

The original documents are located in Box 50, folder “1976/07/12 HR14237 Agriculture and Related Agencies Appropriations Act 1977 (1)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

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APPROVED
JUL 12 1976

5/7/12/76

ACTION
LAST DAY - Monday, July 12

THE WHITE HOUSE
WASHINGTON
July 10, 1976

Posted
7/12/76

Archives
7/13/76

MEMORANDUM FOR: THE PRESIDENT
FROM: JIM CANNON
SUBJECT: Enrolled Bill H.R. 14237 -
Agriculture and Related Agencies
Appropriations Act, 1977

You must decide by Monday, July 12, whether to sign or veto this bill.

The Bill

H.R. 14237 provides \$11.5 billion for fiscal year 1977 activities of the Department of Agriculture (except the Forest Service), the Food and Drug Administration and other smaller agencies.

While the bill purports to exceed your proposed budget by only \$78 million, it in fact exceeds your budget by \$788 million. Increases of this amount in the special milk program, the child nutrition programs, the Farmers Home Administration rural water and waste disposal grant program, the Agricultural Conservation program and others are obscured by a \$710 million cut in your requested appropriation to finance prior year Commodity Credit Corporation price support losses. This is merely a \$710 million delay of appropriations which will be needed at a later date.

In addition, this bill provides only enough funds to support the operation of the food stamp program assuming all your proposed reforms are adopted -- which now appears to be an unrealistic assumption. Without reform, the program could cost about \$1 billion more during FY 1977.

Finally, the bill establishes minimum employment ceilings for the Farmers Home Administration, the Soil Conservation Service and the Agricultural Stabilization and Conservation Service which are 824 over the planned number, thereby restricting the Secretary's freedom to manage the Department of Agriculture.

The bill is described more fully in OMB's Enrolled Bill memorandum at Tab A.

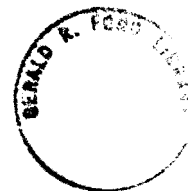


ARGUMENTS FOR SIGNING

- A veto might be viewed by farmers as an action against agriculture and lead to further alienation of farmers. (This point is made by Senator Dole, Hyde Murray, the Minority Counsel on the House Agriculture Committee and John Datt, head of the Farm Bureau's Washington office).
- The chances of sustaining a veto are slight. (An assessment of the situation from the Office of Legislative Affairs is at Tab B.)
- Many of the budget increases are for programs (such as school milk and agricultural conservation) which are dear to farmer and Congressional hearts.
- There is a risk that the veto might be interpreted as "a veto of the farm bill because it did not include enough money for food stamps."
- The arguments about the need for \$710 million to replenish CCC finances and the deceptive "deferral" of this funding, while valid, are difficult to communicate.

ARGUMENTS FOR VETO

- The actual budget overrun is almost \$800 million and this clearly violates your budget targets.
- In addition, there is substantial underfunding of the food stamp program.
- The general benefits resulting from a hard line on excessive spending outweigh any adverse political effects in the farm community.
- Secretary Butz argues strongly that the obnoxious aspects of this bill can be communicated to farmers so that there will be little or no adverse political fallout in the rural areas.
- In addition to the budget problems, Secretary Butz and OMB are very concerned about the precedent of Congressionally-mandated employment minimums, which restrict the Secretary's freedom to manage his Department.
- Finally, Secretary Butz is more optimistic than Max Friedersdorf about the chances for sustaining a veto.



AGENCY AND STAFF RECOMMENDATIONS

Max Friedersdorf and the Counsels office (Lazarus) recommend that you sign the bill.

Secretary Butz, Jim Lynn, Bill Seidman and I recommend veto.

DECISION



Sign H.R. 14237
(Sign bill at Tab C)

Veto H.R. 14237
(Sign statement approved by
Doug Smith at Tab D)

THE WHITE HOUSE
WASHINGTON

July 9, 1976

MEMORANDUM FOR: JIM CANNON
FROM: MAX FRIEDERSDORF *m.b.*
SUBJECT: H.R. 14237 - Agriculture
Appropriations Act of FY 77

The Office of Legislative Affairs strongly recommends subject bill be signed.

Most important reasons being:

1. This legislation passed the House by a large vote of 377 - 26, the Conference Report by 372 - 27, making it impossible to sustain in that body.
2. Senator Bob Dole, the Ranking Republican on the Senate Agriculture Committee urges the President sign the bill to make points with the farmers, who are already alienated to a great degree.
3. Politically, a veto would be a big issue in the campaign adding problems to those this Administration is and has experienced with the farm community.
4. The bill contains the exact amount requested by the President for the food stamp program (4.8 billion) in his budget submitted to the Congress in January of this year.

TO THE HOUSE OF REPRESENTATIVES:

The pressing national need to control the growth of Federal spending and to avoid new inflationary pressures compels me to return to the Congress without my approval H.R. 14237, an appropriations bill for the Department of Agriculture and certain related agencies and programs.

In May, I promised the American taxpayers that any appropriation bill which significantly exceeded my budget would be vetoed to hold down Federal spending. Although H.R. 14237 purports to increase my request for appropriations by only \$78 million, the true additional cost of this appropriation would be nearly \$800 million. The Congress has accomplished this feat by making a meaningless and misleading \$710 million cut in funds which I have indicated are needed to finance Commodity Credit Corporation price support losses already sustained in fiscal year 1975. These losses must be covered by appropriations sooner or later. The postponement of this appropriation has no effect on actual government spending, but is simply a technique to hide budget increases desired by the Congress.

These increases include the following unneeded amounts:

- \$200 million for a program of rural water and waste disposal grants. This amount would be added to the almost \$2 billion already available for similar financial assistance under several other Federal loan and grant programs.
- \$190 million to encourage and finance farm "conservation" practices which for the most part already are being carried out by farmers on their own. At the same time, the Congress continues to ignore my proposal to reform the program by emphasizing conservation practices which yield long-term national benefits.

- \$155 million for the special milk program which needlessly duplicates the assistance already provided under the much larger and more comprehensive school lunch program.
- \$103 million for school feeding programs to avoid a transfer from unneeded funds for surplus farm products and to purchase \$28 million in unnecessary food service equipment.
- \$96 million for additional grants and technical assistance to local governments, landowners, farm operators, and others.

The bill would also increase authority for Farmers Home Administration loan programs by \$1,275 million. While these increases do not appear as budget authority in the bill, they place undesirable increased pressures on credit markets and add to budget spending because of the subsidies required in fiscal 1977 and subsequent years.

In addition to the increased spending involved, this bill establishes minimum employment levels for several organizations within the Department of Agriculture. This action clearly interferes with my constitutional responsibility to manage the Executive Branch, as well as with the responsibility of the Secretary of Agriculture to efficiently manage the Department. I cannot be a party to a Congressional decision to hire or retain workers who may not be needed to effectively perform the functions of an Executive Branch department.

Finally, this bill provides sufficient funds for the operation of the food stamp program if, and only if, the reforms I proposed last October are enacted. However, the Congress has not as yet adopted any substantive program reforms. Without reforms in place, the funds

for food stamps in this bill are clearly inadequate since the food stamp program costs the American taxpayers an additional and unnecessary \$3 million for each day that goes by without reform of this program.

I urge the Congress to reconsider this bill.

X_____

THE WHITE HOUSE,

EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 14237 - Agriculture and Related
Agencies Appropriation Act, 1977
Sponsor - Rep. Whitten (D), Mississippi

Last Day for Action

July 12, 1976 - Monday

Purpose

Provides \$11,544,998,000 for fiscal year 1977 activities of the Department of Agriculture (except the Forest Service), the Food and Drug Administration, and other smaller agencies.

Agency Recommendations

Office of Management and Budget	Disapproval (draft veto message attached)
Department of Agriculture	Disapproval (informally)

Discussion

The enrolled bill provides \$78,106,000 more in 1977 budget authority than your request of \$11,466,892,000. The increase cited does not consider a \$710 million cut made by the Congress in the appropriation to restore prior year price support losses of the Commodity Credit Corporation. This action is both meaningless and misleading since it will not affect program levels or outlays, but must be restored at a later date. The effect of this cut is to allow the Congress to include an additional \$710 million of program increases, without appearing to exceed the budget resolution limitation and resulting in an effective net increase to your budget authority requests of \$787,705,000. Most of this increase is to restore several conservation and rural development programs to 1976 levels.



The following table shows the effect of major Congressional action on your requests:

	Request <u>Considered</u>	(\$ in millions) Enrolled <u>Bill</u>	Congressional <u>Change</u>
Department of			
Agriculture:			
Domestic			
food programs....	6,779	7,037	+258
Conservation.....	412	663	+251
Rural development and production...	549	792	+243
Other, USDA.....	2,763	2,795	+32
Other agencies.....	254	258	+3
Subtotal.....	<u>10,757</u>	<u>11,545</u>	<u>+788</u>
Reduction in farm price support requiring later action.....	710	---	-710
Total.....	<u>11,467</u>	<u>11,545</u>	<u>+78</u>

The effect of Congressional action on your budget authority requests is to increase spending in 1977 by \$271 million and in 1978 by \$297 million.

One objectionable feature of the bill relates to the establishment by Congress of minimum employment levels for specific USDA organizations. The Appropriation Committees have long complained that the imposition of employment ceilings has curtailed services to the public. For programs funded in this bill such criticism has centered on the Farmers Home Administration, the Soil Conservation Service, and the Agricultural Stabilization and Conservation Service. The effect of establishing minimum employment ceilings for these organizations is to increase their permanent full-time employment by 824 over the number planned--from 23,004 to 23,828. Although this is a relatively small increase, it could result in these agencies having (or retaining) more personnel than necessary.

The remainder of this analysis discusses the major changes made in the bill to the requests for the Department of Agriculture. Any other changes are minor and amount to a net increase of \$15 million.



Domestic Food Programs

The Congress has provided \$155 million to maintain the 1976 level of the special milk program. You had proposed termination of this program in FY 1976 on the basis that milk is already provided as part of the school lunch program and that the special milk program is not targeted solely on those in need.

For child nutrition programs, an additional \$102.5 million above your budget authority request is provided. At the same time, a decrease of \$72 million from your requested Section 32 transfer is effected in order to increase the Section 32 fund balance. Most of the resulting \$30.5 million program level increase is for food service equipment--a program no longer necessary to continue. The appropriations for child nutrition programs represent action on estimates to continue existing programs. The Congress has not acted on your proposal for child nutrition reform.

The enrolled bill provides that Section 32 funds shall carry a \$300 million balance to guarantee production and orderly marketing of perishable commodities--as stated in the committee reports on this bill. The budget had recommended that the entire Section 32 fund balance--subsequently increased by the Fiscal Year Transition Act--be transferred in order to eliminate a potential source of "backdoor" spending and to reduce the request for child nutrition programs.

Farmers Home Administration

Your budget authority requests for the Farmers Home Administration are increased by \$242.8 million, of which \$200 million is for rural water and waste disposal grants. Most of the remaining increase is for programs for which no funds were requested.

The bill also increases loan programs by \$1,275 million, most of which would be for rural housing. The increases do not add to budget authority. However, they do increase pressure on credit markets and because approximately half of the loans will involve subsidies, they will add to budget outlays.

Agricultural Stabilization and Conservation Service

Your request for the Agricultural Stabilization and Conservation Service is increased by a net \$214.5 million. The Congress has provided \$190 million for the Agricultural Conservation program, \$15 million for the Forestry Incentives program, and \$10 million for the Water Bank program--programs your 1977 budget proposed for elimination.

Soil Conservation Service

A net increase of \$36.4 million is provided for the Soil Conservation Service. The additional funds are primarily for the Great Plains conservation program, watershed and flood prevention operations, and resource conservation and development.

Extension Service

For the Extension Service, the Congress has provided an additional \$21.9 million. This is primarily to continue the Nutrition Education program and other activities at their 1976 level.

Food Stamp Program

This bill provides sufficient funds for the operation of the food stamp program if proposed reforms are adopted by the Congress. For each day without reform, about \$3 million of additional spending results.

Comparison to Budget Resolution

The following compares the enrolled bill with House and Senate appropriations subcommittee allocations under the first concurrent resolution on the budget:

1977 Budget Authority (in millions of dollars)		
<u>House</u> <u>Target</u>	<u>Senate</u> <u>Target</u>	<u>Enrolled</u> <u>Bill</u>
14,420	12,100	11,545

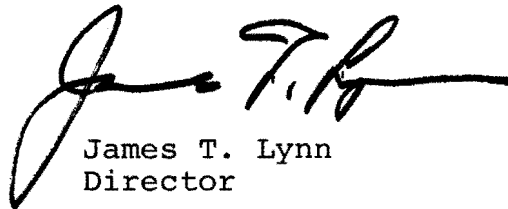


It should be noted that if the Congress had not juggled the CCC numbers (+\$710 million) and had appropriated the full amount required for food stamps unless your reforms are adopted (+\$1.2 billion) this appropriation bill would be \$2 billion over your budget request and far above the Senate target.

These points should be stressed if you agree the bill should be vetoed.

Recommendation

Most of the increases provided are for programs which the Administration has been repeatedly unsuccessful in efforts to terminate or decrease funding. However, the overall size of the Congressional increases as well as the encroachment by the Congress on the executive prerogative to establish personnel levels for efficient operation of programs prompt Secretary Butz and me to recommend that you veto this bill.

A handwritten signature in black ink, appearing to read "James T. Lynn". The signature is fluid and cursive, with a long horizontal stroke at the end.

James T. Lynn
Director

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 430pm

FOR ACTION: Paul Leach
 Max Friedersdorf *sign*
 Kenn Lazarus *veto*
 Robert Hartmann (veto message attached)
 Bill Seidman *veto*
 Sarah Massengale *refer*
 FROM THE STAFF SECRETARY *blank*

cc (for information): Jack Marsh
 Jim Cavanaugh
 Ed Schmults
 Steve McConahey *defer*

DUE: Date: July 9

Time: 100pm

SUBJECT:

H.R. 14237 - Agriculture and related agencies appropriation act, 1977

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

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.:

Date: July 8

Time: 430pm

FOR ACTION: Paul Leach
Max Friedersdorf
Ken Lazarus
Robert Hartmann (veto message attached)
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cc (for information): Jack Marsh
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FROM THE STAFF SECRETARY Sarah Massengale

Steve McConahey

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James M. Cannon
For the President

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

JUL 8 1976

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 14237 - Agriculture and Related
Agencies Appropriation Act, 1977
Sponsor - Rep. Whitten (D), Mississippi

Last Day for Action

July 12, 1976 - Monday

Purpose

Provides \$11,544,998,000 for fiscal year 1977 activities of the Department of Agriculture (except the Forest Service), the Food and Drug Administration, and other smaller agencies.

Agency Recommendations

Office of Management and Budget

Disapproval (draft veto message attached)

Department of Agriculture

Disapproval (informally)

Discussion

The enrolled bill provides \$78,106,000 more in 1977 budget authority than your request of \$11,466,892,000. The increase cited does not consider a \$710 million cut made by the Congress in the appropriation to restore prior year price support losses of the Commodity Credit Corporation. This action is both meaningless and misleading since it will not affect program levels or outlays, but must be restored at a later date. The effect of this cut is to allow the Congress to include an additional \$710 million of program increases, without appearing to exceed the budget resolution limitation and resulting in an effective net increase to your budget authority requests of \$787,705,000. Most of this increase is to restore several conservation and rural development programs to 1976 levels.



TO THE HOUSE OF REPRESENTATIVES

The pressing need to control the growth of federal spending compels me today to return to the Congress without my approval H.R. 14237, an appropriations bill for the Department of Agriculture and certain related agencies and programs.

In May, I promised the American Taxpayer that any appropriation bill which significantly exceeded my budget would be vetoed to hold down federal spending. Although this bill purports to increase my request for appropriations by only \$78 million, the true appropriation add-on is nearly \$800 million. The Congress accomplished this feat by making a meaningless and misleading cut of \$710 million in funds for the Commodity Credit Corporation. This \$710 million is for price support losses already sustained by the Corporation in fiscal year 1975. These losses must be covered by appropriations sooner or later. The postponement of this appropriation has no effect on spending; it is simply a technique to hide an equal amount of increases by the Congress.

These increases include the following unneeded amounts:

- \$200 million for rural water and waste disposal grants despite the fact that there is almost \$2 billion available for financial assistance for the same purposes under several other Federal loan and grant programs;
- \$190 million to finance farming practices which for the most part would be carried out by farmers on their own; at the same time the Congress continues to ignore my proposal to reform the program by emphasizing conservation practices which yield long-term national benefits;
- \$96 million for additional grants and technical assistance to local governments, landowners, farm operators, and others;
- \$155 million for the special milk program that needlessly duplicates the assistance already provided under the much larger and more comprehensive school lunch program;
- \$103 million for school feeding programs to avoid a transfer from unneeded funds for surplus farm products and to purchase \$28 million in unnecessary food service equipment.

The bill would also increase authority for Farmers Home Administration loans by \$1,275 million. While these increases do not show up as budget authority in the bill, they undesirably increase pressure on credit markets and add to budget spending because of the subsidies involved.

As well as increasing total spending, this bill establishes minimum employment levels for several organizations within the Department of Agriculture. This action clearly interferes with my constitutional responsibility to manage the Executive Branch, as well as the responsibility of the Secretary of Agriculture to manage the Department. I cannot be a party to a decision to hire or retain workers who may not be needed to get the job done effectively.

This bill provides sufficient funds for the operation of the food stamp program under the reforms I proposed last October. However, the Congress has not as yet adopted any substantive program reforms. Each day that goes by without action to reform the food stamp program costs the American taxpayers about \$3 million. Unless reforms are initiated soon, the funds for food stamps in this bill will not be enough.

I ask the Congress to reconsider this bill.

THE WHITE HOUSE

Date: July 8

Time: 430pm

FOR ACTION: Paul Leach
 Max Friedersdorf
 Ken Lazarus
 Robert Hartmann (veto message attached)
 Bill Seidman
 Sarah Massengale

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

FROM THE STAFF SECRETARY: Steve McConahey

DUE: Date: July 9

Time: 100pm

SUBJECT:

H.R. 14237 - Agriculture and related agencies
 appropriation act, 1977

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:

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*Disapproval
 JMS*

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James M. Cannon
 For the President

Date: July 8

Time: 430pm

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 Max Friedersdorf
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REMARKS:

please return to Judy Johnston, Ground Floor West Wing

defer to Leach

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James M. Cannon
 For the President

THE WHITE HOUSE

WASHINGTON

July 9, 1976

MEMORANDUM FOR:

JIM CANNON

FROM:

MAX FRIEDERSDORF *mb*

SUBJECT:

H.R. 14237 - Agriculture
Appropriations Act of FY 77

The Office of Legislative Affairs strongly recommends subject bill be signed.

Most important reasons being:

1. This legislation passed the House by a large vote of 377 - 26, the Conference Report by 372 - 27, making it impossible to sustain in that body.
2. Senator Bob Dole, the Ranking Republican on the Senate Agriculture Committee urges the President sign the bill to make points with the farmers, who are already alienated to a great degree.
3. Politically, a veto would be a big issue in the campaign adding problems to those this Administration is and has experienced with the farm community.
4. The bill contains the exact amount requested by the President for the food stamp program (4.8 billion) in his budget submitted to the Congress in January of this year.

TO THE HOUSE OF REPRESENTATIVES

Handwritten signature and date: 7/10/74

The pressing national need to control the growth of Federal spending and to avoid new inflationary pressures compels me ~~today~~ to return to the Congress without my approval H.R. 14237, an appropriations bill for the Department of Agriculture and certain related agencies and programs.

In May, I promised the American taxpayers that any appropriation bill which significantly exceeded my budget would be vetoed to hold down Federal spending. Although H.R. 14237 purports to increase my request for appropriations by only \$78 million, the *additional cost of this* true appropriation ~~add-on~~ *would be* is nearly \$800 million. The Congress has accomplished this feat by making a meaningless and misleading \$710 million cut in funds which I have indicated are needed to finance Commodity Credit Corporation price support losses already sustained in fiscal year 1975. These losses must be covered by appropriations sooner or later. The postponement of this appropriation has no effect on actual government spending, but ~~rather~~ is simply a technique to hide ~~an equal amount of~~ budget increases desired by the Congress.

These increases include the following unneeded amounts:

-- \$200 million for a program of rural water and waste disposal grants. *amount would be added* This ~~is in addition~~ to the almost \$2 billion already available for similar financial assistance under several other Federal loan and grant programs.



- \$190 million to encourage and finance farm "conservation" practices which for the most part ^{already ARE BEING} ~~would be~~ carried out by farmers on their own. At the same time, the Congress continues to ignore my proposal to reform the program by emphasizing conservation practices which yield long-term national benefits.
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The bill would also increase authority for Farmers Home Administration loan programs by \$1,275 million. While these increases do not appear as budget authority in the bill, they place undesirable increased pressures on credit markets and add to budget spending because of the subsidies required in fiscal 1977 and subsequent years.

In addition to the increased spending involved, this bill establishes minimum employment levels for several organizations within the Department of Agriculture. This action clearly interferes with my constitutional responsibility to manage the Executive Branch, as well as with the responsibility of the Secretary of Agriculture to ^{efficiently} manage the Department. I cannot be a party to a Congressional decision to hire or retain workers who may not be needed to ^{effectively perform the functions} ~~get the job~~ of an Executive Branch department. ~~effectively.~~

Finally, this bill provides sufficient funds for the operation of the food stamp program if, and only if, the reforms I proposed last October are enacted. However, the Congress has not as yet adopted any substantive program reforms. Each day that goes

by without action to reform the food stamp program costs the American taxpayers about \$3 million. Without reforms in place,

the funds for food stamps in this bill are clearly inadequate. Since I ~~ask~~ ^{urge} the Congress to reconsider this bill.

the food stamp program costs the American taxpayers an additional and unnecessary \$3 million for each day that goes by without reform of this ~~food stamp~~ program.

TO THE HOUSE OF REPRESENTATIVES:

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Finally, this bill provides sufficient funds for the operation of the food stamp program if, and only if, the reforms I proposed last October are enacted. However, the Congress has not as yet adopted any substantive program reforms. Without reforms in place, the funds

for food stamps in this bill are clearly inadequate since the food stamp program costs the American taxpayers an additional and unnecessary \$3 million for each day that goes by without reform of this program.

I urge the Congress to reconsider this bill.

THE WHITE HOUSE,

AGRICULTURE AND RELATED AGENCIES APPROPRIATION BILL, 1977

June 21 (Legislative Day, June 18), 1976.—Ordered to be printed

Mr. McCLELLAN for Mr. McGEE, from the Committee on
Appropriations, submitted the following

REPORT

[To accompany H.R. 14237]

The Committee on Appropriations, to which was referred the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes, reports the same to the Senate with various amendments and presents herewith information relative to the changes made:

AMOUNT IN NEW BUDGET (OBLIGATIONAL) AUTHORITY, FISCAL YEAR 1977

Amount of bill as passed by the House.....	\$11, 703, 438, 000
Amount of increase by Senate Committee.....	476, 271, 000
Amount of bill as reported to Senate.....	12, 179, 709, 000
Amount of 1976 Appropriation Act to date.....	13, 606, 667, 000
Amount of estimates, 1977.....	11, 464, 892, 000

The bill as reported to the Senate:

Under the Appropriation Act of 1976.....	1, 426, 958, 000
Over the estimates for 1977.....	714, 817, 000
Over House bill.....	476, 271, 000

BREAKDOWN BY TITLE

The amounts of new obligational authority for each of the five titles contained in the bill for fiscal year 1977, compared with the Senate Committee recommendations, are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1976 enacted	1977 budget estimates	1977 House bill	1977 Senate recommendation
Title I: Agricultural programs	\$4,096,177,000	\$2,264,575,000	\$1,572,308,000	\$2,321,877,000
Title II: Rural development and assistance programs	1,539,303,000	960,637,000	1,448,692,000	1,440,825,000
Title III: Domestic food programs	6,623,911,000	6,779,073,000	7,223,073,000	6,939,123,000
Title IV: International programs	1,126,988,000	1,206,374,000	1,207,854,000	1,208,854,000
Title V: Related agencies	220,288,000	254,233,000	251,511,000	269,030,000
Total	13,606,667,000	11,464,892,000	11,703,438,000	12,179,709,000

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GENERAL COMMENTS

The Committee reports the Agriculture and Related Agencies Appropriations Act of 1977. The bill totals \$12,179,709,000. This is \$1,426,958,000 less than appropriated in fiscal year 1976. It is \$714,817,000 more than the President's budget estimates for fiscal year 1977 and is \$476,271,000 above the bill passed by the House.

The decrease from the fiscal year 1976 appropriation results from a substantial reduction in the amount needed to reimburse the Commodity Credit Corporation for losses incurred in prior fiscal years. This reduction of \$1,851,348,000 is partially offset by increases recommended by the Committee to restore several conservation and rural development programs that the budget estimates propose to eliminate. Additionally, increases are granted to agricultural research and extension programs. Small increases are included in various other areas in the bill, as reported by the Committee.

The various increases are detailed in later sections of this report. In general, because of the tight budgetary situation facing us all, the Committee has recommended a bill that does not represent any great step forward in terms of new programs for American agriculture, rural development, conservation, or protection of the public health. In general, and with only a few exceptions, the increases recommended herein are a return to the funding and program levels of fiscal year 1976.

TITLE I—AGRICULTURAL PROGRAMS

Title I contains the research, extension, price-support and administrative programs of the United States Department of Agriculture. The Committee recommends a net increase of \$57,302,000 over the budget estimates and \$749,569,000 over the House bill for Title I. The increase over the House bill is primarily the result of the Committee's restoration of the full CCC reimbursement for fiscal years 1974 and 1975, rather than just restoring the fiscal year 1974 loss, as proposed by the House.

The principal increases over the President's budget estimates are as follows:

AGRICULTURAL RESEARCH SERVICE

1. Dairy herd improvement program	\$1,500,000
2. Repair and maintenance of facilities	5,000,000
3. Marketing efficiency research	1,500,000
4. Insect research	1,500,000
5. Forage and grazing research	500,000
6. National food consumption survey	1,650,000
7. Minor-use pesticide registration	500,000
8. Blueberry-cranberry research, Oswego, N.J.	100,000
9. Cherry diseases research	107,000
10. Dried beans research	150,000
11. Sugar beet research	215,000
12. U.S. Sugarcane Laboratory land acquisition	450,000
13. Soybean research	700,000
14. Shelter belt and windbreak research	400,000

Total ARS increase	14,272,000
Less GSA space cost adjustment	-304,000

Net increase, ARS	13,968,000
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ANIMAL AND PLANT HEALTH INSPECTION SERVICE

1. Burrowing nematode and Japanese beetle control.....	600,000
2. Mediterranean fruit fly barrier zone.....	2,000,000
3. Citrus black fly control.....	2,000,000
4. Witchweed eradication.....	1,200,000
5. Cattle fever tick control.....	1,500,000
6. Meat and poultry inspection.....	5,800,000
Total APHIS increase.....	13,100,000
Less GSA space cost adjustment.....	-165,000
Net increase, APHIS.....	12,935,000

COOPERATIVE STATE RESEARCH SERVICE

1. Grants for cooperative forestry research.....	1,000,000
2. Contracts and grants for scientific research.....	4,540,000
3. Rural development research.....	1,500,000
Total CSRS increase.....	7,040,000
Less GSA space cost adjustment.....	-6,000
Net increase, CSRS.....	7,034,000

EXTENSION SERVICE

1. Formula payments and penalty mail.....	10,000,000
2. Expanded food and nutrition education program.....	10,170,000
3. Rural development research.....	2,500,000
4. Forestry extension.....	5,000,000
5. Colleges of 1890 and Tuskegee Institute.....	500,000
Total Extension Service increase.....	28,170,000
Less GSA space cost adjustment.....	-13,000
Net increase, Extension Service.....	28,157,000

The increases for these four agencies recommended by the Committee total \$62,094,000 more than the budget estimates for fiscal year 1977.

The Committee recommends a small increase for the Economic Research Service. This increase of \$450,000 will provide a study of the role of foreign investment in American agriculture and farmland.

As mentioned earlier, the Committee recommends full restoration of the losses incurred by the Commodity Credit Corporation in fiscal years 1974 and 1975. The House bill restores only the fiscal year 1974 losses.

The Committee has recommended lower payments to the General Services Administration for the standard level user charges, or space costs. These decreases are discussed more fully under the General Provisions. The reductions for each agency in the bill for this item partially offset the increases recommended.

The Committee recommendations are \$57,302,000 more than the budget estimates for Title I programs, after reductions are made for space costs. In addition, the Committee recommends a provision in the bill that recognizes a memorandum of understanding between the Agricultural Stabilization and Conservation Service (ASCS) and the Farmers Home Administration (FmHA). This provision relates to the use of personnel of one agency by the other, when conditions

warrant. The provision is intended to allow ASCS and FmHA personnel this flexibility, without hindering ASCS program administrations.

The Committee recommendations for Title I total \$749,569,000 more than the amount contained in the House bill, primarily due to the restoration of the full CCC reimbursement amount.

TITLE II—RURAL DEVELOPMENT AND CONSERVATION

The Committee recommends restoration of several conservation programs the budget estimates would have eliminated. In addition, several grant programs dealing with rural development under the Farmers Home Administration are restored.

The House bill places the Rural Development Service under the Farmers Home Administration. The Committee recommends restoration of this agency's independent status within the Department, and also includes funds for the computerized Federal Assistance Program Retrieval System deleted by the House.

Authorizations are included in the bill for the Rural Electrification Administration's program of telephone and electric loans at a \$1 billion level in fiscal year 1977.

Specific increases recommended by the Committee over the budget estimates in Title II are discussed below.

FARMERS HOME ADMINISTRATION

The Committee recommends a Rural Housing insured loan program of \$3,496,000,000. In addition, authorization is included in the bill for a guaranteed loan program of \$200,000,000 for above-moderate income borrowers.

Very-low-income housing repair grants of \$5,000,000 and direct loans of \$15,000,000 are provided in the bill. Mutual and Self-Help Housing grants are restored at \$9,000,000. Grant funds of \$7,500,000 and \$10,000,000 in loan funds are included for the Domestic Farm Labor Housing program.

The Committee has recommended \$200,000,000 in grants for the Rural Water and Waste Disposal system program, to be used with an increase of \$130,000,000 in loan funds under the Rural Development Insurance Fund.

The Committee recommends \$3,500,000 for grants for community fire protection in rural areas and \$10,000,000 for Rural Development grants. The budget estimates contain no funding for these programs.

An increase of \$7,844,000 is recommended for FmHA personnel. In combination with the previously mentioned provision relating to use by FmHA of ASCS personnel to handle peak workloads, this increase is intended to reduce the backlogs and other problems reported in many FmHA State and county offices.

CONSERVATION PROGRAMS

The Committee recommends restoration of the Agricultural Conservation Program at \$175,000,000. The budget estimates proposed elimination of the program. The House allowed \$190,000,000 for this item.

The Committee recommends increases above the budget estimates for the following important conservation programs:

Great Plains conservation program.....	\$17,201,000
Water Bank Act program.....	10,000,000
Forestry incentives program.....	15,000,000
Resource conservation and development program.....	8,484,000

These increases, and the increase for ACP, will restore these programs to substantially their fiscal year 1976 levels.

TITLE III—DOMESTIC FOOD PROGRAMS

The Committee has recommended a total of \$2.8 billion for the Child Nutrition programs under the Food and Nutrition Service, including transfers from the section 32 account.

The Committee recommends a reduction in direct appropriations for Child Nutrition programs of \$294,950,000 from the House bill. The section 32 transfer to these programs is increased \$328,000,000 above the House bill.

The Committee has recommended \$250,000,000, the authorized amount, for the Special Supplemental Food Program (WIC).

The Committee recommends the budget estimate for the Food Stamp Program. The Department is directed to monitor the budget needs of this program, however, in line with pending litigation and legislation, and submit revised budget estimates if necessary.

The Committee recommends \$155,000,000 for the Special Milk Program. This item was proposed for termination in the fiscal year 1977 budget estimate.

The following table illustrates the Committee's funding recommendations for these important programs for fiscal year 1977:

1. Child nutrition programs.....	\$1,694,557,000
Transfer from sec. 32.....	1,139,000,000
Total.....	2,833,557,000
2. Special milk program.....	155,000,000
3. Special supplemental food program (WIC).....	250,000,000
4. Food stamp program.....	4,794,400,000
5. Food donations program.....	23,166,000
6. Elderly feeding program.....	22,000,000
Total (including sec. 32).....	8,078,123,000

An important point to bear in mind is that almost all of the \$8.1 billion in total budget authority contained in this title is mandatory spending, with little or no effective control by the Appropriations Committee.

TITLE IV—INTERNATIONAL PROGRAMS

The Committee has added \$3,000,000 to the Foreign Agricultural Service budget estimates for overseas market development for American agricultural commodities. The budget estimate for the Public Law 480 program, \$1,169,255,000, is recommended.

TITLE V—RELATED AGENCIES

The Committee has added \$10,412,000 to the budget estimates of the Food and Drug Administration for clinical and pre-clinical investigations and in response to recent legislative changes in the mission of FDA. The budget estimate for buildings and facilities has been increased by \$2,500,000.

The Commodity Futures Trading Commission has been provided a modest increase of \$1,885,000. The Commission requires additional resources to deal with its complex mission, and these are provided in the bill.

TITLE VI—GENERAL PROVISIONS

The Committee has retained several General Provisions that were contained in previous appropriations bills. In addition, the Committee concurs with the House-added provisions for this year, with only an amendment in the amount allowed to the Department's Working Capital Fund.

The Committee has also added a new section, dealing with the amounts to be paid the General Services Administration for standard level user charges.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING AND MARKETING

DEPARTMENT OF AGRICULTURE

OFFICE OF THE SECRETARY

FUNCTIONAL CODE: 352

1976 appropriation.....	\$2, 836, 000
1977 budget estimate.....	2, 328, 000
House allowance.....	2, 267, 000
Committee recommendation.....	2, 267, 000

The Office of the Secretary covers the overall planning, coordination, and administration of the Department's programs. Also included are certain services on a departmentwide basis.

1. *Program and policy direction and coordination.*—This includes the Secretary, Under Secretary, Assistant Secretaries and their immediate staffs who provide top policy guidance for the Department; maintain relationships with agricultural organizations and others in the development of farm programs; and provide liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

2. *Regulatory hearings and decisions.*—The administrative law judges hold hearings in connection with the prescribing of new regulations and orders and on disciplinary complaints filed by the Department or on petitions filed by private parties asking relief from some action of the Department. Final administrative decisions in regulatory proceedings are rendered by the judicial officer. "Agriculture Decisions" is published monthly.

For the Office of the Secretary for fiscal year 1977, the Committee recommends an appropriation of \$2,267,000. This is \$569,000 less than was appropriated for fiscal year 1976, \$61,000 less than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

DEPARTMENTAL ADMINISTRATION

FUNCTIONAL CODE: 352

1976 appropriation.....	\$16, 050, 000
1977 budget estimate.....	14, 324, 000
House allowance.....	14, 145, 000
Committee recommendation.....	14, 145, 000

The following activities are included under Departmental Administration:

1. *Budget, fiscal and management.*—This covers departmental budgetary and financial management; management of the Department's centralized payroll and voucher payment systems, development of policies and procedures for financial management; evaluation of

program and legislative proposals for budgetary, financial and related implications; development of new and improved management techniques and methods of measuring the efficiency and performance of program operations; and the records management and cost reduction programs of the Department.

2. *General operations.*—These embrace departmental policies and procedures for telecommunications, construction, contracting, procurement, property, mail, space, supply, and transportation management; and departmentwide central services of mail distribution, reproduction, and supply are furnished.

3. *ADP systems.*—This covers the coordination and direction of data processing for the Department and the departmental computer centers.

4. *Personnel administration.*—This covers general direction, leadership, and coordination of the personnel management program of the Department. Departmental policies and procedures are issued and the office coordinates a review program to evaluate the effectiveness of agency personnel programs.

5. *Equal opportunity.*—This covers program and policy direction in the development and enforcement of Department equal opportunity responsibilities; review, analysis, and evaluation of agency programs and operations to ascertain compliance with applicable policies, rules, and regulations of the Department and the Federal Government, and processing complaints made to the Department on discrimination in Department programs and providing final Department disposition.

6. *Information services.*—This activity encompasses general direction, leadership, and coordination of the information services of the Department. The major objectives are to provide a balanced information program that reports to rural and urban publics USDA's research, action, regulatory, and other activities, using all communications media in order to obtain better understanding among the general public and the agricultural industry of USDA's services to farmers and to society in general. Workload depends upon Department program demands, direct requests, and legislative requirements.

The Economic Management Support Center, which had been included under this account in fiscal year 1976, is presented as a separate line item in the budget estimate for fiscal 1977 and in the bill, as reported. This change accounts for the decrease from the appropriation for fiscal year 1976.

For Departmental Administration for fiscal year 1977, the Committee recommends an appropriation of \$14,145,000. This is \$1,905,000 less than was appropriated for fiscal year 1976, \$179,000 less than the budget estimate for fiscal year 1977, and is the same amount appropriated in the House bill.

ECONOMIC MANAGEMENT SUPPORT CENTER

FUNCTIONAL CODE: 352

1976 appropriation	-----	-----
1977 budget estimate	-----	\$2, 805, 000
House allowance	-----	2, 802, 000
Committee recommendation	-----	2, 802, 000

The Economic Management Support Center (EMSC) provides consolidated and centralized management support services to several agencies of the Department. It was established pursuant to Secre-

tary's Memorandum No. 1836, dated January 9, 1974, to provide management support services to the agencies of the Department under the jurisdiction of the Director of Agricultural Economics. The objectives are to improve the timeliness and effectiveness of program operations of serviced agencies through improved utilization of management manpower and techniques, increased specialization of professional skills, and more extensive use of timesaving equipment.

The consolidated management support functions include budget, finance liaison, personnel and related programs, administrative services, and general management assistance. The organizational structure of EMSC is based upon these functions with operating divisions providing the services for the following agencies: the Statistical Reporting Service, Economic Research Service, Farmer Cooperative Service, and the Economic Management Support Center.

For fiscal year 1976, this account was included as a part of "Departmental Administration." This is the first year this has been presented as a separate line item in either the budget estimate or the bill.

For the Economic Management Support Center for fiscal year 1977, the Committee recommends an appropriation of \$2,802,000. This is \$2,802,000 more than was appropriated for fiscal year 1976, \$3,000 less than the budget estimate for fiscal year 1977 and the same as appropriated in the House bill.

The House did not approve the proposed increase of \$3,000 for GSA rental costs and the Committee concurs in that action.

OFFICE OF THE INSPECTOR GENERAL

FUNCTIONAL CODE: 352

1976 appropriation	-----	\$17, 552, 000 ¹
1977 budget estimate	-----	18, 636, 000 ²
House allowance	-----	18, 434, 000
Committee recommendation	-----	18, 434, 000

¹ An additional \$6,635,000 available by transfer from Food Stamp Program.

² An additional \$7,932,000 available by transfer from Food Stamp Program.

The following activities are included in the Office of the Inspector General:

Audit.—The Office of Audit serves as the audit arm of the Secretary and performs all audit activities of the Department. The office assures the Secretary of completely independent and objective selection of the departmental activities for audit; critical reviews and examination of the Department's programs and activities; and factual, unbiased reporting of the results of these audits. The office also coordinates internal audit activities of the Department with other audit agencies of the executive and legislative branches of the Government.

Investigation.—The Office of Investigation serves as the investigative arm of the Secretary. It performs all investigative activities of the Department and provides personal security to the Secretary. The office assures the Secretary of completely independent selection of the Department's programs and activities for investigation and factual, unbiased reporting of the results of these investigations. The office also coordinates internal investigative activities of the Department with other investigative agencies of the executive and legislative branches of the Government.

For the Office of the Inspector General for fiscal year 1977, the Committee recommends an appropriation of \$18,434,000. This is \$882,000 more than was appropriated for fiscal year 1976, \$202,000 less than the budget estimate for fiscal 1977 and the same amount appropriated in the House bill.

The House did not approve the proposed increase of \$202,000 for GSA space rental costs and the Committee concurs in that action.

OFFICE OF THE GENERAL COUNSEL

FUNCTIONAL CODE: 352

1976 appropriation.....	\$8,517,000
1977 budget estimate.....	8,730,000
House allowance.....	8,708,000
Committee recommendation.....	8,708,000

The Office serves as legal counsel for the Secretary of Agriculture and performs all legal work for the Department. It represents the Department in administrative proceedings for the promulgation of rules and regulations having the force and effect of law and in quasi-judicial hearings held in connection with the administration of Department programs. The Office also represents the Secretary in proceedings before the Interstate Commerce Commission dealing with rates and practices relating to the transportation of agricultural commodities and in appeals to the courts from the decisions of the Commission. It examines titles to lands to be acquired by the Department or accepted as security for loans, and disposes of claims arising out of the Department's activities.

For the Office of the General Counsel for fiscal year 1977, the Committee recommends an appropriation of \$8,708,000. This is \$191,000 more than was appropriated for fiscal year 1976, \$22,000 less than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

The House did not approve the proposed increase of \$22,000 for GSA space rental costs and the Committee concurs in that action.

AGRICULTURAL RESEARCH SERVICE

RESEARCH

FUNCTIONAL CODE: 352

1976 appropriation.....	\$281,839,000
1977 budget estimate.....	263,202,000
House allowance.....	267,570,000
Committee recommendation.....	277,170,000

¹ Includes \$29,930,000 in nonrecurring construction costs.

The Agricultural Research Service (ARS) was established by Secretary's Memorandum 1320, Supplement 4, dated November 2, 1953.

The Service conducts research to provide the means for a safer, more economical, and more abundant supply of agricultural products for the Nation. The Service uses coordinated, interdisciplinary approaches to perform basic and applied research in the fields of livestock, plants, soil-water-and-air resources, marketing and use of agricultural products, food and nutrition, consumer services and agricultural health hazards. The programs financed from this appropriation are described below.

1. *Research on animal production.*—Research is conducted to improve livestock productivity (including poultry) through improved breeding, feeding, and management practices and to develop methods for controlling diseases, parasites and insect pests affecting them.

2. *Research on plant production.*—Research is conducted to improve plant productivity (including ornamentals, trees, turf, tropical and subtropical crops) through improved varieties of food, feed, fiber, and other plants; develop new crop resources; and improve crop production practices, including methods to control plant disease, nematodes, insects, and weeds.

3. *Research on the use and improvement of soil, water, and air.*—Research is conducted to improve the management of natural resources, including investigations to improve soil and water management, irrigation and conservation practices, and to determine the relation of soil types and water to plant, animal, and human nutrition. The research includes studies on hydrologic problems of agricultural watersheds and the application of remote sensing techniques in meeting agricultural problems. Research is also conducted on agricultural pollution problems such as protection of plants, animals, and natural resources from harmful effects of soil, water, and air pollutants, and ways to minimize and utilize industry processing wastes of agricultural commodities.

4. *Research on marketing, use, and effects of agricultural products.*—Research is conducted to develop new and improved foods, feeds, fabrics, and industrial products and processes for agricultural commodities for domestic and foreign markets. Research is conducted on marketing of agricultural products. Studies concern the processing, transportation, storage, wholesaling, and retaining of products, to reduce losses from waste and spoilage.

Research is conducted on human nutritional requirements, composition and nutritive value of food needed for consumers and for Federal, State, and local agencies administering food and nutrition programs.

Research is conducted on problems of human health and safety. Studies concern developing means to insure food and feed supplies and products free from toxic or potentially dangerous, harmful chemicals, micro-organisms and from naturally occurring toxins. The research conducted also includes studies concerning means to control insect pests of man and his belongings; prevent transmission of animal-diseases and parasites to man; reduce the hazards to human life resulting from pesticide residues, toxic molds, tobacco, and other causes; and, develop technology for the detection and destruction of illicit growth of narcotic-producing plants.

Research is conducted on consumer services to measure family use of resources, to identify economic problems of families, and to provide information on fabric performance and the use and care of clothing and household articles by consumers.

Research on housing is conducted to provide knowledge and technology to help bring about improved designs, material, and construction methods for both low-cost renovation and new construction of rural housing suitable for low-to-moderate income rural residents.

5. *Contingencies.*—Beginning in 1962, \$1,000,000 is available to meet urgent needs that develop unexpectedly during the year when such needs cannot be met by redirection of resources from other projects.

6. *Support services to other USDA agencies.*—Effective July 1, 1974, the Agricultural Research Service is responsible for providing management support services to the National Agricultural Library and the Cooperative State Research Service. These services include budgetary, personnel, and administrative functions which were previously provided by the Office of Management Services.

For the Agricultural Research Service for fiscal year 1977, the Committee recommends an appropriation of \$277,170,000. This is \$4,669,000 less than was appropriated for fiscal year 1976, \$13,968,000 more than the budget estimate for fiscal year 1977 and \$9,600,000 more than appropriated in the House bill.

For fiscal year 1976, the Agricultural Research Service received a total appropriation of \$251,909,000 for research activities, excluding appropriations for construction of facilities. The budget estimates for fiscal year 1977 propose \$263,202,000, or an increase of \$11,293,000. Some increases were proposed for most of the major research activities of the agency. The Committee is gratified by the proposed increases.

It is universally accepted that any significant improvements in production, transportation, distribution and consumption of agricultural products must come from research efforts. Research has been responsible for breakthroughs and improvements in the past. Most certainly, research is the agent to which we must look in the future.

Accordingly, the Committee has recommended some significant increases over the budget estimate. It is significant that Congress, in adopting the conference report for the first concurrent budget resolution, singled out agricultural research for special attention.

As is indicated above, the Committee recommends an increase of \$13,968,000 over the budget estimates for the Agricultural Research Service for fiscal year 1977. The increase consists of:

1. *Restoration of \$1,500,000 for the dairy herd improvement program.*—The President's budget proposes elimination of the current program under which the agency produces and disseminates genetic appraisals of dairy sires and cows. The Department indicated that this program would be assumed by the private sector. This proposal was made, however, without notice to, or any planning with, the private sector and has met with strong and universal opposition.

The Department is directed to continue this program, and to work with individuals and organizations representing the private sector to determine the feasibility and advisability of transferring this program as proposed in the 1977 budget presentation. Witnesses from the private sector testified this transfer was a possibility, given adequate planning and lead time. The Committee expects that such action will be undertaken forthwith, and the Committee is to be kept fully apprised of any developments in regard thereto.

2. *Repair and maintenance of facilities.*—The budget estimate includes \$1,656,000 for repair and maintenance of facilities. The Committee recommends an additional \$5,000,000 for this purpose. Testimony of departmental witnesses clearly indicated that the budget estimate is grossly inadequate. Sound fiscal policy and property management dictate that more can and must be done.

Testimony presented to the Committee set out a multiyear plan for performing badly needed repair and maintenance on agency facilities. The amount recommended herein will allow the Department to

embark upon a broad program of repair and maintenance in a more effective and realistic rate than would be possible under the budget estimate.

3. *Marketing Efficiency Research.*—The Committee is concerned about reductions in research in the areas of post-harvest processing, handling and distribution efficiency research.

The problem of maintaining adequate food supplies to meet human needs can only be solved by sustaining or expanding present levels of agricultural research. High returns from these investments can be expected from research directed toward developing methods to conserve and most efficiently utilize agricultural products.

Even though precise figures are not available, it is the opinion of many experts that at least 25 percent of the food value of farm crops is lost off the farm during storage, processing, distribution and home preparation. This represents not only food loss, but also substantial waste of energy and money.

Additionally, the research facilities of the food industry are, at present, so involved in meeting Federal regulatory requirements that practically all research in the private sector directed towards the most efficient utilization of farm commodities has been stopped. Therefore, if research of this type is to proceed it must continue to receive Federal support. The Committee expects that this activity will be adequately funded in the foreseeable future.

The Committee, therefore, recommends a restoration of \$1,500,000 of the proposed cut of \$2,000,000 for this activity. Attention should be given to wholesale food-distribution center research and handling of exports to the Far East.

4. *Research on Insects.*—The Committee recommends an increase of \$1,500,000 over the budget estimate for research on insects affecting man, animals and crops. The Committee is very concerned that the ongoing mission of research on insects has not kept pace with the growing problems in this area. Work should be accelerated on such pests as ticks and the Mediterranean fruit fly. Additionally, the Committee feels that work on finding an alternative chemical control agent to mirex for Imported Fire Ant control is of the highest priority in that program and, to the extent possible, research on this question should be pursued.

5. *Forage and grazing land.*—The Committee recommends \$500,000 in addition to the budget estimate, for research on the quality of forages and grazing lands to support meat and milk production. The rangelands of the Nation provide substantial support for the livestock industry. Improving the efficiency of these lands for the production of hay and pastures would have a highly significant effect on both food production and cost.

PLANT PRODUCTION RESEARCH

The House bill provides increases over the budget estimates for the following research programs in plant production:

1. Blueberries-cranberries, Oswego, N.J.-----	\$100,000
2. Cherry diseases-----	107,000
3. Dried beans research-----	150,000
4. Sugar beet research-----	215,000
5. U.S. Sugarcane Laboratory land acquisition-----	450,000

The Committee concurs with these increases, and recommends additional increases for research as follows:

1. Soybean research, including marketing and utilization.....	\$700,000
2. Shelter belts and windbreak research.....	400,000

ADDITIONAL RECOMMENDATIONS

In addition to the foregoing increases for research on plant production, the House bill provides an increase of \$1,650,000 over the budget estimates for the National Food Consumption Survey. The Committee concurs in the House action. Such funds will be available for presurvey testing of methodologies, as required.

The following table provides a summary of the increases over the budget estimates recommended in the accompanying bill:

1. Dairy Herd Improvement program.....	\$1,500,000
2. Repair and maintenance of facilities.....	5,000,000
3. Marketing efficiency research.....	1,500,000
4. Insect research.....	1,500,000
5. Forage and grazing research.....	500,000
6. National Food Consumption Survey.....	1,650,000
7. Minor-use pesticide registration.....	500,000
8. Blueberry-cranberry research, Oswego, N.J.....	100,000
9. Cherry diseases research.....	107,000
10. Dried beans research.....	150,000
11. Sugar beet research.....	215,000
12. U.S. Sugarcane Laboratory land acquisition.....	450,000
13. Soybean research.....	700,000
14. Shelter belt and windbreak research.....	400,000

Total ARS increase.....	14,272,000
Less GSA space cost adjustment.....	-304,000

Net increase, ARS..... 13,968,000

LAND ACQUISITION AT HOUMA, LOUISIANA

The Committee has been advised that the land adjacent to the ARS laboratory at Houma, Louisiana has been available to the Department by agreement with the owner. This land is to be developed for non-agricultural uses and is no longer available to the Department. It is necessary that the Department acquire some acreage to support its research activities and \$450,000 is included in the bill for that purpose.

PREDATOR CONTROL RESEARCH

The budget estimates for fiscal 1977 include \$743,539 for predator control research, including \$695,700 for the Agricultural Research Service and \$47,839 for the Cooperative State Research Service. This work is highly important to the livestock producers of the Nation, particularly in the western States.

MINOR-USE PESTICIDE REGISTRATION

The bill provides \$500,000 for minor-use pesticide registration, as discussed more fully in the House Committee report. The Department is directed to give particular attention to the need to develop, register, and otherwise make available the necessary chemical agents to control

or eradicate the range caterpillar in New Mexico and the southwestern area of the United States. The Committee anticipates the fullest degree of cooperation between ARS and the Animal and Plant Health Inspection Service in this program.

STAFFING OF FACILITIES

Within the appropriations provided herein, the Department is directed to devote special attention to the staffing and program levels of its research facilities in Corvallis, Oreg.; Madison, Wis.; and Walkinsville, Ga.

The Committee received testimony that the staffing and program levels are not sufficient at these facilities to satisfy program needs. The Committee expects the Department to give this situation its most careful attention and consideration.

REGIONAL ARS STRUCTURE

The Committee commends the Agricultural Research Service for the progress it has made in national research program planning and management since the agency's reorganization in 1972. Further, the Committee reaffirms the importance of a strong and efficient national research program which has been coordinated with the ARS regions.

The Committee will expect ARS to prepare its budget requests in close coordination with the various regions, and to have the necessary regional personnel available at all stages of the appropriations process.

TOBACCO RESEARCH

In its report on H.R. 8561, the appropriations bill for fiscal year 1976, the Committee directed the special attention of the Department to the need for further emphasis on health-related research activities at the University of Kentucky. This remains a priority item with the Committee.

In addition to other priority research items set forth in the reports of the respective committees, the Committee expects that research on the tobacco budworm in fiscal year 1977 shall proceed at a level consistent with other research programs in fiscal 1976.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

FUNCTIONAL CODE: 352

1976 appropriation.....	\$7,500,000
1977 budget estimate.....	10,000,000
House allowance.....	5,000,000
Committee recommendation.....	10,000,000

Foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States are used for expenses of carrying out programs of the Department of Agriculture under the Agricultural Trade Development and Assistance Act of 1954, as amended. Research which is important to American agriculture and supplements our domestic programs is carried on through agreements negotiated with institutions and organizations in foreign

countries. For example, research is conducted on exotic insect pests and diseases of plants and animals which cannot be done in the United States. Specialized projects provide for the translation and dissemination of foreign language scientific publications.

For Scientific Activities Overseas for fiscal year 1977, the Committee recommends an appropriation of \$10,000,000. This is \$2,500,000 more than was appropriated for fiscal year 1976, the same as the budget estimate for fiscal year 1977 and \$5,000,000 more than appropriated in the House bill.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

FUNCTIONAL CODES: 352 AND 553

1976 appropriation.....	\$377, 729, 000
1977 budget estimate.....	399, 882, 000
House allowance.....	401, 530, 000
Committee recommendation.....	412, 817, 000

The Animal and Plant Health Inspection Service is the only line item in the accompanying bill that includes more than one functional code. Included under this heading are funds for code 352—Agricultural Research and Services—and Code 553, Prevention and Control of Health Problems. The following tables reflect the breakdown of the totals shown above, by these functions:

CODE: 352

1976 appropriation.....	\$149, 511, 000
1977 budget estimate.....	167, 384, 000
House allowance.....	169, 107, 000
Committee recommendation.....	174, 594, 000

CODE: 553

1976 appropriation.....	\$228, 218, 000
1977 budget estimate.....	232, 498, 000
House allowance.....	232, 423, 000
Committee recommendation.....	238, 233, 000

The major objectives of the Service are (1) to inspect meat and poultry products intended for human consumption to make sure they are wholesome and labeled according to law, and (2) to protect the animal and plant resources of the Nation from destructive pests and diseases.

1. *Meat and poultry inspection.*—Federal inspection is required for all meat, poultry, and processed products moving in interstate and foreign commerce. All meat and poultry moving in intrastate commerce must be federally inspected or inspected by States with inspection systems meeting Federal standards. Activities include inspection of animals, carcasses, meat and poultry products at various stages of handling and processing, and regulation of labeling. The Federal program also provides financial and technical assistance to States for maintaining the quality of their inspection programs. Extensive laboratory analyses are conducted for detection of chemical residues, antibiotics, and other additives.

The increases in the fiscal year 1977 estimates provide for assumption of intrastate inspection responsibilities from States unable to maintain an inspection system at least equal to Federal. Following submission of the fiscal year 1977 budget, California announced its

intention to utilize this provision of law. This matter is discussed more fully below.

The volume of inspections and examinations is indicated by examples given in the following table:

MEAT AND POULTRY INSPECTION

	1975 actual	1976 estimate	1977 estimate
Federally inspected establishments:			
Meat.....	3, 874	3, 878	3, 883
Poultry.....	669	682	690
Combination meat/poultry.....	1, 341	1, 372	1, 434
Federally inspected production (millions of pounds):			
Meat slaughter.....	36, 015	34, 742	38, 929
Meat processing.....	52, 470	54, 665	56, 502
Poultry slaughter.....	10, 332	10, 518	11, 304
Poultry processing.....	17, 709	18, 013	18, 661
Cooperative agreements with States:			
Meat.....	40	35	35
Poultry.....	31	28	28

2. *Plant disease and pest control.*—Programs are designed to keep out of this country, by inspection at ports of entry, those insects, plant diseases, nematodes, and other pests which would be harmful to agriculture. Cooperative programs are conducted to eradicate or prevent the spread to uninfested areas of certain plant pests which are established in this country. The 1977 estimates propose an increase for national plant pest and disease detection and elimination of the burrowing nematode, Japanese beetle, and white-fringed beetle programs. An increase is also requested to begin a trial boll weevil eradication program in Virginia, North Carolina, and South Carolina.

The level of activities for plant pest control is indicated by the selected examples that follow:

	1975 actual	1976 estimate	1977 estimate
Acres treated (thousands):			
Boll weevil.....	598	750	750
Grasshopper.....	677	1, 000	1, 000
Gypsy moth.....	15		
Imported fire ant.....	12, 679	18, 000	18, 000
Japanese beetle.....	16	5	
White-fringed beetle.....	9		
Sterile insects released (millions):			
Mexican fruit fly.....	21	23	23
Pink bollworm (adult moth).....	68	100	100
Parasites released: Cereal leaf beetle (sites).....	820	450	450

The level of activities for agriculture quarantine inspection at ports of entry is as follows:

	1975 actual	1976 estimate	1977 estimate
Plant and animal byproduct import inspection:			
Airplanes (thousands).....	302	305	310
Vessels (thousands).....	66	65	65
Vehicles from Mexico (millions).....	42	43	44
Baggage, pieces (millions).....	100	112	120
Mail packages (millions).....	60	62	64
Interceptions:			
Unauthorized plant materials (thousands).....	700	750	770
Plant pests (thousands).....	34	36	38
Imported animal byproducts pounds (thousands).....	311	350	

3. *Animal disease and pest control.*—Programs are conducted to keep communicable diseases of foreign origin from entering this country and to prevent the spread of disease through interstate shipments of livestock or distribution of impure or impotent veterinary biologics. In cooperation with States, other programs are directed at the control and eradication of livestock diseases present in this country. The animal welfare program is concerned with the humane care and handling of approximately 40 million warmblooded animals. The 1977 estimates propose increases for brucellosis eradication, screwworm eradication, and import-export inspection. Also included is a net decrease in funds needed to repay Commodity Credit Corporation for advances made to combat emergency disease outbreaks.

4. *Construction of facilities.*—The 1977 estimates propose an increase for construction of an animal import center, Stewart Airport, at Newburgh, N.Y., to replace the Clifton, N.J., quarantine station. In the fiscal year 1970 Appropriation Act, \$1,500,000 was appropriated for replacement of the Clifton station.

5. *Contingencies.*—Of the total annual amounts provided under this appropriation, \$2,500,000 is apportioned for use pursuant to section 3679 of the Revised Statutes, as amended, for the control of outbreaks of insects, plant diseases, and animal diseases to the extent necessary to meet emergency conditions.

Reimbursement program.—Reimbursements include amounts for overtime work performed in meat and poultry processing plants, and overtime and travel performed in connection with import-export inspection services and cooperative programs with other Federal agencies.

ANIMAL QUARANTINE STATION

Public Law 88-592, approved September 12, 1964, authorized the sale of the Animal Quarantine Station, at Clifton, N.J., to the city of Clifton and application of the proceeds of sale to the planning and construction costs of a new station in the New York-New Jersey port and airport area. A sales contract between the Department and the city of Clifton was executed on December 16, 1966, at the appraised value of \$527,000. Of that, \$100,000 was paid to the Department upon execution of the contract. An additional \$100,000 will be paid to the Department upon publication of bids for construction of the new quarantine station. A total of \$6,000 has been spent by the Department on survey and related costs associated with obtaining a new site. An additional \$1,500,000 was appropriated in 1970 for construction of the new station. The Department has recently found an acceptable site at Stewart Airport, Newburgh, N.Y. The lease, which was drafted for approval by both parties, was signed September 5, 1975, and selection of an architect and engineer to perform design and planning functions is now in final process.

For the Animal and Plant Health Inspection Service for fiscal year 1977, the Committee recommends an appropriation of \$412,817,000. This is \$35,088,000 more than was appropriated for fiscal year 1976, \$12,935,000 more than the budget estimate for fiscal year 1977 and \$11,287,000 more than appropriated in the House bill.

The Department proposes to terminate the burrowing nematode and Japanese beetle control programs. Here again, these ongoing programs

have been proposed for elimination without advance notice to the State affected, thereby giving them little lead time for assuming such programs, should they desire to do so. The Committee recommends that \$500,000 be appropriated for continuation of the Japanese beetle program and \$100,000 for the burrowing nematode program. This will provide a significantly reduced ratio of Federal funding, but will allow for a more orderly phaseout of these programs if that is deemed necessary.

The Committee recommends an additional \$2,000,000 for the establishment of a Mediterranean fruit fly barrier zone in southern Mexico. \$500,000 of this amount will be for facility acquisition and improvements and the balance will be utilized in a quarantine and suppression program which will be matched with contributions by the Government of Mexico and other Central American nations.

The Mediterranean fruit fly is a tremendously destructive pest of citrus and deciduous fruit and its introduction from Central America into Mexico would greatly increase the cost and difficulty of preventing its establishment in the continental United States.

The sum provided will enable the Department to cooperate with the governments of Mexico and other affected Central American nations pursuant to the authority granted in Public Law 94-231. Mindful of the difficulties and complexities inherent to international cooperative efforts, the Committee expects the Department of State to provide its full support to this endeavor. Since the actual cost of this program will depend on current negotiations and on the magnitude of the infestation, the Committee expects to be kept fully advised of significant developments in this regard.

The Committee notes that the State of Hawaii is currently infested by the Mediterranean fruit fly as well as the Oriental fruit fly and the melon fly. These three insects are among the worst agricultural pests in the world and occur together only in Hawaii. This infestation is a crippling factor on the State's agricultural potential as well as a constant threat to areas currently free of these pests. The Committee therefore directs the Department to give careful consideration to the implementation of an eradication program of these pests in the State.

The Committee also recommends an additional \$2,000,000 be provided for the control of the citrus black fly infestation in the State of Florida.

The citrus black fly is one of the most serious pests of citrus in the world and its establishment in Florida could have a catastrophic impact on that State's major agricultural industry.

The Committee also has proposed \$1,200,000 for the initiation of the witchweed eradication program in North and South Carolina and \$1,500,000 for the eradication of the cattle fever tick in southern Texas and the strengthening of the buffer quarantine zone with Mexico.

Additionally, the Committee directs the Department to examine and review the advisability of implementing the Noxious Weed Act of 1974 (Public Law 93-629) and to report to appropriate committees of the Congress its findings not later than February 1, 1977.

The Committee recommends an increase of \$5,800,000 over the budget estimate for meat and poultry inspection activities. Since the budget for fiscal 1977 was proposed, the Department has been put on

notice that it will be required to assume inspection activities for the State of California. These are mandatory activities.

The Committee also recommends restoration of the reduction made in the House bill from the budget estimates for the Pest Detection Programs—\$387,000—and the repayment to the Commodity Credit Corporation of \$500,000.

The GSA space rental increase of \$165,000 proposed in the budget estimates is not approved.

The Committee recommends the full budget estimate for the proposed boll weevil eradication program. It is the hope of the Committee that this pilot eradication program may be undertaken and fully implemented without undue delay.

ELECTRONIC IDENTIFICATION FOR LIVESTOCK

The Committee recognizes the importance of the research work being conducted at Los Alamos, N. Mex. and elsewhere by the Animal and Plant Health Inspection Service, USDA and the Energy Research and Development Administration to devise an electronic identification system for livestock. Livestock identification is essential in virtually every facet of livestock production. This new concept would greatly improve the nation's capability to produce wholesome, abundant supplies of animal protein for the consuming public.

The current project is near 50 percent completion. This new technology is anxiously being awaited by the Nation's livestock producers who realize its potential for improving blood lines, disease control, consumer protection, and even as a deterrent to cattle theft. The work is going forward with industry support and cooperation, with the understanding that the new technology will be utilized on a voluntary basis. This Committee requests USDA to continue the project so these benefits can be realized and to keep the Committee apprised of any developments.

COOPERATIVE STATE RESEARCH SERVICE

FUNCTIONAL CODE: 351

1976 appropriation.....	\$114,460,000
1977 budget estimate.....	122,508,000
House allowance.....	124,702,000
Committee recommendation.....	129,542,000

1. *Payments to agricultural experiment stations under the Hatch Act, and for penalty mail.*—Funds under the Hatch Act are allocated to agricultural experiment stations of the land-grant colleges in the 50 States, District of Columbia, Puerto Rico, Guam, and the Virgin Islands, for agricultural research including investigations and experiments to promote a permanent and efficient agricultural industry and improvements in the rural home and rural community. The increase requested for fiscal year 1977 would provide for significant new fundamental research ultimately aimed at increasing the efficiency of agricultural production.

Some funds for penalty mailings for State agricultural experiment station directors are provided under this appropriation.

2. *Grants for cooperative forestry research.*—These funds are allocated to land-grant colleges or agricultural experiment stations in the

50 States, Puerto Rico, Guam, and the Virgin Islands, and other State-supported colleges and universities offering graduate training in the sciences basic to forestry and having a forestry school. The act requires that the Federal funds paid to each institution be matched by funds from non-Federal sources for forestry research.

3. *Contracts and grants for scientific research.*—These funds are for the support of grants on specific research problems at nonprofit institutions of higher education or nonprofit organizations whose primary purpose is the conduct of such research. Every competitive research proposal selected for funding must be evaluated and classified as outstanding and appropriate to the needs of the designated problem area. A portion of the specific grant funds is utilized to support research on special problems of joint concern to the USDA and to the States. A decrease is proposed in the budget estimates for research on environmental quality, food and nutrition, beef and pork production, genetic vulnerability, and forage, pasture, and range research. The balance of the specific grant funds is earmarked for the land-grant colleges of 1890 and Tuskegee Institute. An increase is requested for fiscal year 1977 to provide for increased research at the land-grant colleges of 1890 and Tuskegee Institute.

4. *Funds for rural development research.*—No funding is proposed for 1977 in the budget.

5. *Federal administration.*—A coordinating and review staff is maintained to examine research projects and assist State institutions and Federal agencies. The reimbursable program includes the Current Research Information System which provides information on the research projects, status of the research and fund resources for research programs of the State agricultural experiment stations, and other eligible institutions.

The specific amounts recommended by the Committee compared with the appropriation for fiscal 1976, the fiscal 1977 budget estimate and the House bill are as follows:

	[In thousands]			Committee recom- mendation
	1976	1977	House bill	
Payments to agricultural experiment stations under the Hatch Act, and for penalty mail.....	\$84,934	\$97,973	\$97,973	\$97,973
Grants for cooperative forestry research.....	7,462	7,462	7,462	8,462
Contracts and grants for scientific research.....	19,546	15,952	16,652	20,492
Funds for rural development research:				
Research program.....	1,440		1,440	1,440
Set-aside for Federal administration (4 percent).....	60		60	60
Total, Rural Development Act.....	1,500		1,500	1,500
Federal administration (direct appropriation).....	1,018	1,121	1,115	1,115
Total.....	114,460	122,508	124,702	129,542

For the Cooperative State Research Service for fiscal year 1977, the Committee recommends an appropriation of \$129,542,000. This is \$15,082,000 more than was appropriated for fiscal year 1976, \$7,034,000 more than the budget estimates for fiscal year 1977 and \$4,840,000 more than appropriated in the House bill.

CONTRACTS AND GRANTS

The budget estimates propose a reduction of \$4,240,000 for specified areas under the contract and grants program. Without exception these are areas in which the Congress has expressed considerable interest and strong support on previous occasions. These are indeed high-priority items and the Committee recommends that they be continued at the following levels for fiscal year 1977:

Forage, pasture, and range research.....	\$800,000
Soil erosion in the Pacific Northwest	500,000
Genetic vulnerability strategies.....	200,000
Beef and pork production research.....	1,400,000
Lone star tick research.....	75,000
Environmental quality research.....	600,000
Food and nutrition research	715,000
Environmental plant research in Hawaii.....	75,000
Food and agriculture policies.....	150,000
Dried bean research in North Dakota.....	25,000

RURAL DEVELOPMENT RESEARCH

The budget estimates proposed to eliminate grants for Rural Development research since the authorizing legislation was due to expire. Since that time, this authorization has been extended. The Committee recommends an appropriation of \$1,500,000 to continue the program.

GRANTS FOR COOPERATIVE FORESTRY RESEARCH

For grants for cooperative forestry research, commonly known as the McIntire-Stennis program, the budget estimates proposed the same funding for 1977 as received in fiscal 1976. With increased costs of operations, the budget proposal would result in decreased program activities and with this the Committee cannot concur. The Committee therefore recommends that an additional \$1,000,000 be appropriated for the McIntire-Stennis program.

RESEARCH FUNDING

The bill provides an increase over fiscal year 1976 of \$13,039,000 for payments to the State Agricultural Experiment Stations and penalty mail costs. The Committee intends that these increased funds shall be available for research generally, and are not limited to basic or fundamental research projects.

It has come to the attention of the Committee that difficulties have arisen with respect to funds for research grants to 1890 Institutions and the Tuskegee Institute. Research grants have been made on a multiyear basis. However, in the past, projects that have been discontinued have resulted in reductions in the net research program at the affected institutions because of limitations in the handling of unused funds.

The Committee therefore recommends that the institutions be permitted to submit a program of work annually, composed of more than one research project for the approval of CSRS. Funds could then be obligated under one grant to cover the entire program, and in subsequent years funds could be transferred from one project within the program to another with the approval of CSRS.

EXTENSION SERVICE

FUNCTIONAL CODE: 352

1976 appropriation.....	\$228,935,000
1977 budget estimate.....	218,790,000
House allowance.....	236,947,000
Committee recommendation.....	246,947,000

The primary function of the nationwide system of cooperative extension work is out-of-school applied education in agriculture, home economics, community development, 4-H youth programs, and related subjects. This educational work takes research results, technological advancements, and program facts of the Department of Agriculture, the State agricultural colleges and experiment stations, and incorporates them into a program for action. The Cooperative Extension Service interprets, disseminates, and encourages practical use of knowledge. It transmits information from researchers to people.

1. *Payments to States.*—Funds appropriated under the Smith-Lever Act for payments to States, Puerto Rico, Guam, and the Virgin Islands are distributed primarily on the basis of population and to a degree on the basis of special problems and needs. Funds are used primarily for the employment of State, area and county extension workers who work with individuals, families, community organizations, marketing concerns, and others by providing advice and assistance in the application of improved methods for production, marketing, nutrition, family living, and community development. Work with youth is accomplished largely through the 4-H program. Extension agents are paid from Federal, State, and county sources. The employer's contribution to the retirement fund as required by Public Law 854 is provided by this Federal appropriation. Funds also provide for Federal payment to the Bureau of Employees' Compensation Fund. Funds for the cost of penalty mailings for State extension directors and cooperative extension agents are also provided.

The budget estimates propose a net decrease of \$10,408,840 for this agency. This consists of increases of \$1,988,160 for the 1862 land-grant institutions; \$77,000 for the 1890 land-grant institutions and Tuskegee Institute; and \$136,000 for employer retirement costs. These increases are to bolster high-priority extension education work. Offsetting decreases consist of proposed reductions in funds for the Expanded Food and Nutrition Education Program (\$10,170,000); and rural development activities under section 3(d) of the Smith-Lever Act (\$1,000,000) and title V of the Rural Development Act of 1972, (\$1,500,000, including \$60,000 for administration). No changes are proposed for other earmarked funds in support of expanded extension education for pest management, farm safety and the District of Columbia extension programs.

2. *Federal administration and coordination.*—The Extension Service provides leadership and assistance to States, Puerto Rico, Guam, the Virgin Islands, and the District of Columbia in developing extension programs, improving teaching methods, efficient use of available resources, evaluation of programs, and administrative services. The budget estimates propose an increase of \$22,840 to be used primarily for special projects to initiate programs, and establish and finance pilot projects in selected areas. Other increases are \$228,000 to be used for increased Federal salary costs that became effective in October 1975

and \$13,000 for increased GSA space rental costs for the Washington, D.C., office complex.

The specific amounts recommended by the Committee compared with the appropriation for fiscal year 1976, the fiscal year 1977 budget estimate and the House bill are as follows:

Item	1976 appropriation	1977 budget estimate	House bill	Committee recommenda- tion
Payments to States, Puerto Rico, Guam, and the Virgin Islands:				
Cooperative agricultural extension work under sec. 3(b) and 3(c) of Smith-Lever Act.....	\$130,671,000	\$132,742,000	\$132,742,000	\$137,742,000
Retirement and employees' compensation costs.....	15,841,000	15,977,000	15,977,000	15,977,000
Penalty mail.....	11,245,000	11,245,000	16,245,000	16,245,000
Payments under sec. 3(d) of Smith-Lever Act:				
Nutrition and family education.....	50,560,000	40,390,000	50,560,000	50,560,000
Grants to 1890 Land-Grant Colleges and Tuskegee Institute.....				
Rural development.....	7,823,000	7,900,000	8,400,000	8,400,000
Rural development.....	1,000,000	1,000,000	1,000,000	1,000,000
Pest management.....	2,935,000	2,935,000	2,935,000	2,935,000
Farm safety.....	1,020,000	1,020,000	1,020,000	1,020,000
Forestry extension program.....	0	0	0	5,000,000
Cooperative marketing extension work under the Agricultural Marketing Act.....				
Cooperative extension work in District of Columbia.....	910,000	910,000	910,000	910,000
Extension education program under Rural Development Act.....	1,500,000		1,500,000	1,500,000
Total, payments to States, Puerto Rico, Guam, and the Virgin Islands.....				
	223,505,000	213,119,000	231,289,000	241,289,000
Federal administration and coordination (direct appropriation).....				
	5,430,000	5,671,000	5,658,000	5,658,000
Total, Extension Service.....				
	228,935,000	218,790,000	236,947,000	246,947,000

For the Extension Service for fiscal year 1977, the Committee recommends an appropriation of \$246,947,000. This is \$18,012,000 more than was appropriated for fiscal year 1976, \$28,157,000 more than the budget estimate for fiscal year 1977 and \$10,000,000 more than appropriated in the House bill.

The increase of \$28,157,000 over the budget estimates consists of the following:

NUTRITION EDUCATION PROGRAM

The budget estimates propose to reduce this program by \$10,170,000. After careful consideration, the Committee has concluded that this reduction is not justified.

The major reason advanced by the Department for the proposed reduction is that the program reaches only a limited number of the eligible target population and has achieved limited results. The Committee fails to understand how the proposed reduction would solve either of these problems, and accordingly recommends a restoration of these funds.

PENALTY MAIL

The Committee recommends an additional \$5,000,000 for penalty mail. Testimony presented to the Committee indicated a considerable short fall in the budget estimate for mail costs. The use of the mail system is the primary means of communication between extension personnel and their constituency. Timely and effective dissemination of information is a primary role of the Extension Service and this fundamental avenue of communication must remain open.

Even if these additional funds are not made available, the Extension Service undoubtedly would have to maintain or expand its volume of mail. This means that these added costs would have to be absorbed from other programs and this alternative is not acceptable to the Committee. Accordingly, the Committee has recommended the increased appropriations.

RURAL DEVELOPMENT PROGRAMS

The budget estimate proposed a reduction of \$1,500,000 for rural development programs funded under title V of the Rural Development Act, and \$1 million for programs funded under section 3(d) of the Smith-Level Act. The Committee recommends that these funds be restored.

1890 COLLEGES AND TUSKEGEE

The House bill provided an increase of \$500,000 for the 1890 Land-Grant Colleges and Tuskegee Institute. The Committee concurs in this action.

SECTION 3(c) PAYMENTS

The Committee also recommends an increase of \$5,000,000 for formula payments under section 3(c).

SPACE COSTS

The House denied \$13,000 of the amount requested for GSA space rental costs. The Committee concurs in that action.

FORESTRY EXTENSION

The Committee recommends \$5,000,000 for Forestry Extension.

NATIONAL AGRICULTURAL LIBRARY

FUNCTIONAL CODE: 352

1976 appropriation.....	\$5,539,000
1977 budget estimate.....	6,034,000
House allowance.....	6,026,000
Committee recommendation.....	6,026,000

The National Agricultural Library, in cooperation with the Library of Congress and the National Library of Medicine, provides coverage and servicing of worldwide publications in the agricultural, chemical, and biological sciences. It serves all of the Department programs in the Washington metropolitan area, as well as the field installations throughout the country. It has the added responsibility of service to the land-grant universities, and the world agricultural science community.

The Library's primary purpose is to acquire, preserve, and disseminate an exhaustive collection of reliable information in all phases of the agricultural and allied sciences: Botany, chemistry, animal industry and veterinary medicine, biology including marine biology, agricultural engineering, rural development and sociology, forestry, entomology, food and nutrition, agricultural ecology, oceanography, soils and fertilizers, and the marketing, transportation, and other

economic aspects of agricultural products. NAL also maintains, in cooperation with the Office of General Counsel, a central law library and 17 field legal libraries. One of the important functions of the Law Library is to provide histories of all laws pertaining to the work of the Department.

Information contained in the agricultural literature is disseminated through on-line computer networks, printed bibliographies, personal reference services, loans and photocopies to agricultural colleges, research institutions, Government agencies, agricultural associations, industry, individual scientists, farmers, and the general public in every part of the world.

USDA, Federal, public, private, and international demands for the services of NAL continue to grow. The proposed budget increases will continue to be concentrated on the continuance of the Library's basic objectives, but major breakthroughs can be expected in the NAL role as coordinator of the world's agricultural information resources.

For the National Agricultural Library for fiscal year 1977, the Committee recommends an appropriation of \$6,026,000. This is \$487,000 more than was appropriated for fiscal year 1976, \$8,000 less than the budget estimate for fiscal year 1977 and the same as appropriated in the House bill.

The House did not approve the proposed increase of \$8,000 in GSA space rental costs and the Committee concurs in that action.

STATISTICAL REPORTING SERVICE

FUNCTIONAL CODE: 352

1976 appropriation.....	\$31,362,000
1977 budget estimate.....	33,712,000
House allowance.....	33,459,000
Committee recommendation.....	33,827,000

The mission of the Statistical Reporting Service is to administer the Department's program of collecting and publishing national and State agricultural statistics.

Data developed by the Service on food and agriculture are essential to farmers, processors, and handlers in making production and marketing decisions and to legislators and administrators in developing and administering agricultural programs. Data provided by the Service are basic to economic research and analysis, consumer programs, and other agricultural research.

1. *Crop and livestock estimates.*—The Service provides the official national estimates of acreage, yield, and production of crops; stocks and value of farm commodities; and numbers and inventory value of livestock items. Data on approximately 150 crops and livestock products are covered in some 550 reports issued each year. Data collected and published on prices paid and received by farmers are basic to computation of parity prices.

The work of the Service is conducted through 44 State offices serving the 50 States. Most of these offices are operated as joint State and Federal services. Cooperative arrangements with State agencies provide much additional State and county data. Federal funds are not available for collection and publication of these data.

2. *Statistical research and service—departmental clearance and review.*—This work includes the review, coordination, and monitoring

of data gathering surveys conducted by the Department. This involves (1) the review of all proposed statistical forms and survey plans requiring Office of Management and Budget clearance in accordance with the Federal Reports Act of 1942, and (2) coordination of all interdepartment and intradepartment programs for the improvement of agricultural statistics and related data.

3. *Improvement of crop and livestock estimates.*—This research is devoted primarily to improving statistical methods and techniques for producing agricultural statistics with a high degree of accuracy at a minimum cost. This work is in support of the Service's long-range program for improving crop and livestock estimates, and is directed toward developing better sampling, yield forecasting, and survey techniques for the agency. Current research activities include compiling and maintaining lists of farms; developing new sampling techniques combining lists of farms with area sampling frames; constructing mathematical models for forecasting crop yields from objective counts and measurements of plant characteristics; and reducing reporting and other nonsampling errors by improving questionnaire design, and by devising better field, editing and processing procedures. These research studies are tested by pilot surveys under actual operating conditions, and then, if proven, placed into operation.

For the Statistical Reporting Service for fiscal year 1977, the Committee recommends an appropriation of \$33,827,000. This is \$2,465,000 more than was appropriated for fiscal year 1976, \$115,000 more than the budget estimate for fiscal year 1977 and \$368,000 more than appropriated in the House bill. The House bill reduced the budget estimate for list sampling frame development. The Committee recommends that these funds be restored.

The Committee recommends the addition of \$161,000 to restore the proposed elimination of floriculture surveys. This elimination was proposed on the basis that these activities make a minimal contribution to food and fiber production. While technically this program does not involve "food and fiber" statistics, it does provide valuable data to this agriculturally oriented industry.

The House did not approve the proposed increase of \$46,000 for GSA space rental costs and the Committee concurs in that action.

ECONOMIC RESEARCH SERVICE

FUNCTIONAL CODE: 352

1976 appropriation.....	\$25,642,000
1977 budget estimate.....	26,116,000
House allowance.....	26,080,000
Committee recommendation.....	26,555,000

The mission of the Economic Research Service is to develop and disseminate economic information for use by public and private decisionmakers concerned with the allocation and use of resources in agriculture and rural America.

The Department's responsibilities in the agricultural phases of the U.S. foreign development assistance programs are administered by the Economic Research Service. This includes direction of the Department's activities under agreement with the Agency for International Development (AID), Peace Corps, and other development assistance organizations, particularly agricultural technical assistance

and training programs. The Service participates with AID in the planning of agricultural development policy, in formulating technical assistance projects, and in the review and evaluation of agricultural assistance efforts. In performing these functions, the Service works closely with other U.S. and international organizations to help them utilize the scientific and institutional competence of American agriculture in carrying out development assistance programs.

The Department's foreign technical assistance has heretofore been mainly funded by AID. During the past few years, however, the Department has entered into direct agreements with foreign governments and increasingly with various international organizations.

For the Economic Research Service for fiscal year 1977, the Committee recommends an appropriation of \$26,555,000. This is \$913,000 more than was appropriated for fiscal year 1976, \$439,000 more than the budget estimates for fiscal year 1977 and \$475,000 more than appropriated in the House bill.

The Committee recommends that \$475,000 be added to the budget estimates for the Economic Research Service to be utilized in an in-depth study of foreign investments in American agriculture. This study shall include investments in real estate for production, processing and merchandising agricultural products as well as other aspects of foreign investments which have any impact on the agricultural sector.

This is an area of increasing interest and concern and to date has been highlighted by the lack of any reliable or comprehensive data. The Committee feels that such a study is of the highest priority and has therefore recommended funds for its implementation.

The House did not approve the proposed increase of \$36,000 for GSA space rental costs and the Committee concurs in that action.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

FUNCTIONAL CODE: 352

1976 appropriation.....	\$47,055,000
1977 budget estimate.....	57,087,000
House allowance.....	52,734,000
Committee recommendation.....	52,734,000

These activities assist producers and handlers of agricultural commodities through various marketing and regulatory services. These services continue to expand and become more complex as the volume of agricultural commodities increases, as a greater number of new processed commodities are developed, and as the market structure undergoes extensive changes. Marketing changes include increased concentration in food retailing, direct buying, decentralization of processing, growth of interregional competition, vertical integration, and contract farming. The individual activities include:

1. *Market news service.*—This service provides current information on supply, movement, contractual agreements, and prices at specific markets for practically all agricultural commodities. The marketing of agricultural products is characterized by a series of decision points through which product flows concentrate and transactions take place. Market news provides American farmers at these decision

points with timely, accurate, and unbiased information pertinent to market conditions. Thus, on a day-to-day basis, the American farmer is in a position to make the critical decisions of where and when to sell, and at what price.

Market news information is collected and disseminated at year-round and seasonal offices maintained in more than 140 cities and towns, often with local and other support and cooperation, generally from State departments of agriculture. Dissemination is primarily by radio, television, and mimeographed reports.

2. *Inspection, grading, classing, and standardization.*—Nationally uniform standards of quality for agricultural products are established and applied to specific lots of products to promote confidence between buyers and sellers; reduce hazards in marketing due to misunderstandings and disputes arising from the use of nonstandard descriptions; encourage better preparation of uniform quality products for market; and furnish consumers with more definite information on the quality of products they buy. The standards are applied by or under the supervision of Federal employees at the request of any interested party, and generally for a fee. Approximately 65 percent of the total cost of this work was offset by fees and other revenue in 1975.

3. *Regulatory activities.*—These include the administration of regulatory laws such as the U.S. Warehouse and Federal Seed acts to assure fair play in the marketplace, to protect producers and handlers of agricultural commodities from financial loss due to careless or fraudulent marketing practices, and to preserve free and open competition in the marketing of farm products. Assistance is also provided to farmers and others in obtaining and maintaining equitable and reasonable transportation rates and services on farm products and supplies. The Cotton Research and Promotion Act is designed to improve the competitive position and expand markets for cotton through a program of self-assessment by cotton producers. The Service also administers the Wheat Research and Promotion Act, the Agricultural Fair Practices Act of 1967, and the Plant Variety Protection Act.

4. *Commodity program operating expenses.*—This project covers activity connected with the purchase of section 32 commodities for distribution to eligible outlets. Distribution is conducted by the Food and Nutrition Service.

For fiscal years 1975 and 1976 this activity was financed under the section 32 appropriation. The budget estimates propose a change in fiscal year 1977 in this amount. This is discussed below.

5. *Marketing agreements and orders* are requested by producers and handlers. Hearings and investigations are conducted and proposed agreements and orders are voted upon by eligible producers or handlers.

Marketing agreements and orders help to stabilize prices, and benefit producers and consumers by establishing and maintaining orderly marketing conditions. Administration at the local level is financed by assessment upon handlers. On June 30, 1975, there were in effect 61 orders for milk, 48 agreements and orders for tree fruits, nuts, and vegetables, and 1 order for shade-grown tobacco. The expenses of advisory committees established to advise the Secretary, public hearings, referendums to determine producer sentiment, and

other developmental work as authorized by the Agricultural Act of 1961 are also financed under this activity.

For 1975 and 1976, this activity was financed under the section 32 appropriation.

For Marketing Services for fiscal year 1977, the Committee recommends an appropriation of \$52,734,000. This is \$5,679,000 more than was appropriated for fiscal year 1976, \$4,353,000 less than the budget estimate for fiscal year 1977 and is the same amount appropriated in the House bill.

The budget estimates contain \$4,266,000 for administration of marketing agreements and orders. This item was previously funded through section 32. The budget further proposed transferring the section 32 account to the Food and Nutrition Service.

The House did not allow this change in the basic structure of the section 32 program. The Committee concurs in that action. By that action, funds for marketing agreements and orders will be derived from section 32, not the appropriation for Marketing Services, as proposed in the budget.

The House bill did not approve the proposed increase of \$16,000 for GSA space costs. The Committee concurs in that action.

PAYMENTS TO STATES AND POSSESSIONS

FUNCTIONAL CODE: 352

1976 appropriation.....	\$1, 600, 000
1977 budget estimate.....	
House allowance.....	1, 600, 000
Committee recommendation.....	

Payments have been made on a matching-fund basis to State marketing agencies for carrying out specifically approved marketing service programs designed to bring about improved marketing. Under this activity, marketing specialists have worked with farmers, marketing firms, and agencies in solving marketing problems and in utilizing marketing research results.

This program covered such projects as methods of maintaining and improving the quality of products; ways of reducing marketing costs; expanding outlets for surplus products; collecting and disseminating special State and local market information and statistics; and improving the organizational structure of the marketing system.

Federal funds have not been requested for this program in fiscal year 1977, and none have been recommended in the accompanying bill. The House bill included \$1,600,000 for continuation of this program.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

Under section 32 of the act of August 24, 1935, as amended (7 U.S.C. 612c), 30 percent of customs receipts collected during each calendar year are automatically appropriated for expanding outlets for nonbasic commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce to encourage the distribution of such products.

The use of section 32 program funds during 1976 and 1977 will be contingent upon marketing conditions. If surpluses not now foreseen

should develop, steps will be taken to use available funds transferred to other accounts for removal or diversion as conditions might warrant.

1. *Commodity program payments* currently consist of three types: (a) Direct purchases donated to schools, the elderly, summer camps, child care centers, nonprofit institutions serving needy persons, persons certified by welfare as eligible for relief, and disaster victims; (b) financial assistance to States to enable State distributing agencies to improve the distribution system supplying commodities to needy families; and (c) other, including Food and Nutrition Service purchases of farina for the special package supplemental food program. During the past 2 years, assistance under these programs was given to the following commodity groups (in millions of dollars):

Obligations	1974	1975
Dairy products.....	\$10.7	\$6.1
Eggs and poultry.....	84.3	28.9
Fats and oils.....	2.0
Fruits and vegetables.....	49.7	31.2
Grain products.....	14.2	3.8
Livestock products.....	97.3	116.3
Peanut butter.....	14.8	10.7
Miscellaneous.....	12.9	2.1
Total.....	285.9	199.1

2. *Cash payments to States* were initiated in 1969 to meet the urgent need for providing additional foods to needy children who have been determined to be suffering from general and continued hunger. The funds provided are channeled through the child-feeding programs authorized by the School Lunch and Child Nutrition Acts.

3. *Supplemental food programs* were initiated in 1969 to meet the urgent need for providing additional foods to needy children and adults who have been determined to be suffering from general and continued hunger. The Department developed a distribution system to provide special food packages for infants, and expectant and new mothers. These packages are being distributed in both food stamp and commodity donation areas.

Funds have also been used for conducting a food certificate program designed to increase the food purchasing power of expectant and new mothers and infants through the issuance of certificates to be exchanged at their local grocery for certain food items.

An additional supplemental food program provides cash grants to health departments or comparable State agencies to make special foods available to women, infants, and children.

4. *Cash payments in lieu of commodities.* The availability of commodities as donations to the school lunch and child nutrition programs may be less than the amounts needed to meet the requirements of Public Law 94-105. Cash payments would then be made to the schools to purchase locally the additional commodities needed.

5. *Commodity program operating expenses* occurred mainly in connection with purchasing and distributing section 32 and Commodity Credit Corporation commodities to eligible outlets.

6. *Marketing agreements and orders* were financed in 1975 and 1976 through section 32.

PACKERS AND STOCKYARDS ADMINISTRATION

FUNCTIONAL CODE: 352

1976 appropriation.....	\$5,171,000
1977 budget estimate.....	5,234,000
House allowance.....	5,226,000
Committee recommendation.....	5,226,000

The program of this agency is aimed at assuring fair play in the marketing of livestock, meat, and poultry. Its principal purpose is to maintain effective competition for livestock, meat, and poultry, so as to bring to farmers and ranchers the true market value of their livestock and poultry. Consumers and members of the livestock, poultry, and meat industries are also protected against unfair business practices in the marketing of meat and poultry, and from restrictions on competition which could unduly increase meat and poultry prices.

For the Packers and Stockyards Administration for fiscal year 1977, the Committee recommends an appropriation of \$5,226,000. This is \$55,000 more than was appropriated for fiscal year 1976, \$8,000 less than the budget estimate for fiscal 1977 and is the same amount appropriated in the House bill.

The House did not approve the proposed increase for GSA space rental costs and the Committee concurs in the action.

FARMER COOPERATIVE SERVICE

FUNCTIONAL CODE: 352

1976 appropriation.....	\$2,559,000
1977 budget estimate.....	2,594,000
House allowance.....	2,589,000
Committee recommendation.....	2,589,000

Farmer Cooperative Service conducts studies relating to cooperatives engaged in the marketing of farm products, purchasing of production supplies and supplying related business services. Its total effort is devoted to preserving the family farm through the cooperative effort. The agency's program is directed toward providing technical assistance to cooperatives and research to improve cooperative performance. It has several major thrusts to help make family farmers' cooperative businesses competitive and efficient.

Technical assistance is provided in response to problems that may come to FCS from farmers directly or through the management of boards of directors of cooperatives composed of hundreds and in some instances thousands of farmers. Help is given on the formation of new cooperatives, the merits of merging cooperative organizations, changes in business organizations and future growth or development, and the development of more viable relationships between cooperatives and other businesses and institutions. The full range of organization and management problems confronting cooperatives is covered by the FCS technical assistance program.

Applied research is conducted to give farmers relevant and expert assistance pertaining to their cooperatives. Studies concentrate on financial, organizational, legal, social, and economic aspects of cooperative activity.

Statistical data are collected to detect changes in structure, operations, and growth trends. Data help identify and support applied research and technical assistance activities.

The agency serves as a central storehouse of data about farmer cooperatives in the United States. This information is communicated to the farmer or member through a variety of publications.

FCS efforts center on providing immediate response and leadership for more effective and efficient cooperative operations in the changing economic environment in which the family farmer operates.

The budget estimates for fiscal year 1977 propose an increase of \$5,000 for increased costs for GSA space, and an annualization of pay cost increase effective in fiscal year 1976 of \$30,000.

For the Farmer Cooperative Service for fiscal year 1977, the Committee recommends an appropriation of \$2,589,000. This is \$30,000 more than was appropriated for fiscal year 1976, \$5,000 less than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

FUNCTIONAL CODE: 351

1976 appropriation.....	¹ \$151,181,000
1977 budget estimate.....	² 157,891,000
House allowance.....	157,410,000
Committee recommendation.....	157,410,000

¹ In addition, \$72,571,000 is transferred from Commodity Credit Corporation (CCC) for administration of commodity programs.

² Does not include CCC transfer of \$74,958,000 for administration of commodity programs.

This account includes funds to cover expenses of programs administered by, and functions assigned to, the Service. The funds consist of direct appropriations, transfers from the Commodity Credit Corporation (CCC), and miscellaneous advances from other sources. This is a consolidated account for administrative expenses of national, commodity, State and county offices.

The commodity office in Prairie Village plays an important role in administering support programs and the field operations stemming from producer loan and purchase agreements, inventory management, and merchandising activities.

The State committees are in general charge of all programs carried out in their respective States. Within the framework of national policy, they determine the policies to be followed and direct the adaptation of national programs to the State.

The Agricultural Stabilization and Conservation elected county committees are responsible for the local administration of programs. They make local program decisions and policies and appoint a county executive director who directs the office staff in handling the day-to-day detailed administrative work.

The programs and activities carried out by this Service include: Agricultural Conservation Program; emergency conservation measures; Water Bank Act program; Appalachian Region conservation program; conservation reserve program; feed grain, wheat, and cotton programs; cropland conversion program; cropland adjustment program; dairy and beekeeper indemnity programs; Wool Act program; and com-

modity support and related programs including acreage allotment and marketing quota programs.

The activities carried out by the Service fall within three major categories:

1. *Program formulation and appraisal.*—The supply adjustment, conservation, and commodity support programs, and the management and merchandising of commodities acquired under the support program, have a tremendous impact on the national and to a lesser extent the international economy. This activity provides for constant review of the effectiveness of these programs. It also provides for the analysis of data to formulate more effective programs.

2. *Operation of supply adjustment, conservation, and support programs.*—This activity includes all functions dealing with the administration of programs carried out through the farmer committee system, including (a) developing program regulations and procedures; (b) holding meetings with employees and producers to discuss new programs or changes in existing programs; (c) collecting and compiling basic data for individual farms; (d) establishing individual farm allotments, bases and yields; (e) notifying producers of allotments, productivity indexes, and payment rates; (f) determining farm marketing allocations; (g) handling appeals; (h) conducting referendums and certifying results; (i) checking compliance with acreage allotments; (j) developing pooling agreements under which several farmers work jointly to solve a common conservation problem which cannot be solved by individual action; (k) issuing marketing cards so that production from the allotted acreage can be marketed without penalty; (l) processing producer requests for conservation cost-sharing; (m) processing commodity loan documents and issuing sight drafts; and (n) making appraisals for disaster payments.

3. *Inventories management and merchandising.*—This activity includes: (a) overall management of CCC-owned commodities; (b) selling commodities; (c) donating commodities; and (d) accounting for loans and commodities. The total value of all commodities owned by CCC on June 30, 1975, was about \$416,100,000.

The number of programs and the volume of work performed by the Service have been decreasing at a considerable rate over the last several years. Total man-years used by the Service have decreased from 21,343 in fiscal year 1971 to 14,013 in fiscal year 1975. The volume of work in fiscal year 1975 under some of the major programs financed from this account is set forth below:

Acreage allotments and marketing quotas (allotments):	
AAMQ (allotments):	
Peanuts.....	77, 684
Rice.....	19, 915
Tobacco.....	536, 067
Allotments established:	
Cotton:	
Allotments established.....	536, 777
Number of participating farms.....	254, 109
Feed grain.....	2, 769, 241
Wheat.....	1, 358, 596
Agricultural Conservation Program:	
Applications for payment.....	511, 718
Long-term agreements.....	4, 315
Pooling agreements and special projects.....	4, 482

Dairy and Beekeeper Indemnity Programs: Number of claims during fiscal year 1975:	
Beekeepers.....	922
Dairy farmers.....	26
Disaster program: Number of applications received.....	580, 419
Land retirement programs—Cropland adjustment, cropland conversion and Water Bank Act: Number of agreements.....	35, 015
Loan and price support programs:	
Reinspection of farm-stored loans.....	19, 519
Number of loan repayments received.....	96, 532
Farm-stored loans taken over.....	10
Number of warehouse loans acquired.....	5
Number of farm storage loans.....	23, 567
Number of warehouse loans.....	9, 311
Number of farm storage facility and drier loans.....	111, 679
Wool Act program: Applications for payment.....	166, 487

For Salaries and Expenses of the Agricultural Stabilization and Conservation Service for fiscal year 1977, the Committee recommends an appropriation of \$157,410,000. This is \$6,229,000 more than was appropriated in fiscal year 1976 and is \$481,000 less than the budget estimates. It is the same amount as contained in the House bill.

The House reduced the request for GSA space costs by \$481,000 for fiscal year 1977. The Committee concurs in that action.

In addition to the appropriated amount above, the Committee recommends a \$74,958,000 transfer from the Commodity Credit Corporation for administration of CCC programs. This is \$2,387,000 more than was available from this source in fiscal 1976. This is the budget estimate and the House figure.

The Committee feels that any restriction limiting the agency to the hiring of consultants for outside assistance for employee training programs is too restrictive.

ASCS currently engages contractors, rather than consultants, to provide facilities and training to ASCS employees at a central training location at Columbus, Ohio. This arrangement has produced effective results for the management of ASCS.

Therefore, the Committee believes that ASCS should continue to have discretion to employ contractors for training programs, but at the same time should continue to study alternative approaches for the operation of these training programs.

The Committee recommends a provision to allow the use of funds appropriated for salaries and expenses of ASCS to pay Agricultural Stabilization and Conservation county office personnel for part-time and intermittent assistance to the Farmers Home Administration. This is similar to a provision contained in the fiscal year 1975 Appropriations Act (Public Law 93-563).

The Department has implemented an agreement between ASCS, FmHA, SCS and FCIC to allow for the utilization of personnel on a part-time reimburseable basis between agencies pursuant to sec. 603(c) of the Rural Development Act of 1972.

The agreement would enable the Department to achieve the most efficient use of personnel. It is the Committee's concern, with particular respect to assistance given by ASCS county employees to FmHA, that the requirement for reimbursement may tend to inhibit or limit the maximum utilization of the agreement.

The Committee therefore recommends a provision specifically allowing the use of ASCS county personnel funds to pay employees rendering part-time or intermittent assistance to FmHA.

It should be noted that the Committee provides this authority to facilitate the greatest efficiency on the utilization of ASCS county personnel resources. The Committee has specifically limited this provision to the utilization of personnel not required for the administration of ASCS activities.

DAIRY AND BEEKEEPER INDEMNITY PROGRAMS

FUNCTIONAL CODE: 351

1976 appropriation.....	\$6, 650, 000
1977 budget estimate.....	4, 050, 000
House allowance.....	4, 050, 000
Committee recommendation.....	4, 050, 000

Under this program, the Department makes indemnification payments to dairy farmers, manufacturers of dairy products, and beekeepers.

This program began in 1964 and was limited, until the passage of the Agricultural Act of 1970, to payments to dairy farmers who were directed to remove their milk from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government.

The Agricultural Act of 1970 authorized indemnification payments, beginning with the date of its enactment—November 30, 1970—to manufacturers of dairy products who have been directed to remove their products because they contained residues of chemicals registered and approved for use by the Federal Government.

The Agricultural Act of 1970 also authorized payments to beekeepers who, through no fault of their own, have suffered losses of honey bees after January 1, 1967, as a result of utilization of economic poisons near or adjacent to the property on which the beehives of such beekeepers were located.

The Agriculture and Consumer Protection Act of 1973 extended the authority for making indemnity payments to dairy farmers and to manufacturers of dairy products to June 30, 1977, and to beekeepers to December 31, 1977. That act also authorized indemnity payments on dairy cows producing contaminated milk. However, to date no payments have been made on dairy cows.

For the Dairy and Beekeeper Indemnity Program for fiscal year 1977, the Committee recommends an appropriation of \$4,050,000. This is \$2,600,000 less than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING, EXPENSES

FUNCTIONAL CODE: 351

	Appropriation	Premium income	Total
1976 new budget (obligational) authority.....	\$12, 000, 000	(\$8, 184, 000)	(\$20, 184, 000)
1977 budget estimate, new (obligational) authority.....	12, 000, 000	(8, 006, 000)	(20, 006, 000)
House bill, new (obligational) authority.....	11, 976, 000	(8, 006, 000)	(19, 982, 000)
Committee recommendation, new (obligational) authority.....	11, 976, 000	(8, 006, 000)	(19, 982, 000)

The Federal Crop Insurance Corporation, a wholly-owned Government Corporation, was created on February 16, 1938 (7. U.S.C. 1501-1520), to carry out the provisions of the Federal Crop Insurance Act. The purpose of this act is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance, and to provide the means for the research and experience helpful in devising and establishing such insurance.

Crop insurance offered to agricultural producers by the Corporation provides protection from losses caused by natural hazards, such as insect and wildlife damage, plant diseases, fire, drought, flood, wind, and other weather conditions. It does not indemnify producers for losses resulting from negligence or failure to observe good farming practices.

The crop insurance programs are developed and analyzed in the Washington headquarters office, and are administered in 14 regional offices. Sales and servicing of contracts at the county level is performed by private agents under contractual agreements with the Corporation and by Corporation employees hired on a permanent, part-time or WAE (when actually employed) basis. Detailed administrative and program accounting and statistical functions are performed by the National Service Office in Kansas City, Mo., as well as the underwriting and actuarial analysis work.

Budget program.—The program for fiscal year 1977 will provide crop insurance protection to farmers amounting to approximately \$1,600,000,000 on the following commodities: apples, barley, beans, citrus, combined crop, corn, cotton, flax, grain sorghum, grapes, oats, peaches, peanuts, peas, raisins, rice, soybeans, sugar beets, sugarcane, tobacco, tomatoes, and wheat.

Financing.—Capital stock of \$100,000,000 is authorized to be subscribed by the United States. As of June 30, 1975, the Secretary of the Treasury held receipts for \$60,000,000 of authorized stock, leaving \$40,000,000 unissued.

Funds from the issuance of capital stock provide working capital for the Corporation. Receipts which are for deposit to this fund come mainly from premiums paid by farmers for crop insurance indemnity costs. The principal payments from this fund are for indemnities to insured farmers as the direct cost of adjusting crop losses, and a part of the administrative and operating expenses. However, the direct cost of loss adjustment and the administrative and operating expenses paid from the fund are not provided for in the premium rates (section 508(b) of the Federal Crop Insurance Act, as amended).

It is estimated that gross income of \$73,600,000 from operations will provide adequate operating funds for fiscal year 1977, unless heavy losses occur early in the fiscal year.

Operating results and financial condition.—As of June 30, 1975 the Corporation reflected a deficit of \$15,200,000 which is a decrease of \$18,500,000 from the surplus of the year before. This resulted from increased indemnities over premiums for crop year 1974 to cover expenses paid from the fund. Crop year 1974 premiums of \$54,000,000 were lower than indemnities by \$9,200,000, resulting in a loss ratio of 1.17.

A 0.80 loss ratio is estimated for crop year 1975. Premiums of \$73,600,000 are estimated to exceed indemnities by \$14,700,000. For the

crop years 1948 through 1974, premium income (\$798,300,000) exceeded indemnity costs (\$736,900,000) by \$61,400,000; the loss ratio for the period was 0.92. Premium income exceeded indemnity costs in 15 of the 27 years.

For the Federal Crop Insurance Corporation for fiscal year 1977, the Committee recommends a direct appropriation of \$11,976,000. This is \$24,000 less than was appropriated for fiscal year 1976, \$24,000 less than the budget estimate for fiscal year 1977 and is the same amount appropriated in the House bill.

In addition to the foregoing direct appropriation, the Committee recommends that \$8,006,000 be made available from the Federal Crop Insurance Corporation Fund (premium income). This is \$178,000 less than was transferred from premium income in fiscal 1976 and is the same as the budget estimate and the House bill.

COMMODITY CREDIT CORPORATION

REIMBURSEMENT FOR NET REALIZED LOSSES

FUNCTIONAL CODE: 351

1976 appropriation.....	\$2, 750, 000, 000
1977 budget estimate.....	898, 652, 000
House allowance.....	189, 053, 000
Committee recommendation.....	898, 652, 000

The Corporation was created to stabilize, support, and protect farm income and prices, help maintain balanced and adequate supplies of agricultural commodities, their products, foods, feeds, and fibers, and help in their orderly distribution (15 U.S.C. 714-714p). It may also make available materials and facilities required in connection with the production and marketing of agricultural commodities. In addition to its basic functions, it is used to administer and, in some cases, temporarily finance numerous special activities.

The Corporation's capital stock of \$100,000,000 is held by the United States. Up to \$14,500,000,000 may be borrowed to finance operations.

Budget assumptions.—The following general assumptions form the basis for the Corporation's 1976 and 1977 budget estimates: (a) Production and national income will rise both in 1976 and 1977 from the present level; (b) generally, exports of agricultural commodities in 1977 will be slightly lower than 1976 levels; (c) yields for the 1976 crops are based on recent averages adjusted for trend; (d) acreage allotments and marketing quotas will be in effect for the 1976 crops of peanuts, rice, and certain kinds of tobacco (flue-cured tobacco will be on an acreage-poundage program and burley tobacco will be on a poundage allotment); (e) no set-aside program for cotton, feed grains, and wheat will be in operation. Payments on these commodities will be based on an established or target price if the price received by farmers is below such price.

It is difficult to forecast with accuracy requirements for the year ending September 30, 1977. Complex and unpredictable factors are involved such as weather, other factors which affect the volume of production of crops not yet planted, feed and food needs here and overseas, and available dollar exchange.

The estimates for the transition period and future-year projections are based on these same general assumptions, including a continuation of provisions of the Agriculture and Consumer Protection Act of 1973.

PROGRAMS OF THE CORPORATION

The basic functions of the Corporation include the following programs for which appropriations are made for net realized losses sustained (in thousands of dollars):

Program	1977 estimate		Net realized loss for year
	Gross obligations	Outlays	
Short-term export credit sales.....	\$450, 000	-\$101, 976	-----
Other support and related.....	1, 865, 467	490, 182	\$545, 895
Storage facilities.....	60, 000	-4, 600	-----
Supply.....	207	-71	-49
Feed grain disaster payments.....	212, 000	196, 000	196, 000
Wheat disaster payments.....	99, 000	97, 000	97, 000
Cotton disaster payments.....	91, 000	85, 489	85, 489
Other items not distributed by program.....	332, 154	67, 247	176, 028
Total.....	3, 109, 828	829, 271	1, 100, 363

Support.—The Corporation, through loans, purchases, payments, and other means, provides support of agricultural commodities to producers. This is done mainly under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.) and the Agricultural Act of 1949 (7 U.S.C. 1421 et seq.) as amended by the Agricultural Act of 1970 (84 Stat. 1358) and the Agriculture and Consumer Protection Act of 1973 (87 Stat. 221).

Support is mandatory for the basic commodities—corn, cotton, wheat, rice, peanuts, and tobacco. The Agricultural Act of 1949 also requires support of the following nonbasic commodities: Tung nuts, honey, milk, barley, oats, rye, and grain sorghum. The National Wool Act of 1954, as amended (7 U.S.C. 1781-87), requires support for wool and mohair. Support for other nonbasic commodities is discretionary. The support program may also include operations to remove and dispose of surplus agricultural commodities in order to stabilize prices at levels not in excess of those permissible by law.

The principal methods of providing support are loans to and purchases from producers. With limited exceptions, loans made on commodities are nonrecourse. The commodities serve as collateral for the loan and on maturity the producer may deliver or forfeit such collateral to satisfy his obligation without further payment.

Direct purchases are also made from processors as well as producers, depending on the commodity involved. Also, special purchases are made under certain laws for the removal of surpluses, for example: the Act of August 19, 1958, as amended (7 U.S.C. 1431 note), and section 416 of the Agricultural Act of 1949, as amended (7 U.S.C. 1431).

For feed grains and wheat, producers may receive payments in addition to loans and purchases. For upland and extra-long staple

cotton, producers may receive payments in addition to loans. Producers of feed grains, wheat, and upland cotton must comply with acreage set-aside provisions (hereinafter described) in order to be eligible for loans, purchases and payments. Also, the total amount of payments which a person is entitled to receive under one or more of the annual programs for 1974 through 1977 crops of the commodities shall not exceed \$20,000.

Public Law 93-86 (Agriculture and Consumer Protection Act of 1973) established target prices for three major commodities—wheat, feed grains, and upland cotton; set minimum loan rates for wheat and feed grains; and established the loan level for upland cotton at 90 percent of the average world price for American cotton for the preceding 3 years subject to adjustment to reflect current average world price if the loan level so calculated is above then-current average world prices for American cotton. Government payments for each of the three commodities are required when the established price for the commodity exceeds the national average market price or the loan rate, whichever is higher. For the 1976 and 1977 crops, the established prices for these commodities will be adjusted in relation to the costs of production. In addition, the act provides for making disaster payments to producers who are prevented from planting feed grains, wheat, or upland cotton because of a natural disaster or condition beyond the control of the producers or who, because of such a disaster or condition, harvest less than a specified quantity.

In support operations, normal trade facilities are used to the maximum extent practicable. Cooperatives and financial institutions are used in lending activities. Commercial facilities are used to a great extent for storage.

Besides the Charter Act and laws mentioned above, many other laws are applicable to the disposition through sales, donations, and barter of commodities acquired under the support program. For accounting purposes, the Corporation credits to the support program proceeds of commodities sold from its stock, including those disposed of through special activities.

DATA ON SUPPORT AND RELATED PROGRAMS

(In thousands)

Item	1975 act.	1976 est.	TQ est.	1977 est.
Loans made.....	\$852,074	\$1,363,099	\$354,651	\$1,269,002
Loans repaid.....	940,149	897,843	130,758	1,085,866
Loan collateral forfeited.....	99,764	237,932		
Loans outstanding, end of year.....	542,398	770,313	994,132	1,024,752
Acquisitions.....	816,365	803,176	125,531	594,907
Cost of commodities sold.....	362,038	368,914	68,264	433,901
Cost of commodities donated.....	152,422	199,587	23,207	251,961
Inventory, end of year.....	416,111	650,786	684,846	593,891
Investment in loans and inventory, end of year.....	958,509	1,421,099	1,678,978	1,618,643
Set-aside or disaster payments.....	560,248	271,742	47,000	378,489
Net expenditures.....	574,878	1,440,999	446,428	829,271
Realized losses.....	709,599	621,104	107,256	1,100,363

Commodity export.—The Corporation promotes the export of agricultural commodities and products through sales, barter, payments, and other operations. Other than in barter for stockpiling purposes, such commodities and products may be those held in private trade

channels as well as those acquired by the Corporation. This program is carried out under the authority contained in the Corporation's Charter, particularly section 5 (d) and (f), and in accordance with specific statutes where applicable. Export sales for foreign currencies or on long-term credit are financed by the Corporation under the Agricultural Trade Development and Assistance Act of 1954, as amended, although such sales of commodities owned by the Corporation may also be made under its Charter authority.

When necessary to encourage export movement from free-market supplies, as well as from its own stocks, the Corporation makes payments on exports of agricultural commodities. The rate of payment generally is the difference between the prevailing world export sales price and the domestic market price. The export payment program for wheat, rice and tobacco was discontinued during 1972 and 1973. Some 1972 and older crop tobacco export contracts are still subject to payment. It is expected that final payments on these contracts will be made during the current fiscal year.

To help develop or expand foreign markets, the Corporation may furnish farm commodities and products for samples or exhibits at international trade fairs and for use abroad in testing consumer acceptance and commercial market potentials.

To maximize exports of agricultural commodities, including products thereof, the Corporation conducts an export credit sales program under which it finances, for a period of not to exceed 3 years, commercial export credit sales by exporters of agricultural commodities obtained either from Corporation inventories or from private stocks. These commercial transactions are financed under the Corporation's Charter authority and section 4 of the Food for Peace Act (7 U.S.C. 1707a) and are to be distinguished from the long-term credit contracts involving foreign assistance authorized by the Agricultural Trade Development and Assistance Act of 1954, as amended. Section 4 of the Food for Peace Act authorized appropriations to reimburse the Corporation annually for its actual costs incurred or to be incurred under this program. However, no appropriation has been requested for this program.

Commodities available for barter were ultimately limited to cotton and tobacco. After June 1973, no further invitations to bid on barter contracts were issued.

Storage facilities.—The Corporation conducts a program to provide storage adequate to fulfill its program needs. This program is conducted pursuant to sections 4 (h) and (m), and 5 (a) and (b) of the Charter.

The Corporation has authority to buy bins (in storage-short areas) and equipment for the care and storage of commodities owned by the Corporation or under its control. This authority to purchase bins has not been exercised since 1956. The Corporation makes loans for the purchase, building, or expanding of facilities for storage and care of commodities on the farm and sells, to producers and others, bins needed for the storage of agricultural commodities. Bins sold by the Corporation may be those acquired for resale for such storage or those which are no longer required by the Corporation for the storage of its own commodities. Public Law 89-758 permitted the sale of grain storage facilities no longer needed for such program use to public

and private nonprofit agencies and organizations. In 1957, the storage capacity totaled 990 million bushels. The Corporation sold the last of CCC-owned bins in August of 1975. The Corporation may also provide storage-use guarantees to encourage building of commercial storage and undertake other operations necessary to provide storage adequate to carry out the Corporation's programs.

Section 805 of the Agricultural Act of 1970 authorized the Secretary to make or guarantee loans for construction of farm storage facilities for baled hay from diverted or set-aside acreage. This program was conducted through the ASCS county committees and financed with capital funds of the Corporation.

Supply and foreign purchase.—The Corporation procures from domestic and foreign sources food, agricultural commodities, and products and related materials to supply the needs of Federal agencies, foreign governments, and private and international relief agencies. It similarly procures or aids in the procurement of such foods, commodities, products, and material for sale to meet domestic requirements during periods of short supply or during such other times as will stabilize prices or facilitate distribution. Through purchases, loans, sales, or other means the Corporation may also make available materials and facilities needed for the production and marketing of agricultural commodities. This program is conducted under section 5 (b) and (c) of the Commodity Credit Corporation Charter Act.

Purchases for other Federal agencies of commodities not in the Corporation's supported stocks has been the main activity. Purchases of limited quantities of breeder, foundation, and registered seeds of improved varieties of grasses and legumes are made through production contracts in order to assure supplies thereof for farmers. No foreign purchases have been made in recent years.

Section 4 of the Act of July 16, 1943 (15 U.S.C. 713a-9), requires that the Corporation be fully repaid from funds of such agencies for services performed, losses sustained, operating costs incurred, or commodities bought or delivered to or on behalf of any other Federal agency. Operations not subject to section 4 may involve losses if such are necessary to the accomplishment of the objectives of the particular operation.

Set-aside program.—The Agricultural Act of 1970, as amended by the Agriculture and Consumer Protection Act of 1973, authorizes the Secretary to conduct, through the Corporation, set-aside programs on the 1971 through 1977 crops of wheat, feed grains, and upland cotton if he determines that otherwise the total supply of agricultural commodities will likely be excessive. If a set-aside is in effect for any such commodity, producers must, as a condition of eligibility for loans, purchases, and payments on such commodity, set-aside and devote to approved conservation uses specified acreages of cropland and otherwise comply with program requirements. Participants in a set-aside program are eligible for a small additional payment for permitting public access to set-aside acreage. The Secretary has announced that there will be no set-aside for the 1976 crops of wheat, feed grains, and upland cotton.

Land diversion payments.—To assist in adjusting the acreage of commodities to desirable goals, the Secretary is authorized by the

Agricultural Act of 1970, as amended, to make land diversion payments through the Corporation, to producers who devote to approved conservation uses acreages of cropland in addition to those required to be so devoted under the set-aside programs.

Cotton research and promotion.—Under section 610 of the Agricultural Act of 1970, as amended, the Corporation, through the Cotton Board, and upon approval of the Secretary, is authorized to enter into agreements for cotton market development, research, and sales promotion programs, programs to aid in the development of new and additional markets, marketing facilities and uses for cotton and cotton products, and programs to facilitate the utilization and commercial application of cotton research findings. Each year the amount available for such programs shall be \$10,000,000. For each of the 1972 through 1977 crops, an additional amount, not exceeding \$10,000,000 may be used by the Secretary for such programs from funds available for payments on 1972 through 1977 crop cotton. However, beginning with the 1974 fiscal year, the appropriation acts have limited yearly expenditures to \$3,000,000 for research provided that certain other requirements listed in the act are met. The House bill contains no funding for this purpose in fiscal year 1977. The Committee concurs in that action.

Disaster reserve.—Under section 813 of the Agricultural Act of 1970, as amended by the Agriculture and Consumer Protection Act of 1973, the Secretary shall establish, maintain, and dispose of a separate reserve of inventories of not to exceed 75 million bushels of wheat, feed grains, and soybeans for the purpose of alleviating distress caused by a natural disaster. The Secretary shall acquire such commodities through the price support program; 25 million bushels of oats held by the Commodity Credit Corporation was designated as a disaster reserve as of July 1, 1975. In order to rotate, distribute, and locate reserves, such reserve may be sold at equivalent prices. The Secretary may use the Commodity Credit Corporation and shall utilize usual and customary channels, facilities, and arrangements of trade and commerce to the maximum extent possible. Appropriations are authorized for sums necessary to carry out the purposes of this section. However, none has been requested since costs are included in the CCC appropriation reimbursement for net realized losses.

Loan operations.—The following table reflects loan operations of the Corporation which apply to the preceding programs (in thousands of dollars):

Item	1975 act.	1976 est.	TQ est.	1977 est.
Loans outstanding, gross, start of year:				
Commodity Credit Corporation.....	\$730,340	\$542,398	\$770,313	\$994,132
Add loans made.....	852,074	1,363,909	354,651	1,269,002
Deduct:				
Loans repaid.....	940,149	897,843	130,758	1,085,866
Acquisition of loan collateral.....	99,764	237,932		
Writeoffs.....	103	219	74	152,516
Total loans outstanding, gross, end of year.....	542,398	770,313	994,132	1,024,752
Allowance for losses.....	-19,084	-32,274	-44,978	-46,932
Loans receivable, net (support and storage facilities).....	523,314	738,039	949,154	977,820

Inventory operations.—The following table reflects the inventory operations applicable to the preceding programs (in thousands of dollars):

AGRICULTURAL COMMODITIES

Item	1975 actual	1976 estimate	TQ estimate	1977 estimate
On hand, start of year, gross.....	\$114,206	\$416,111	\$650,786	\$684,846
Acquisitions:				
Forfeiture of loan collateral.....	99,764	237,932		
Excess of collateral acquired over loans canceled....	23			
Purchases.....	720,418	509,587	125,431	579,157
Transfers and exchanges, net.....	-7,209	-21		
Carrying charges:				
Charges to inventory.....	3,369	55,678	100	15,750
Storage and handling.....	(17,304)	(20,182)	(3,527)	(13,669)
Transportation.....	(14,988)	(7,266)	(606)	(3,457)
Total acquisitions.....	816,365	803,176	125,531	594,907
Disposition:				
Donations to:				
Families.....	8,949	4,142	1,195	4,455
Institutions.....	18,252	18,879	5,053	23,383
School lunch.....	125,221	176,566	16,959	224,123
Total donations.....	152,422	199,587	23,207	251,961
Sales and transfers:				
Special programs:				
Title II, Public Law 480.....	331,276	342,243	69,035	272,410
Migratory waterfowl feed and game birds.....	13	40		40
Total special programs.....	331,289	342,283	69,035	272,450
Other sales.....	118,106	54,894	1,573	37,908
Net loss or gain (-) on sales and transfers.....	-87,357	-28,263	-2,344	123,543
Total sales and transfers.....	362,038	368,914	68,264	433,901
Total dispositions.....	514,460	568,501	91,471	685,862
On hand, end of year, gross.....	416,111	650,786	684,846	593,891
Allowance for losses.....	-253,520	-396,524	-417,277	-361,858
On hand, end of year, net.....	162,591	254,262	267,569	232,033

Administrative expenses.—Administrative expenses are for the services of the Agricultural Stabilization and Conservation Service, the Agricultural Marketing Service, the Foreign Agricultural Service, Office of the General Sales Manager and other agencies within and outside the Department engaged in the Corporation's activities, such as the General Accounting Office for audit and the General Services Administration for space. Estimates for 1977 include a limitation of \$40,700,000 on administrative expenses, including a reserve of not less than 7 percent for contingencies.

The requested authorization excludes administrative expenses in connection with the wool and mohair program under the National Wool Act of 1954, as amended, which are included with the cost of this program under special activities.

Nonadministrative expenses.—Expenses for acquisition, operation, maintenance, improvement, or disposition of property which the Corporation owns or in which it has an interest have been treated as program rather than administrative expenses. Such expenses include inspection, classing, and grading work performed on a fee basis by Federal employees or Federal- or State-licensed inspectors; work performed on a contract or fee basis by Agricultural Stabilization and Conservation county committees relating to CCC programs; and

special services performed by other Federal agencies within and outside the Department.

Most of these general nonadministrative expenses, including storage and handling, transportation, inspection, classing, and grading and resale payments, are included in program costs, in the entry entitled "Storage, transportation, and other costs not included above," in the program and financing schedule. The item "Nonadministrative expense," which appears in the schedule, covers part of the expenses of county offices for work related to programs of the Corporation, other Agricultural Stabilization and Conservation Service expenses offset by revenue, custodian and agency expense of the Federal Reserve banks and lending agencies, and miscellaneous costs. The schedule referred to appears on pp. 142-143 of the Appendix to the fiscal 1977 budget.

The Corporation receives reimbursements for grain requisitioned pursuant to Public Law 87-152 (7 U.S.C. 447-449) by the States from Corporation stocks to feed resident wildlife threatened with starvation, through the appropriation Reimbursement for Net Realized Losses. The Corporation also obtains recovery through this appropriation for the funds transferred to the Agricultural Research Service pursuant to the Department of Agriculture and Related Agencies Appropriation Act of 1964, for cost of production research and other related research designed to reduce surplus commodities held by the Corporation.

For reimbursement for net realized losses for the Commodity Credit Corporation for fiscal year 1977, the Committee recommends an appropriation of \$898,652,000. This is \$1,851,348,000 less than was appropriated for fiscal year 1976, the same as the budget estimate for fiscal year 1977 and \$709,599,000 more than appropriated in the House bill.

LIMITATION ON ADMINISTRATIVE EXPENSE

1976 limitation.....	(\$39,400,000)
1977 budget estimate.....	(40,700,000)
House allowance.....	(41,220,000)
Committee recommendation.....	(41,220,000)

For Limitation on Administrative Expenses for the Commodity Credit Corporation for fiscal year 1977, the Committee recommends \$41,220,000. This is \$1,820,000 more than the limitation imposed for fiscal year 1976 and is the same as the House bill. It is \$520,000 more than the budget estimate for fiscal 1977 for allotment to the Office of General Sales Manager for export sales reporting.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT AND PROTECTION

FARMERS HOME ADMINISTRATION

The Farmers Home Administration provides credit for those in rural America who are unable to get credit from other sources at reasonable rates and terms. The agency also administers several grant programs.

The agency operates principally under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921) and Title V of the Housing Act of 1949 (42 U.S.C. 1471).

The Farmers Home Administration makes loans with funds borrowed from the U.S. Treasury. These loans are then sold to private lenders under an insurance agreement and the Treasury is repaid.

The following table reflects the loan and grant program levels of programs administered by the agency, as proposed in the budget:

FARMERS HOME ADMINISTRATION
OBLIGATIONS FOR ALL LOAN AND GRANT PROGRAMS
[In thousands]

TYPE OF LOAN	1975 actual	1976 estimate	1977 estimate
Agricultural Credit Insurance Fund:			
Farm ownership loans.....	\$351,633	\$450,000	\$350,000
Farm operating loans.....	550,787	625,000	625,000
Recreation loans to individuals.....	748	2,000	2,000
Emergency loans.....	735,021	400,000	100,000
Soil and water loans to individuals.....	3,115	53,000	3,000
Association loans:			
Irrigation and drainage.....	885	1,000	1,000
Grazing.....	3,790	4,000	4,000
Recreation facilities.....	163	-----	-----
Indian tribe land acquisition.....	9,666	10,000	10,000
Soil Conservation Service Loans:			
Watershed protection loans.....	20,000	23,000	23,000
Flood prevention loans.....	175	400	400
Resource conservation and development loans.....	1,925	3,600	3,600
Subtotal, Agricultural Credit Insurance Fund¹.....	1,677,908	1,572,000	1,122,000
Rural Housing Insurance Fund:			
Low-Income Housing Assistance:			
Subsidized Loans:			
Repair loans (sec. 504).....	4,809	20,000	20,000
General purpose loans (sec. 502).....	1,185,601	1,393,000	1,343,000
Domestic farm labor loans (sec. 514).....	8,066	-----	-----
Rental or cooperative loans (sec. 515).....	242,576	267,000	300,000
Unsubsidized Loans:			
General purpose loans (sec. 502).....	97,772	110,000	111,000
Site loans (sec. 524).....	1,207	2,000	2,000
Moderate-Income Housing Assistance:			
Unsubsidized Loans:			
General purpose loans (sec. 502).....	643,270	840,000	838,000
Rental or cooperative loans (sec. 515).....	49,780	73,000	100,000
Site loans (sec. 524).....	905	1,000	1,000
Mobile home park loans.....	-----	-----	1,000
Subtotal, Rural Housing Insurance Fund.....	2,233,986	2,706,000	2,716,000

FARMERS HOME ADMINISTRATION—Continued
OBLIGATIONS FOR ALL LOAN AND GRANT PROGRAMS—Continued
[In thousands]

	1975 actual	1976 estimate	1977 estimate
Rural Development Insurance Fund:			
Water and waste disposal loans.....	469,987	470,000	470,000
Community facility loans.....	199,998	200,000	200,000
Business and industrial loans.....	349,994	350,000	350,000
Subtotal, Rural Development Insurance Fund.....	1,019,979	1,020,000	1,020,000
Self-Help Housing Land Development Fund: Mutual and self-help housing site loans.....	234		
Total loans.....	4,932,107	5,298,000	4,858,000
TYPE OF GRANT			
Rural Water and Waste Disposal Grants: Community facilities—water and waste disposal grants.....	156,859	125,000	
Rural Development Grants: Business and industrial grants.....	13,750	2,500	
Rural Housing for Domestic Farm Labor: Domestic farm labor housing grants.....	5,000		
Mutual and Self-Help Housing: Mutual and self-help housing grants.....	5,660		
Appalachian Regional Commission Grants.....	14,942	20,000	
Department of Commerce Grants.....	4,234	4,600	
Department of Army Grants.....	652	400	
Total Grants.....	201,097	152,500	
Grand total, Loans and Grants.....	5,133,204	5,450,500	4,858,000

¹ Excludes guaranteed loans made under the Emergency Livestock Credit Act of 1974, as amended, Public Law 94-35, (authorization \$1,500,000,000). Actual guaranteed loans for 1975 were \$352,887,460. Estimated guaranteed loan levels for 1976 and 1977 are \$750,000,000 and \$298,000,000 respectively.

RURAL HOUSING INSURANCE FUND

FUNCTIONAL CODE: 401

This fund was established in 1965 (Public Law 89-117) pursuant to section 517 of title V of the Housing Act of 1949, as amended. Initial capitalization of the fund at \$100,000,000 was provided by the Supplemental Appropriation Act, 1966.

Public Law 91-152, approved December 24, 1969, provided that the rural housing direct loan account be abolished and that the assets and liabilities of, and authorizations applicable to, the direct loan account be transferred to this fund.

This fund is used to insure or guarantee rural housing loans, loans for rural rental and cooperative housing, farm labor housing loans, and rural housing site loans. Individual home ownership loans are made to persons of low or moderate incomes and the other type loans are made to individuals or organizations if their need for necessary housing cannot be met with financial assistance from other sources. The insured rural housing loans currently made by the Farmers Home Administration bear interest at 9 percent for multi-family housing and 8½ percent for single family housing with provision for interest credits being granted on insured loans, under certain circumstances which reduce the effective interest rate charged the borrower to as low as 1 percent.

Home repair loans for very low income owner-occupants are made from amounts available in this fund. Repair and improvement loans, not in excess of \$5,000 are made to these very-low-income families, who are owners of farms or nonfarm rural property, to repair or im-

prove their dwellings in order to make them safe and sanitary and to remove health hazards to the families or the community. These loans are made at 1 percent interest and are repayable in not more than 20 years.

Individual home ownership loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. Loans are repayable in not more than 33 years. Loans are made to enable eligible applicants to construct, improve, alter, repair, or replace dwellings and essential farm service buildings, and may include funds to buy a house and building site. Loans are limited to rural areas which include towns, villages, or other rural places of not more than 10,000 population, which are not part of an urban area.

The Housing and Community Development Act of 1974 provides that loans may also be made in areas with a population in excess of 10,000 but less than 20,000 if such an area is not included within a standard metropolitan statistical area and has a serious lack of mortgage credit as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

RHIF funds are being targeted to provide greater emphasis on assisting these rural residents who are most in need of improved housing. Consequently, a substantial portion of the subsidized housing programs will be utilized for the purchase and repair of existing housing units to make more lower cost housing available to lower-income rural residents who presently occupy substandard housing.

DIRECT LOANS

1976 loan level.....	(\$20,000,000)
1977 budget estimate.....	(20,000,000)
House bill.....	(15,000,000)
Committee recommendation.....	(15,000,000)

For direct loans under the Rural Housing Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$15,000,000. This is \$5,000,000 less than the loan level for fiscal year 1976 and the budget estimate for fiscal year 1977. It is the same as the loan level in the House bill.

INSURED LOANS

1976 loan level.....	(\$3,196,000,000)
1977 budget estimate.....	(2,696,000,000)
House bill.....	(3,091,000,000)
Committee recommendation.....	(3,496,000,000)

For insured loans under the Rural Housing Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$3,496,000,000. This is \$300,000,000 more than the insured loan level for fiscal 1976, \$800,000,000 more than the budget estimate for fiscal year 1977 and \$405,000,000 more than the House bill.

As is indicated later in this report, both the recommendations of this Committee and the House bill include funds for continuation of the grant program for farm labor housing. This program was proposed for termination in the 1977 budget.

The Committee, therefore, also recommends a loan program of \$10,000,000 to be utilized in conjunction with the grant program. This is the same as the House bill, and the full amount exceeds both the level for fiscal 1976 and the budget estimate for fiscal 1977.

REIMBURSEMENT FOR INTEREST AND OTHER LOSSES

1976 appropriation.....	\$122,000,000
1977 budget estimate.....	175,429,000
House allowance.....	175,429,000
Committee recommendation.....	175,429,000

For reimbursement for interest and other losses for the Rural Housing Insurance Fund for fiscal year 1977, the Committee recommends an appropriation of \$175,429,000. This is \$53,429,000 more than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

GUARANTEED LOANS

1976 loan level.....	(-----)
1977 budget estimates.....	(-----)
House bill.....	(\$500,000,000)
Committee recommendation.....	(200,000,000)

The House bill provides a loan level for guaranteed loans of \$500,000,000. No specific guaranteed loan program was provided for fiscal year 1976 and no such program was included in the budget estimates for fiscal year 1977. The Committee recommends a loan level of \$200,000,000 which is \$200,000,000 more than the budget estimate for fiscal year 1977. It is \$200,000,000 more than provided in fiscal year 1976 and \$300,000,000 less than the House bill. This loan authorization shall be utilized to serve above-moderate income borrowers.

AGRICULTURAL CREDIT INSURANCE FUND

FUNCTIONAL CODE: 351

The Agricultural Credit Insurance Fund is used to insure or guarantee farm ownership, soil and water, recreation, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: Irrigation and drainage, grazing, recreation, Indian land acquisition, watershed protection, flood prevention, and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period. The initial fund of \$1,000,000 may be supplemented by amounts retained by the Government out of interest collected from insured loan borrowers and by borrowing from the Secretary of the Treasury. From any amounts so retained, not to exceed one-half of 1 percent of the outstanding principal obligations must be deposited in the fund. Any remainder of such charges may be used for administrative expenses.

Loans may be made by the fund from available receipts or Treasury borrowings. Loans made by the fund are held in a pool as security for certificates of beneficial ownership which are sold primarily to the Federal Financing Bank. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary of Agriculture. With respect to all new loans made from the fund, with the exception of emergency loans, not more than \$500,000,000 may be held in the fund at any one time.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration direct loan account and the Emergency Credit revolving fund, and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

The following loans are financed through this fund:

Loans to individuals.—1. Farm ownership loans are made to farmers and ranchers, at a 5 percent interest rate for 40 years or less, for acquiring, enlarging or improving farms, including dwellings and farm buildings; for financing land and water development, use and conservation; for developing recreational and other nonfarm enterprises; for forestry development; for refinancing indebtedness; and for loan closing costs. Loans are confined to farms which are not larger than family farms. The unpaid indebtedness against a farm or other security at the time the loan is made may not exceed \$225,000 or the market value of the farm or other security. The loan may not exceed \$100,000 or the amount certified by the county committee, whichever is the lesser. The Farmers Home Administration has broadened its farm ownership loan policies so that private or cooperative lenders and the agency can make loans to the same borrowers on the same security.

FARM OWNERSHIP LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	10,598	12,400	3,100	8,900
Amount of loans.....	\$351.6	\$450.0	\$112.5	\$350.0

2. Soil and water loans are made to farmers, ranchers, and non-operator owners, at a 5 percent interest rate for 40 years or less, for land and water development, use, and conservation. These loans may be made on farms which are larger than family farms.

SOIL AND WATER LOANS TO INDIVIDUALS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	358	5,640	1,410	300
Amount of loans.....	\$3.1	\$53.0	\$13.3	\$3.0

3. Recreation loans are made to individual farmers and ranchers, at a 5 percent rate for 40 years or less, for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm or ranch income and permit carrying on sound and successful operations. These loans may be made on farms which are larger than family farms and may include funds for operating purposes.

RECREATION LOANS TO INDIVIDUALS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	20	50	12	46
Amount of loans.....	\$0.7	\$2.0	\$0.5	\$2.0

4. Farm operating loans are made to farmers and ranchers for costs incident to reorganizing a farming system for more profitable operations; for a variety of essential farm expenses such as the purchase of livestock, farm equipment, feed, seed, fertilizer, and farm supplies, and other essential operating expenses, including cash rent, and costs incident to the production, and harvesting of forestry products; for financing land and water development, use, and conservation; for developing recreational and other nonfarm enterprises; for other farm and home needs; for refinancing indebtedness; for complying with certain safety standards; for operation of farming enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and similar organizations; and for loan closing costs. Loans for farming operations are confined to operators of not-larger-than family farms. The outstanding principal loan balance for operating loans to any individual is limited to \$50,000. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period. The rate for fiscal year 1976 is 8½ percent. Loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans are secured by crop and chattel liens and, when necessary, by real estate mortgages. Other reliable agricultural credit sources are encouraged to furnish as much as possible of the essential needs of loan applicants with the balance being supplied with an operating loan from the Farmers Home Administration.

FARM OPERATING LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Numbers of loans.....	49,254	49,900	12,475	44,500
Amount of loans.....	\$550.8	\$625.0	\$156.2	\$625.0

5. Emergency loans are made available in designated counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster and where agricultural credit cannot be obtained by private cooperatives or other responsible sources. Emergency loans are made to eligible farmers, ranchers, and aquaculture operators for actual losses at 5 percent interest, and annual operating expenses, major adjustments and other essential needs arising from natural disasters at a market rate of interest as established on January 1 and July 1 of each year by the Secretary. Actual loss loans are made for physical losses to repair, restore or replace damaged or destroyed farm property and supplies, and for production losses to compensate for loss of income based on reduced production of crops,

livestock and livestock products resulting from the disaster. Repayment terms vary according to the purpose of the loan and the projected reasonable repayment ability of the borrower. The appropriation language makes funds available in such amounts as may be necessary to meet the needs resulting from natural disasters.

EMERGENCY (DISASTER) LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	43,675	22,000	5,500	5,100
Amount of loans.....	\$735.0	\$400.0	\$100.0	\$100.0

6. The Emergency Livestock Credit Act, Public Law 93-357, approved July 25, 1974, authorized the making of guaranteed loans to provide temporary financing to livestock producers and feeders. The Farmers Home Administration guarantees loans made by banks or other legally organized lenders to farmers and ranchers in order that they may continue their normal farming or ranching operations. The basic law (Public Law 93-357) was amended by enactment of Public Law 94-35 on June 16, 1975. Public Law 94-35 provides for a reduction in the amount of guarantees outstanding to \$1.5 billion (\$2.0 billion under Public Law 93-357) and extends the statutory period for guaranteeing loans to December 31, 1976.

EMERGENCY LIVESTOCK LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	3,021	5,940	730	2,190
Amount of loans.....	\$352.9	\$750.0	\$99.1	\$298.0

Loans to associations.—1. Irrigation and drainage loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents for projects which include: The application or establishment of soil conservation practices; the construction, improvement, or enlargement of facilities for drainage; and the conservation, development, use, or control of water. The objectives may be met through such assistance to a group of farmers and other rural residents to develop community irrigation dams and canals; a soil and water conservation district to purchase heavy earth moving equipment; a community for drainage of land; a group of farmers to develop soil conservation measures such as terraces, shelter belts, and similar development. These loans are made at a 5 percent interest rate for 40 years or less.

IRRIGATION AND DRAINAGE ASSOCIATION LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	14	15	4	14
Amount of loans.....	\$0.9	\$1.0	\$0.2	\$1.0

2. Grazing loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents to provide seasonal grazing for livestock belonging to members of the associations. Membership in an association permits a farmer or rancher to graze his livestock on association pasture for the grazing season and return them to his base unit for the balance of the year. Such a plan provides a farmer or rancher an opportunity to increase the size of his operations. These loans are made at a 5 percent interest rate for 40 years or less.

GRAZING ASSOCIATION LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	18	17	4	16
Amount of loans.....	\$3.8	\$4.0	\$1.0	\$4.0

3. Recreation loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents to provide rural communities with opportunities to develop outdoor oriented recreation facilities for direct use of their residents or to generate other substantial tangible benefits for such communities. These loans are made at a 5 percent interest rate for 40 years or less. This program is proposed for termination in 1976.

RECREATION ASSOCIATION LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	7			
Amount of loans.....	\$0.2			

4. Indian tribe land acquisition loans are made to qualified Indian tribes or tribal corporations to acquire land or interest in land within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior. These loans are made at a 5 percent interest rate for 40 years or less.

INDIAN TRIBE LAND ACQUISITION LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	11	11	3	10
Amount of loans.....	\$9.7	\$10.0	\$3.0	\$10.0

5. Watershed protection and flood prevention loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs. These loans are

repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116 percent. Total loans outstanding on any one project may not exceed \$5,000,000.

WATERSHED PROTECTION AND FLOOD PREVENTION LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	25	29	7	27
Amount of loans.....	\$20.2	\$23.4	\$5.9	\$23.4

6. Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement specified in approved work plans. These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1976 fiscal year is 5.116 percent.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS—OBLIGATIONS

[Dollars in millions]

	1975 act.	1976 est.	TQ est.	1977 est.
Number of loans.....	25	43	11	40
Amount of loans.....	\$1.9	\$3.6	\$0.9	\$3.6

INSURED REAL ESTATE LOANS

1976 loan level.....	(\$520,000,000)
1977 budget estimate.....	(370,000,000)
House bill.....	(520,000,000)
Committee recommendation.....	(520,000,000)

For insured real estate loans under the Agricultural Credit Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$520,000,000. This is the same as the loan level for fiscal year 1976. It is \$150,000,000 more than the budget estimate and the same as the House bill.

The increase over the budget estimate will provide an additional \$100,000,000 in farm ownership loans and \$50,000,000 for soil and water loans to individuals, thereby restoring both of these programs to the fiscal year 1976 level.

SOIL CONSERVATION LOANS¹

1976 loan level.....	(\$27,000,000)
1977 budget estimate.....	(27,000,000)
House bill.....	(27,000,000)
Committee recommendation.....	(27,000,000)

¹ Authorization for these loans is contained in appropriations for Watershed and Flood Prevention Operations and Resource Conservation and Development in Soil Conservation Service.

Soil and water loans are made to farmers, ranchers, and nonoperator owners, at a 5 percent interest rate for 40 years or less, for land and water development, use, and conservation. These loans may be made on farms which are larger than family farms.

For Soil Conservation loans under the Agricultural Credit Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$27,000,000. This is the same as the loan level for fiscal year 1976, the budget estimate for fiscal year 1977 and the House bill.

OPERATING LOANS

1976 loan level.....	(\$625, 000, 000)
1977 budget estimate.....	(625, 000, 000)
House bill.....	(625, 000, 000)
Committee recommendation.....	(625, 000, 000)

For operating loans under the Agricultural Credit Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$625,000,000. This is the same loan level as provided for fiscal year 1976, the budget estimate for fiscal year 1977 and the House bill.

EMERGENCY LOANS

1976 loan level.....	¹ (\$400, 000, 000)
1977 budget estimate.....	(100, 000, 000)
House bill.....	(100, 000, 000)
Committee recommendation.....	(100, 000, 000)

¹ Represents budget estimate. Secretary is authorized to make loans in an amount necessary to meet the needs resulting from natural disasters.

Emergency loans are made in designated areas where a natural disaster has caused a temporary general need for agricultural credit which cannot be met by private, cooperative, or other responsible sources, including the Farmers Home Administration in its regular loan programs. Emergency loans are made to eligible established farmers, ranchers, or oyster planters and to private domestic corporations or partnerships engaged primarily in farming, ranching, or oyster planting. Emergency loans are made primarily for financing farm operating needs, family living expenses, and a number of closely related purposes and are not to exceed otherwise unreimbursed losses attributable to natural disasters. Loans bear interest not in excess of 5 percent and are repayable over periods not longer than the regular loans made by the Farmers Home Administration for similar purposes. Loans may be made outside of designated areas under certain conditions to persons or corporations who have suffered severe production losses not general to the area as a result of a natural disaster, or to persons who are indebted for emergency loans made under prior authorities.

For Emergency Loans, the Committee recommends the language which provides the Department authority to make whatever funds are necessary available for emergency loans.

REIMBURSEMENT FOR INTEREST AND OTHER LOSSES

1976 appropriation.....	\$169, 214, 000
1977 budget estimate.....	141, 189, 000
House allowance.....	141, 189, 000
Committee recommendation.....	141, 189, 000

For reimbursement for interest and other losses for the Agricultural Credit Insurance Fund for fiscal year 1977, the Committee recommends an appropriation of \$141,189,000. This is \$28,025,000 less than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

RURAL WATER AND WASTE DISPOSAL GRANTS

FUNCTIONAL CODE: 451

1976 appropriation.....	\$250, 000, 000
1977 budget estimate.....	-----
House allowance.....	200, 000, 000
Committee recommendation.....	200, 000, 000

This grant program is authorized by subtitle A of the Consolidated Farm and Rural Development Act. Development grants are authorized to be made to associations, including nonprofit corporations, public and quasi-public agencies, and certain Indian tribes to finance specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. The amount of any development grant may not exceed 50 percent of the development cost of the project.

For Rural Water and Waste Disposal Grants for fiscal year 1977, the Committee recommends an appropriation of \$200,000,000. This is \$50,000,000 less than was appropriated for fiscal year 1976, \$200,000,000 more than the budget estimate for fiscal year 1977 and is the same as the House bill.

In addition to this appropriation, the Department will have approximately \$85,000,000 in unobligated funds which carry over for use in fiscal year 1977. This will allow the Department to carry out a program for fiscal 1977 at an annual level of \$285,000,000, compared to the 1976 program which was carried out at a level of approximately \$166,000,000.

The Committee has been made aware of many rural communities that are in desperate need of Federal assistance to cope with unusual and extraordinary domestic water problems. A prime example is the Greater Hermiston area in eastern Oregon, already a region of high unemployment. Faced with a rapidly diminishing, non-replenishable source of domestic well water, the communities involved must construct facilities for pumping water from the nearby Columbia River to avoid serious health hazards and a critical loss of potential and existing jobs in plants that need water to operate. The Committee is hopeful that the agency will carefully evaluate such programs as the Hermiston project and make every effort to provide assistance.

RURAL HOUSING REPAIR GRANTS (SEC. 504)

FUNCTIONAL CODE: 401

1976 appropriation.....	-----
1977 budget estimate.....	-----
House allowance.....	\$5, 000, 000
Committee recommendation.....	5, 000, 000

For the past several years, the annual appropriation bill has included a proviso that prohibited the use of appropriated funds to implement this section 504 grant program. The Committee concurs

in the action of the House in deleting this prohibition and recommends \$5,000,000 for this grant program for fiscal year 1977. This is offset by a corresponding reduction in the loan program. This is the same amount as appropriated in the House bill. It is \$5,000,000 more than appropriated for fiscal year 1976 and \$5,000,000, more than the budget estimate for fiscal year 1977.

RURAL HOUSING FOR DOMESTIC FARM LABOR

FUNCTIONAL CODE: 401

1976 appropriation.....	\$7,500,000
1977 budget estimate.....	
House allowance.....	6,000,000
Committee recommendation.....	7,500,000

Financial assistance in the form of grants is authorized to public or private nonprofit organizations, or other eligible organizations for low-rent housing and related facilities for domestic farm labor, as authorized by the Housing Act of 1964.

Assistance not to exceed 90 percent of the total development cost is authorized for new structures (including basic household furnishings) and sites, and for rehabilitation, alteration, conversion or improvement of dwellings, dining halls, community rooms or buildings and infirmaries used by domestic farm laborers.

For Rural Housing for Domestic Farm Labor Grants for fiscal year 1977, the Committee recommends an appropriation of \$7,500,000. This is the same amount that was appropriated for fiscal year 1976, \$7,500,000 more than the budget estimate for fiscal 1977 and \$1,500,000 more than appropriated in the House bill.

MUTUAL AND SELF-HELP HOUSING

FUNCTIONAL CODE: 401

1976 appropriation.....	\$9,000,000
1977 budget estimate.....	
House allowance.....	9,000,000
Committee recommendation.....	9,000,000

For Mutual and Self-Help Housing for fiscal year 1977, the Committee recommends an appropriation of \$9,000,000. This is the same amount that was appropriated for fiscal year 1976, \$9,000,000 more than the budget estimate for fiscal year 1977 and is the same amount that is appropriated in the House bill.

RURAL DEVELOPMENT INSURANCE FUND

FUNCTIONAL CODE: 452

The Rural Development Insurance Fund was established on October 1, 1972, pursuant to section 309 (A) of the Rural Development Act of 1972 (Public Law 92-419), approved August 30, 1972, which also provided for transfer of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities to this fund.

The fund is used to insure or guarantee loans for water systems and waste disposal facilities, development of rural business, community

facilities, pollution abatement, and economic improvement in rural areas.

Water and waste disposal development loans and essential community facility loans may be made to organizations including certain Indian tribes and corporations not operated for profit and public and quasi-public agencies. Water and waste disposal development loans are made for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Community facility loans are made to construct, enlarge, extend or otherwise improve community facilities providing essential service to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, transportation, traffic control, and community, social, cultural and recreational benefits. Loans are made for facilities which primarily serve farmers, ranchers, farm tenants, farm laborers and other rural residents of open country and rural towns and villages of not more than 10,000 population, which are not part of an urban area. These loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Industrial development loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals. These loans are made for purposes of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, leases, machinery, supplies, and materials; and payment of startup costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and is immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to areas other than cities having a population of more than 25,000. These loans are repayable in not more than 30 years. The interest rate for guaranteed loans is determined by the lender and the borrower. The interest rate for loans made by Farmers Home Administration to private entrepreneurs is computed on the cost of Treasury borrowing plus an increment to cover administrative costs. Loans to public bodies borrowing to install community facilities necessary for community development are made at 5 percent.

REIMBURSEMENT FOR LOSSES

1976 appropriation.....	\$25,214,000
1977 budget estimate.....	47,484,000
House allowance.....	47,484,000
Committee recommendation.....	47,484,000

For Reimbursement for Losses for the Rural Development Insurance Fund for fiscal year 1977, the Committee recommends an appropriation of \$47,484,000. This is \$22,270,000 more than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

WATER AND SEWER FACILITY LOANS

1976 loan level.....	(\$470, 000, 000)
1977 budget estimate.....	(470, 000, 000)
House bill.....	(600, 000, 000)
Committee recommendation.....	(600, 000, 000)

For Water and Sewer Facility Loans under the Rural Development Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$600,000,000. This is \$130,000,000 more than the loan level for fiscal 1976, \$130,000,000 more than the budget estimate for fiscal 1977 and is the same as the House bill.

INDUSTRIAL DEVELOPMENT LOANS

1976 loan level.....	(\$350, 000, 000)
1977 budget estimate.....	(350, 000, 000)
House bill.....	(350, 000, 000)
Committee recommendations.....	(350, 000, 000)

For Industrial Development Loans under the Rural Development Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$350,000,000. This is the same as the loan level for fiscal year 1976, the budget estimate for fiscal year 1977 and the House bill.

COMMUNITY FACILITY LOANS

1976 loan level.....	(\$200, 000, 000)
1977 budget estimate.....	(200, 000, 000)
House bill.....	(200, 000, 000)
Committee recommendation.....	(200, 000, 000)

For Community Facility Loans under the Rural Development Insurance Fund for fiscal year 1977, the Committee recommends a loan level of \$200,000,000. This is the same as the loan level for fiscal 1976, the budget estimate for fiscal year 1977 and the House bill.

RURAL COMMUNITY FIRE PROTECTION GRANTS

FUNCTIONAL CODE: 452

1976 appropriation.....	\$3, 500, 000
1977 budget estimate.....	
House allowance.....	3, 500, 000
Committee recommendation.....	3, 500, 000

For Rural Community Fire Protection Grants for fiscal year 1977, the Committee recommends an appropriation of \$3,500,000. This is the same amount that was appropriated for fiscal year 1976, \$3,500,000 more than the budget estimate for fiscal year 1977 and is the same amount appropriated in the House bill.

The Committee concurs in the House report which specifies that, within this appropriation, the Department shall provide support for the Arkansas Demonstration Project.

SALARIES AND EXPENSES

FUNCTIONAL CODE: 452

	1976 appropria- tion act	1977 budget estimate	House bill	Committee recommendation
Direct appropriation.....	\$155, 102, 000	\$162, 156, 000	\$166, 502, 000	\$170, 000, 000
Transfer from loan accounts.....	(3, 500, 000)	(5, 500, 000)	(5, 500, 000)	(5, 500, 000)
Total, salaries and expenses.....	(158, 602, 000)	(167, 656, 000)	(172, 002, 000)	(175, 500, 000)

For Salaries and Expenses for the Farmers Home Administration for fiscal year 1977, the Committee recommends an appropriation of \$170,000,000. This is \$14,898,000 more than was appropriated for fiscal year 1976, \$7,844,000 more than the budget estimate for fiscal year 1977 and \$3,498,000 more than appropriated in the House bill. The increase provided over the House bill is for additional personnel.

In addition to the foregoing direct appropriation, the Committee recommends that \$5,500,000 be transferred to this account from loan accounts. This is \$2,000,000 more than was transferred in fiscal 1976 and is the same as the budget estimate for fiscal year 1977 and the House bill.

ALLOCATION OF PERSONNEL

Some questions have been raised in reference to the manner in which agency personnel have been assigned to various States or areas. In recent years the character of this agency has changed to a significant degree.

In its earlier years, the Farmers Home Administration was oriented almost exclusively toward meeting the credit needs of farmers and ranchers by way of farm ownership and operating loans. In more recent years, the role of this agency has been expanded and extended into many new areas of concern, particularly housing and rural development.

These new programs have had a definite impact on the workload and the personnel allocations necessary to meet that workload in many areas of the country. It is imperative that the agency keep abreast of these changing conditions to insure that its personnel are allocated on an effective and equitable basis. For example, based on the figures given to the Committee concerning the State of Florida's personnel allocations, it appears that these allocations have not kept pace with the tremendous increase in these housing and rural development programs.

The agency is in the process of developing new management and fiscal systems. In developing new management systems, particular emphasis must be placed on personnel allocation based on need and projected workloads.

CASH AWARDS PROGRAM

The Committee has been advised unofficially that the Farmers Home Administration has established an administrative reserve of \$100,000. This reserve is to be used in cash awards to office personnel who, according to the Committee's information, "produce outstanding results."

From the limited information the Committee has on this proposal, the Committee has serious misgivings in reference to it. For example, one criterion for award eligibility is "borrower graduation" in excess of eight per employee in a county office.

The Committee feels that a decision to "graduate" a borrower to private credit sources, rather than such borrower continuing to participate in the FmHA program, is an extremely important decision. Such a decision should be made solely on the merits of an individual case. Account supervisory personnel should not be placed in a position in which they stand to realize a personal monetary advantage as a result of a decision to "graduate" a borrower.

The Department is therefore directed not to implement the program. The Department shall not expend any funds thereon until such time as hearings are held on this question, or this matter is otherwise further considered by the Appropriations Committees of both the House and the Senate.

RURAL DEVELOPMENT GRANTS

FUNCTIONAL CODE: 452

1976 appropriation.....	\$11,875,000
1977 budget estimate.....	
House allowance.....	10,000,000
Committee recommendation.....	10,000,000

This assistance was authorized by section 310(B)(c) of the Rural Development Act of 1972. Grants are authorized to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services, and fees. Such financial assistance may be made in connection with business and industrial loans made under the Rural Development Insurance Fund.

For Rural Development Grants for fiscal year 1977, the Committee recommends an appropriation of \$10,000,000. This is \$1,875,000 less than was appropriated for fiscal year 1976, \$10,000,000 more than the budget estimates for fiscal year 1977 and is the same amount appropriated in the House bill.

RURAL DEVELOPMENT SERVICE

FUNCTIONAL CODE: 452

1976 appropriation.....	\$1,341,000
1977 budget estimate.....	1,434,000
House allowance.....	1,324,000
Committee recommendation.....	1,433,000

¹ House includes agency under Farmers Home Administration.

The Rural Department Service (RDS), a Washington-based agency, is responsible for coordinating a nationwide rural development program utilizing the services of executive branch departments and agencies in support of State and local rural development programs. This responsibility is expressed in section 603 of the Rural Development Act of 1972, legislation that embraces a wide range of rural development assistance measures and authorities, and whose emphasis is on community development. All towns of 10,000 population or less are defined as rural, and towns up to 50,000 population are eligible for some form of rural development assistance.

Coordination, leadership, and information assistance are available to government offices at all levels and to community groups throughout rural America. The agency does not operate programs of loans or other financial assistance under the Rural Development Act or other legislation, but can provide information and services that will assist public or private interests to gain access to appropriate sources.

In the field of executive branch coordination, RDS seeks, in cooperation with other departments and agencies, to develop agreements

and procedures that will facilitate better delivery of Federal resources and services to rural communities and areas.

RDS also seeks, through information activities and rural development leadership training programs, to stimulate local development initiatives that will result in more effective use of available Federal assistance for which rural communities are eligible claimants. The agency also seeks to develop interagency arrangements under which USDA field representatives can participate in the dissemination of information pertaining to other Federal programs, and can furnish basic advice regarding application procedures. RDS maintains liaison with the Federal Regional Councils, and with State and local governments and organizations, providing them with rural development advisory assistance in grantsmanship, planning, and communication; program and planning review; and troubleshooting services as requested.

For the Rural Development Service for fiscal year 1977, the Committee recommends an appropriation of \$1,433,000. This is \$92,000 more than was appropriated for fiscal year 1976, \$1,000 less than the budget estimate for fiscal year 1977 and \$109,000 more than appropriated in the House bill.

The House bill did not provide the increase proposed in the budget estimate for the Federal Assistance Program Retrieval System. The Committee feels that this system holds great promise in disseminating information on Federal programs of concern to rural America, particularly the smaller towns and communities. The Committee therefore recommends that these funds be restored.

The House did not approve the proposed increase of \$1,000 for GSA Space rental and the Committee concurs in that action.

The House bill provides that the Rural Development Service be included under the Farmers Home Administration. The Committee recommends that this agency be retained as a separate operating entity, as in past years.

The Senate Committee on Agriculture and Forestry has been conducting extensive legislative oversight hearings on rural development efforts. It is anticipated that this committee will report and recommend legislated, organizational changes within the Department in the near future. Until such time as these recommendations are considered, the Committee feels that the status quo should be maintained.

RURAL ELECTRIFICATION ADMINISTRATION

FUNCTIONAL CODE: 305

The Rural Electrification Administration (REA), created in 1935, makes loans to finance electric and telephone service in rural areas.

REA loans are made from the Rural Electrification and Telephone Revolving Fund in the U.S. Treasury. Loans are made at 5 percent interest. A limited number of loans are made at 2 percent interest under special conditions. REA borrowers also obtain funds from non-REA sources under 100 percent guarantees by REA in behalf of the Federal Government. The agency participates in supplemental lend-

ing programs with its borrowers, whereby non-REA sources provide a substantial portion of the borrowers' capital needs.

In the field of rural electrification, REA is empowered to make loans to qualified borrowers, with preference to nonprofit and cooperative associations and to public bodies. The loans finance the construction and operation of generating plants and transmission and distribution lines or systems to provide initial and continued adequate electric service to persons in rural areas.

The rural telephone loan program administered by REA was authorized by Congress in 1949 to meet the need of rural people for adequate telephone service.

REA does not own or operate rural electric or telephone facilities. Its function is to lend money and to assure its repayment and to provide management and technical assistance to achieve program objectives.

The Rural Electrification Act of 1936 was amended to establish a Rural Telephone Bank (85 Stat. 30; 7 U.S.C. 932, 941, 942). The Rural Telephone Bank is an agency of the United States under the general supervision and direction of the Secretary of Agriculture. The Administrator of the Rural Electrification Administration is designated to serve as its chief executive officer with the title of Governor.

The Rural Telephone Bank was established in USDA to provide financing to supplement REA loan funds for rural telephony. The Rural Electrification Administration and the Rural Telephone Bank are empowered to make loans to existing companies, public bodies, and to cooperative nonprofit, limited dividend, or mutual associations to improve and extend telephone service in rural areas.

The Rural Telephone Bank is authorized to utilize, partially or jointly, the facilities and the services of employees of any agency of the Department of Agriculture without cost to the Bank.

Public Law 93-32, approved May 11, 1973, amended the Rural Electrification Act by establishing the Rural Electrification and Telephone Revolving Fund, with initial assets amounting to about \$7.8 billion. This act also removed budget authority and outlays of the fund from the budget totals of the U.S. Government.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND

ELECTRIC LOANS

1976 loan authorization.....	(\$750,000,000)
1977 budget estimate.....	(750,000,000)
House bill.....	(750,000,000)
Committee recommendation.....	(750,000,000)

For insured loans for the electric loan program of the Rural Electrification Administration for fiscal year 1977, the Committee recommends a loan level of not less than \$750,000,000 nor more than \$900,000,000. This is the same loan level as was provided in fiscal 1976 and the House bill. The budget estimate for fiscal year 1977 is \$750,000,000.

The Committee concurs wholeheartedly with the action of the House in not providing a ceiling for the guaranteed loan program. The Congress has not imposed any such ceiling in prior years, and the Committee sees no necessity for it at this time. The present

procedures have operated very well, and to the satisfaction of all concerned. These procedures provide the Administrator with the needed flexibility to meet the needs of the program and the industry.

The Administrator will be expected to continue the same reporting procedures which have been in effect heretofore.

TELEPHONE LOANS

1976 loan authorization.....	(\$250,000,000)
1977 budget estimate.....	(250,000,000)
House bill.....	(250,000,000)
Committee recommendation.....	(250,000,000)

For insured loans for the telephone program of the Rural Electrification Administration for fiscal year 1977, the Committee recommends a loan level of \$250,000,000. This is the same loan level as fiscal year 1976, the budget estimate and the House bill.

CAPITALIZATION OF RURAL TELEPHONE BANK

1976 authorization.....	(\$30,000,000)
1977 budget estimate.....	(30,000,000)
House allowance.....	(30,000,000)
Committee recommendation.....	(30,000,000)

For capitalization of the Rural Telephone Bank for fiscal year 1977, the Committee recommends an authorization of \$30,000,000. This is the same as the authorization for fiscal year 1976, the fiscal year 1977 budget estimate and the House bill.

SALARIES AND EXPENSES

1976 appropriation.....	\$20,713,000
1977 budget estimate.....	21,409,000
House allowance.....	21,350,000
Committee recommendation.....	21,376,000

For Salaries and Expenses for the Rural Electrification Administration for fiscal year 1977, the Committee recommends an appropriation of \$21,376,000. This is \$663,000 more than was appropriated for fiscal year 1976, \$33,000 less than the budget estimate for fiscal year 1977 and \$26,000 more than appropriated in the House bill.

The Committee concurs in the the action of the House in the \$33,000 reduction in GSA space costs but recommends restoration of the House reduction of \$26,000 for annualization of congressionally enacted pay increases.

CONSERVATION

SOIL CONSERVATION SERVICE

The Soil Conservation Service (SCS) was established under authority of the Soil Conservation Act of 1935 (49 Stat. 163; 16 U.S.C. 590a-f). It has responsibility for developing and carrying out a national soil and water conservation program in cooperation with landowners and operators and other land users and developers, with community planning agencies and regional resource groups, and with other agencies of government—Federal, State, and local. The SCS also assists in agricultural pollution control, environmental improvement, and rural community development.

The soil and water conservation program is carried on through technical help to locally organized and operated conservation districts; local sponsors of watershed protection projects and resource conservation and development projects; and consultative assistance to other individuals and groups. Approximately 3,000 conservation districts cover almost 2 billion acres in all the States, Puerto Rico, and the Virgin Islands.

CONSERVATION OPERATIONS

FUNCTIONAL CODE: 302

1976 appropriation.....	\$206,807,000
1977 budget estimate.....	215,329,000
House allowance.....	214,423,000
Committee recommendation.....	214,423,000

SCS provides technical assistance through conservation districts to landowners and operators in carrying out locally-adapted soil and water conservation programs.

Technical assistance is given to district cooperators and other landowners in the development of conservation plans and application of conservation treatment. Assistance to district cooperators (individuals and communities) includes providing a soil and capability map and other resource data; providing information about practical alternatives for treating and using the land; developing a plan for installing the treatment measures and making the land use changes needed; and helping to apply parts of the plan that require special skills or knowledge.

Soil surveys are made to determine soil use potentials and conservation treatment needs, and publication of soil surveys with interpretations useful to cooperators, other Federal agencies, and State and local organizations. One important basis for conservation planning is the National Cooperative Soil Survey for which the SCS has the Federal part of the responsibility. The work is carried out in cooperation with State agricultural experiment stations and other State and Federal agencies.

Plant material centers are operated to assemble, test, and encourage increased use of promising plant species in conservation programs; and snow surveys in the western States are made to develop stream-flow forecasts.

The Service is responsible for inventorying and monitoring to provide soil, water, and related resource data and resource use trends essential for programing and planning at all governmental levels. The data are used for conservation, use and development of land, and in protecting the quality of the environment.

For Conservation Operations for fiscal year 1977, the Committee recommends an appropriation of \$214,423,000. This is \$7,616,000 more than was appropriated for fiscal year 1976, \$906,000 less than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

The House did not approve the proposed increase of \$906,000 for GSA space rental costs and the Committee concurs in that action. Except for that adjustment, this recommendation represents the full budget estimate.

RIVER BASIN SURVEYS AND INVESTIGATIONS

FUNCTIONAL CODE: 301

1976 appropriation.....	\$14,745,000
1977 budget estimate.....	14,266,000
House allowance.....	14,745,000
Committee recommendation.....	14,745,000

The Service administers a program which involves cooperation with other Federal, State, and local agencies in order to aid in the development of coordinated water resource programs. The Service has general responsibility for administration of activities consisting of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assisting sponsors in the development of watershed work plans.

For River Basin Surveys and Investigations for fiscal year 1977, the Committee recommends an appropriation of \$14,745,000. This is the same amount that was appropriated for fiscal year 1976, \$479,000 more than the budget estimate for fiscal 1977 and the same as the House bill. This represents a program increase of \$500,000, partially offset by a reduction of \$21,000 in GSA space rental costs.

WATERSHED PLANNING

FUNCTIONAL CODE: 301

1976 appropriation.....	\$11,196,000
1977 budget estimate.....	10,012,000
House allowance.....	11,196,000
Committee recommendation.....	11,196,000

The Department cooperates with the States and other agencies in planning works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water.

The Department makes surveys of proposed small watershed projects, and work plans are prepared in cooperation with local sponsors. These plans outline the soil and water management problems in the watershed, the steps that have been or are authorized to be taken to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, cost sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

For Watershed Planning for fiscal year 1977, the Committee recommends an appropriation of \$11,196,000. This is the same amount that was appropriated for fiscal year 1976, \$1,184,000 more than the budget estimate for fiscal year 1977 and is the same as the House bill. The House bill provides an increase of \$1,200,000 for new planning starts, partially off-set by a reduction of \$16,000 for increased GSA space rental costs. The Committee concurs in the action.

WATERSHED AND FLOOD PREVENTION OPERATIONS

FUNCTIONAL CODE: 301

1976 appropriation.....	\$211,745,000
1977 budget estimate.....	135,263,000
House allowance.....	146,199,000
Committee recommendation.....	146,199,000

¹ Includes \$65,336,000 for non-recurring costs for section 216 emergency repair work.

The Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement. The Farmers Home Administration administers the loan program.

For Watershed and Flood Prevention Operations for fiscal year 1977, the Committee recommends an appropriation of \$146,199,000. This is \$65,546,000 less than was appropriated for fiscal year 1976, \$10,936,000 more than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

The House bill provides an increase of \$11,000,000 over the budget estimate to fund new construction starts. This increase is partially offset by a reduction of \$64,000 proposed for increased GSA space rental costs. The Committee concurs in this action.

RESOURCE CONSERVATION AND DEVELOPMENT

FUNCTIONAL CODE: 302

1976 appropriation.....	\$29,972,000
1977 budget estimate.....	21,488,000
House allowance.....	29,972,000
Committee recommendation.....	29,972,000

The Service has general responsibility for assisting local sponsoring groups accelerate planning and development of land and water resources in multiple county areas. Projects may include such measures as flood prevention; developing water resources for recreation, wildlife, agricultural, municipal, or industrial use; conservation planning and establishment on individual land units; improving recreation facilities, including historical and scenic attractions; encouraging new industries to locate in the area and to process products of the area; improving markets for crop and livestock products; upgrading and protecting the quality of the environment; and long-range planning to coordinate public efforts in the area.

Activities include investigations and surveys to help develop programs and plans of land conservation and utilization, technical services and financial assistance to sponsors, local groups, and individuals, and making loans for resource improvements and developments in approved projects.

For Resource Conservation and Development for fiscal year 1977, the Committee recommends an appropriation of \$29,972,000. This is the same amount that was appropriated for fiscal year 1976, \$8,484,000 more than the budget estimate for fiscal 1977 and the same amount that was appropriated in the House bill.

The Committee is concerned with the decision of the Department to halt further planning start authorizations. More than 60 planning start applications are currently pending in the Department, and unless new

project areas are authorized a severe blow will be dealt to this popular and valuable program. On that basis, the Department is directed to authorize not less than 10 new planning starts in fiscal year 1977.

The House bill did not approve the proposed increase of \$16,000 for GSA space rental costs. The Committee concurs in that action.

GREAT PLAINS CONSERVATION PROGRAM

FUNCTIONAL CODE: 302

1976 appropriation.....	\$22,379,000
1977 budget estimate.....	5,178,000
House allowance.....	20,379,000
Committee recommendation.....	22,379,000

This program provides cost-sharing assistance and technical services to participating landowners or operators in the Great Plains area in the development and installation of long-term conservation plans and practices for their land. It is a voluntary program which complements other conservation programs of the Department in 469 designated counties of 10 Great Plains States. Contracts with individual landowners range in time from 3 to 10 years.

Plans of conservation operations are made for each farm or ranch as a basis for cost-sharing certain practices. The fundamental purposes of this program are to achieve needed land-use adjustments, conservation treatments, and economic stability of each operating unit. The planned work is installed under contract according to specific time schedules.

Program regulations provide that cost-share rates offered in any contract shall not exceed 80 percent of the cost of installing eligible practices within the designated county. The rates vary among States and practices due to differences in conservation and program needs. Cost-sharing for irrigation practices in any one contract shall not exceed \$7,500. There is also a cost-sharing limitation of \$30,000 for any contract.

Each participant who signs a Great Plains program contract is responsible for implementing his plan of operations; and the Department is committed to furnish the necessary technical help needed for design, layout, and other services. Cooperating landowners and operators are encouraged to make use of other available assistance under local, State, and Federal programs as a means of further improving their land and water resources.

For the Great Plains Conservation Program for fiscal year 1977, the Committee recommends an appropriation of \$22,379,000. This is the same amount that was appropriated for fiscal year 1976, \$17,201,000 more than the budget estimate for fiscal year 1977 and \$2,000,000 more than appropriated in the House bill.

As is indicated above, the budget estimates proposed to eliminate any funds for new contracts and activities under this proven and time-tested program. With that proposal the Committee strongly disagrees, and has recommended funds to insure that this program will be maintained at the fiscal 1976 level.

The House did not approve an increase of \$4,000 for GSA space rental costs. The Committee concurs in that action.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

ADVANCE AUTHORIZATION (CONTRACT AUTHORITY)

FUNCTIONAL CODE: 302

1976 authorization.....	\$190,000,000
1977 budget estimate.....	
House allowance.....	190,000,000
Committee recommendation.....	175,000,000

The primary objectives of the Agricultural Conservation Program (ACP) are: (1) to encourage farmers and ranchers to carry out long-term conservation measures that emphasize enduring conservation benefits, (2) to achieve desirable land-use adjustments, and (3) to provide community benefits and the general improvement of the total environment through a combination of economically sound public and private investments.

The authorizing legislation allows cost-sharing with farmers and ranchers on both an annual and long-term basis. The program emphasis has been on meeting some of the more pressing farm related conservation and environmental problems in rural areas, on practices for long-range protection of the environment, and on practices that provide substantial benefits to the public at the least possible cost.

The program is administered in each county by the ASC county committee, with review and approval by State ASCS committees and in consultation with other agencies. The committees select the approved cost-sharing practices best suited to meet the needs of their area.

For the Agricultural Conservation Program, advance authorization (contract authority) for fiscal year 1977, the Committee recommends \$175,000,000. This is \$15,000,000 less than was provided for fiscal year 1976, \$175,000,000 more than the budget estimate for fiscal year 1977 and \$15,000,000 less than provided in the House bill.

The Committee concurs in the report of the House Appropriations Committee including the provision set forth in section 610 of the General Provisions. This Committee and the Congress have encountered considerable difficulty in having the Department carry out this program according to clearly mandated provisions of the law. Section 610 should serve to insure that congressional intent is followed.

LIQUIDATION OF CONTRACT AUTHORITY

1976 appropriation.....	(\$190,000,000)
1977 budget estimate.....	(90,000,000)
House allowance.....	(105,000,000)
Committee recommendation.....	(105,000,000)

For Liquidation of Contract Authority for fiscal year 1977, the Committee recommends an appropriation of \$105,000,000. This is \$85,000,000 less than was appropriated for fiscal year 1976, \$15,000,000 more than the budget estimate for fiscal year 1977 and the same amount that was appropriated in the House bill. The increase over the budget estimate will permit liquidation of the contract authority contained in the Second Supplemental Appropriation bill for fiscal 1976 (Public Law 94-303).

FORESTRY INCENTIVES PROGRAM

FUNCTIONAL CODE: 302

1976 appropriation.....	\$15,000,000
1977 budget estimate.....	15,000,000
House allowance.....	15,000,000
Committee recommendation.....	

This program was authorized by sections 1009 and 1010 of the Agricultural Act of 1970, as amended by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1509-1510). The primary objective of cost-sharing for timber production is to increase the supply of sawtimber on nonindustrial private land.

For the Forestry Incentives Program for fiscal year 1977, the Committee recommends an appropriation of \$15,000,000. This is the same amount that was appropriated for fiscal year 1976, \$15,000,000 more than the budget estimate for fiscal year 1977 and the same that was appropriated in the House bill.

WATER BANK ACT PROGRAM

FUNCTIONAL CODE: 302

1976 appropriation.....	\$10,000,000
1977 budget estimate.....	10,000,000
House allowance.....	10,000,000
Committee recommendation.....	

The purpose of this program is to preserve the wetlands of the Nation. The program was authorized by the Water Bank Act, approved December 19, 1970.

The Secretary of Agriculture enters into agreements with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill, or otherwise destroy the wetland character of such areas, nor to use such areas for agricultural purposes, as determined by the Secretary. The Secretary makes annual payments to the owner or operator at a rate to be determined.

The Secretary carries out the program in harmony with wetlands programs administered by the Secretary of the Interior and utilizes the technical and related services of appropriate State, Federal, and private conservation agencies to assure proper coordination.

For the Water Bank Act Program for fiscal year 1977, the Committee recommends an appropriation of \$10,000,000. This is the same amount that was appropriated for fiscal year 1976, \$10,000,000 than the budget estimate for fiscal year 1977 and the same amount appropriated in the House bill.

In its report on the appropriations bill for fiscal year 1976, dated July 22, 1975, the Committee directed the Department to submit a report on this program to substantiate its repeated statements that the program should be abolished because it duplicated other programs. That report was to be completed prior to January 1, 1976. At the continued urging of the Committee during hearings with the Administrator (February 18, 1976) and the Secretary (April 5, 1976), a preliminary report was finally received on May 24, 1976. Based on this performance, the Committee seriously questions the factual

basis or the rationale on which the Department recommended elimination of this program.

EMERGENCY CONSERVATION MEASURES

FUNCTIONAL CODE: 453

1976 appropriation.....	\$10,000,000
1977 budget estimate.....	10,000,000
House allowance.....	10,000,000
Committee recommendation.....	10,000,000

This appropriation provides special funds for sharing the cost of emergency measures to deal with cases of severe damage to farm and rangelands resulting from natural disasters. The criteria under which assistance may be made available are set forth in the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590 (h)).

Assistance is made available to treat new conservation problems which (1) if not treated will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and, except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

Under the 1975 program, cost-sharing assistance is being provided to treat farmlands damaged by flood and tornadoes. As of August 31, 1975, assistance was being provided in 24 States.

For Emergency Conservation Measures for fiscal year 1977, the Committee recommends an appropriation of \$10,000,000. This is the same amount that was appropriated for fiscal year 1976, the same as the budget estimate for fiscal year 1977 and the House bill.

CROPLAND ADJUSTMENT PROGRAM

FUNCTIONAL CODE: 351

1976 appropriation.....	\$42,000,000
1977 budget estimate.....	
House allowance.....	
Committee recommendation.....	

The Cropland Adjustment Program was authorized by the Food and Agriculture Act of 1965 which expired with the 1970 crop year. Under this program, agreements for periods of 5 and up to 10 years were approved only in 1966 and 1967. The last of these agreements will expire in 1977.

This program assisted farmers to divert cropland from the production of surplus crops to other uses that promoted the development and conservation of our soil, water, forest, wildlife, and recreational resources. In return for diverting cropland, producers received adjustment payments. They also were eligible to receive cost-sharing assistance for establishing approved land-treatment measures.

Under the public access provision of the program, additional incentive payments were made to producers who entered into agreements to permit free public access to land designated under the cropland adjustment program agreement for hunting, trapping, fishing, and hiking.

Under the program's Greenspan provision, funds were also made available to Federal, State, or local governmental agencies for use in acquiring cropland for permanent conversion to specified public benefit uses, primarily for open spaces and recreational facilities. Cost shares could also be paid to such agencies for establishing approved land-treatment measures consistent with the conditions and costs under agreements entered into with producers.

No funds are requested or recommended for fiscal year 1977 since payments to be made in that year will have been obligated from funds made available in the transition quarter.

TITLE III—DOMESTIC FOOD PROGRAMS

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

FUNCTIONAL CODE: 604

1976 appropriation.....	¹ \$1, 153, 072, 000
1977 budget estimate.....	² 1, 689, 507, 000
House allowance.....	³ 1, 989, 507, 000
Committee recommendation.....	⁴ 1, 694, 557, 000

¹ Does not include \$737,111,000 transfer of section 32 funds.

² Does not include \$1,111,000,000 transfer of section 32 funds.

³ Does not include \$811,000,000 transfer from section 32 funds.

⁴ Does not include \$1,139,000,000 transfer from section 32 funds.

In the budget for fiscal year 1977, the Department proposed a new budget structure for the accounts heretofore carried under this heading. It was proposed that a new account—"Institutional Nutritional Support"—be established in lieu of "Child Nutrition Programs." This proposal has met with almost universal opposition from those throughout the country who are charged with the day-to-day operations of the child nutrition programs. School officials and food administrators have indicated that the new structure would add significantly to their recordkeeping and reporting requirements, without any corresponding benefits to the Department.

Accordingly, therefore, the Committee recommends that the former budget structure be retained. This report and the accompanying bill are presented on that basis.

The House bill reduced the section 32 transfer by \$300,000,000 and made a corresponding increase in the direct appropriation. Since the House bill was first considered, it has developed that the Department, as a result of Public Law 94-274, will carry over more section 32 funds into fiscal year 1977 than earlier anticipated. The Committee therefore recommends that \$1,139,000,000 of section 32 funds be transferred to this account with a net decrease of \$294,950,000 in direct appropriation. The Department should have sufficient section 32 funds available to protect the commodity situation to which the House report addressed itself.

The Committee concurs in the House action in not approving the proposed increase of \$143,000 for increased GSA space rental costs. This amount has been included in the bill however and will be available for other program costs.

Under the child nutrition category the following programs are administered by the Department of Agriculture:

Cash grants to States:

A. *National School Lunch Program*.—Except in those instances where State law prohibits it, child nutrition programs are jointly

administered by USDA and State education agencies. Cash assistance rates for these programs within the States are based on the need of individual schools. Initially, the average Federal rate under Section 4 was 10 cents for all lunches served, and 45 cents and 35 cents for free and reduced-price meals, respectively. The latest listings of national average payment factors for July 1-December 31, 1975, have risen to 12.25 cents for general payments and 54.50 cents and 44.50 cents for free and reduced-price meals, respectively. Income eligibility criteria for receipt of free and reduced price lunches is established by the States. These income standards shall not be less than the income poverty guidelines established by the Department nor may they exceed 125 percent of these guidelines for free lunches. The eligibility standard for reduced-price meals is set at 195 percent of the Department guidelines in all States.

During fiscal year 1975, a total of 4.077 billion lunches were served, 1.626 billion free or at a reduced price. This was an increase of 3.6 percent in total meals from the previous fiscal year. The increase in free- and reduced-price meals was 10.8 percent. Free and reduced-price lunches represent 39.9 percent of total lunches.

The number of children reached by the program is now 25.4 million with 10.4 million being served free and reduced-price lunches.

B. School Breakfast Program.—The Child Nutrition Act of 1966 authorized a 2-year pilot program to assist schools in serving breakfasts to needy children. Subsequent legislation made the program permanent and put program funding on a performance basis.

Adjustments in school breakfast reimbursement rates affecting semi-annual adjustments of the Consumer Price Index for food away from home rates of 9.75 cents for paid breakfasts, 28 cents for reduced-price breakfasts, and 34 cents for free breakfasts were made in the first half of fiscal year 1976. Additional Federal assistance to pay up to 100 percent of operating costs for free breakfasts, not to exceed 45 cents, is provided in especially needy schools.

During fiscal year 1975, the number of schools participating in the program in the peak month was 14,000 and the number of participating children increased to approximately 2 million in the peak month. A total of 294 million breakfasts were served. This was an increase of 29 percent over fiscal year 1974. The program continued primarily to benefit needy children, with more than 80 percent of the breakfasts served at free or reduced prices.

An evaluation of the school breakfast program has been established as an agency objective for fiscal year 1976. This will include analysis of characteristics of schools which participate in the program as opposed to those which do not, and an analysis of the effect of present program operations on participation.

C. Nonfood Assistance.—The Nonfood Assistance Program is administered by FNS and provides Federal cash and technical assistance to help needy schools acquire food service equipment. The program is administered through regional offices and State depart-

ments of education. Prior to the passage of Public Law 94-105, State and local sources were required to bear 25 percent of the cost of equipment purchases. This requirement could be waived for equipment purchased for especially needy schools without food service. The law now permits the waiver of the matching requirement for all schools designated as especially needy by the State.

Public Law 94-105 revised the percentage of the total nonfood assistance budget reserved for schools without food service from 50 percent to 33½ percent.

In fiscal year 1975, a total of 7,777 schools with a total attendance of 3.5 million students received equipment assistance of about \$28 million. Assistance was provided to all 50 States, the District of Columbia, Guam, Puerto Rico, and American Samoa.

Food and Nutrition Service personnel are continuing their work with State and local food service personnel, as well as representatives from private industry, in the development of more suitable food preparation and/or delivery systems for use by schools in this program.

D. State Administrative Expenses (SAE).—The Child Nutrition Act of 1966 authorized the use of Federal funds by State educational agencies to defray administrative expenses. These funds are used to provide supervision and technical assistance to local school districts and service institutions for administration of additional activities undertaken by them to extend child nutrition benefits to needy children. Federal funds for State administrative expenses remained basically at the same level from fiscal year 1971 through fiscal 1974. Funds to cover SAE were increased by about 81 percent in fiscal year 1975 to a total of \$6.7 million. In fiscal 1976, \$11,150,000 is available.

E. Nonschool Feeding (Special Food Service Program).—The National School Lunch Act was amended in 1968 to provide for a three-year pilot program to provide assistance for meal service to nonresidential child care institutions in areas of low income and areas with a substantial percentage of working mothers. The program included both year-round child care centers primarily for preschool children, and a special summer feeding program for school-age children enrolled in programs operated in parks, playgrounds and recreation centers. This program was given added impetus when Headstart centers were approved to participate in fiscal year 1974.

During fiscal year 1975, the number of children served by the year-round program increased to about 440,000. These children received a total of 224 million meals. About 1.8 million children participated in the summer program during fiscal year 1975 receiving approximately 87 million meals.

Public Law 94-105 divided the special food service program into two distinct programs. Section 13 of the National School Lunch Act now pertains to summer food service operations for children during extended vacation periods. Service institutions eligible to participate in this program are limited to those serving children from poor economic areas.

Public Law 94-105 added a new section 17 to the National School Lunch Act authorizing a Child Care Food Program. This program now operates in day care centers, Headstart and Home Start Centers and centers for handicapped children. Sponsoring agencies must either be licensed according to Federal, State or local standards or be in compliance with the Federal Day Care Requirements of 1968. Private, nonprofit agencies are eligible for assistance if they are tax exempt or moving toward tax-exempt status.

F. Commodity Procurement.—Food is furnished to schools and institutions by distribution through State agencies. Commodities are distributed under various authorities including sections 6 and 14 of the National School Lunch Act, section 32 of the Act of August 24, 1935, as amended, section 416 of the Agricultural Act of 1949, as amended, and section 709, Food and Agricultural Act of 1965. Public Law 91-248 provided that these commodities may also be used to supplement the school breakfast and nonschool food programs.

Public Law 93-326, enacted in June 1974, set a 10 cent minimum value of donated foods for each lunch served in the National School Lunch Program. This amount is now adjusted in line with the Consumer Price Index for food away from home. The cost was set at 11 cents for fiscal year 1976.

In November 1973, Public Law 93-150 was enacted allowing the Department to cover shortages in commodity donations with cash payments, and, during fiscal year 1975, \$5,000,000 was made available to schools in the form of cash payments along with \$411,000,000 of commodity assistance.

Public Law 94-105 broadens the minimum value of donated foods to cover lunches and suppers served in the child care food program. Child care institutions may receive cash in lieu of commodities if provided for in the appropriations act.

G. Nutritional Training and Surveys.—Public Law 91-248 provides that up to one percent of the total funds appropriated for the child nutrition programs may be used for nutritional training and for surveys of food service requirements. In recent years emphasis has been placed on projects to provide additional training in nutrition education for school food service workers and to evaluate the effectiveness of nutrition education efforts aimed at school children, specialists at State level, and school food service workers.

H. Special Developmental Projects.—Section 8 of Public Law 91-248 provides for a reserve of up to one percent of the funds available for apportionment to any State to carry out special developmental projects. In fiscal year 1975, projects were funded in Maryland, New Mexico, and New Hampshire, and in fiscal year 1976 in Colorado, Georgia, Illinois, Kentucky, and Connecticut.

I. Administrative and Technical Assistance.—Assistance is provided to State agencies, schools and institutions to help in:

- a. Management of funds;
- b. Purchase and storage of foods;

- c. Maximizing local purchases of plentiful foods;
- d. Proper use of equipment;
- e. Preparation and service of meals;
- f. Maintenance of records and preparation of reports;
- g. Development of recipes, particularly those using donated and plentiful foods;
- h. Increasing participation in program;
- i. Improving program operations;
- j. Organizing inservice workshop training meetings;
- k. Extension of program to especially needy schools both in core areas of metropolitan centers and in isolated rural areas.

Training and instruction of school food service personnel has received continuing emphasis. Emphasis has been placed on in-service training for local personnel. This training is provided directly to private schools and institutions which have programs administered by the Department. It is also provided in cooperation with State agencies which administer school lunch programs. Training materials such as flip-charts, slides, films, scripts, and sound tapes have been classified and catalogued and made available for use or loan to private school workshops and State agencies.

For the Child Nutrition Programs for fiscal year 1977, the Committee recommends an appropriation of \$1,694,557,000. This is \$541,485,000 more than was appropriated for fiscal year 1976. It is \$5,050,000 more than the budget estimate for fiscal year 1977 and \$294,950,000 less than appropriated in the House bill.

In addition to the foregoing direct appropriation, the Committee recommends that \$1,139,000,000 be transferred to this account from section 32 funds. This is \$401,889,000 more than was transferred in fiscal year 1976. It is \$28,000,000 more than proposed in the budget estimate and \$328,000,000 more than the House bill.

The Committee is aware of conclusions reached by the American Academy of Pediatrics that infant formula is more nutritious than evaporated milk, which is currently provided in the New Orleans, Louisiana, Supplemental Food Program package.

Further, the Congressional Research Service and the Department have both concluded that infant formula will not cost any more than evaporated milk. Appeals have been made to the Department to provide the infant formula as requested by participants in the New Orleans program. The Committee is unable to find any basis for failing to provide the infant formula, and the Committee strongly urges the Secretary to include infant formula in New Orleans' program.

Of the amount recommended herein for the child care food programs, \$3,000,000 shall be available to the States for equipment assistance as provided in Public Law 94-105.

The Committee recommends an increase of \$5,050,000 for State administrative expenses (SAE).

The following table summarizes the total budget authority recommended by the Committee for the domestic food programs:

FOOD ASSISTANCE PROGRAM, FISCAL YEARS 1976-77

[Budget authority]

	1976 current estimate	1977 recom- mendation
A. Child nutrition programs:		
1. Cash grants to States:		
(a) School lunch program: FNS child nutrition	\$521,300,000	\$587,443,000
(b) Free and reduced price lunch program: FNS child nutrition	980,533,000	1,164,550,000
(c) School breakfast program: FNS child nutrition	116,500,000	184,000,000
(d) Nonfood assistance program: FNS child nutrition	28,000,000	28,000,000
(e) State administrative expenses: FNS child nutrition	11,150,000	16,200,000
(f) Summer food program:		
FNS child nutrition	28,000,000	132,000,000
AMS sec. 32	8,000,000	0
Subtotal	36,000,000	132,000,000
(g) Child care food program: FNS child nutrition	112,000,000	120,000,000
(h) Cash in lieu of commodities: AMS sec. 32	52,502,000	0
Total, cash grants to States	1,857,985,000	2,232,193,000
Total, FNS child nutrition	1,797,483,000	2,232,193,000
Total, AMS sec. 32	60,502,000	0
2. Commodities to States:		
(a) FNS child nutrition (sec. 6)	80,000,000	
(b) AMS sec. 32	182,300,000	586,307,000
(c) Commodity Credit Corporation	180,166,000	
Total, commodities	442,466,000	586,307,000
3. Nutritional training and surveys: FNS child nutrition		
	1,000,000	700,000
4. Federal operating expenses: FNS child nutrition		
	11,700,000	14,357,000
Total, child nutrition programs	2,313,151,000	2,833,557,000
B. Special milk program (FNS):		
1. Cash payments		
	143,111,000	154,111,000
2. Operating expenses		
	889,000	889,000
Total, special milk	144,000,000	155,000,000
C. Food Stamp program (FNS):		
1. Bonus costs		
	4,828,265,000	4,390,828,000
2. Other program costs		
	325,300,000	353,000,000
3. Operating expenses		
	42,800,000	42,640,000
Total, food stamp program	5,196,365,000	4,786,468,000
D. Direct distribution to families:		
1. AMS sec. 32 commodities		
	5,600,000	(¹)
2. CCC sec. 416 commodities		
	3,900,000	(¹)
3. AMS sec. 32, commodities for special package program		
	6,000,000	(¹)
4. CCC sec. 416, special package		
	3,500,000	(¹)
Total, direct distribution to families	19,000,000	(¹)
E. Direct distribution to institutions:		
1. AMS sec. 32 commodities		
	2,000,000	0
2. CCC commodities		
	16,243,000	15,000,000
Total, direct distribution to institutions	18,243,000	15,000,000
F. Food donations program (FNS):		
1. Families		
	4,500,000	4,862,000
2. Cash assistance		
	900,000	765,000
3. Special supplemental package		
	12,000,000	17,100,000
4. Federal operating expenses		
	439,000	439,000
Total, food donations program	17,839,000	23,166,000
See footnote at end of table.		
G. Elderly feeding:		
1. AMS sec. 32		
	8,500,000	0
2. CCC sec. 416		
	2,000,000	0
3. FNS		
	0	22,000,000
Total, elderly feeding program	10,500,000	22,000,000

FOOD ASSISTANCE PROGRAM, FISCAL YEARS 1976-77—Continued

[Budget authority]

	1976 current estimate	1977 recom- mendation
H. Special supplemental food program:		
1. AMS sec. 32, pilot food certificate program		
	\$750,000	0
2. FNS women, infants and children		
	250,000,000	\$250,000,000
Total, special supplemental food program	250,750,000	250,000,000
Sec. 32 operating expenses:		
1. AMS sec. 32, allocated to FNS		
	3,186,000	0
2. AMS sec. 32		
	3,742,000	0
3. AMS marketing services		
		3,777,000
Total, sec. 32 operating expenses	6,928,000	3,777,000
Nutritional education (Extension Service)	50,560,000	50,560,000
Grand total, food assistance	8,027,336,000	8,139,528,000
Recapitulation:		
Obligations current budget authority:		
FNS child nutrition account	1,890,183,000	2,833,557,000
FNS special milk account	144,000,000	155,000,000
FNS food stamp program account	5,196,365,000	4,786,468,000
FNS food donations program	17,839,000	23,166,000
Elderly feeding	0	22,000,000
FNS WIC program account	250,000,000	250,000,000
AMS marketing services	0	3,777,000
Extension Service account	50,560,000	50,560,000
Total	7,548,974,000	8,124,528,000
Obligations permanent budget authority:		
AMS sec. 32	272,580,000	0
Direct program	(208,142,000)	0
Allocated to FNS	(64,438,000)	0
Sec. 32 operating expenses	0	0
Commodity Credit Corporation	250,809,000	15,000,000
FNS child nutrition, transferred from AMS sec. 32	(881,111,000)	(1,139,000,000)
Total	478,389,000	15,000,000
Grand total	8,027,336,000	8,139,528,000

¹ Funded under food donations program.

SPECIAL MILK PROGRAM

FUNCTIONAL CODE: 604

1976 appropriation	\$144,000,000
1977 budget estimate	
House allowance	144,000,000
Committee recommendation	155,000,000

Public Law 93-347, enacted July 12, 1974, set the reimbursement rate for each half-pint served to children at not less than five cents, to be adjusted each fiscal year to reflect changes in the Consumer Price Index for the cost of food away from home. The rate for fiscal year 1976 is set at 5½ cents. Approximately 20 percent of the half-pints are served free and are reimbursed at full cost. State agencies pay claims by institutions from funds made available to them under letters of credit.

For the Special Milk Program for fiscal year 1977, the Committee recommends an appropriation of \$155,000,000. This is \$11,000,000 more than was appropriated for fiscal year 1976, \$155,000,000 more

than the budget estimate for fiscal year 1977 and \$11,000,000 more than appropriated in the House bill.

The House bill provides full restoration of the funds at the fiscal year 1976 appropriation level. Testimony before the Committee indicated that an additional appropriation would be required to maintain the 1976 program level, and the Committee recommends that this full funding be included in the bill.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

FUNCTIONAL CODE: 604

1976 appropriation	\$106,000,000
1977 budget estimate	250,000,000
House allowance	250,000,000
Committee recommendation	250,000,000

¹ \$144,000,000 transfer from section 32 also available.

The authorization for this program is contained in Public Law 94-105, enacted October 7, 1975. That law authorizes an annual appropriation of \$250,000,000. The law further provides that if an appropriation of that amount is not provided by the beginning of the fiscal year, the Secretary shall use up to \$250,000,000 of section 32 funds to administer the program. The Committee has recommended full funding of this program by direct appropriation so that no transfer of section 32 funds will be necessary.

For the Special Supplemental Food Program (WIC) for fiscal year 1977, the Committee recommends an appropriation of \$250,000,000. This is \$144,000,000 more than was appropriated for fiscal year 1976. It is the same amount as the budget estimate for fiscal year 1977 and the House bill.

In addition to the funds appropriated herein, funds available in the previous fiscal period but not expended carry over for use in fiscal year 1977. The Committee will expect the Department to operate this program at the maximum authorized level.

FOOD STAMP PROGRAM

FUNCTIONAL CODE: 604

1976 appropriation	\$5,203,000,000
1977 budget estimate	4,794,400,000
House allowance	4,794,400,000
Committee recommendation	4,794,400,000

The food stamp program subsidizes eligible households to buy food through regular retail stores. Participating households purchase food using stamps whose cost is determined by household size and income. The difference between the value of the stamps and their cost is the "bonus." Households with no income receive free stamps. The bonus is funded by this appropriation.

State agencies assume responsibility for certifying eligible households and issuing stamps. Effective October 1, 1974, all State administrative costs associated with the program are shared by the States and the Federal Government on a 50-50 basis.

Participation in the program increased significantly in 1975 with an average monthly participation of 17.1 million persons.

Able-bodied adults are required to register for and accept suitable employment as a condition of program eligibility.

The 1977 estimate based on the program of changes proposed by the Administration, is set forth as follows:

FOOD STAMP PROGRAM DATA

	1975 actual	1976 estimated	1977 estimated
Number of participants beginning of year (millions)	14.0	19.2	12.8
Number of participants by year-end (millions)	19.2	13.7	13.4
Average number of participants for year (millions)	17.1	18.4	13.1
Average bonus per person, per month, for year	\$21.43	\$23.92	\$27.93
Total value coupons issued (millions)	\$7,280	\$8,805	\$7,317
Amount paid by participant (millions)	\$2,884	\$3,522	\$2,927
Value of bonus stamps issued (millions)	\$4,396	\$5,283	\$4,390
Total program costs (millions)	\$4,673	\$5,608	\$4,743

For the Food Stamp Program for fiscal year 1977, the Committee recommends an appropriation of \$4,794,400,000. This is \$408,600,000 less than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

As the House Committee report indicates, the Food Stamp Program remains in a state of flux and uncertainty. Major legislative proposals are under consideration as well as significant administrative modifications. These proposals, coupled with the uncertainty of the domestic economic situation, make it practically impossible to make a reliable projection on the needs of this program through fiscal year 1977.

When the legislative and administrative proposals are finalized, the Department is directed to reassess its needs to carry out the program under appropriate laws and administrative procedures and to submit a supplemental budget estimate, if necessary.

The Committee concurs in the action of the House in not approving the proposed increase of \$560,000 for GSA space rental costs. This amount is retained in the bill, however, and shall be utilized by the Department for funding bonus costs, along with other appropriated funds.

FOOD DONATIONS PROGRAMS

FUNCTIONAL CODE: 604

1976 appropriation	\$17,839,000
1977 budget estimate	23,166,000
House allowance	23,166,000
Committee recommendation	23,166,000

The Agriculture and Consumer Protection Act of 1973 authorizes a directly funded Food Donations Program. Agricultural commodities will be provided to needy persons on Indian reservations until their transition to the Food Stamp Program is complete.

For the Food Donations Program for fiscal year 1977, the Committee recommends an appropriation of \$23,166,000. This is \$5,327,000 more than was appropriated for fiscal year 1976. It is the same as the budget estimate for fiscal year 1977 and the House bill.

ELDERLY FEEDING PROGRAM

1976 appropriation.....	(1)
1977 budget estimate.....	\$22,000,000
House allowance.....	22,000,000
Committee recommendation.....	22,000,000

¹\$10,500,000 available through transfer from section 32 and section 416.

Donated commodities are provided by USDA to this nutrition program for the elderly which is administered by the Department of Health, Education and Welfare. The program provides a minimum of one meal daily, served in a communal setting, for persons 60 years of age or older.

For the Elderly Feeding Program for fiscal year 1977, the Committee recommends an appropriation of \$22,000,000. This is \$22,000,000 more than was appropriated for fiscal year 1976. It is the same as the budget estimates for fiscal year 1977 and the House bill.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

FUNCTIONAL CODE: 352

1976 appropriation.....	\$37,071,000
1977 budget estimate.....	37,119,000
House allowance.....	38,599,000
Committee recommendation.....	39,599,000

The Foreign Agricultural Service helps American agriculture maintain and expand foreign markets for its products and reports foreign developments as a guide to American agricultural production, policies, and programs.

The Service maintains a worldwide agricultural intelligence and reporting service that enables American agriculture to carry out its production, policies, and programs in the context of world developments. Pertinent agricultural and economic data of foreign production and markets, and information on foreign agricultural policies are continuously analyzed and reported.

The Service helps to develop foreign markets for U.S. farm products through continuous efforts to remove international trade barriers that inhibit export sales and through effective market promotion under special export programs.

International trade.—The Service directs and coordinates Department responsibilities in international trade agreement programs and negotiations, under the authority of the Trade Expansion Act. It identifies and strives to reduce foreign trade barriers to U.S. agricultural exports. Developments in foreign trade policies are examined and their effect on agricultural trade and operations are reported with recommendations as to courses of action.

The Service recommends Department positions and participates in negotiations on trade agreements and international commodity agreements. It reviews and reports trade regulations of countries (primarily those signatory to the General Agreement on Tariffs and Trade) as to how such regulations affect the movement of U.S. farm products in world trade.

The Service administers a program of import controls, in accordance with section 22 of the Agricultural Adjustment Act, on foreign farm products which would render ineffective or materially interfere with Department programs relating to agricultural commodities. It is also responsible for administering import controls established under the 1964 Meat Import Act and section 204 of the Trade Expansion Act.

Agricultural attachés.—The Service maintains agricultural attachés at 64 foreign posts to assist in the development of markets abroad for U.S. agricultural commodities. They work closely with numerous U.S. agricultural trade groups and maintain contacts with

foreign governments to promote greater market accessibility for U.S. farm products. They carry out a comprehensive schedule of reporting foreign agricultural production marketing and trade policy developments to keep U.S. agriculture, industry, and Government currently informed.

Market development.—The Service administers programs concerned with the development of foreign markets for agricultural products of the United States, and coordinates interagency participation and action essential to administration of these programs. These functions involve:

Providing foreign tradesmen with services that are necessary to build and maintain markets for U.S. agricultural products.

Developing a system of worldwide promotional programs, on a commodity-by-commodity basis, in cooperation with national organizations of producers, processors, and exporters, and providing overall guidance to these organizations in carrying out cooperative programs.

Developing, operating, and evaluating a worldwide system of multicommodity promotional programs utilizing trade fairs, trade centers and point-of-purchase campaigns to expand overseas markets.

Reviewing foreign marketing plans; providing technical assistance in their design; developing procedures and controlling budgets and funds essential to their implementation; and evaluating programs implemented.

Cooperating with State and local organizations in programs designed to provide technical assistance to U.S. agricultural export firms and to stimulate participation of new U.S. "cooperator" groups in promotional projects.

Developing and guiding a systematic review of foreign markets on a country-by-country basis to find new market opportunities for U.S. agricultural products and to develop long-range promotional plans for such markets.

Foreign commodity analysis.—Information essential to foreign marketing of specific U.S. farm commodities and to domestic planning is obtained, analyzed, and made available to U.S. farm and trade groups and to Government. Selected agricultural commodities and/or foreign geographic areas of key importance are analyzed from a competitive standpoint with the ultimate objective to develop markets for U.S. agricultural products. The program area maintains a supporting role by providing statistical data and analyzed information to other action program areas of the Foreign Agricultural Service. Assistance is given to American exporters and foreign importers to bring them together under conditions favorable to trade.

LACIE.—As the lead agency for the Large Area Crop Inventory Experiment (LACIE), the Service cooperates with ASCS, ERS, and SRS to execute those aspects of the program which devolve upon the Department of Agriculture. The program is conducted under authority of the Act of August 28, 1954 (7 U.S.C. 1761), and the Act of March 4, 1909, as amended by the act of March 4, 1917. The USDA works with the National Aeronautics and Space Administration (NASA) and the National Oceanic and Atmospheric Administration (NOAA) in this joint technical effort which is designed to establish the utility and cost effectiveness of using earth resources satellite,

meteorological, and climatological data to determine crop classification, field yields, acreages, and production. The Service's principal duties are administrative and analytical in a program which is specifically oriented toward developing a data handling, processing, and analysis approach which combines inputs from two satellites, ground meteorological networks, and standard historical and conventional agricultural data bases.

For the Foreign Agricultural Service for fiscal year 1977, the Committee recommends an appropriation of \$39,599,000. This is \$2,528,000 more than was appropriated for fiscal year 1976, \$2,480,000 more than the budget estimate for fiscal 1977 and \$1,000,000 more than appropriated in the House bill.

The House bill provided an increase of \$2,000,000 over the budget estimate for the cooperator program for foreign market development. The Committee recommends that this item be increased an additional \$1,000,000 over the House bill.

The House did not approve a budget proposal to appropriate \$520,000 to be transferred to the office of the General Sales Manager. The Committee concurs in that action.

PUBLIC LAW 480—FOREIGN ASSISTANCE PROGRAMS AND SPECIAL EXPORT PROGRAM

FUNCTIONAL CODE: 151

	1976 Appropriation Act	1977 budget estimates	House bill	Committee recommendation
Title I: Sale of agricultural commodities for foreign currencies and for dollars on credit terms.....	\$449,466,000	\$680,465,000	680,465,000	680,465,000
Title II: Commodities supplied in connection with dispositions abroad.....	640,451,000	488,790,000	488,790,000	488,790,000
Total.....	1,089,917,000	1,169,255,000	1,169,255,000	1,169,255,000

Facilities and funds of the Commodity Credit Corporation may by law be used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual needs, the excess is used to reduce future appropriation requests. If appropriations are less than actual needs, other Corporation funds may be used temporarily to finance the balance of authorized costs.

FOREIGN ASSISTANCE PROGRAMS

Included in this category are the following activities carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended: sale of agricultural commodities for foreign currencies (title I); sale of agricultural commodities for dollars on credit terms (title I); and commodities supplied in connection with dispositions abroad (title II).

1. Sales of agricultural commodities for foreign currencies and for dollars on credit terms are made under title I of the Agricultural Trade

Development and Assistance Act of 1954 (Public Law 480), as amended (7 U.S.C. 1701-1710).

The Corporation finances all sales made pursuant to agreements concluded under title I. Sales are made to friendly countries—as defined in section 103(d) of the act—and must not displace expected commercial sales for cash dollars (secs. 103 (c) and (n)).

No agreements may be entered into after December 31, 1977 (sec. 409), and agreements may not be made under title I in any calendar year which call for an appropriation to reimburse the Corporation in excess of \$1.9 billion, plus unused prior years' authorizations. No sales of agricultural commodities shall be made to North Vietnam unless authorized by act of Congress enacted after July 1, 1973.

Whenever practicable, terms of agreements must require payment at time of delivery of not less than 5 percent of the purchase price in dollars or in currencies convertible to dollars. These initial payments are applied against costs to reduce appropriation requests. On credit agreements under title I, the President is authorized to require payment upon delivery in dollars or foreign currencies of amounts needed for payment of U.S. obligations and certain other purposes.

In accordance with the act, a progressive shift from foreign currency sales to dollar credit sales was completed by December 31, 1971. To the extent that transition from foreign currency sales to dollar credit sales is not possible, transition to convertible foreign currency credit sales is authorized on terms which permit conversion to dollars at the exchange rate applicable to the sales agreement.

Factors determining availability of commodities for disposition under Public Law 480 are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition under the act if the disposition thereof would reduce the domestic supply below that needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars.

In the case of sales agreements entered into under title I of the act, the Corporation will finance ocean freight charges only to the extent of the differential between U.S.-flag rates and foreign-flag rates when U.S.-flag vessels are required to be used and will not finance any portion of the ocean freight in any other case.

(a) *Sales of agricultural commodities for foreign currencies (title I).*—Sales of agricultural commodities for foreign currencies were made to countries unable to expand commercial purchases because of a lack of dollar exchange. Foreign currencies received in payment are deposited to the account of the U.S. Treasury and can be used only as stated in section 104. The dollar value of such deposits through June 30, 1975, amounted to \$12.9 billion.

Uses fall into two groups—those of benefit to the foreign country, mainly loans and grants to promote economic development and to support common defense, and those of benefit to the United States. The latter includes, among others, expenses of the U.S. Government abroad, agricultural market development, educational exchange, construction of military family housing, and sales of foreign currency to U.S. citizens and tourists. With respect to use of foreign currencies for common defense purposes, new agreements providing for this use may not be signed after July 1, 1974, in accordance with section 40

of the Foreign Assistance Act of 1973, unless such agreement is specifically authorized by legislation enacted after such date (Public Law 93-189).

Certain uses of foreign currencies, including foreign currency loan repayments, for U.S. uses, and certain foreign currency grants, are subject to the appropriation process. Sales agreements specify particular uses, and in those entered into after December 31, 1964, at least 20 percent of the foreign currencies are required to be subject to the appropriation process, with certain exceptions. Such uses reduce dollar outflow and the deficit in the balance of payments of the United States. The Corporation is reimbursed for the dollar value of currencies so used. Proceeds from sales of foreign currencies and from dollar repayments of foreign currency loans are applied as a reduction to appropriation requests.

Section 509 of Public Law 86-500, approved June 8, 1960 (7 U.S.C. 1704b note) provides that at least 75 percent of the total cost of foreign military housing projects (unless otherwise specified) shall be paid from foreign currencies acquired under title I. Pursuant to 10 U.S.C. 2681(b), as amended, the estimates reflect transfer to the Corporation of \$6,000,000 each year to liquidate amounts due. Of this amount, \$2,000,000 will be applied to the French housing barter transaction and the remaining \$4,000,000 will be applied against other amounts due, with a balance of \$15,000,000 remaining unpaid as of June 30, 1977.

Program costs incurred after December 31, 1971, represent financing of shipments made under agreements signed prior to January 1, 1972.

(b) *Sales of agricultural commodities for dollars or convertible foreign currencies on credit terms (title I).*—Sales of U.S. agricultural commodities under long-term dollar credit terms are also authorized.

Agreements are made with friendly countries or with United States and foreign private trade. They may provide for delivery in annual installments for not more than 10 years from the date of the agreement subject to the availability of the commodity.

Payments are in dollars with interest at rates not less than the minimum required by section 201 of the Foreign Assistance Act of 1961, as amended, for loans made under that section. Payments are made in reasonable annual amounts over periods of not to exceed 20 years from the date of last delivery in each calendar year under the agreement, except that the first annual payment may be deferred for a period of not more than 2 years after such date of last delivery. Interest is computed from the date of such last delivery. As payments are received each year, they are applied against current costs to reduce the appropriations request. Private trade agreements must provide for projects to establish improved storage or marketing facilities or otherwise encourage private economic enterprise in friendly countries.

Credit terms for convertible foreign currency credit sales are to be no less favorable to the United States than those for development loans made under section 201 of the Foreign Assistance Act of 1961, as amended, which authorized loans to be made on the basis of payment in 40 years with a 10-year grace period. Dollar payments, when received, will also be applied to reduce appropriations requests.

Total agreements made since inception to March 31, 1976, amount to \$5,939,000,000 cost value, including ocean freight for shipment on U.S. ships. Major commodities are wheat, cotton, oils, rice, and feed grains. Payments for the period amount to \$1,147,300,000, of which \$765,600,000 was applied to principal and \$381,700,000 to interest.

2. *Commodities supplied in connection with dispositions abroad (title II).*—Available agricultural commodities are furnished to meet famine or other urgent or emergency relief needs. Also, commodities are furnished to promote economic and community development in friendly developing countries, to combat malnutrition, and for needy people, and nonprofit school lunch and preschool feeding programs. They are furnished through friendly governments and private or public agencies, including intergovernmental organizations such as the World Food Program. The Food for Peace Act, in amending title II, expressed the sense of Congress that other advanced nations should be encouraged to make increased contributions for the purpose of combating world hunger and malnutrition, and that to achieve this objective, the United States should work to expand the United Nations World Food Program.

The Agency for International Development is responsible for administering title II programs. However, the Corporation makes available the commodities or products requested for disposition under title II. Such commodities or products are made available from the Corporation's stocks of commodities or products acquired under its support program, or are purchased at market prices when this is determined to be in the best interest of the Government.

The Corporation is authorized to pay, with respect to commodities made available, the costs of acquisition, packaging, processing, enrichment, preservation, fortification, transportation, handling, and other incidental costs incurred up to the time of delivery to U.S. ports and ocean freight charges and general average contributions arising out of ocean transport.

Approximately \$7,500,000 each year may be used to buy foreign currencies accruing under title I of this act to meet costs (other than personnel and administrative costs of cooperating sponsors, distributing agencies, and recipient agencies) directed to community and other self-help activities designed to alleviate the causes for the need for such aid.

Through December 31, 1976, appropriations totaling \$9,109,000,000 are authorized. No programs of assistance can be entered into after December 31, 1977, and none shall be undertaken under this title during any calendar year which call for an appropriation of more than \$600,000,000 to reimburse the Corporation for costs incurred, including its investment, plus any amount by which programs of assistance undertaken under this title in the preceding calendar year have called or will call for appropriations in amounts less than authorized during the preceding year. Any incidental sales proceeds and proceeds from loss, damage, and other claims are applied against Commodity Credit Corporation costs to reflect a reduction in appropriations requests. No donations of agricultural commodities shall be made to North Vietnam unless authorized by act of Congress enacted after July 1, 1973.

For the Public Law 480 program for fiscal 1977, the Committee recommends an appropriation of \$1,169,255,000. This is \$79,338,000 more than was appropriated in fiscal 1976. It is the same as the House bill and the budget estimate.

OFFICE OF THE GENERAL SALES MANAGER

(ALLOTMENT FROM COMMODITY CREDIT CORPORATION)

1976 allotment.....	(\$2, 590, 000)
1977 budget estimate.....	(2, 613, 000)
House allowance.....	(3, 133, 000)
Committee recommendation.....	(3, 133, 000)

The Office of the General Sales Manager provides support to strengthen and expand sales of U.S. agricultural commodities in world markets, including those of the Commodity Credit Corporation and those funded by Public Law 480. To carry out these activities the office must obtain, assess and analyze all available information on developments related to private sales as well as those financed by the Federal Government.

Foreign marketing, Public Law 480 program.—The Service conducts programs which facilitate the sale of agricultural commodities for dollars on a long-term credit basis and for the donation of agricultural commodities to foreign governments, inter-governmental and voluntary agencies and the world food programs in some 100 countries. These programs are authorized by titles I and II of the Agricultural Trade Development and Assistance Act of 1954, as amended.

Commercial credit and barter programs.—The Office conducts the CCC export credit sales program under authority of the Corporation's Charter authority and section 4 of the Food for Peace Act (7 U.S.C. 1707a). This is a commercial program under which U.S. agricultural commodities from private stocks are financed for export up to a maximum credit period of 3 years. For all transactions there is required an irrevocable letter of credit from an acceptable foreign or U.S. bank assuring payment in dollars, with interest rates comparable to private U.S. commercial rates. The Office also has the authority to conduct, under the CCC Charter Act and the Agricultural Trade Development and Assistance Act of 1954, barter transactions which use agricultural exports to generate the funds to pay for goods and services which U.S. Government agencies would otherwise buy abroad with dollars. Exports are restricted to areas where they will help maintain or increase the U.S. share of markets, thereby benefitting the balance of payments. The agricultural commodities may be from private stocks or from those acquired by CCC in its price support operations and purchased by private exporters for unrestricted use. The barter program was temporarily suspended at the end of fiscal year 1973.

Commodity exports.—The Office administers programs to facilitate and expand the commercial export sales of privately owned and Commodity Credit Corporation-owned agricultural commodities, and develops pricing policies and export payment rates for applicable commodities. The Office also carries out the domestic operations to implement the Wheat Trade Convention of the International Wheat

Agreement. These programs are authorized by the CCC Charter Act, and the Agricultural Acts of 1949, 1964, and 1970, as amended.

Funds for this agency are an allotment from the Commodity Credit Corporation. For fiscal year 1977, the Committee recommends \$3,133,000, the same amount as approved by the House. The Committee also concurs with the House bill in the deletion of a \$520,000 transfer from the Foreign Agricultural Service and providing these funds through CCC for export sales reporting. The total amount recommended is \$520,000 more than the budget estimate.

Export sales reporting.—The Office reports on export sales of wheat, flour, feed grains, oilseeds, cotton, cotton products, and other commodities. Exporters are required by section 812 of the Agriculture and Consumer Protection Act of 1973 to furnish to the Secretary of Agriculture information about these commodities, including specifically (a) type, class, and quantity of the commodity to be exported; (b) the marketing year of shipment; and (c) destination, if known. The Office tabulates the information provided on a weekly basis and prepares summaries for release to the public, as well as other reports designed to provide an objective basis for evaluation of export activity.

TITLE V—RELATED AGENCIES

INDEPENDENT AGENCIES

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

FOOD AND DRUG ADMINISTRATION

FUNCTIONAL CODE: 553

The name "Food and Drug Administration" was first provided by the Agriculture Appropriations Act of 1931, approved May 27, 1930 (46 Stat. 392), although similar law-enforcement functions had been carried on under different organizational titles since January 1, 1907, when the Food and Drug Act of 1906 (34 Stat. 768; 21 U.S.C. 1-15) became effective.

The Food and Drug Administration's (FDA) activities are directed toward protecting the health of the Nation against impure and unsafe foods, drugs and cosmetics, and other potential hazards.

BIOLOGICS

The Bureau of Biologics administers regulation of biological products shipped in interstate and foreign commerce; inspects manufacturers' facilities for compliance with standards; tests products submitted for release; establishes written and physical standards; approves licenses of manufacturers of biological products; conducts research related to the development, manufacture, testing, and use of new and old biological products; and evaluates claims for investigational new drugs that are biological products.

DRUGS

The Bureau of Drugs develops FDA policy with regard to the safety, effectiveness, and labeling of all drugs for human use; evaluates new drug applications and notices of claimed investigational exemption for new drugs; develops standards for the safety and effectiveness of all over-the-counter drugs; monitors the quality of marketed drugs through product testing, surveillance, and compliance programs; develops guidelines on good manufacturing practices; conducts research and develops scientific standards on the composition, quality, safety, and efficacy of human drugs; disseminates toxicity and treatment information on household products and medicines; evaluates applications for operation of activities using methadone or other drugs; and directs the FDA antibiotic and insulin certification program.

FOODS

The Bureau of Foods conducts research and develops standards on the composition, quality, nutrition, and safety of foods, food additives, colors, and cosmetics; conducts research designed to improve the detection, prevention, and control of contamination that may be responsible for illness or injury conveyed by foods, colors, and cosmetics; coordinates and evaluates FDA's surveillance and compliance programs relating to foods, color, and cosmetics; reviews industry petitions and develops regulations for food standards to permit the safe use of color additives and food additives; collects and interprets data on nutrition, food additives, and environmental factors affecting the total chemical insult posed by food additives; and maintains a nutritional data bank.

RADIOLOGICAL HEALTH

The Bureau of Radiological Health carries out programs designed to reduce the exposure of man to hazardous ionizing and nonionizing radiation; develops standards for safe limits of radiation exposure; develops methodology for controlling radiation exposures; conducts research on the health effects of radiation exposure; and conducts an electronic product radiation control program to protect public health and safety, including the development and administration of performance standards to control the emission of radiation from electronic products and the undertaking by public and private organizations of research and investigation into the effects and control of such radiation emissions.

VETERINARY MEDICINE

The Bureau of Veterinary Medicine develops and conducts programs with respect to the safety and efficacy of veterinary preparations and devices; evaluates proposed use of veterinary preparations for animal safety and efficacy; and evaluates FDA's surveillance and compliance programs relating to veterinary drugs and other veterinary medical matters.

MEDICAL DEVICES AND DIAGNOSTIC PRODUCTS

The Bureau of Medical Devices and Diagnostic Products develops FDA policy regarding the safety, efficacy, and labeling of medical devices and in vitro diagnostic products; collects and evaluates data on significant hazards to the public health which may be caused by the use of medical devices and diagnostic products; evaluates the safety, efficacy, and labeling of medical devices and diagnostic products and recommends their classification into regulatory categories; conducts research and coordinates the development of standards for appropriate categories of medical devices and diagnostic products; develops, coordinates, and evaluates FDA surveillance and compliance programs for medical devices and diagnostic products; and operates a National Medical Device Experience Monitoring System.

TOXICOLOGICAL RESEARCH

The National Center for Toxicological Research conducts research programs to study the biological effects of potentially toxic chemical substances found in man's environment emphasizing the determination of the health effects resulting from long-term low-level exposure to chemical toxicants and the basic biological processes for chemical toxicants in animal organisms, and the development of improved methodologies and test protocols for evaluating the safety of chemical toxicants and the data that will facilitate the extrapolation of toxicological data from laboratory animals to man.

REGIONAL OPERATIONS

The Executive Director of Regional Operations executes direct line authority over FDA field activities; provides a central point to which headquarters officials can turn for field support services; develops programs and plans for activities between FDA, State, and local agencies; and administers FDA's State-Federal program policy.

Field operations necessary for the enforcement of the laws under the jurisdiction of FDA are carried out within the 10 DHEW regions by laboratories and administrative offices located in 19 principal cities in the United States and Puerto Rico.

SALARIES AND EXPENSES

1976 appropriation.....	\$207, 805, 000
1977 budget estimate.....	¹ 239, 493, 000
House allowance.....	236, 771, 000
Committee recommendation.....	249, 905, 000

¹ Includes \$16,388,000 contained in H. Doc. 94-462, dated Apr. 26, 1976.

For Salaries and Expenses for the Food and Drug Administration for fiscal year 1977, the Committee recommends an appropriation of \$249,905,000. This is \$42,100,000 more than was appropriated for fiscal year 1976, \$10,412,000 more than the budget estimated for fiscal year 1977 and \$13,134,000 more than appropriated in the House bill.

The House bill included a reduction of \$2,722,000 for GSA standard level user charges. The Committee recommends that these funds be restored.

The recommendations herein provide significant program increases which might result in greater space costs than could be accommodated within the limits of the House bill. The Commissioner, however, shall not pay to the Administrator of the General Services Administration, either directly or indirectly, any amount in excess of 90 percent of the standard level user charge established pursuant to section 210(j) of the Federal Property and Administrative Services Act of 1949, as amended, for space and services.

The increase recommended herein shall be available for additional personnel and positions required by the Food and Drug Administration to meet its expanded responsibilities.

The Committee recommends a provision in the bill which limits obligations to implement the "tea taster" program to those fees collected under the program.

The Committee heard testimony from the Commissioner relating to heavy metals in food. Of particular concern to the Committee is lead and other heavy metals in food being supplied for infants and children.

FDA is attempting to minimize heavy metals in foods, although at present safe levels are not well-established. Also, there is uncertainty as to the relative contributions from the raw material, the processing, and the containers.

The Committee recommends that the FDA require the baby foods industry to monitor and report heavy metals content—with particular emphasis on lead—of the food as it is received and after it is packaged. This will provide badly needed and valuable data even though safe levels have not yet been established but are being researched for future standards.

BUILDINGS AND FACILITIES

FUNCTIONAL CODE: 553

1976 appropriation.....	\$1,000,000
1977 budget estimate.....	3,125,000
House allowance.....	3,125,000
Committee recommendation.....	5,625,000

For Buildings and Facilities for the Food and Drug Administration for fiscal year 1977, the Committee recommends an appropriation of \$5,625,000. This is \$2,500,000 more than the budget estimates for fiscal year 1977 and the House bill. It is \$4,625,000 more than appropriated for fiscal year 1976. The increase recommended is intended to be utilized for additional space and facilities required to implement new programs authorized by the recently enacted Medical Devices legislation.

COMMODITY FUTURES TRADING COMMISSION

FUNCTIONAL CODE: 403

1976 appropriation.....	\$11,483,000
1977 budget estimate.....	11,615,000
House allowance.....	11,615,000
Committee recommendation.....	13,500,000

The Commodity Futures Trading Commission (CFTC) was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The function of the Commodity Futures Trading Commission is to strengthen the regulation of futures trading and to bring under regulation all agricultural and other commodities, including lumber and metals, which are traded on commodity exchanges. Major purposes of the trading regulation are to prevent price manipulation, market corners, and the dissemination of false and misleading commodity and market information affecting commodity prices. Other responsibilities are to protect market users against cheating, fraud, and abusive practices in commodity transactions; and to safeguard the handling of traders' margin money and equities by establishing minimum financial requirements for futures commission merchants, and by preventing the misuse of such funds by brokers.

As the successor to the Commodity Exchange Authority under the Department of Agriculture, this new Commission has been given several new authorities and responsibilities under the Commodity Futures Trading Act which will make more effective regulation of the commodity futures markets possible. For example, the new Commission will regulate all commodity futures, whereas many commodities were not regulated under prior law. The act also requires the registration of additional persons involved in futures trading that have not been previously registered, such as commodity trading advisors, commodity pool operators, and persons associated with futures commission merchants. The CFTC is empowered to regulate option transactions in commodities and leverage contracts in silver and gold. The Commodity Futures Trading Act imposes additional requirements on contract markets, such as a demonstration that the market will not be contrary to the public interest, as well as a requirement that markets provide settlement procedures for customers' claims and grievances. Further, the Commission is authorized to impose new sanctions, such as fines and penalties, for violations under the act; to enjoin practices in violation of the act; and, finally, to litigate its own cases.

For the Commodity Futures Trading Commission for fiscal year 1977, the Committee recommends an appropriation of \$13,500,000. This is \$2,017,000 more than was appropriated for fiscal year 1976, \$1,885,000 more than the budget estimate for fiscal 1977 and \$1,885,000 more than appropriated in the House bill.

In its initial budget submitted to the Office of Management and Budget, the Commission proposed several increases for basic market protection capacity, research projects, data analysis capacity, and inflationary costs. These items were deleted by OMB. The Committee recommends restoration of these funds.

The Committee also recommends an increase of 50 full-time employees, raising the CFTC employment ceiling to 500. Without these additional employees, the CFTC must continue to shift and reallocate personnel from one problem area to another, thereby lessening productivity and increasing other costs, such as travel and per diem.

The CFTC will require \$400,000 to increase its ADP equipment and communications capabilities and \$250,000 for conversion costs to the new equipment. Although the Committee is aware of OMB's reluctance to authorize increases in the ADP field, it also acknowledges the recommendation of the GAO in its June 1975 report entitled "Improvements Needed in Regulation of Commodity Futures Trading" that the CFTC possess an ADP system sufficiently responsive to its needs.

The Committee directs that the Commission conduct a study on forward contracting. The study should examine the magnitude of the problem and means by which regulations may be implemented to protect the participants in this market activity.

FARM CREDIT ADMINISTRATION

FUNCTIONAL CODE: 351

LIMITATION ON ADMINISTRATIVE EXPENSES

1976 limitation.....	(\$7,671,000)
1977 budget estimate.....	(.....)
House allowance.....	(8,429,000)
Committee recommendation.....	(8,429,000)

The Administration supervises a coordinated agricultural credit system of farm credit banks and associations which make credit available to farmers and their cooperatives.

Assessments based upon estimated administrative expenses are collected from agencies in the farm credit system and are available for administrative expenses. Obligations are incurred within fiscal year budgets approved by the Federal Farm Credit Board.

Supervision and examination of farm credit banks and associations.— Provision is made for supervision and examination of: 12 Federal land banks; 13 banks for cooperatives; 12 Federal intermediate credit banks; 552 Federal land bank associations; and 433 production credit associations. Also, these credit agencies are furnished such services as assistance in financing and investments, credit analysis, development of appraisal standards and policies, preparation of reports and budgets, and development and distribution of information on farm credit.

For the Farm Credit Administration, limitation on administrative expenses for fiscal year 1977, the Committee recommends \$8,429,000. This is \$758,000 more than the limitation provided in fiscal 1976. The fiscal year 1977 budget proposed to delete this limitation. The imitation recommended is the same as the House bill.

TITLE VI—GENERAL PROVISIONS

General Provisions numbered 601, 602, 603, 604, and 605 are provisions which have been included in appropriations bills in prior years.

Section 606 provides that none of the funds appropriated herein may be used to pay the salary of any person or persons who carry out the provisions of section 610 of the Agricultural Act of 1970, which provides for the transfer of funds to Cotton, Incorporated.

Section 607, as amended by the Committee, limits obligations under the Department's Working Capital Fund to \$52,733,000 and further provides that no appropriated funds may be transferred to the Working Capital Fund without approval of the agency administrator involved.

Section 608 provides that certain appropriations recommended herein will remain available until expended. A similar provision was included in the appropriations bill for fiscal year 1976. The provision this year, however, has been expanded to include the Forestry Incentives Program and appropriations to liquidate the contract authorizations for the Agricultural Conservation Program.

Section 609 provides minimum personnel levels for the Farmers Home Administration, Agricultural Stabilization and Conservation Service and the Soil Conservation Service.

Section 610 is a provision to further insure the County ASC Committees greater latitude in administering the Agricultural Conservation Program.

Section 611 provides that no part of any appropriation contained in the act shall remain available for obligation beyond the fiscal year, unless expressly so provided. A similar, but not identical, provision has been included in the appropriations act in prior years.

All of the foregoing General Provisions were included in the House bill. The Committee concurs with these, except as to the amendment to section 607 discussed above.

The Committee recommends an additional General Provision. Section 612 limits payments to the General Services Administration for standard level user charges to the amounts provided herein. Throughout this act, the Committee did not allow the proposed increases in GSA space rental costs set forth in the budget estimates. It is the intention of the Committee that such payments to GSA must reflect these reductions.

BUDGETARY IMPACT OF H.R. 14237¹
(Dollars in millions)

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
I. Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1977:				
SUBCOMMITTEE ON AGRICULTURE AND RELATED AGENCIES	\$12,100	\$12,180 (over target)	² \$12,000	² \$12,140 (over target)
II. Summary by functional category of 1977 budget amounts recommended in the bill:				
150 - International Affairs-----		1,169		1,061
300 - Natural Resources, Environment, and Energy-----		660		2,646
350 - Agriculture-----		2,272		21,930
400 - Commerce and Transportation-----		210		2,423
450 - Community and Regional Development-----		442		2,379
550 - Health-----		494		487
600 - Income Security-----		6,931		28,059
III. Financial assistance to state and local governments for 1977 in the bill-----		3,067		32,438
IV. Projections of outlays associated with budget authority recommended in the bill:				
1977-----			³	⁴ 10,839
1978-----				1,093
1979-----				136
1980-----				70
1981-----				29
Future year-----				12

¹ Prepared by the Congressional Budget Office pursuant to Section 308a, Public Law 93-344.

² Includes outlays from prior year budget authority.

³ Excludes outlays from prior year budget authority.

⁴ Excludes \$1,139 million in outlays associated with permanent budget authority for child nutrition programs, and \$41 million in outlays for the CCC limitation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977

Item	1976 Appropriation ¹	Budget estimate
TITLE I - AGRICULTURAL PROGRAMS		
PRODUCTION, PROCESSING AND MARKETING:		
Office of the Secretary.....	\$2,836,000	\$2,328,000
Departmental Administration.....	216,050,000	14,324,000
Economic Management Support Center.....	(³)	2,805,000
Office of the Inspector General.....	17,552,000	18,636,000
Transfer from food stamp program.....	(6,635,000)	(7,932,000)
Subtotal, OIG.....	(24,187,000)	(26,568,000)
Office of the General Counsel.....	8,517,000	8,730,000
Agricultural Research Service:		
Research.....	281,839,000	263,202,000
Special fund (reappropriation).....	2,000,000	(2,000,000)
Scientific activities overseas (special foreign currency program).....	7,500,000	10,000,000
Subtotal, ARS.....	291,339,000	273,202,000
Animal and Plant Health Inspection Service:		
Agricultural Research and Services.....	149,511,000	167,384,000
Prevention and Control of Health Problems.....	228,218,000	232,498,000
Subtotal, APHIS.....	377,729,000	399,882,000
Cooperative State Research Service.....	114,460,000	122,508,000
Extension Service.....	228,935,000	218,790,000
National Agricultural Library.....	5,539,000	6,034,000
Statistical Reporting Service.....	31,362,000	33,712,000
Economic Research Service.....	25,642,000	26,116,000
Agricultural Marketing Service:		
Marketing Services.....	47,055,000	57,087,000
Payments to States and possessions.....	1,600,000	---
Subtotal, AMS.....	48,655,000	57,087,000
Packers and Stockyards Administration.....	5,171,000	5,234,000
Farmer Cooperative Service.....	2,559,000	2,594,000
Total.....	1,176,346,000	1,191,982,000
FARM INCOME STABILIZATION:		
Agricultural Stabilization and Conservation Service:		
Salaries and expenses.....	151,181,000	157,891,000
Transfer from Commodity Credit Corporation..	(72,571,000)	(74,958,000)
Subtotal, Salaries.....	(223,752,000)	(232,849,000)
Dairy and beekeeper indemnity programs.....	6,650,000	4,050,000
Subtotal, ASCS.....	157,831,000	161,941,000

TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with--		
		1976 Appropriation	Budget estimate	House allowance
\$2,267,000	\$2,267,000	-\$569,000	-\$61,000	---
14,145,000	14,145,000	-1,905,000	-179,000	---
2,802,000	2,802,000	+2,802,000	-3,000	---
18,434,000	18,434,000	+882,000	-202,000	---
(7,932,000)	(7,932,000)	(+1,297,000)	---	---
(26,366,000)	(26,366,000)	(+2,179,000)	(-202,000)	---
8,708,000	8,708,000	+191,000	-22,000	---
267,570,000	277,170,000	-4,669,000	+13,968,000	+\$9,600,000
(2,000,000)	(2,000,000)	-2,000,000	---	---
5,000,000	10,000,000	+2,500,000	---	+5,000,000
272,570,000	287,170,000	-4,169,000	+13,968,000	+14,600,000
169,107,000	174,594,000	+25,083,000	+7,210,000	+5,487,000
232,423,000	238,223,000	+10,005,000	+5,725,000	+5,800,000
401,530,000	412,817,000	+35,088,000	+12,935,000	+11,287,000
124,702,000	129,542,000	+15,082,000	+7,034,000	+4,840,000
236,947,000	246,947,000	+18,012,000	+28,157,000	+10,000,000
6,026,000	6,026,000	+487,000	-8,000	---
33,459,000	33,827,000	+2,465,000	+115,000	+368,000
26,080,000	26,555,000	+913,000	+439,000	+475,000
52,734,000	52,734,000	+5,679,000	-4,353,000	---
1,600,000	---	-1,600,000	---	-1,600,000
54,334,000	52,734,000	+4,079,000	-4,353,000	-1,600,000
5,226,000	5,226,000	+55,000	-8,000	---
2,589,000	2,589,000	+30,000	-5,000	---
1,209,819,000	1,249,789,000	+73,443,000	+57,807,000	+39,970,000
157,410,000	157,410,000	+6,229,000	-481,000	---
(74,958,000)	(74,958,000)	(+2,387,000)	---	---
(232,368,000)	(232,368,000)	(+8,616,000)	(-481,000)	---
4,050,000	4,050,000	-2,600,000	---	---
161,460,000	161,460,000	+3,629,000	-481,000	---

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGA-
BUDGET ESTIMATES AND AMOUNTS RECOMMENDED**

Item	1976 Appropriation ¹	Budget estimate
Federal Crop Insurance Corporation:		
Administrative and operating expenses.....	\$12,000,000 (8,184,000)	\$12,000,000 (8,006,000)
Federal Crop Insurance Corporation Fund.....		
Subtotal, FCIF.....	(20,184,000)	(20,006,000)
Commodity Credit Corporation:		
Reimbursement for net realized losses.....	2,750,000,000	898,652,000
Limitation on administrative expenses.....	(39,400,000)	(40,700,000)
Total, Farm Income stabilization.....	2,919,831,000	1,072,593,000
TOTAL, TITLE I.....	4,096,177,000	2,264,575,000
TITLE II - RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS		
RURAL DEVELOPMENT AND PROTECTION:		
Farmers Home Administration:		
Rural Housing Insurance Fund:		
Direct loans.....	(20,000,000)	(20,000,000)
Insured loans.....	(3,196,000,000)	(2,696,000,000)
Guaranteed loans.....		
Reimbursement for interest and other losses.....	122,000,000	175,429,000
Subtotal, RHIF.....	(3,338,000,000)	(2,891,429,000)
Agricultural Credit Insurance Fund:		
Insured real estate loans.....	(520,000,000)	(370,000,000)
Soil conservation loans.....	(27,000,000)	(27,000,000)
Operating loans.....	(625,000,000)	(625,000,000)
Emergency loans.....	(400,000,000)	(100,000,000)
Reimbursement for interest and other losses.....	169,214,000	141,189,000
Subtotal, ACIF.....	(1,741,214,000)	(1,263,189,000)
Rural water and waste disposal grants.....	250,000,000	---
Sec. 504 grants.....	---	---
Rural housing for domestic farm labor.....	7,500,000	---
Mutual and self-help housing.....	9,000,000	---
Rural Development Insurance Fund:		
Reimbursement for losses.....	25,214,000	47,484,000
Water and sewer facility loans.....	(470,000,000)	(470,000,000)
Industrial development loans.....	(350,000,000)	(350,000,000)
Community facility loans.....	(200,000,000)	(200,000,000)
Subtotal, RDIF.....	(1,045,214,000)	(1,067,484,000)

**TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND
IN THE BILL FOR FISCAL YEAR 1977—Continued**

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$11,976,000 (8,006,000)	\$11,976,000 (8,006,000)	-\$24,000 (-178,000)	-\$24,000 ---	---
(19,982,000)	(19,982,000)	(-202,000)	(-24,000)	---
189,053,000 (41,220,000)	898,652,000 (41,220,000)	-1,851,348,000 (+1,820,000)	---	+\$709,599,000 ---
362,489,000	1,072,088,000	-1,847,743,000	-505,000	+709,599,000
1,572,308,000	2,321,877,000	-1,774,300,000	+57,302,000	+749,569,000
(15,000,000)	(15,000,000)	(-5,000,000)	(-5,000,000)	---
(3,091,000,000)	(3,496,000,000)	(+300,000,000)	(+800,000,000)	(+405,000,000)
(500,000,000)	(200,000,000)	(+200,000,000)	(+200,000,000)	(-300,000,000)
175,429,000	175,429,000	+53,429,000	---	---
(3,781,429,000)	(3,886,429,000)	(+548,429,000)	(+995,000,000)	(+105,000,000)
(520,000,000)	(520,000,000)	---	(+150,000,000)	---
(27,000,000)	(27,000,000)	---	---	---
(625,000,000)	(625,000,000)	---	---	---
(100,000,000)	(100,000,000)	(-300,000,000)	---	---
141,189,000	141,189,000	-28,025,000	---	---
(1,413,189,000)	(1,413,189,000)	(-328,025,000)	(+150,000,000)	---
200,000,000	200,000,000	-50,000,000	+200,000,000	---
5,000,000	5,000,000	+5,000,000	+5,000,000	---
6,000,000	7,500,000	---	+7,500,000	+1,500,000
9,000,000	9,000,000	---	+9,000,000	---
47,484,000	47,484,000	+22,270,000	---	---
(600,000,000)	(600,000,000)	(+130,000,000)	(+130,000,000)	---
(350,000,000)	(350,000,000)	---	---	---
(200,000,000)	(200,000,000)	---	---	---
(1,197,484,000)	(1,197,484,000)	(+152,270,000)	(+130,000,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATION) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED

Item	1976 Appropriation ¹	Budget estimate	Increase (+) or decrease (-) compared with—		
			House allowance	Committee recommendation	House allowance
Rural Community Fire Protection Grants.....	\$3,500,000	-----	\$3,500,000	\$3,500,000	-----
Salaries and expenses.....	155,102,000	\$162,156,000	166,502,000	170,000,000	+\$14,898,000
Transfer from loan accounts.....	(3,500,000)	(5,500,000)	(5,500,000)	(5,500,000)	(+2,000,000)
Subtotal, Salaries.....	(158,602,000)	(167,656,000)	(172,002,000)	(175,500,000)	(+16,898,000)
Rural Development Grants.....	11,875,000	-----	10,000,000	10,000,000	-1,875,000
Subtotal, FmHA	753,405,000	526,258,000	764,104,000	769,102,000	+15,697,000
Rural Development Service ⁴	1,341,000	1,434,000	1,324,000	1,433,000	+92,000
Rural Electrification Administration:					
Rural electrification and telephone revolving fund:					
Electric loans.....	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	-----
Telephone loans.....	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	-----
Subtotal, Loans	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	-----
Capitalization of Rural Telephone Bank.....	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	-----
Salaries and expenses.....	20,713,000	21,409,000	21,350,000	21,376,000	+663,000
Subtotal, REA.....	20,713,000	21,409,000	21,350,000	21,376,000	+663,000
Total, Rural Development and Production	775,459,000	549,101,000	786,778,000	791,911,000	+16,452,000
CONSERVATION:					
Soil Conservation Service:					
Conservation operations.....	206,807,000	215,329,000	214,423,000	214,423,000	+7,616,000
River basin surveys and investigations.....	14,745,000	14,266,000	14,745,000	14,745,000	-----
Watershed planning.....	11,196,000	10,012,000	11,196,000	11,196,000	+1,184,000
Watershed and flood prevention operations.....	5211,745,000	135,263,000	146,199,000	146,199,000	+10,936,000
Resource conservation and development.....	29,972,000	21,488,000	29,972,000	29,972,000	+8,484,000
Great Plains conservation program.....	22,379,000	5,178,000	20,379,000	22,379,000	+17,201,000
Subtotal, Soil Conservation.....	496,844,000	401,536,000	436,914,000	438,914,000	+37,378,000
Agricultural Stabilization and Conservation Service:					
Agricultural Conservation Program					
Advance authorization(contract authority).....	190,000,000	-----	190,000,000	175,000,000	-15,000,000
Liquidation of contract authority.....	(190,000,000)	(90,000,000)	(105,000,000)	(105,000,000)	(-85,000,000)
Forestry incentives program.....	15,000,000	-----	15,000,000	15,000,000	+15,000,000
Water Bank Act program.....	10,000,000	-----	10,000,000	10,000,000	+10,000,000
Emergency conservation measures.....	10,000,000	10,000,000	10,000,000	10,000,000	-----
Cropland adjustment program.....	42,000,000	(⁶)	-----	-----	-42,000,000
Subtotal, ASCS	267,000,000	10,000,000	225,000,000	210,000,000	-57,000,000
Total, Conservation.....	763,844,000	411,536,000	661,914,000	648,914,000	-114,930,000
TOTAL, TITLE II.....	1,539,303,000	960,637,000	1,448,692,000	1,440,825,000	-98,478,000

TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued

Item	1976 Appropriation ¹	Budget estimate	Increase (+) or decrease (-) compared with—		
			House allowance	Committee recommendation	House allowance
Rural Community Fire Protection Grants.....	\$3,500,000	-----	\$3,500,000	\$3,500,000	-----
Salaries and expenses.....	155,102,000	\$162,156,000	166,502,000	170,000,000	+\$14,898,000
Transfer from loan accounts.....	(3,500,000)	(5,500,000)	(5,500,000)	(5,500,000)	(+2,000,000)
Subtotal, Salaries.....	(158,602,000)	(167,656,000)	(172,002,000)	(175,500,000)	(+16,898,000)
Rural Development Grants.....	11,875,000	-----	10,000,000	10,000,000	-1,875,000
Subtotal, FmHA	753,405,000	526,258,000	764,104,000	769,102,000	+15,697,000
Rural Development Service ⁴	1,341,000	1,434,000	1,324,000	1,433,000	+92,000
Rural Electrification Administration:					
Rural electrification and telephone revolving fund:					
Electric loans.....	(750,000,000)	(750,000,000)	(750,000,000)	(750,000,000)	-----
Telephone loans.....	(250,000,000)	(250,000,000)	(250,000,000)	(250,000,000)	-----
Subtotal, Loans	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	(1,000,000,000)	-----
Capitalization of Rural Telephone Bank.....	(30,000,000)	(30,000,000)	(30,000,000)	(30,000,000)	-----
Salaries and expenses.....	20,713,000	21,409,000	21,350,000	21,376,000	+663,000
Subtotal, REA.....	20,713,000	21,409,000	21,350,000	21,376,000	+663,000
Total, Rural Development and Production	775,459,000	549,101,000	786,778,000	791,911,000	+16,452,000
CONSERVATION:					
Soil Conservation Service:					
Conservation operations.....	206,807,000	215,329,000	214,423,000	214,423,000	+7,616,000
River basin surveys and investigations.....	14,745,000	14,266,000	14,745,000	14,745,000	-----
Watershed planning.....	11,196,000	10,012,000	11,196,000	11,196,000	+1,184,000
Watershed and flood prevention operations.....	5211,745,000	135,263,000	146,199,000	146,199,000	+10,936,000
Resource conservation and development.....	29,972,000	21,488,000	29,972,000	29,972,000	+8,484,000
Great Plains conservation program.....	22,379,000	5,178,000	20,379,000	22,379,000	+17,201,000
Subtotal, Soil Conservation.....	496,844,000	401,536,000	436,914,000	438,914,000	+37,378,000
Agricultural Stabilization and Conservation Service:					
Agricultural Conservation Program					
Advance authorization(contract authority).....	190,000,000	-----	190,000,000	175,000,000	-15,000,000
Liquidation of contract authority.....	(190,000,000)	(90,000,000)	(105,000,000)	(105,000,000)	(-85,000,000)
Forestry incentives program.....	15,000,000	-----	15,000,000	15,000,000	+15,000,000
Water Bank Act program.....	10,000,000	-----	10,000,000	10,000,000	+10,000,000
Emergency conservation measures.....	10,000,000	10,000,000	10,000,000	10,000,000	-----
Cropland adjustment program.....	42,000,000	(⁶)	-----	-----	-42,000,000
Subtotal, ASCS	267,000,000	10,000,000	225,000,000	210,000,000	-57,000,000
Total, Conservation.....	763,844,000	411,536,000	661,914,000	648,914,000	-114,930,000
TOTAL, TITLE II.....	1,539,303,000	960,637,000	1,448,692,000	1,440,825,000	-98,478,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED

Item	1976 Appropriation ¹	Budget estimate
TITLE III - DOMESTIC FOOD PROGRAMS		
Food and Nutrition Service:		
Child nutrition programs.....	\$1,153,072,000	\$1,689,507,000
Transfer from sec. 32.....	(737,111,000)	(1,111,000,000)
Total, Child Nutrition Service.....	(1,890,183,000)	(2,800,507,000)
Special milk program.....	144,000,000	-----
Special supplemental food program(WIC).....	106,000,000	250,000,000
Transfer from sec. 32.....	(144,000,000)	-----
Total, (WIC).....	(250,000,000)	(250,000,000)
Food stamp program.....	5,203,000,000	4,794,400,000
Food donations program.....	17,839,000	23,166,000
Elderly feeding program.....	(⁷)	22,000,000
TOTAL, TITLE III.....	6,623,911,000	6,779,073,000
TITLE IV - INTERNATIONAL PROGRAMS		
Foreign Agricultural Service.....	37,071,000	37,119,000
Public Law 480:		
Title I - Credit sales.....	449,466,000	680,465,000
Title II - Commodities for disposition abroad..	640,451,000	488,790,000
Subtotal, PL - 480.....	1,089,917,000	1,169,255,000
Sales Manager.....	(2,590,000)	(2,613,000)
TOTAL, TITLE IV.....	1,126,988,000	1,206,374,000
TITLE V - RELATED AGENCIES		
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE		
Food and Drug Administration:		
Salaries and expenses.....	207,805,000	8239,493,000
Buildings and facilities.....	1,000,000	3,125,000
Total, FDA.....	208,805,000	242,618,000
INDEPENDENT AGENCIES		
Commodity Futures Trading Commission.....	11,483,000	11,615,000
Farm Credit Administration:		
Limitation on administrative expenses.....	(7,671,000)	(⁹)
TOTAL, TITLE V.....	220,288,000	254,233,000

TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$1,989,507,000	\$1,694,557,000	+\$541,485,000	+\$5,050,000	-\$294,950,000
(811,000,000)	(1,139,000,000)	(+401,889,000)	(+28,000,000)	(+328,000,000)
(2,800,507,000)	(2,833,557,000)	(+943,374,000)	(+33,050,000)	(+33,050,000)
144,000,000	155,000,000	+11,000,000	+155,000,000	+11,000,000
250,000,000	250,000,000	+144,000,000	-----	-----
-----	-----	(-144,000,000)	-----	-----
(250,000,000)	(250,000,000)	-----	-----	-----
4,794,400,000	4,794,400,000	-408,600,000	-----	-----
23,166,000	23,166,000	+5,327,000	-----	-----
22,000,000	22,000,000	+22,000,000	-----	-----
7,223,073,000	6,939,123,000	+315,212,000	+160,050,000	-283,950,000
38,599,000	39,599,000	+2,528,000	+2,480,000	+1,000,000
680,465,000	680,465,000	+230,999,000	-----	-----
488,790,000	488,790,000	-151,661,000	-----	-----
1,169,255,000	1,169,255,000	+79,338,000	-----	-----
(3,133,000)	(3,133,000)	(+543,000)	(+520,000)	-----
1,207,854,000	1,208,854,000	+81,866,000	+2,480,000	+1,000,000
236,771,000	249,905,000	+42,100,000	+10,412,000	+13,134,000
3,125,000	5,625,000	+4,625,000	+2,500,000	+2,500,000
239,896,000	255,530,000	+46,725,000	+12,912,000	+15,634,000
11,615,000	13,500,000	+2,017,000	+1,885,000	+1,885,000
(8,429,000)	(8,429,000)	(+758,000)	(+8,429,000)	-----
251,511,000	269,030,000	+48,742,000	+14,797,000	+17,519,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED

Item	1976 Appropriation ¹	Budget estimate
TOTAL, NEW BUDGET (OBLIGATIONAL) AUTHORITY.....	\$13,606,667,000	\$11,464,892,000
Title I - Agricultural programs.....	4,096,177,000	2,264,575,000
Title II - Rural development and assistance programs.....	1,539,303,000	960,637,000
Title III - Domestic food programs.....	6,623,911,000	6,779,073,000
Title IV - International programs.....	1,126,988,000	1,206,374,000
Title V - Related Agencies.....	220,288,000	254,233,000
TOTAL, New Budget Obligational Authority.....	13,606,667,000	11,464,892,000
Consisting of:		
1. Appropriations.....	13,416,667,000	11,464,892,000
2. Reappropriations.....	2,000,000	2,000,000
3. Contract authorization.....	190,000,000	---
4. Direct and insured loans.....	6,808,000,000	5,858,000,000
Memoranda:		
1. Appropriations to liquidate contract authorizations.....	190,000,000	90,000,000
2. Appropriations, including appropriations to liquidate contract authority.....	13,606,667,000	11,554,892,000
3. Transfer from sec.32.....	881,111,000	1,111,000,000
4. Transfers from Commodity Credit Corporation.....	72,571,000	74,958,000

¹ Includes additional amounts for fiscal year 1976, contained in Public Law 94-303, Second Supplemental Appropriations Act.

² Includes \$2,755,000 appropriated under this heading for the Economic Management Support Center in fiscal year 1976.

³ \$2,755,000 contained in appropriation for Departmental Administration in fiscal year 1976 available for EMSC.

⁴ House placed this agency under the Farmers Home Administration. Senate restores to independent status.

⁵ Includes \$63,336,000 for Section 216 emergency work.

⁶ All agreements under this program have expired.

⁷ Program funded in fiscal year 1976 through transfer of \$10,500,000 from AMS section 32 and CCC section 416.

⁸ Includes budget amendment of \$16,388,000 contained in House Document 94-462, dated April 26, 1976.

⁹ Budget proposes deletion of this limitation.

TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$11,703,438,000	\$12,179,709,000	-\$1,426,958,000	+\$714,817,000	+\$476,271,000
1,572,308,000	2,321,877,000	-1,774,300,000	+57,302,000	+749,569,000
1,448,692,000	1,440,825,000	-98,478,000	+480,188,000	-7,867,000
7,223,073,000	6,939,123,000	+315,212,000	+160,050,000	-283,950,000
1,207,854,000	1,208,854,000	+81,866,000	+2,480,000	+1,000,000
251,511,000	269,030,000	+48,742,000	+14,797,000	+17,519,000
11,703,438,000	12,179,709,000	-1,426,958,000	+714,817,000	+476,271,000
11,513,438,000	12,004,709,000	-1,411,958,000	+539,817,000	+491,271,000
2,000,000	2,000,000	---	---	---
190,000,000	175,000,000	-15,000,000	+175,000,000	-15,000,000
7,028,000,000	7,133,000,000	+325,000,000	+1,275,000,000	+105,000,000
105,000,000	105,000,000	-85,000,000	+15,000,000	---
11,618,438,000	12,109,709,000	-1,496,958,000	+554,817,000	+491,271,000
811,000,000	1,139,000,000	+257,889,000	+28,000,000	+328,000,000
74,958,000	74,958,000	+2,387,000	---	---

APPROPRIATIONS FOR THE AGRICULTURE AND RELATED AGENCIES
PROGRAMS FOR THE FISCAL YEAR ENDING SEPTEMBER 30, 1977,
AND FOR OTHER PURPOSES

JUNE 25, 1976.—Ordered to be printed

Mr. WHITTEN, from the committee of conference,
submitted the following

CONFERENCE REPORT

[To accompany H.R. 14237]

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) "making appropriations for the Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes," having met after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 3, 4, 8, 13, 16, 17, 18, 19, 20, 22, 23, 28, 30, 35, 38, 39, 41, and 42.

That the House recede from its disagreement to the amendments of the Senate numbered 15, 24, 25, 26, 27, and 34, and agree to the same.

Amendment numbered 2:

That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$270,576,000; and the Senate agree to the same.

Amendment numbered 5:

That the House recede from its disagreement to the amendment of the Senate numbered 5, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$7,500,000; and the Senate agree to the same.

Amendment numbered 6:

That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$403,667,000; and the Senate agree to the same.

Amendment numbered 9:

That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$8,212,000; and the Senate agree to the same.

Amendment numbered 10:

That the House recede from its disagreement to the amendment of the Senate numbered 10, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$17,852,000; and the Senate agree to the same.

Amendment numbered 11:

That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$126,652,000; and the Senate agree to the same.

Amendment numbered 12:

That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$168,225,000; and the Senate agree to the same.

Amendment numbered 14:

That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$234,550,000; and the Senate agree to the same.

Amendment numbered 21:

That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$3,196,000,000; and the Senate agree to the same.

Amendment numbered 29:

That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$21,379,000; and the Senate agree to the same.

Amendment numbered 31:

That the House recede from its disagreement to the amendment of the Senate numbered 31, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$2,751,032,000; and the Senate agree to the same.

Amendment numbered 32:

That the House recede from its disagreement to the amendment of the Senate numbered 32, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$959,000,000; and the Senate agree to the same.

Amendment numbered 33:

That the House recede from its disagreement to the amendment of the Senate numbered 33, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$13,675,000; and the Senate agree to the same.

Amendment numbered 36:

That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows:

In lieu of the sum proposed by said amendment insert \$39,099,000; and the Senate agree to the same.

Amendment numbered 37:

That the House recede from its disagreement to the amendment of the Senate numbered 37, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$241,977,000; and the Senate agree to the same.

Amendment numbered 40:

That the House recede from its disagreement to the amendment of the Senate numbered 40, and agree to the same with an amendment, as follows:

In lieu of the sum proposed by said amendment insert \$12,615,000; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 1, and 7.

JAMIE L. WHITTEN,
FRANK E. EVANS,
BILL D. BURLISON,
MAX BAUCUS,
BOB TRAXLER,
CHARLES WILSON,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
GEORGE MAHON,
MARK ANDREWS,
J. KENNETH ROBINSON,
JOHN T. MYERS,
ELFORD A. CEDERBERG,

Managers on the Part of the House.

GALE W. MCGEE,
JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE,
ROBERT C. BYRD,
HERMAN E. TALMADGE,
HIRAM L. FONG,
ROMAN L. HRUSKA,
MILTON R. YOUNG,

Managers on the Part of the Senate.

JOINT EXPLANATORY STATEMENT OF THE COMMITTEE OF CONFERENCE

The managers on the part of the House and Senate at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 14237) making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes, submit the following joint statement to the House and Senate in explanation of the effect of the action agreed upon by the managers and recommended in the accompanying conference report:

TITLE I: AGRICULTURAL PROGRAMS

AGRICULTURAL RESEARCH SERVICE

Amendment No. 1: Reported in technical disagreement. The managers on the part of the House will move to concur in the Senate amendment which provides that the \$100 limitation on the purchase of land shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana.

Amendment No. 2: Appropriates \$270,576,000 for the Agricultural Research Service instead of \$267,570,000 as proposed by the House and \$277,170,000 as proposed by the Senate.

The conference agreement includes an increase of \$1,656,000 above the amount recommended by the House for facility repair and maintenance funds.

The conferees have agreed upon \$50,046,000 for marketing efficiency research as proposed by the House and will expect the Department to continue research on industrial uses of animal fats and oils, post-harvesting processing, handling and distribution efficiency.

The conferees have also agreed to an increase of \$750,000 above the amount provided by the House for research on the Mediterranean fruit fly and the imported fire ant, including the review of the impact of Environmental Protection Agency regulation.

Also included in the agreement is an increase of \$250,000 above the amount provided by the House for forage and grazing research.

The conference agreement provides for an increase of \$150,000 for soybean research, including marketing and utilization.

In addition, the conferees have also agreed to an increase of \$200,000 over the amount provided by the House for research or shelter belts and windbreaks.

Amendment No. 3: Earmarks \$10,526,600 for marketing research as proposed by the House instead of \$12,026,000 as proposed by the Senate.

Amendment No. 4: Deletes language proposed by the Senate which would have made funds available for the purchase of land for the U.S.

Sugarcane Laboratory, Houma, Louisiana, "available until expended" since such language would be legislation.

The conferees are convinced that the land for the laboratory can be purchased during fiscal year 1977 without any difficulty and that there is no need for the funds to "remain available until expended".

SCIENTIFIC ACTIVITIES OVERSEAS

(Special Foreign Currency Program)

Amendment No. 5: Appropriates \$7,500,000 for Scientific Activities Overseas instead of \$5,000,000 as proposed by the House and \$10,000,000 as proposed by the Senate.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

Amendment No. 6: Appropriates \$403,667,000 for the Animal and Plant Health Inspection Service instead of \$401,530,000 as proposed by the House and \$412,817,000 as proposed by the Senate.

The conference agreement includes the following: \$1,000,000 for miscellaneous plant diseases and pests (including Japanese beetle and burrowing nematode), an increase of \$1,500,000 over the budget request for control of citrus blackfly, an increase of \$750,000 over the budget request for cattle fever tick activities, and \$387,000 to restore the House reduction in pest detection. It is expected that the Department will submit a supplemental budget request for assumption of meat and poultry inspection activities in California. The conferees have passed without prejudice funding the Mediterranean fruit fly program until the Department has submitted a budget estimate and hearings have been held.

The conferees will expect that the boll weevil eradication program be implemented without undue delay subsequent to certification to Congressional committees by the Director of boll weevil research at the Boll Weevil Laboratory that a substantial and sufficient scientific breakthrough has been achieved, and that he recommends the program be initiated; and, that each of the three States to be involved has passed and implemented the necessary legislation and has demonstrated to appropriate Congressional committees that they are legally and financially prepared to fulfill their responsibilities under the program.

Amendment No. 7: Reported in technical disagreement. The managers on the part of the House will move to concur in the amendment of the Senate which allows the Department to utilize appropriated contingency funds without having to wait for prior approval from OMB. These funds are available in connection with the control of outbreaks of insects, plant diseases and animal diseases.

Amendment No. 8: Earmarks \$3,800,000 as proposed by the House to remain available until expended for plans, construction and improvement of facilities instead of \$4,300,000 as proposed by the Senate.

COOPERATIVE STATE RESEARCH SERVICE

Amendment No. 9: Appropriates \$8,212,000 for grants for cooperative forestry research instead of \$7,462,000 as proposed by the House and \$8,462,000 as proposed by the Senate.

Amendment No. 10: Appropriates \$17,852,000 for contracts and grants for scientific research instead of \$16,652,000 as proposed by the House and \$20,492,000 as proposed by the Senate.

The conferees have agreed upon the following high priority items which shall be in addition to funds provided in the House bill:

Soil erosion research in the Pacific Northwest.....	\$150,000
Forage, pasture and range research.....	400,000
Beef and pork production research.....	400,000
Plant research in Hawaii.....	75,000
Food and agricultural policy research.....	150,000
Dried bean research.....	25,000

Total 1,200,000

Amendment No. 11: Provides \$126,652,000 for the Cooperative State Research Service instead of \$124,702,000 as proposed by the House and \$129,542,000 as proposed by the Senate.

EXTENSION SERVICE

Amendment No. 12: Appropriates \$168,225,000 for cooperative extension work under the Smith-Lever Act instead of \$164,964,000 as proposed by the House and \$171,487,000 as proposed by the Senate.

Amendment No. 13: Deletes language and \$5,000,000 added by the Senate to provide for payments for forestry extension work under section 3(d) of the Smith-Lever Act.

Amendment No. 14: Provides \$234,550,000 for the Extension Service instead of \$231,289,000 as proposed by the House and \$242,812,000 as proposed by the Senate.

STATISTICAL REPORTING SERVICE

Amendment No. 15: Appropriates \$33,827,000 for the Statistical Reporting Service as proposed by the Senate instead of \$33,459,000 as proposed by the House.

ECONOMIC RESEARCH SERVICE

Amendment No. 16: Appropriates \$26,080,000 for the Economic Research Service as proposed by the House instead of \$26,555,000 as proposed by the Senate.

Within the funds available the conferees will expect the Department to conduct a study on foreign investments in American agriculture.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

Amendment No. 17: Restores language deleted by the Senate which provides for the administration and coordination of payments to States.

PAYMENTS TO STATES AND POSSESSIONS

Amendment No. 18: Restores language deleted by the Senate which provides for Payments to States and Possessions under the Agricultural Marketing Act of 1946 in the amount of \$1,600,000.

Farm Income Stabilization

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

Amendment No. 19: Deletes language added by the Senate which provided that employees of the Agricultural Stabilization and Conservation County Committees may be utilized for part-time and intermittent assistance to the Farmers Home Administration in carrying out its programs and that this appropriation shall be available to finance such intermittent and part-time services to the extent that ASCS program administration is not impaired.

The conferees have agreed to delete this language since ASCS County employees will be needed to administer programs restored by the Congress such as the Agricultural Conservation Program, the Forestry Incentives Program and the Water Bank Act Program.

In addition, the conferees are in agreement that training programs at the National Training Center should continue to operate as in the past.

CORPORATIONS

COMMODITY CREDIT CORPORATION

Reimbursement for Net Realized Losses

Amendment No. 20: Appropriates \$189,053,000 to reimburse the Commodity Credit Corporation for net realized losses sustained in prior years but not previously reimbursed as proposed by the House instead of \$898,652,000 as proposed by the Senate.

TITLE II: RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

Rural Development and Protection

FARMERS HOME ADMINISTRATION

RURAL HOUSING INSURANCE FUND

Amendment No. 21: Provides \$3,196,000,000 for insured loans as authorized by Title V of the Housing Act of 1949, as amended, instead of \$3,091,000,000 as proposed by the House and \$3,496,000,000 as pro-

posed by the Senate. The increase of \$105,000,000 over the House amount shall be available for both low- and moderate-income loans.

The conferees are in agreement that the proposed one-half percent interest charge for borrowers, as well as any proposed changes in connection with appraisal or construction inspection be deferred until the agency has reported the impact on the borrower of such fees to the appropriate Congressional committees.

Amendment No. 22: Earmarks \$2,023,000,000 for subsidized interest loans to low-income borrowers as proposed by the House instead of \$2,128,000,000 as proposed by the Senate.

Amendment No. 23: Provides \$500,000,000 for unsubsidized interest guaranteed moderate-income loans as proposed by the House instead of \$200,000,000 for above moderate-income loans as proposed by the Senate.

RURAL HOUSING FOR DOMESTIC FARM LABOR

Amendment No. 24: Appropriates \$7,500,000 for rural housing for domestic farm labor as proposed by the Senate instead of \$6,000,000 as proposed by the House.

RURAL DEVELOPMENT SERVICE

Amendment No. 25: Deletes House language appropriating \$1,324,000 for the Rural Development Service, and placing the Service under the Farmers Home Administration.

SALARIES AND EXPENSES

Amendment No. 26: Appropriates \$170,000,000 for salaries and expenses for the Farmers Home Administration as proposed by the Senate instead of \$166,502,000 as proposed by the House.

The conference agreement provides for 700 additional permanent positions for the Farmers Home Administration instead of 400 as proposed by the House.

RURAL DEVELOPMENT SERVICE

Amendment No. 27: Appropriates \$1,433,000 for the Rural Development Service and maintains the Rural Development Service as a separate agency as proposed by the Senate.

The conferees were advised that the Senate legislative committee is contemplating organizational changes affecting the Rural Development Service. In consideration of this, the conferees are temporarily maintaining the Service as a separate agency and direct that the present organization closely coordinate with the Farmers Home Administration.

RURAL ELECTRIFICATION ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 28: Appropriates \$21,350,000 for salaries and expenses for the Rural Electrification Administration as proposed by the House instead of \$21,376,000 as proposed by the Senate.

Conservation

SOIL CONSERVATION SERVICE

GREAT PLAINS CONSERVATION PROGRAM

Amendment No. 29: Appropriates \$21,379,000 for the Great Plains Conservation Program instead of \$20,379,000 as proposed by the House and \$22,379,000 as proposed by the Senate.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

Amendment No. 30: Provides \$190,000,000 in contract authority for the Agricultural Conservation Program as proposed by the House instead of \$175,000,000 as proposed by the Senate.

TITLE III: DOMESTIC FOOD PROGRAMS

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

Amendment No. 31: Provides \$2,751,032,000 for Child Nutrition Programs instead of \$2,720,507,000 as proposed by the House and \$2,753,557,000 as proposed by the Senate.

The conference agreement includes \$28,000,000 for Nonfood (equipment) Assistance and an additional \$2,525,000 for State Administrative Expenses over the amount proposed by the House.

The conference agreement provides that \$300,000,000 be retained in Section 32. These funds are necessary to strengthen markets so as to continue to have adequate production by buying up surplus perishables, strengthen markets and thereby make it worthwhile for the producer to stay in the business of feeding the consumer.

Amendment No. 32: Provides for a transfer from Section 32 of \$959,000,000 instead of \$731,000,000 as proposed by the House and \$1,059,000,000 as proposed by the Senate. This would decrease budget authority by \$197,475,000 below the amount provided by the House and increase the Section 32 transfer by \$228,000,000 over the amount provided by the House.

Amendment No. 33: Earmarks \$13,675,000 for State Administrative Expenses instead of \$11,150,000 as proposed by the House and \$16,200,000 as proposed by the Senate.

SPECIAL MILK PROGRAM

Amendment No. 34: Appropriates \$155,000,000 for the Special Milk Program as proposed by the Senate instead of \$144,000,000 as proposed by the House.

FOOD DONATIONS PROGRAM

Amendment No. 35: Deletes language proposed by the Senate earmarking \$3,400,000 of Commodity Supplemental Food Program funds for State administrative expenses.

TITLE IV: INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

Amendment No. 36: Appropriates \$39,099,000 for the Foreign Agricultural Service instead of \$38,599,000 as proposed by the House and \$39,599,000 as proposed by the Senate.

The conferees have agreed upon an increase of \$2,500,000 for the cooperator program for foreign market development, \$500,000 more than the amount provided by the House.

TITLE V: RELATED AGENCIES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

Amendment No. 37: Appropriates \$241,977,000 for salaries and expenses instead of \$236,771,000 as proposed by the House and \$249,905,000 as proposed by the Senate.

Included in the conference agreement is \$5,206,000 for 319 positions and other expenses relating to new responsibility for regulation of medical devices. Not included in the agreement is the Senate restoration of the House reduction in GSA charges.

Amendment No. 38: Deletes language proposed by the Senate to limit obligations under the Tea Import Act to those fees collected under the program since the amendment would be legislation.

BUILDINGS AND FACILITIES

Amendment No. 39: Appropriates \$3,125,000 for Buildings and Facilities as proposed by the House instead of \$5,625,000 as proposed by the Senate.

COMMODITY FUTURES TRADING COMMISSION

Amendment No. 40: Appropriates \$12,615,000 for the Commodity Futures Trading Commission instead of \$11,615,000 as proposed by the House and \$13,500,000 as proposed by the Senate.

The conference agreement provides an increase of \$1,000,000 over the House amount to be used for additional permanent positions.

TITLE VI: GENERAL PROVISIONS

Amendment No. 41: Limits obligations chargeable against the Working Capital Fund during the period October 1, 1976 through September 30, 1977 to \$50,000,000 as proposed by the House instead of \$52,733,000 as proposed by the Senate.

Amendment No. 42: Deletes the following language added by the Senate: "Sec 612—No part of any appropriation contained in this act shall be available for paying to the Administrator of the General Services Administration standard level user charges in any amount in excess of the amount provided in this act for space and services."

The conferees have agreed to delete this language since a similar provision is contained as Section 613 of H.R. 14261 which also prohibits

the General Services Administration from levying charges against agencies in excess of the amounts appropriated by Congress.

CONFERENCE TOTAL—WITH COMPARISONS

The total obligational authority for the fiscal year 1977 recommended by the Committee of Conference, with comparisons to the fiscal year 1976 amount, the 1977 budget estimates, and the House and Senate bills for 1977 follows:

Total obligational authority, fiscal year 1976-----	\$14,487,778,000
Budget estimates of total obligational authority, fiscal year 1977	12,575,892,000
House bill, fiscal year 1977-----	12,514,438,000
Senate bill, fiscal year 1977-----	13,320,232,000
Conference agreement, total obligational authority-----	12,581,998,000
Conference agreement, new budget (obligational) authority----	11,542,998,000
Conference agreement (total obligational authority) compared with:	
Total obligational authority, fiscal year 1976-----	-1,905,780,000
Budget estimates of total obligational authority, fiscal year 1977	+6,106,000
House bill, fiscal year 1977-----	+67,560,000
Senate bill, fiscal year 1977-----	-738,234,000

JAMIE L. WHITTEN,
FRANK E. EVANS,
BILL D. BURLISON,
MAX BAUCUS,
BOB TRAXLER,
CHARLES WILSON,
OTTO E. PASSMAN,
WILLIAM H. NATCHER,
GEORGE MAHON,
MARK ANDREWS,
J. KENNETH ROBINSON,
JOHN T. MYERS,
ELFORD A. CEDERBERG,

Managers on the Part of the House.

GALE W. MCGEE,
JOHN L. MCCLELLAN,
JOHN C. STENNIS,
WILLIAM PROXMIRE,
ROBERT C. BYRD,
HERMAN E. TALMADGE,
HIRAM L. FONG,
ROMAN L. HRUSKA,
MILTON R. YOUNG,

Managers on the Part of the Senate.