting Act of 1973 and on the acceptance by the management and staff of the Radios of the policies established by Congress as an integral part of the funding of the Radios through the Board for International Broadcasting. The Committee reiterates its conviction that "the mission of the Radios is too important to be hindered by past bureaucratic interests."

TRANSMITTERS IN SPAIN

The Committee is concerned about reports that Spain may not renew agreements relating to the use of transmitting facilities for RL in that country. The United States is appreciative of Spain's past willingness to allow use of its facilities for broadcasts to the people of the Soviet Union. In view of the Final Act of the Helsinki agreement and of the recent Treaty of Friendship and Cooperation between our two countries, the Committee is hopeful Spain will continue to enable the United States to make use of the RL facilities as part of a common effort of the West to insure that the people of the Soviet Union continue to have access to information denied them by their own government.

FISCAL YEAR 1977 BUDGET REQUEST

The administration requested authorization for two fiscal years. As reported by the Committee, H.R. 12262 authorizes appropriations for only fiscal year 1977. The Committee is convinced that continuing Congressional oversight of the Board and the Radios, on an annual basis, during their initial years of operation, is an important ingredient in assuring the effective implementation of the provisions of the Board for International Broadcasting Act.

The fiscal year 1977 request includes \$52,985,000 for grants for the operations of Radio Free Europe and Radio Liberty and \$400,000 for operations of the Board for International Broadcasting. This compares with a total authorization request in fiscal year 1976 of \$65,640,000 including \$400,000 for the operations of the Board. This request was approved by Congress. Thus, the total amount requested by the Executive for fiscal year 1977 is \$12,255,000 below the amount requested and authorized in fiscal year 1976. The reduced request results from the elimination of \$11.1 million in so-called one-time costs funded last year and from savings as a result of consolidation of the Radios. A breakdown by type of expense of the operating budget of Radio Free Europe/Radio Liberty is contained in the accompanying chart (#1). The second chart summarizes the changes in the projected fiscal year RFE/RL 1977 budget when compared to fiscal year 1976.

CHART 1
RADIO FREE EUROPE/RADIO LIBERTY
DISTRIBUTION OF COSTS BY TYPE OF EXPENSE

[In thousands of dollars]

	1975 actual		1976 estimate, July 1, 1975 to June 30, 1976		1977 estimate	
	Number	Amount	Number	Amount	Number	Amount
REGULAR OPERATING EXPENSES						
Personnel compensation:						
Annual salaries:						
Permanent employees	2,011	29,057	1,786	25,943	1,785	27,750
Temporary and part-time employees	31	281	26	252	26	267
Total annual salaries	2,042	29,338	1,812	26,195	1,811	28,017
Employee benefits:						
Taxes		3,205		3,038		3,078
Pension program		1,219		8,157		4,162
Fringe benefits		6,456		6,329		6,458
Total benefits		10,880		17,524		13,698
Total personnel compensation and employee benefits		40,218		43,719		41,715
Administrative costs:						
Miscellaneous fees and professional services		2,178		2,326		2,529
Travel		252		286		309
Rent and utilities		1,300		948		711
Licenses, royalties and copyrights		607		647		659
Technical		2,741		2,851		3,126
News and information		404		541		595
Representation		49		54		55
General and administrative		2,042		3,033		2,838
Total administrative costs		9,573		10,686		10,822
Total regular operating expenses		49,791		54,405		52,537
CONSOLIDATION EXPENSES						
Operating and termination costs		656		4,220		
Capital		742		480		
Total consolidation expenses		1,398		4,700		
CAPITAL EXPENDITURES						
Regular		286		402		448
Modernization		320		4,413		
Total capital expenses		606		4,815		448
SUMMARY						
Regular operating expenses		49,791		54,405		52,537
Consolidation expenses		1,398		4,700		
Capital expenses		606		4,815		448
Subtotal expenses at \$1—DM's as indicated		51,795		63,920		52,985
		(DM2.45)		(DM2.67)		(DM2.67)
Exchange loss anticipated				1,177		
Grand total, expenses		51,795		65,097		52,985
FINANCING						
U.S. Government grant		49,510		64,100		52,985
Application of working capital		2,285				
Private contributions for equipment				997		
Total financing		51,795		65,097		52,985

¹ Effective July 1, 1974 the Radios changed from the cash to the accrual basis of accounting for pension, vacation and certain termination expenses. This change was made so as to include significant liabilities for which the Radios are legally obligated, including those caused by the enactment of pension legislation in the United States and abroad. The total expenditure for fiscal year 1975 as presented in the Radios' audit report is, therefore, \$5,462,000 higher than the amount reflected above due to these unusual accruals. These accrued liabilities will be adjusted in future years as pension costs are funded, vacations are taken, and terminations are effected.

CHART 2

Summary of increases and decreases for fiscal year 1977 as compared to fiscal year 1976

Regular operating expenses:	
Annual salaries—Permanent employees	+1,807
Annualization of savings from fiscal year 1976 consolidation and economy reductions	-462
General salary increases of 5 percent for all employees in line with expected cost of living and wage scale level increases.	
In-grade increases in accordance with union contracts and company policy for employees below the top of their grades.	
Annualization of fiscal year 1976 personnel actions (in-grades, hires, promotions, etc.)	+2,269
Annual salaries—Temporary and part-time employees: General salary increase of 5 percent for all personnel in line with expected cost of living increase	+15
Employee benefits: Taxes	+40
Savings from fiscal year 1976 consolidation and economy reductions	-60
Increase in taxes due to fiscal year 1977 general increase, fiscal year 1977 in-grade increases and annualization of fiscal year 1976 personnel actions	+100
Employee benefits: Pension program: Budgetary problems in prior years had required some deferral of pension premiums. Partial makeup payments were made in fiscal year 1976 in accordance with new U.S. and German pension legislation and with actuarial recommendations. These costs will not recur in fiscal year 1977	-3,995
Employee benefits: Fringe benefits	+129
Nonrecurring fiscal year 1976 costs and savings from consolidation and economy reductions	-60
Annualization of effects of salary and price increases on fiscal year 1976 costs	+189
Miscellaneous fees and professional services	+203
Increased free lance requirements in fiscal year 1977 due to major staff reductions	+200
Price increases in outside professional services (e.g. legal, auditing, engineering consultants)	+3
Travel: Cost of price increases	+23
Rent and utilities	-237
Annualization of savings on Radio Liberty's Munich rental costs due to consolidation in Radio Free Europe's building	-255
Annualization of savings on Radio Free Europe's New York rental costs due to consolidation	-127
Cost for Washington, D.C., office	+100
Increased cost of utilities	+45
Licenses, royalties, and copyrights: Increase in royalties and copyright costs	+12
Technical: Annualization of fiscal year 1976 power costs and new fiscal year 1977 increases in power costs due to modernization of equipment	+275
News and information: Increased cost in the purchase of news and info services	+54
Representation: Cost of price increase	+1
General and administrative: Cost of annualization of fiscal year 1976 and new fiscal year 1977 price increases (e.g., postage, stationery, copy machines, telephones, general repairs, general insurance, building maintenance) offset by savings from reduction in personnel and economy measures)	-195

CHART 2—Continued

Summary of increases and decreases for fiscal year 1977 as compared to fiscal year 1977—Continued

Consolidation expenses.....	-4,700
Nonrecurring severance and related costs for fiscal year 1976 consolidation and economy reductions.....	-4,220
Nonrecurring cost for construction capital required for expansion of Radio Free Europe's Munich building.....	-480
Capital expenses.....	-4,367
Regular costs: Continues program to replace worn and obsolete equipment and to install new equipment for more efficient operations.....	+46
Nonrecurring fiscal year 1976 cost for modernization of technical facilities.....	-4,413
Foreign exchange gain: The cost to purchase foreign currency, particularly the deutsche mark which is the primary currency expensed by the radios, is expected to drop in fiscal year 1977. This will produce a reduction in dollar requirements.....	-1,117

DEVALUATION PROBLEM

Because eighty-four percent of the expenditures for RFE and RL are made in foreign currencies, the budget of the Board for International Broadcasting is uniquely vulnerable to currency fluctuations and the threat of the dollar's devaluation with reference to Germany's deutsche mark. The Administration's request did not adequately make provision for this problem, in the opinion of the Committee.

In this connection, the Comptroller General has written to the Chairman of the Subcommittee on International Political and Military Affairs:

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., March 2, 1976.

HON. DANTE B. FASCELL,
Chairman, Subcommittee on International Political and Military Affairs,
Committee on International Relations, House of Representatives.

DEAR MR. CHAIRMAN: We have been concerned for some time with the financial instability facing the managers of Radio Free Europe and Radio Liberty because of foreign currency exchange rate fluctuations. In a recent review of the operations of the Radios, we found that the effects of foreign currency exchange rate fluctuations have adversely affected the efficiency and levels of operations of the Radios.

As you may be aware, 84 percent of the moneys granted to the two Radios by the Board for International Broadcasting are converted to foreign currencies. No other operation financed by the U.S. Government converts anywhere near this percentage of its funds to foreign currency. Consequently, the Radios cannot compensate for foreign exchange fluctuations as can other U.S. agencies whose operations principally involve U.S. dollars.

In view of this problem, we wrote to the Chairman, Subcommittee on State, Justice, Commerce, and Judiciary, House Committee on Appropriations, last April outlining a proposal for a contingency fund,

to be managed by the Office of Management and Budget, which would be available to provide financial stability to the Radios. The purpose of our proposal was that Radio Free Europe and Radio Liberty would be assured that they could proceed to operate at an approved program level without being penalized should the dollar deprecate against the German mark and other foreign currencies and without gaining an advantage should the value of the dollar increase.

The House International Relations Committee favorably considered our proposal during the first session of the 94th Congress; however, during the course of congressional deliberations, the provision was not included in the legislation ultimately passed.

The record indicates that the Board for International Broadcasting favored the contingency fund proposal and that the proposal would be considered again by the House International Relations Committee during this session of Congress.

We have been advised by the Director, Office of Management and Budget, that he is concerned about the precedent such a fund will establish and that other departments and agencies which have sizable operations abroad would want the same authority. Also, he believes that sufficient authority exists to cover devaluation losses under section 8(a) of the Board for International Broadcasting Act of 1973, as amended, relating to nondiscretionary costs which allows the Board to request a supplemental appropriation without requesting further approval of the authorizing Committees of Congress.

It is not entirely clear that section 8(a) applies to foreign currency exchange rate fluctuations. Furthermore, to anticipate the change in foreign currency rates during the last 6 months of a fiscal year in order to request a supplemental appropriation would be difficult and impractical for the Office of Management and Budget or the Appropriations Committees. Another problem is the time-consuming process sometimes required to secure a supplemental appropriation which is often enacted in the latter part of the fiscal year.

We feel significant fluctuations in foreign currency rates will continue into the foreseeable future, and consequently there still remains a continuing need for a contingency fund.

Our proposal should work both ways, i.e.; to compensate the Radios when dollar valuations are less than the basis upon which budgets had been presented or to reduce the funding to the Radios when the strength of the dollar is such that they would otherwise receive a windfall.

We believe the proposal of a \$5 million contingency fund warrants favorable consideration by Congress.

We propose that section 8(a) of the Board for International Broadcasting Act of 1973 be amended to read as follows:

"There are authorized to be appropriated, to remain available until expended, \$_____ for fiscal year ____ of which \$5,000,000 shall be available only to the extent that the Director of the Office of Management and Budget determines (and so certifies to the Congress) it is necessary, because of downward fluctuations in foreign currency exchange rates, in order to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty: Provided, however, That when monetary fluctuations afford a more favorable exchange rate for the dollar, the Director shall place in reserve funds in excess of those necessary to provide such budgeted

level. There is authorized to be appropriated for fiscal year ____ such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law and for other nondiscretionary costs." (Italics supplied to indicate proposed new language.)

We trust that the above information will be useful to you and your Subcommittee in your consideration of the 1977 authorization bill for the Board for International Broadcasting.

Sincerely yours,

ELMER B. STAATS,
Comptroller General of the United States.

The Committee agrees with the General Accounting Office and has adopted the remedy recommended by the Comptroller General to establish a \$5 million fund to provide contingent protection to the budget of the Board for International Broadcasting in the event that currency fluctuations erode the level of funding approved by Congress. The Committee shares the conviction of the General Accounting Office that this potentially serious problem should be dealt with in a manner which will preserve both Congressional budgetary control and effective operations by the Board. For this reason, the Committee recommends that funds for the Board for International Broadcasting be increased by \$5 million over the Administration's request to a total of \$58,385,000 for fiscal year 1977. This increase will still leave the total amount authorized for fiscal year 1977 \$7,255,000 below the amount authorized for fiscal year 1976.

The Committee's language specifies that in the event of an upward movement in the value of the dollar any excess funds will revert to the contingency fund for use only when downward dollar movements require their use.

PROCUREMENT

Questions have been raised regarding the extent of the Board's current procurement authority. The bill as reported by the Committee clearly provides the Board with procurement authority for supplies, services, personal property, and specialized electronic equipment as well as authority to make contracts.

The Committee agrees with the Board's view that substantial financial benefits would be gained in many instances by allowing the Board to acquire and lease equipment to the Radios instead of granting funds to the Radios for procurement. Anticipated savings would result from the immunity of government purchases from import and other taxes and from lower prices available in some instances to government purchasers. Other advantages are that expensive equipment would clearly be the property of the U.S. government and would be more readily and certainly available for alternative uses in the event of any defense or other emergencies.

THE RADIOS AND DETENTE

Critics of the RFE and RL have charged that the Radios' operations are inconsistent with the U.S. foreign policy objective of seeking "detente" with the Soviet Union and its allies. The Committee has reviewed such allegations and remains convinced that the operations of the Radios remain complementary to the overall objec-

tives of U.S. foreign policy. The Committee notes that the Administration continues to view the budget requests for the Radios as consistent with the policies of the Administration. Detente is obviously a policy supported by the Administration. The Radios additionally continue to receive strong support indicated both by an impressive array of academic experts, and journalists and by strong editorial comments both in the United States and Western Europe. As the Committee noted last year, "It is the overwhelming consensus of those knowledgeable in the field that these Radios continue to perform a useful function and, in long range terms, contribute toward, rather than inhibit, a lessening of tension between the United States and the countries of Eastern Europe."

The Committee is convinced that a meaningful detente can only be built on international respect for fundamental human rights by the Soviet Union and all nations, and notes that the Final Act of the Conference on Security and Cooperation in Europe amplified on the language of Article 19 of the Universal Declaration of Human Rights pertaining to the "right to receive and impart ideas through any media" by declaring that, "The participating states note the expansion in the dissemination of information broadcast by radio, and express the hope for the continuation of this process, so as to meet the interest of manual understanding among peoples and the aims set forth by this Conference."

In view of the Soviet Union's adherence to both the Declaration and the Final Act, the Committee cannot understand the increasingly vitriolic attacks in the Soviet media on Radio Liberty. The Committee is amazed and shocked that the Soviets are so willing to blantly violate both the Declaration and the Final Act. The continuing lies in the Soviet press regarding continuing links between the Radios and the CIA violate the spirit of detente and agreements to which the Soviet Union is a party. Moreover, they ignore the deliberate acts of the Congress five years ago halting all CIA participation in the Radios and mandating a funding process which is completely open for review by any interested party.

NEED FOR A COMPREHENSIVE U.S. INTERNATIONAL BROADCASTING POLICY

Although the proposed legislation is primarily concerned with the Board for International Broadcasting, the Committee recognizes that the Board cannot carry out its Congressional mandate without reference to the other components of the United States overseas broadcasting activities. Despite frequent efforts by the Committee over the years, the United States still lacks a broad and comprehensive policy embracing all of our many international broadcasting operations. Even on matters relating to physical facilities, there remains very little cooperation among such U.S. government broadcasters as RFE and RL, the Voice of America, the Armed Forces Network, and Radio in the American Sector of Berlin. To foster the concept of cooperation and thus improve the utilization of scarce international broadcasting resources the Committee in H.R. 12262 directs the President to furnish to Congress by January 31, 1977 a report on the following:

Steps to more effectively utilize government owned transmission facilities;

The feasibility of international cooperation to insure mutually efficient use of nationally owned facilities;

A comprehensive outline of future facilities needs based on anticipated language requirements and interagency cooperations; and

Possible extension of RFE and RL-type broadcasts to other countries restricting their citizens access to information.

COST ESTIMATES

Pursuant to clause 7 of Rule XIII of the House, the Committee has examined the request submitted by the Executive and has determined that an authorization of \$53,385,000—including a \$5 million contingency for unforeseeable exchange losses—is sufficient to support the operations of the Board for International Broadcasting, Radio Free Europe and Radio Liberty for fiscal year 1977.

The projected cost of this program over the next five years cannot be estimated at this time. The level of funding will depend in part on needs specified in studies now being conducted, on savings which can be achieved from further consolidation of RFE and RL and on overall efforts to consolidate overall government broadcasting facilities and to formulate a comprehensive policy on international broadcasting.

STATEMENT REQUIRED BY RULE XI(1) (3) OF HOUSE RULES

Pursuant to the requirements of rule XI(1)(3) of the Rules of the House of Representatives the following statements are made:

(A) Oversight findings and recommendations.—Under applicable provisions of the Board for International Broadcasting Act of 1973, the Board is assigned direct oversight responsibility over two distinct aspects of the Radios' operations: (1) Broadcast policy and effectiveness, including the responsibility to insure that broadcasts of FRE and RL are carried out within the context of broad U.S. foreign policy objectives, and (2) administration, to insure the most effective utilization of available resources. The Board is also required to report annually to Congress on the operations of the Board and the two Radios.

In the 19 months in which the Board has been operating, significant progress has been made toward implementing policies mandated in the Board for International Broadcasting Act of 1973. Elsewhere in this report the Committee has detailed its findings in this regard as well as recommendations for further actions by the Board. The Committee is pleased at the receptive attitude expressed by the Board with respect to recommendations expected to be made by the General Accounting Office as a result of a comprehensive audit recently completed.

Based on the Committee's conviction that better overall cooperation among all U.S. overseas broadcasting activities will further improve opportunities for improvement in RFE and RL, the Committee has elsewhere in this report outlined its reasons for mandating a Presidential report on greater cooperation and planning by U.S. agencies.

(B) Congressional Budget Act section 308(a) requirement.—This measure provides no budget authority or increased tax expenditures outside of the regular authorization and appropriation process.

(C) Congressional Budget Office estimate and comparisons.—No estimate and comparison prepared by the Director of the Congress-

sional 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

This measure would not have any identifiable inflationary impact. The level of funding authorized in H.R. 12262 is below the level authorized and appropriated for fiscal year 1976. Since 80% of the authorized funds are expected to be spent abroad, this measure is not likely to have any measurable 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):

BOARD FOR INTERNATIONAL BROADCASTING ACT OF 1973

* * * * *

ESTABLISHMENT AND ORGANIZATION

SEC. 3. (a) * * *

(b)(1) COMPOSITION OF BOARD.—The Board shall consist of **[seven members, two of whom shall be ex officio members]** *six members, one of whom shall be an ex officio member.* The President shall appoint, by and with the advice and consent of the Senate, five voting members, one of whom he shall designate as chairman. Not more than three of the members of the Board appointed by the President shall be of the same political party. The chief operating executive of Radio Free Europe and **[the chief operating executive of]** Radio Liberty shall be *an ex officio [members] member* of the Board and shall participate in the activities of the Board, but shall not vote in the determinations of the Board.

* * * * *

(4) TERM OF OFFICE OF *THE EX OFFICIO [MEMBERS] MEMBER.*—**[Ex officio members]** *The ex officio member* of the Board shall serve on the Board during **[their terms]** *his term* of service as chief operating **[executives]** *executive* of Radio Free Europe **[or]** *and* Radio Liberty.

(5) COMPENSATION.—Members of the Board appointed by the President shall, while attending meetings of the Board or while engaged in duties relating to such meetings or in other activities of the Board pursuant to this section, including traveltime, be entitled to receive compensation equal to the daily equivalent of the compensation prescribed for level V of the Executive Schedule under section 5316 of title 5, United States Code. While away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 5703) for persons in the Government service employed intermittently. **[Ex**

officio members] *The ex officio member* of the Board shall not be entitled to any compensation under this Act, but may be allowed travel expenses as provided in the preceding sentence.

(c) *The Board may, to the extent it deems necessary to carry out its functions under this Act, procure supplies, services, and other personal property, including specialized electronic equipment.*

* * * * *

FUNCTIONS

SEC. 4. (a) The Board is authorized:

(1) * * *

* * * * *

(8) to report annually to the President and the Congress on or before the [30th] 31st day of [October] January, summarizing the activities of the Board during the year ending the preceding [June] September 30, and reviewing and evaluating the operation of Radio Free Europe and Radio Liberty during such year; and

* * * * *

[FINANCING AND IMPLEMENTATION

[SEC. 8. (a) There are authorized to be appropriated, to remain available until expended, \$50,209,000 for fiscal year 1974. There are authorized to be appropriated for fiscal year 1974 such additional or supplemental amounts as may be necessary for increases in salary, pay, retirement, or other employee benefits authorized by law and for other nondiscretionary costs.

[(b) To allow for the orderly implementation of this Act, the Secretary of State is authorized to make grants to Radio Free Europe and to Radio Liberty under such terms and conditions as he deems appropriate for their continued operation until a majority of the voting members of the Board have been appointed and qualified, and until funds authorized to be appropriated under this Act are available to the Board.]

AUTHORIZATION OF APPROPRIATIONS

SEC. 8. (a) *There are authorized to be appropriated to carry out the purposes of this Act for fiscal year 1977—*

(1) *\$58,385,000, of which \$5,000,000 shall be available only to the extent that the Director of the Office of Management and Budget determines (and so certifies to the Congress) is necessary, because of downward fluctuations in foreign currency exchange rates, in order to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty; and*

(2) *such additional amounts as may be necessary for increases in salary, pay, retirement, and other employee benefits authorized by law, and for other non-discretionary costs.*

Amounts appropriated under this section are authorized to remain available until expended.

(b) *The Director of the Office of Management and Budget shall place in reserve any amount appropriated under this section which, because of upward fluctuations in foreign currency exchange rates, is in excess of the amount necessary to maintain the budgeted level of operation for Radio Free Europe and Radio Liberty.*

DISSENTING VIEWS OF HONORABLE J. HERBERT BURKE

Unfortunately, over the past few years, the Congress has had a tendency to automatically continue programs already in existence without really questioning their merit and effectiveness. By continuing many of yesterday's programs that have outlived their usefulness, we have added millions of dollars in costs to the U.S. taxpayer. Such a program is the Board for International Broadcasting.

While enjoying its status as a non-profit, tax-exempt institution the BIB last year received over \$60 million from the U.S. Government without providing any reliable information that its operations are worthwhile in proportion to their costs. In addition, the two primary organs of the BIB, Radio Free Europe and Radio Liberty are staffed principally by non-Americans who act as agents of the American people in sending their views to foreign countries.

Radio Free Europe and Radio Liberty are luxuries we can no longer afford to subsidize. With ever increasing problems related to our balance of payments, these programs which are financed in local currencies represent another threat to our present economic situation here in the United States. In addition, we must ask the question of why we should continue to spend the taxpayers' money for this duplication of effort abroad.

With the United States currently funding two other such organizations, the Voice of America and the Armed Forces Radio and Television Service, that reach the same target areas, the cost as well as the programming has become duplicated. Furthermore, other foreign funded programs such as the British Broadcasting Corporation, the West German station, Deutsche Welle, the official radio of France, the Vatican, Israel and others transmit hundreds of hours of similar programming behind the Iron Curtain each week. If these two radio programs, RFE and RL, are to continue, they must be financed by the nations in Western Europe which actually stand to benefit the most from their success.

Neither of these two private enterprises, which we subsidize, act as an official arm of our foreign policy. Yet we entrust to them in effect to articulate American foreign policy in foreign nations without any real advisory or supervisory role over their content by our own government. In fact, the BIB is designated to perform the review function in lieu of the Congress.

Indeed, one must ask in the light of current world and domestic events, whether we would consider establishing RFE and RL today if they were not already in existence. Clearly, a voice is needed, but three American subsidized voices are excessive and wasteful in a period of domestic economic troubles with regard to balance of payments.

In my opinion, the citizens of the Soviet Union and Eastern Europe have a right to know the truth, but it is not the duty of the U.S. alone to provide that truth. Until such time as the western European nations begin to share the cost and responsibility for this task, I cannot support a continuation of U.S. funding for the BIB.

The American people can no longer be asked to support such an institution that is run mainly by non-Americans, spending tens of millions in U.S. tax dollars to express an unsupervised opinion of U.S. ideals to foreign nations. If the merits of these two radios are so overwhelming and vital to the future of Western Europe, it is now time for them to assume their fair share of the financial burden. Until this occurs, I cannot support the passage of this legislation.

J. HERBERT BURKE.



STATE DEPARTMENT AUTHORIZATION ACT,
FISCAL YEAR 1977

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

Mr. HAYS of Ohio, from the Committee on International Relations, submitted the following

REPORT

[To accompany H.R. 13179]

The Committee on International Relations, to whom was referred the bill (H.R. 13179) to authorize appropriations for the Department of State, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE ACTION

On February 4, 1976, the Assistant Secretary of State for Congressional Relations, Hon. Robert J. McCloskey, sent to the Speaker of the House of Representatives Executive Communication No. 2461 which contained a draft bill to authorize appropriations for the Department of State for fiscal years 1977 and 1978 which was referred to the Committee on International Relations. On February 5 the chairman, Hon. Thomas E. Morgan, referred the communication to the Subcommittee on International Operations of which Hon. Wayne L. Hays is chairman. The subcommittee held hearings on February 9, 23, 24, and 25 during which it received testimony from representatives of the Department of State. Among the witnesses were Hon. Henry A. Kissinger, Secretary of State who testified in executive session; Hon. Lawrence E. Eagleburger, Deputy Under Secretary for Management; Hon. John M. Thomas, Assistant Secretary for Administration; Hon. Carol Laise, Director General of the Foreign Service, Hon. John Richardson, Jr., Assistant Secretary of State, Bureau of Educational and Cultural Affairs; Don C. Eller, Director of the Office of the Budget; Frances G. Knight, Director, Passport Office; Orlan C. Ralston, Deputy Assistant Secretary for Foreign Buildings; Dr. William N. Watson, Chief, Medical Services; and James Wilson, Coordinator for Humanitarian Aid. Representative Jonathan B. Bingham of New York also testified.

On April 6 the subcommittee considered the draft bill in open session, directed that amendments to it be prepared, and ordered the amended measure unanimously reported. On April 12 Representative Hays introduced the amended bill as H.R. 13179. The bill was considered by the committee on May 4 and ordered reported unanimously to the House by voice vote.

PURPOSE OF THE BILL

The principal purpose of H.R. 13179 is to provide an authorization of appropriations for the Department of State for fiscal year 1977. The committee deleted the authorization request for fiscal year 1978. The following table shows the authorizations by major categories together with the appropriations for fiscal year 1976.

[In thousands of dollars]

	1976 appropriation	1977		Increase or decrease
		Executive request	Committee recommendation	
Sec. 2(a)(1)—Administration of foreign affairs.....	500,652	551,955	552,455	500
Sec. 2(a)(2)—International organizations and conferences.....	271,016	338,875	338,875	-----
Sec. 2(a)(3)—International commissions.....	20,259	17,069	17,069	-----
Sec. 2(a)(4)—Educational exchange.....	63,429	68,500	68,500	-----
Sec. 2(a)(5)—Migration and refugee assistance.....	9,000	10,000	10,000	-----
Sec. 5—Russian refugee assistance.....	15,000	-----	20,000	20,000
Sec. 6—U.S. Passport Office.....	-----	-----	1,000	1,000
Sec. 7—North Atlantic Assembly.....	-----	-----	50	50
Sec. 9—Foreign Service buildings.....	48,854	31,458	31,458	-----
Sec. 10—Pan American games.....	-----	-----	12,000	12,000
Total.....	928,210	1,017,857	1,051,407	33,550

It should be noted that part of the increase in the Department of State authorization arises from the initiation of a new interagency accounting system, the Foreign Affairs Administrative Support system (FAAS), to replace the present Shared Administrative Support system (SAS).

The Department of State provides a number of administrative support activities and facilities for other agencies operating overseas. Under the SAS the appropriations of each agency included a sum for such support. Under the new FAAS, which is based upon agreements between the Department of State and 24 other agencies operating abroad, all of the overseas administrative costs of these agencies are included in the State Department budget and their budgets are reduced in equivalent amounts.

The new system represents no increase in overall costs to the Government; it is a bookkeeping arrangement. The introduction of this new system accounts for an increase of \$69.9 million in the Department's fiscal year 1977 budget.

SECTION-BY-SECTION ANALYSIS

Section 1

This section cites this act as the State Department Authorization Act, Fiscal Year 1977.

Section 2

Subsection (a) of this section authorizes appropriations totaling \$986,899,000 for the Department of State for this fiscal year 1977 to carry out the authorities, functions, duties, and responsibilities in the conduct of foreign affairs, including trade negotiations.

Paragraph (1) authorizes an appropriation of \$552,455,000 under the heading "Administration of Foreign Affairs." This category provides the necessary funds for the salaries, expenses, and allowances of the officers and employees of the Department, both in the United States and abroad. It covers the costs in the next fiscal year of 5,539 domestic employees, 4,491 overseas American employees, and 6,783 foreign nationals—a total of 16,793 positions. The employees stationed abroad provide U.S. representation in foreign countries through 129 Embassies, 3 Embassy Branch Offices, 2 liaison offices, 68 consulates general, 12 consular agencies, 47 consulates, and 12 missions to international organizations—a total of 273 posts.

The authorization provided by this paragraph includes funds for executive direction and policy formulation, the conduct of diplomatic and consular relations with foreign countries, the conduct of diplomatic relations with international organizations, domestic public information activities, central program services, and administrative and staff activities. It also authorizes funds for representation allowances abroad which the committee increased by \$500,000, emergencies in the Diplomatic and Consular Service, and payments to the Foreign Service retirement and disability fund for the unfunded liability created by new statutes which liberalize benefits or increase salaries on which benefits are computed.

Paragraph (2) authorizes an appropriation of \$338,875,000 to defray the assessments of the United States in international organizations and activities and to pay the costs of U.S. participation in international conferences. Included under this heading is the U.S. share of the cost of the United Nations, its specialized agencies, the International Atomic Energy Agency, inter-American organizations, including the Organization of American States, regional organizations such as NATO and SEATO, and 17 smaller international organizations of which the United States is a member. No funds are provided for UNESCO. It also covers the costs of maintaining the staffs of eight missions which represent the United States at the headquarters of certain international organizations in which the United States has membership. It also provides for the coordination of policy guidance and for administrative support for U.S. participation in certain scheduled or planned multilateral intergovernmental conferences, including the international trade negotiations currently in progress in Geneva. The U.S. share for its contributions to the United Nations peacekeeping forces in the Middle East, estimated at \$45 million for the fiscal year, is also included. Finally, this item includes funds to assist in meeting expenses of U.S. congressional delegations in four interparliamentary organizations.

Paragraph (3) authorizes appropriations of \$17,069,000 for international commissions that deal with U.S. boundaries with Mexico and with Canada. The funds will permit the United States to fulfill its

treaty and other international obligations with Mexico, including the expenses and operations of the International Boundary and Water Commission, United States and Mexico, and construction activities on the United States-Mexican border. This paragraph also includes the authorization of funds for the American sections, international commissions, in accordance with existing treaties with Canada for the operations of the International Boundary Commission and the International Joint Commission. Appropriations made under this authorization cover U.S. obligations in connection with participation in 10 international fisheries commissions pursuant to treaties or conventions, and implementing acts of Congress.

Paragraph (4) authorizes an appropriation of \$68,500,000 under the heading "Educational Exchange." This will enable the Secretary of State to carry out his functions under the provisions of the Mutual Educational and Cultural Exchange Act of 1961. The latter act provides authority for educational and cultural programs of the Department, including the exchange of persons, aid to American-sponsored schools abroad, and cultural presentations. The exchange program financed by the Government is augmented by scholarships and housing assistance provided by American universities to foreign graduate students who are selected under the jointly administered programs of the Department and other governments.

This paragraph includes \$10 million for the development, maintenance, and operation in Hawaii of a Center for Cultural and Technical Interchange between East and West. The Center is a national educational institution now administered on behalf of the Department of State by a nonprofit educational corporation chartered by the State of Hawaii. The Center promotes better relations and understanding between the United States and the nations of Asia and the Pacific through cooperative programs of research, study, and training, which bring qualified persons from the countries of the area to work jointly on problems of mutual concern.

Paragraph (5) authorizes an appropriation of \$10 million for migration and refugee assistance. This will enable the Secretary of State to provide assistance to migrants and refugees on a multilateral basis through contributions to organizations such as the Intergovernmental Committee for European Migration and the United Nations High Commissioner for Refugees as well as on a unilateral basis through assistance to refugees designated by the President, as authorized by law. It also includes an authorization of funds for a contribution to the International Committee of the Red Cross pursuant to existing legislation.

Paragraph (6) authorizes the Department to seek appropriations for such amounts as may be necessary to cover the costs of salary, pay, retirement, and other employee benefits authorized by law, and for other nondiscretionary costs.

Subsection (b) authorizes amounts appropriated under section 2 to remain available until expended.

Section 3—Transfer authority

This section provides that any unappropriated portion of one of the first five authorization items contained in section 2 of this bill may be

considered an authorization for another of those items, provided that no item is increased by more than 10 percent.

Section 4—International Joint Commission

The International Joint Commission (IJC) which supervises industrial and commercial activity affecting the quality and level of the boundary waters between Canada and the United States has expanded its activities and intensified its operations as a result of the Canada-United States Great Lakes Water Quality Agreement. These functions necessitate representation and official entertainment which must be borne by the Commissioners of the American Section. Present authority does not permit the Department to cover either of these items. The authority contained in this section will permit the Commissioners to utilize funds that are otherwise appropriated to them in an amount not to exceed \$1,500 in any one fiscal year for these purposes.

Section 5—Russian Refugee Assistance

This section authorizes an appropriation of \$20 million for fiscal year 1977 to furnish assistance to Israel for the resettlement of Jewish refugees from the Soviet Union and Communist countries in Eastern Europe. During the 4 years that the program has been in operation the United States has appropriated \$141,500,000 for such assistance. This has enabled Israel to resettle about 90,000 Soviet Jews in that country while an additional 14,600 have emigrated to countries other than Israel of whom about 12,000 have come to the United States. About 5,000 refugees have come to Israel from the Communist countries in Eastern Europe. The underlying intent of this legislation since its inception has been to assist Israel in defraying the heavy costs of resettling Jewish refugees. It was not intended to provide such assistance for resettlement in other countries. The committee has therefore limited assistance under this section to resettlement only within the boundaries of Israel.

Section 6—United States Passport Office

This section authorizes an appropriation of \$1 million for the use of the Passport Office of the Department of State to enable that office to miniaturize its files. Passport applications and supporting documentation are stored in traditional filing cabinets. Current material is retained at the Passport Office while older documents are stored in nearby Maryland. With passports being issued at an annual rate in excess of 2 million, the accumulation of paper that must be retained is formidable. The authority contained in this section will enable the Passport Office to put current information on microfilm with a computerized retrieval system. After current material has been miniaturized, documents in storage will be microfilmed. It is estimated that in the course of a few years space can be reduced by 7,000 to 9,000 square feet and 1,300 filing cabinets can be eliminated. This section does not prohibit the use of any other funds that may be made available to the Passport Office for research and development of the Travel Document and Issuance System (TDIS).

Section 7—North Atlantic Assembly

This section authorizes an appropriation of \$50,000 for fiscal year 1977 to meet the expenses that will be incurred when the United States Group hosts the 22d annual session of the North Atlantic Assembly

this fall. The North Atlantic Assembly met originally in Paris and then, when NATO headquarters moved to Brussels, in that city. In recent years its annual sessions have been held in different cities of the nations that comprise the membership in the Assembly. The annual meeting for this year will be held in the United States to coincide with the Bicentennial year. U.S. participation in the Assembly was authorized in 1956 and since that date the United States Group has played a major role in the deliberations of that body.

Section 8—Payment to Lady Catherine Helen Shaw

This section authorizes an ex gratia payment of \$10,000 to Lady Catherine Helen Shaw, wife of the former Ambassador of Australia to the United States, for extremely serious injuries she suffered in a vicious street attack upon her in Washington. The payment will come from the salaries and expenses account of the Department of State.

Section 9—Foreign Service buildings authorization

Last year Congress authorized appropriations of \$94.7 million for fiscal years 1976 and 1977 for the Office of Foreign Buildings of the Department of State. This section supplements that authorization by \$31.5 million. Of this sum \$30 million is for the initiation of a new embassy community in Moscow. It is estimated that the final costs of this project will be between \$75 million and \$100 million. The United States will retain the present residence of the Ambassador, popularly known as Spaso House. The new complex will contain apartments and office space to replace the existing apartment-office building structure which is completely inadequate as well as to bring into one area other personnel who live in small quarters scattered around the city. In addition to residential quarters and office facilities it will also provide for necessary support services such as a cafeteria, gymnasium, swimming pool, health unit, space for recreational facilities, and garage space.

The decision to proceed with construction is based upon an agreement with the Soviet Union permitting that Government to develop a comparable project in Washington. The principle of parallel progress for both projects is included in the agreement. In Moscow, Soviet labor and material will be used for site preparation, foundations, structural frame, and walls and labor for exterior facings. The United States retains the right to use United States or third-country materials and labor for mechanical and electrical equipment, interior finishing work and material for exterior facings.

The remaining \$1.5 million authorization in this section is a technical amendment resulting from a new accounting system. It is merely a financing transfer to FBO of costs previously charged to the appropriations of other agencies. It will be offset by a reduction of an identical sum in other accounts.

Section 10—Pan American Games

This section authorizes an appropriation of \$12 million to permit the Federal Government to provide financial assistance for the Eighth Pan American Games to be held in Puerto Rico in 1979. The money is appropriated to the Secretary of State for transfer to the Recreational Development Company of Puerto Rico, a Government corporation of the Commonwealth of Puerto Rico, for a variety of expenses directly related to the eighth Pan American Games.

It is expected that the games will cost about \$30 million, of which slightly more than half will be provided by the Commonwealth of Puerto Rico, the city of San Juan, and other principal cities; \$3 million will be raised from private sources and the balance will be derived from income in connection with activities during the games. Puerto Rico will host about 6,000 athletes, 300 officials, 440 international judges, 600 members of the press and numerous foreign dignitaries.

These games were first held in Argentina in 1951. Since then they have been held at 4-year intervals in various countries in the hemisphere, including the 1959 meeting in Chicago. They are the largest and most prestigious of the regional games in the world, second only to the worldwide Olympic Games.

Section 11—Participation by Federal employees in cultural exchange program

This section amends the Mutual Educational and Cultural Exchange Act of 1961 (the Hays-Fulbright Act) to permit a Federal employee to accept a grant or other form of assistance provided by a foreign government to facilitate that employee's participation in a type of cultural exchange program defined in that act. Under existing law and regulations such an individual is prohibited from accepting any such assistance if it exceeds \$50 in value.

In urging a modification of this provision the Department of State noted—

That any permanent bar to the acceptance of cultural and educational exchange program grants offered by foreign governments, or organizations of governments, to U.S. Government officials would have a negative impact on the international visitor program conducted by the Department under the Hays-Fulbright Act. Indeed, the Department already has received several expressions of concern from foreign governments along these lines and these governments have raised the issue of comparability of our program with theirs.

The language of the amendment is carefully drawn to prevent indiscriminate use or possible abuse. The proffered grant by a foreign government must conform to the purposes stated in the Hays-Fulbright Act. It is limited to a type defined in the act, that is, "visits and interchanges between the United States and other countries of leaders, experts in fields of specialized knowledge or skill, and other influential or distinguished persons." In every case the exchange must be approved by the Secretary of State. The amendment specifically prohibits any form of assistance in connection with the foreign grant to any member of the family of the Federal employee.

Section 12—Annuity increases for alien employees

This section authorizes the Secretary of State to supplement civil service annuity payments to retired alien employees to restore exchange rate losses in countries where prevailing retirement benefits are superior to those paid by the U.S. Government. At present alien retirees, principally in seven Western European countries, would be the beneficiaries of the relief provided by this section.

The Foreign Service Act requires that alien employees be paid salaries and benefits based on local prevailing practices. Salaries to

such employees are fixed in local currency units but their civil service annuities are fixed in U.S. dollars. Dollar devaluations and the current floating exchange rate system have reduced the value of the annuities of some former alien employees, in terms of their own currencies, by as much as 40 percent. Under the authority in this section the Secretary could, for example, make supplementary monthly payments in an amount required to bring the value of the monthly annuity in local currency terms up to a level realizable if the current exchange rate was equal to the average exchange rate used by the U.S. Government in crediting deposits of the employees to the Civil Service retirement fund during the 3 years immediately preceding retirement.

It should be noted that such supplementary payments will be made from the salaries and expenses account of the Department of State or from the equivalent account of any other employing agency which elects to use this new authority under the Foreign Service Act. They will not come from the Civil Service retirement fund or the Foreign Service retirement fund.

Alien employees in a number of countries are under some local system of retirement and do not participate in the Civil Service retirement system. The Department is making strenuous efforts to encourage the use of such local systems. Where alien employees are not under a local system, they are under the Civil Service system. It is estimated that this amendment would currently cost about \$500,000 per year on a governmentwide basis of which the Department of State, the United States Information Agency, and the Agency for International Development would account for about 90 percent of the cost.

Section 13—Cost-of-living adjustments of Foreign Service retirement annuities

This section amends section 882(b) of the Foreign Service Act by deleting the extra 1 percent feature in the cost-of-living adjustment formula of the Foreign Service retirement system.

In a letter from the Department of State to the Speaker of the House the Department made these comments:

Under the current formula, Foreign Service retirement annuities are adjusted on the first day of the third month that begins after the Consumer Price Index (CPI) has risen at least 3 percent above the point which triggered the last adjustment, and remained at the higher level for 3 consecutive months. The annuity increase equals the highest percentage increase in the CPI during the 3-month period, plus 1 percent.

Experience has shown that the 1 percent feature is operating to overcompensate retirees for increases in the cost of living. This can be seen from the fact that since May 1970, when the present formula was established for the Foreign Service, annuities have been increased 62 percent whereas the CPI has risen only 48 percent over the period for which these increases were granted. The extra 1 percent overcompensates because it is permanently added to the annuity base and is compounded with every subsequent increase. * * *

In a message to Congress of March 24, 1976, the President has urged that the Congress consider repeal of the 1 percent added on

each time Federal civilian and military annuities are adjusted for increases in the CPI. A comparable amendment is under consideration for the Civil Service, Uniformed Service, and Central Intelligence Agency retirees, as well as retirees of the Federal Reserve Board, District of Columbia Judges, and District of Columbia Public School Teachers retirement systems.

COST ESTIMATES

Pursuant to clause 7 of Rule XIII of the House Rules, the committee has examined the request submitted by the Executive to carry out the various functions and programs authorized by this bill. After consideration of the request it recommends an authorization for the next fiscal year of \$1,051,407,000. The committee believes that with careful management and barring unforeseen contingencies the authorization for the Department of State should show no more than a nominal increase over each of the next 5 years.

INFLATIONARY IMPACT STATEMENT

The proposed legislation will have no identifiable inflationary impact.

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

A. Oversight findings and recommendations

In addition to the annual hearings on the Department of State the committee has held numerous meetings throughout the year with the Secretary of State and other ranking officers of the Department.

B. Budget authority

This bill creates no new budget authority.

C. Congressional Budget Office estimate and comparison

No estimate and comparison prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974 has been received by the committee with respect to this measure.

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 of the House Rules.

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) :

ACT OF AUGUST 1, 1956

AN ACT To provide certain basic authority for the Department of State

* * * * *

SEC. 19. Each fiscal year (beginning with fiscal year 1977), the Secretary of State may use not to exceed \$1,500 of the funds appropriated for the American Sections, International Joint Commission, United States and Canada, for representation expenses and official entertainment within the United States for such American Sections.

ACT OF JULY 11, 1956

JOINT RESOLUTION To authorize participation by the United States in parliamentary conferences of the North Atlantic Treaty Organization

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That not to exceed eighteen Members of Congress shall be appointed to meet jointly and annually and when Congress is not in session, with representative parliamentary groups from other NATO (North Atlantic Treaty Organization) members, for discussion of common problems in the interests of the maintenance of peace and security in the North Atlantic area. Of the Members of the Congress to be appointed for the purposes of this resolution (hereinafter designated as the "United States Group"), half shall be appointed by the Speaker of the House from Members of the House, and half shall be appointed by the President of the Senate from Members of the Senate. Not more than five of the appointees from the respective Houses shall be of the same political party.

SEC. 2. There is authorized to be appropriated annually, for the annual contribution of the United States toward the maintenance of the North Atlantic Assembly, such sum as may be agreed upon by the United States Group and approved by such Assembly, but in no event to exceed for any year an amount equal to 25 per centum of the total annual contributions made for that year by all members of the North Atlantic Treaty Organization toward the maintenance of such Assembly, and \$50,000, \$25,000 for the House delegation and \$25,000 for the Senate delegation, or so much thereof as may be necessary, to assist in meeting the expenses of the United States group of the North Atlantic Assembly for each fiscal year for which an appropriation is made, such appropriation to be dispersed on voucher to be approved by the Chairman of the House delegation and the Chairman of the Senate delegation.

SEC. 3. The United States Group of the North Atlantic Treaty Parliamentary Conference shall submit to the Congress a report for each fiscal year for which an appropriation is made, including its expenditures under such appropriation.

SEC. 4. The certificate of the Chairman of the House delegation and the Senate delegation of the North Atlantic Treaty Parliamentary Conference shall hereafter be final and conclusive upon the accounting officers in the auditing of the accounts of the United States Group of the North Atlantic Treaty Parliamentary Conference.

SEC. 5. In addition to the amounts authorized by section 2, there is authorized to be appropriated \$50,000 for fiscal year 1977 to meet the expenses incurred by the United States group in hosting the twenty-second annual meeting of the North Atlantic Assembly. Amounts ap-

propriated under this section are authorized to remain available until expended.

SECTION 4 OF THE FOREIGN SERVICE BUILDINGS ACT, 1926

SEC. 4. (a) * * *

* * * * *

(h) In addition to amounts authorized before the date of enactment of this subsection, there is authorized to be appropriated to the Secretary of State—

(1) for acquisition by purchase or construction (including acquisition of leaseholds) of sites and buildings in foreign countries under this Act, and for major alterations of buildings acquired under this Act, the following sums—

(A) for use in Africa, not to exceed \$865,000 for the fiscal year 1977;

(B) for use in the American Republics, not to exceed \$2,450,000 for the fiscal year 1977;

(C) for use in Europe, not to exceed \$6,725,000 for fiscal year 1977;

(D) for use in East Asia, not to exceed \$875,000 for the fiscal year 1977;

(E) for use in the Near East and South Asia, not to exceed \$8,005,000, of which not to exceed \$3,985,000 may be appropriated for the fiscal year 1976;

(F) for facilities for the United States Information Agency, not to exceed \$3,745,000, of which not to exceed \$2,800,000 may be appropriated for the fiscal year 1976; and

(G) for facilities for agricultural and defense attaché housing, not to exceed \$420,000 for the fiscal year 1977; and

(2) for use to carry out the other purposes of this Act for fiscal years 1976 and 1977, ~~[\$71,600,000]~~ ~~\$73,058,000~~, of which not to exceed \$32,840,000 may be appropriated for fiscal year 1976.

* * * * *

(j) *For the purpose of carrying into effect the provisions of this Act in the Union of Soviet Socialist Republics, there is authorized to be appropriated, in addition to amounts authorized prior to the enactment of this subsection, \$30,000,000, which amount is authorized to remain available until expended.*

* * * * *

MUTUAL EDUCATIONAL AND CULTURAL EXCHANGE
ACT OF 1961

AN ACT To provide for the improvement and strengthening of the international relations of the United States by promoting better mutual understanding among the peoples of the world through educational and cultural exchanges

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may

be cited as the "Mutual Educational and Cultural Exchange Act of 1961."

SEC. 101. STATEMENT OF PURPOSE.—The purpose of this Act is to enable the Government of the United States to increase mutual understanding between the people of the United States and the people of other countries by means of educational and cultural exchange; to strengthen the ties which unite us with other nations by demonstrating the educational and cultural interests, developments, and achievements of the people of the United States and other nations, and the contributions being made toward a peaceful and more fruitful life for people throughout the world; to promote international cooperation for educational and cultural advancement; and thus to assist in the development of friendly, sympathetic, and peaceful relations between the United States and the other countries of the world.

SEC. 102. (a) The President is authorized, when he considers that it would strengthen international cooperative relations, to provide, by grant, contract, or otherwise, for—

(1) educational exchanges, (i) by financing studies, research, instructions, and other educational activities—

(A) of or for American citizens and nationals in foreign countries, and

(B) of or for citizens and nationals of foreign countries in American schools and institutions of learning located in or outside the United States;

and (ii) by financing visits and interchanges between the United States and other countries of students, trainees, teachers, instructors, and professors;

(2) cultural exchanges, by financing—

(i) visits and interchanges between the United States and other countries of leaders, experts in fields or specialized knowledge or skill, and other influential or distinguished persons;

(ii) tours in countries abroad by creative and performing artists and athletes from the United States, individually and in groups, representing any field of the arts, sports, or any other form of cultural attainment;

(iii) United States representation in international artistic, dramatic, musical, sports, and other cultural festivals, competitions, meetings, and like exhibitions and assemblies;

(iv) participation by groups and individuals from other countries in nonprofit activities in the United States similar to those described in subparagraphs (ii) and (iii) of this paragraph, when the President determines that such participation is in the national interest.

(3) United States participation in international fairs and expositions abroad, including trade and industrial fairs and other public or private demonstrations of United States economic accomplishments and cultural attainments.

(b) In furtherance of the purposes of this Act, the President is further authorized to provide for—

(1) interchanges between the United States and other countries of handicrafts, scientific, technical, and scholarly books, books of literature, periodicals, and Government publications, and the reproduction and translation of such writings, and the prepara-

tion, distribution, and interchange of other educational and research materials, including laboratory and technical equipment for education and research;

(2) establishing and operating in the United States and abroad centers for cultural and technical interchanges to promote better relations and understanding between the United States and other nations through cooperative study, training, and research;

(3) assistance in the establishment, expansion, maintenance, and operation of schools and institutions of learning abroad, founded, operated, or sponsored by citizens or nonprofit institutions of the United States, including such schools and institutions serving as demonstration centers for methods and practices employed in the United States;

(4) fostering and supporting American studies in foreign countries through professorships, lectureships, institutes, seminars, and courses in such subjects as American history, government, economics, language and literature, and other subjects related to American civilization and culture, including financing the attendance at such studies by persons from other countries;

(5) promoting and supporting medical, scientific, cultural, and educational research and development;

(6) promoting modern foreign language training and area studies in United States schools, colleges, and universities by supporting visits and study in foreign countries by teachers and prospective teachers in such schools, colleges, and universities for the purpose of improving their skill in languages and their knowledge of the culture of the people of those countries, and by financing visits by teachers from those countries to the United States for the purpose of participating in foreign language training and area studies in United States schools, colleges, and universities;

(7) United States representation at international nongovernmental educational, scientific, and technical meetings;

(8) participation by groups and individuals from other countries in educational, scientific, and technical meetings held under American auspices in or outside the United States;

(9) encouraging independent research into the problem of educational and cultural exchange; and

(10) promoting studies, research, instruction, and other educational activities of citizens and nationals of foreign countries in American schools, colleges, and universities located in the United States by making available to citizens and nationals of less developed friendly foreign countries for exchange for currencies of their respective countries (other than excess foreign currencies), at United States embassies, United States dollars in such amounts as may be necessary to enable such foreign citizens or nationals who are coming temporarily to the United States as students, trainees, teachers, instructors, or professors to meet expenses of the kind described in section 104(e) (1) of this Act.

* * * * *
SEC. 108A. (a) (1) Congress consents to the acceptance by a Federal employee of grants and other forms of assistance provided by a foreign

government to facilitate the participation of such Federal employee in a cultural exchange—

(A) which is of the type described in section 102(a)(2)(i) of this Act,

(B) which is conducted for a purpose comparable to the purpose stated in section 101 of this Act, and

(C) which is specifically approved by the Secretary of State for purposes of this section;

but the Congress does not consent to the acceptance by any Federal employee of any portion of any such grant or other form of assistance which provides assistance with respect to any expenses incurred by or for any member of the family or household of such Federal employee.

(2) For purposes of this section, the term "Federal employee" means any employee as defined in subparagraphs (A) through (E) of section 7342(a)(1) of title 5 of the United States Code, but does not include a person described in subparagraph (F) of such section.

(b) The grants and other forms of assistance with respect to which the consent of Congress is given in subsection (a) of this section shall not constitute gifts for purposes of section 7342 of title 5 of the United States Code.

(c) The Secretary of State is authorized to promulgate regulations for purposes of this section.

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FOREIGN SERVICE ACT OF 1946

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TITLE IV—CATEGORIES AND SALARIES OF PERSONNEL

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PART B—SALARIES

* * * * *

COMPENSATION PLANS FOR ALIEN EMPLOYEES

SEC. 444. (a) (1) The Secretary shall, in accordance with such regulations as he may prescribe, establish compensation plans for alien employees of the Service: *Provided*, That such compensation plans shall be based upon prevailing wage rates and compensation practices for corresponding types of positions in the locality, to the extent consistent with the public interest.

(2) *The Secretary may, under such regulations as he may prescribe, make supplemental payments, out of funds appropriated after the date of enactment of this subparagraph for salaries and expenses, to any civil service annuitant who is a former alien employee of the Service (or is a survivor of a former alien employee of the Service) in order to offset exchange rate losses, if the annuity being paid such annuitant is based on (A) a salary that was fixed in a foreign currency that has appreciated in value in terms of the United States dollar, and (B) service in a country in which (as determined by the Secre-*

tary) the average retirement benefits being received by those who have retired from competitive local organizations are superior to the local currency value of civil service annuities plus any other retirement benefits payable to alien employees who have retired during similar time periods and after comparable careers with the United States Government.

* * * * *

PART J—COST-OF-LIVING ADJUSTMENTS OF ANNUITIES

SEC. 882. (a) Effective the first day of the third month which begins after the date of enactment of the Foreign Service Act Amendments of 1969 (hereafter in this section referred to as "this amendment"), each annuity payable from the Fund which has a commencing date not later than such effective date shall be increased by 1 per centum plus the per centum rise in the price index adjusted to the nearest one-tenth of 1 per centum, determined by the Secretary on the basis of the increase in the price index for the month latest published on the date of enactment of this amendment over the average price index for the calendar year forming the basis for the last increase under this section prior to this amendment.

(b) Effective the first day of the third month which begins after the price index shall have equaled a rise of at least 3 per centum for three consecutive months over the price index for the month last used to establish an increase, each annuity payable from the Fund which has a commencing date not later than such effective date shall be increased by [1 per centum plus] the per centum rise in the price index (calculated on the highest level of the price index during the three consecutive months) adjusted to the nearest one-tenth of 1 per centum.

* * * * *



U.S. INFORMATION AGENCY AUTHORIZATION ACT,
FISCAL YEAR 1977

MAY 11, 1976.—Committed to the Committee of the Whole House on the State of
the Union and ordered to be printed

Mr. HAYS of Ohio, from the Committee on International Relations,
submitted the following

REPORT

[To accompany H.R. 13589]

The Committee on International Relations, to whom was referred the bill (H.R. 13589) to authorize appropriations for the United States Information Agency, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

COMMITTEE ACTION

On February 11, 1976, the Director of the U.S. Information Agency (USIA), Hon. James Keogh, sent to the Speaker of the House of Representatives an executive communication (No. 2544) which contained a draft bill to authorize appropriations for the Agency for fiscal years 1977 and 1978 which was referred to the Committee on International Relations. On February 18 the chairman, Hon. Thomas E. Morgan, referred the communication to the Subcommittee on International Operations of which Hon. Wayne L. Hays is chairman. The subcommittee held a hearing on the draft legislation on May 4. The principal witness was Hon. James Keogh, Director, USIA, who was accompanied by John W. Shirley, Assistant Director for Europe, and Stanley M. Silverman, Budget Officer. On May 5 the subcommittee marked up the draft bill, amended certain parts as indicated below, and ordered it favorably reported to the committee. The amended subcommittee draft bill was introduced by Representative Hays on May 6 as H.R. 13589. The full committee considered this bill on May 11 and ordered it reported unanimously by voice vote.

PURPOSE OF THE BILL

The principal purpose of H.R. 13589 is to provide an authorization of appropriations for the U.S. Information Agency (USIA) for fiscal

year 1977. The committee deleted the authorization request for fiscal year 1978. The following table shows the authorizations by major categories together with the appropriations for fiscal year 1976.

[In thousands of dollars]

	1976 appropriations	Executive request	Committee recommendation	Increase or decrease
Salaries and expenses.....	1 257,295	2 256,925	254,925	-2,000
Special international exhibitions.....	6,187	4,841	4,841	
Radio activities.....	3,295	2,142	2,142	
Total.....	266,777	263,908	261,908	-2,000

¹ Includes \$9,995,000 for special foreign currency program and \$3,100,000 for salary increases.

² Includes \$8,600,000 for special foreign currency program.

SECTION-BY-SECTION ANALYSIS

SECTION 1

This section cites the act as the United States Information Agency Authorization Act, Fiscal Year 1977.

SECTION 2

The authorizations made under this section will enable the Agency to carry out its international informational activities and programs under the U.S. Information and Education Exchange Act of 1948, the Mutual Educational and Cultural Exchange Act of 1961, and Reorganization Plan No. 8 of 1953.

Subsection (a)(1) authorizes an appropriation of \$254,925,000 under the heading "Salaries and Expenses". This item covers the funding of the various media programs as well as general support and administrative support. To indicate how the Agency has planned to allocate its resources to the various areas and activities the Agency supplied the committee with the following table.

SALARIES AND EXPENSES RESOURCES DISPLAYED BY GEOGRAPHIC AREA AND MEDIA FUNCTION ¹

[In thousands of dollars]

	Program by media function				Total
	Press and publications	Motion pictures and television	Centers and related activities	Radio	
Salaries and expenses (program by geographic area):					
East Asia and Pacific.....	9,579	4,591	17,685	17,230	49,085
Africa.....	7,204	3,821	12,638	10,468	34,131
North Africa, Near East, and South Asia.....	11,574	4,121	20,688	13,737	50,120
Latin America.....	9,056	7,577	18,379	6,068	41,080
West Europe.....	11,385	3,828	23,200	2,899	41,312
Soviet Union and East Europe.....	7,610	1,175	7,462	26,125	42,372
Total, salaries and expenses obligations.....	56,408	25,113	100,052	76,527	258,100
Less foreign currency balances applied..	-257	-144	-456	-348	-1,175
Total, salaries and expenses request.....	56,151	24,999	99,596	76,179	256,925

¹ This display represents application in gross terms of the Agency's total salaries and expenses resources by function and geographic area. It necessarily involves the proration of resources related to worldwide programs, program direction, research activities, administrative and other general support, and certain field costs that are not attributable either to major functions or geographic areas.

During the next fiscal year USIA proposes to operate 188 posts in 112 countries. USIS country missions conduct cultural and informational programs employing a variety of activities designed to achieve cross-cultural communication. Among the activities are press, radio, TV, motion pictures, publications, information centers, libraries, lectures and seminars, book publication and presentations, and support for the Department of State's educational and cultural exchange programs. Branch posts and binational centers may be part of larger country programs. USIS program resources are carefully integrated to achieve country objectives, which are based on U.S. policy considerations, the communications environment of the host country, and the resources available to each post.

The parenthetical item, "Special foreign currency program," provides for payments in U.S.-owned foreign currencies in those countries where such currencies are excess to normal U.S. Government needs. In such countries the Agency uses foreign currencies to fund both the local costs of the Agency's regular information and cultural programs, and when appropriate, special programs (as authorized in Public Law 480) such as the publication of American texts and related books in foreign languages and distribution of those materials into educational systems abroad. The Agency expects to use for this program for fiscal year 1977 about \$8.6 million which is included in the sum for Salaries and Expenses and which remains available until expended.

The committee notes with approval that the Agency is eliminating 241 positions in fiscal year 1976, most of them as part of the program reductions scheduled for 1977. It plans to drop another 72 positions in fiscal year 1977. This will bring Agency staffing down to 8,829 positions by the end of fiscal year 1977.

During the past several years the committee has been concerned by increasing expenditures for travel by the Agency. For fiscal year 1975 this item amounted to \$7.6 million; for fiscal year 1977 the planned expenditure is \$9.3 million, an increase of 23 percent in 2 years.

As an agency operating in more than 100 countries, its personnel are subject to rotation in assignments. Thus travel expenses and related costs for such personnel are understandable and give some justification for increases in travel costs. For fiscal year 1975 the Agency spent \$3.1 million for this purpose; for next year the comparable outlay will be \$3.9 million.

The portion that concerns the committee more is that spent for travel principally by its Washington based employees. This is referred to as TDY (temporary duty). In fiscal year 1975 such travel amounted to \$4.5 million; for next year it is estimated to cost \$5.4 million. It is an account that easily lends itself to misuse or abuse by giving the home office personnel expense-free trips abroad. The committee has therefore reduced the Salaries and Expenses account by \$2 million with the reduction to be applied against that part of the travel account that covers TDY travel.

Subsection (a)(2) authorizes an appropriation of \$4,841,000 for special international exhibitions to remain available until expended. These are focused on East Europe, the Soviet Union, and Berlin. This program is authorized by the Mutual Educational and Cultural Exchange Act of 1961 (Hays-Fulbright Act) to increase mutual understanding between the people of the United States and those of other

nations through exhibitions at international fairs and other public and private demonstrations of U.S. economic accomplishments and cultural attainment.

Emphasis is on topical rather than commercial exhibitions. It involves the development and presentation of exhibitions at international fairs and other selected locations, and special exhibitions circulated in accordance with cultural exchange agreements or ad hoc arrangements. The exhibitions include in addition to various aspects of American life and culture presented in American environments; seminars conducted by American specialists eminent in the particular exhibition's theme; bilingual American guides; libraries of publications pertaining to the theme; quality brochures for mass distribution; extensive coverage by other Agency media such as VOA; invitational press previews; and guided tours for VIP and special groups.

Subsection (a)(3) authorizes an appropriation of \$2,142,000 for the acquisition and construction of radio facilities. Of this sum \$2,032,000 is for a continuing program of major improvements, replacements and repairs to maintain and improve the efficiency of existing facilities and \$110,000 for the engineering research program for improvement of broadcasting techniques and components. The maintenance and repair request includes projects that range in individual cost from under \$10,000 to \$624,000, involving all the relay stations and studio operations. The research funds are requested to continue ionospheric propagation research.

Subsection (a)(4) authorizes the Agency to seek appropriations for such amounts as may be necessary to cover the costs of salary, pay, retirement, and other employee benefits authorized by law, and other nondiscretionary costs.

Subsection (b) authorizes amounts appropriated under section 2 to remain available until expended.

SECTION 3

This section provides that any unappropriated portion of one of the first three authorization items contained in section 2 of this bill may be considered an authorization for another of those items, provided that no item is increased by more than 10 percent.

SECTION 4

This section, requested by the Executive, authorizes the Agency to use funds from its annual appropriations to purchase uniforms for those Agency employees who perform duties such as drivers, guards, and messengers. Such authority is already available to the Department of State and the Agency for International Development.

SECTION 5

This section relates to the Agency's use of exchange allowances and proceeds derived from the exchange or sale of motor vehicles used abroad. At present the authority for Agency use of exchange allowances and proceeds is repeated in each annual appropriation act. This section authorizes the exchange allowances or proceeds to be made

available without fiscal year limitation for the replacement of vehicles, thus giving the Agency greater flexibility and conforming the Agency's authority in this regard to that of the Department of State.

SECTION 6

This section authorizes the release for public showing within the United States of four films produced by the Agency. It incorporates the essential language of H.R. 5527 introduced last year by Representatives Boggs and McDade.

Under existing law USIA-prepared materials cannot be disseminated within the United States. This section permits an exception to that prohibition. The films specified in this section are excellent color films depicting three geographic areas of the United States and one of the life of a distinguished American composer. The purpose of this exception is to make these products available during the Bicentennial year. Distribution of the films will be under the jurisdiction of the General Services Administration.

While the committee is not disposed to repeal the existing prohibition against dissemination within the United States, it is of the opinion that the showing of these films is most appropriate in connection with the Bicentennial year and will in no way constitute propaganda on behalf of the Government or the Agency.

REORGANIZATION OF USIA

For more than 20 years the basic structure of USIA has remained unchanged. During that time its activities have multiplied and its relations with departments and agencies of the Government have changed. Its own role within the executive branch is not always clear. It is timely, almost imperative, that attention be given to determine what, if any, changes should be made in its organization and its mission.

The committee was encouraged that the Executive would come forward with its own recommendations when the so-called Stanton Commission report was issued in March, 1975. That report was the work of a privately funded group of distinguished citizens, most of them experienced in the field of international communications. Theirs was an in-depth study of Government-sponsored international information, education, and cultural programs. Much of their attention was given to USIA. Their recommendations included an extensive restructuring of that Agency. Although the report received wide publicity and comment, the Executive thus far has not addressed itself to the issues raised and the recommendations made. The committee believes that with a new administration next year it would be particularly helpful for the Congress to have its detailed recommendations before the Congress proceeds to make its own study and recommendations.

COST ESTIMATES

Pursuant to clause 7 of Rule XIII of the House Rules, the committee has examined the request submitted by the Executive to carry out the various functions and programs authorized by this bill. After consideration of the request it recommends an authorization for the

next fiscal year of \$261,908,000. The committee believes that with careful management and barring unforeseen contingencies the authorization for the Agency can remain at this level or lower over each of the next 5 years.

INFLATIONARY IMPACT STATEMENT

The proposed legislation will have no identifiable inflationary impact.

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

A. OVERSIGHT FINDINGS AND RECOMMENDATIONS

The committee through its Subcommittee on International Operations follows closely the operations of the Agency throughout the year.

B. BUDGET AUTHORITY

This bill creates no new budget authority.

C. CONGRESSIONAL BUDGET OFFICE ESTIMATE AND COMPARISON

No estimate and comparison prepared by the Congressional Budget Office pursuant to section 403 of the Congressional Budget Act of 1974 has been received by the committee with respect to this measure.

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 of the House Rules.

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):

UNITED STATES INFORMATION AND EDUCATIONAL EXCHANGE ACT OF 1948

* * * * *

TITLE VIII—ADMINISTRATIVE PROCEDURES

* * * * *

BASIC AUTHORITY

SEC. 804. In carrying out the provisions of this Act, the Secretary, or any Government agency authorized to administer such provisions, may—

(1) * * *

* * * * *

(12) furnish fuel and utilities for Government-owned or leased property abroad; [and]

(13) pay travel expenses of employees attending official international conferences, without regard to sections 5701–5708 of title 5, United States Code, and regulations issued thereunder, but at rates not in excess of comparable allowances approved for such conferences by the Secretary [.] ; and

(14) purchase uniforms, when funds are appropriated therefor.

* * * * *

REPLACEMENT OF PASSENGER MOTOR VEHICLES

SEC. 806. The exchange allowances or proceeds derived from the exchange or sale of passenger motor vehicles used abroad for purposes of this Act or the Mutual Educational and Cultural Exchange Act of 1961 are authorized to be made available without fiscal year limitation for replacement of an equal number of such vehicles in accordance with section 201(c) of the Federal Property and Administrative Services Act of 1949.

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