

The original documents are located in Box 50, folder “1976/07/12 HR14237 Agriculture and Related Agencies Appropriations Act 1977 (2)” of the White House Records Office: Legislation Case Files at the Gerald R. Ford Presidential Library.

Copyright Notice

The copyright law of the United States (Title 17, United States Code) governs the making of photocopies or other reproductions of copyrighted material. Gerald R. Ford donated to the United States of America his copyrights in all of his unpublished writings in National Archives collections. Works prepared by U.S. Government employees as part of their official duties are in the public domain. The copyrights to materials written by other individuals or organizations are presumed to remain with them. If you think any of the information displayed in the PDF is subject to a valid copyright claim, please contact the Gerald R. Ford Presidential Library.

Exact duplicates within this folder were not digitized.

[FULL COMMITTEE PRINT]

NOTICE.—This report accompanies a bill which was reported in an executive session of the subcommittee and should not be released until consideration of it has been completed by the full committee. Please check on such action before release in order to be advised of any changes.

94TH CONGRESS } HOUSE OF REPRESENTATIVES } REPORT
2d Session } } No. 94

AGRICULTURE AND RELATED AGENCIES
APPROPRIATION BILL, 1977

MAY 25, 1976.—Committed to the Committee of the Whole House and ordered to be printed

Mr. WHITTEN, from the Committee on Appropriations,
submitted the following

REPORT

[To accompany H.R.]

The Committee on Appropriations submits the following report in explanation of the accompanying bill making appropriations for Agriculture and Related Agencies for fiscal year 1977.

THE IMPACT OF AGRICULTURE

In this National Bicentennial Year, as we present this bill recommending funds for the Nation's agricultural and related programs, we do so with some degree of pride in having foreseen and tried to meet many of the problems now facing American agriculture and the urban consumer.

This Committee recognized a number of years ago that, with the continuing and increasing urbanization of this country, the need would inevitably follow that food, clothing and shelter for the many people would have to be supplied by the ever fewer people remaining on the Nation's farms. Its members realized that, with the Supreme Court's "one-man one-vote" decision rapidly moving Members of Congress from rural areas to urban communities (there are now only 14 out of 435 Congressional Districts classed as rural), it was necessary to give increased attention to the need for everyone to be aware that this is an "all-American" bill in which the urban population has as much of a stake as those living in rural areas. The Committee was aware, too,

that there was a close and inseparable interrelationship between the benefits to urban areas provided by this bill and the necessity for urban people, through their Representatives in Congress, to help support the programs carried in this bill.

In our efforts to promote better understanding of mutual problems of urban and rural people, the Committee has had outstanding assistance, support and counsel from a number of urban members of Congress. While there may be certain programs in this bill involving governmental actions and financial commitments mandated by law with which some individual members may differ, the fact remains that they are obligations to be met and, therefore, must be recognized and provided for. Thus, it becomes imperative that we all look after our country and those agricultural programs which contribute to its continued economic health and development.

While the Department of Agriculture is usually identified with the less than 5 percent of our people who live and work on farms, its activities also have a significant impact on the more than 95 percent of our nonfarm population. American agriculture provides the food, clothing and shelter for all Americans and provides the largest market for the goods and services produced by the urban sector.

As pointed out frequently by this Committee, this bill might be considered "A Bill for the Benefit of the Urban Population," for it carries the funds to support various programs which contribute directly and significantly to the well-being of urban populations. In addition to the funds included for the production, protection and distribution of our food and fiber supplies, over 64 percent of the funds herein are for the food consumption programs of the Nation. These include school lunch, other feeding programs such as special milk, food donations, elderly feeding, special food for women, infants and children, and food stamps. An additional 10 percent is provided for overseas consumption programs, primarily through Public Law 480.

Increased financial resources are being provided through this bill for nutrition aides to sponsor 4-H type programs and to promote improved nutritional practices in the depressed areas of our cities. Also, the Department of Agriculture is being equipped to provide technical assistance to urban residents who are interested in doing some part-time family farming or gardening as an interesting and healthy pastime and as a means of increasing their supply of wholesome and nourishing food. Further, through its activities which assist in the modernization and improvement of the antiquated wholesale markets in the major cities, the USDA is contributing in an important way to the improvement of quality and reduction of cost of food in urban markets.

This might well be called "A Bill for the Protection of Public Health." It carries funds for the inspection of the meats, vegetables and other food products consumed at home and abroad. It also provides funds for the control of plant and animal diseases and pests, thereby assuring improved quality and wholesomeness of our food supplies. As a result, the American consumer enjoys the finest foods at the lowest cost of any other consumer on earth.

As noted in previous reports, food is the American consumer's best buy. According to USDA figures, the average U.S. household spends

about 16 percent of its income for food, as compared to 21 percent in Canada, 28 percent in England, 29 percent in Italy and South Africa, and 39 percent in the Soviet Union. If an additional 12 percent of our gross income were required for food as in England, the consumers of the United States would have some \$118 billion less per year for other less basic consumer goods. If an additional 23 percent were spent for food as in Russia, there would be some \$225 billion less to purchase non-food products from labor and industry. The contribution of the agricultural programs funded in this bill to the high standard of living in this country has been one of the most remarkable achievements of the past two centuries.

This might also be referred to as "A Bill for the Protection of Industry and Labor," for in order to produce the high standard of living for the 95 percent non-farm population, American agriculture has become the country's largest market for products of industry and labor. Because of the requirements of our agricultural establishment, more employment is provided for non-farm people than by the transportation, steel and automotive industries combined. In the past year, it employed some 3.4 million people at an estimated cost of \$6.5 billion. USDA data shows that farm people spend around \$76 billion a year for goods and services required for production purposes and another \$40 billion a year for their living expenses. Annual farm purchases include \$8.5 billion in new farm tractors, machinery and other farm vehicles, and another \$5.7 billion for fuel, lubricants and maintenance. The Nation's farms use 360 million pounds of rubber—enough for tires for some 7 million automobiles. They use some 30 billion kilowatt hours of electricity and 7 million tons of steel annually. Each year they spend some \$7 billion for fertilizers and soil nutrients and around \$2 billion for materials required to combat weeds, insects and plant and animal diseases.

Or this measure might be labeled "A Bill for the Development of Rural America." It contains funds to expand and strengthen the programs of the Farmers Home Administration, with its loans and grants for sewer and water systems, housing and related programs. It also includes funds for the Rural Electrification Administration and the Soil Conservation Service which provide the financial and technical support for food production and rural living requirements. In addition, the programs of the Agricultural Research Service, Cooperative State Research Service, and Extension Service provide the scientific data and technical assistance to enable farmers to produce our bountiful supplies of food and fibre.

Likewise, this could be cited as "A Bill to Reduce Pollution," for it includes the funds for our Agricultural Conservation Program and the other soil conservation and watershed protection and flood prevention programs, where accomplishments have been extremely valuable to the preservation of the basic physical assets of this Nation and the control of sedimentation and pollution in our streams, rivers and lakes. The results of these programs will pay tremendous dividends to succeeding generations of Americans and others throughout the world who depend on this country for food assistance.

INTERDEPENDENCE OF RURAL AND URBAN PEOPLE

As we consider changes in the United States, we are reminded that nine out of ten Americans lived on a farm 200 years ago. Today it is the other way around, with more than nine out of ten people (over 95%) living in our towns and cities.

It has been pointed out many times in the past that, from the beginning of history, man's progress in obtaining the good things of life has been determined by the amount of time he has had left for pursuits other than providing his basic needs—food, clothing and shelter. Fortunately, the development of a highly productive agricultural system in the United States makes it possible for less than 5 percent of our people to provide the food and fiber requirements for the entire population of this country, plus sizable quantities for export to needy people in other parts of the world. This has enabled the 95 percent of our people who are engaged in non-farm pursuits to enjoy the highest standard of living ever known by man. Unfortunately, this remarkable accomplishment has tended to cause the non-farm segment of our population to take these bountiful supplies of food and fiber for granted. They have frequently lost sight of the many problems which face those who provide these plentiful supplies and have often failed to recognize the need for close cooperation and understanding between rural and urban people.

There has been increasing evidence in the past several years that a closer understanding and interdependence between urban and rural people is developing. Changing social and economic conditions, together with increased mobility of our people, are causing more non-farm people to move to the rural fringes of the cities, where they have increased exposure to rural influences. This is also affecting rural people and institutions and providing increased opportunities to bring rural and urban Americans closer together.

Recognizing the urgent need a few years ago for this closer relationship between farm and non-farm segments of our population, this Committee earmarked \$7.5 million in the 1970 appropriation bill to initiate 4-H type programs in the depressed areas of our cities. In its report on that bill the Committee stated:

The Committee has approved an appropriation of \$30,000,000 for the Nutrition Aide Program initiated last fall. This is in line with the latest budget recommendation and places existing programs on a yearly basis. Of this sum, \$7,500,000 shall be available for professional workers to promote 4-H type programs in the depressed areas of our cities. This program involves educational work among low-income groups to reduce the incidence of malnutrition, by providing homemaker aides who will use available information, knowledge and skills to teach needy people to utilize all resources toward the achievement of a more nutritionally adequate diet.

In this connection, the Committee feels that full use should be made of the Nation's 3 million 4-H Club members to promote 4-H Club type work with the youth of our towns and cities. The success of this program in rural areas has forcefully demonstrated the effectiveness of this approach. It may

well be found that the most successful results from nutritional education of low-income families will come through work with the younger members of the family.

The results of this effort have been increasingly rewarding. The 4-H Clubs now have more than 5½ million members, with another 1.8 million associated through the urban nutrition aides program. Today, less than 25 percent of 4-H Club members live on farms. The remainder live in towns and cities, including 10.4 percent in the inner cities of our large metropolitan areas. The largest club in the world is in downtown Indianapolis, Indiana.

It appears that much of the increased understanding of interrelated urban problems is due to this involvement of urban people in agricultural-type activities, with increasing support of city-Members of the House for agricultural programs.

PART-TIME FAMILY FARMING

Last year, the Committee reported on the increasing interest in part-time family farming and gardening on the part of urban dwellers. In last year's report the Committee quoted from testimony received from Congressman George E. Brown, Jr. of California concerning the large number of favorable responses he had received from his constituents in a largely urban area to his offer to provide seeds for planting vegetable gardens, as follows:

I offered to provide help in the form of a packet of half a dozen different kinds of vegetable seeds for people who would write in and ask for them, assuming if it took a little work that it would be serious.

I was overwhelmed by the kind of response. I have had between 15,000 and 20,000 people write in for a starter kit for a garden which includes a little instruction on how to begin a small garden.

I gave them the address or phone number of the local extension agent for technical service; 15,000 to 20,000 people out of my congressional district is a tremendous number of people to take an interest in urban gardening.

In view of the importance of this development to urban-rural relationships as well as its contribution to the Nation's food supply, the Committee added funds to the bill last year to provide special assistance and training in part-time farming and gardening in urban areas. The Committee report stated:

Information has been presented to the Committee which indicates a renewed interest among a sizeable number of people in both urban and rural areas in part-time family farming. In these times of high food prices, unemployment and other financial stresses, there appears to be an increasing desire among people who are engaged in non-farm pursuits to plant family sized farm plots and gardens to provide less costly food for family use and even to market some excess production through local markets. In the opinion of the Committee,

this is a very wholesome movement which should be encouraged in every possible way. It should help provide additional food supplies which are greatly needed by today's consumers. In addition, it could provide more opportunities in rural areas and thereby help to ease some of the problems of the larger inner-city areas of the country.

The Department and all of its related institutions should devote an appropriate part of the funds carried in this bill to increase research and training related to family farming and to provide adequate farm loans and other assistance to enable part-time farmers to acquire the necessary land, equipment, seed, fertilizer and other farm inputs needed to develop small family-operated agricultural plots. The Committee has added \$2 million (\$1 million for the Land-Grant Colleges and \$1 million for the 1890 Colleges and Tuskegee Institute) to enable these institutions to provide special educational assistance to those who are interested in entering into part-time family farming. The Farmers Home Administration, Agricultural Research Service, Cooperative State Research Service, Extension Service and other agencies involved should give consideration to the creation of separate units where necessary to strengthen work in this area.

The Committee intends to follow-up on this matter in the future to assure that the necessary authority and funding are available to support this worthwhile development.

The Committee has also tried to help further with the selection of the subjects in the 1975 Agriculture Yearbook, entitled "That We May Eat!"

It is gratifying to note that the urban press is evidencing an increasing interest in this matter. For example, the March 29, 1976, issue of U.S. News & World Report carried an article entitled, "Grow It Yourself Craze Getting Bigger Than Ever," a portion of which is quoted as follows:

It's that time of the year again—and a check across the nation finds a new generation of Americans is returning to the land.

The enthusiasm for home gardening that sprang up in America three or four years ago amid fast-rising food prices has taken firm root.

For the first time since World War II, more than half of all U.S. households—51 percent—plan to have a vegetable garden in 1976. That's the finding of the Gallup Poll.

Again this spring, business is booming in seeds and fertilizer, with supplies of both reported plentiful. Tools, such as mechanical soil tillers, are readily available, sometimes at bargain prices.

All signs indicate, too, that there will be plenty of lids for canning jars this season. A survey by the Department of Agriculture finds that the industry expects to double its production in 1976.

W. Stanley Stuart, Jr., vice president of Ball Corporation, at Muncie, Ind., estimates that there will be about 35 million

home vegetable gardens during 1976, up from 32.5 million last year.

Among the biggest municipal programs is one in Los Angeles. Says its director, Mark Casady:

"The city of Los Angeles currently has over 30 acres of spare land involved in this project, and we expect this to be increased to 100 acres next year."

In Atlanta, the antipoverty agency Economic Opportunity Atlanta is preparing 20-by-30-foot plots for some 8,000 people this spring. Most of this land, in sites ranging from 1 to 1.5 acres, is leased from the city and housing authorities for \$1 a year.

Many colleges are providing plots for married students living on campus. Oklahoma State University, for instance, is making 240 plots available this year. Ohio State University, at Columbus, is renting out 400 plots for \$15 each.

Among corporations, Hewlett-Packard in Palo Alto, Calif., is providing 200 plots for use by company employees during lunch breaks and after work. Across the Bay at Fremont, a General Motors assembly plant has set aside 135 plots, each 20 by 40 feet, and has a waiting list.

At North Hempstead, Long Island, N.Y., Frank Pistone, commissioner of community services, reports that he has a waiting list for 400 plots that have been turned over to community residents—especially senior citizens.

Massachusetts passed legislation last year to allow increased use of public land, and expects to triple the number of plots being tilled on community property this year.

Oregon has assigned four horticulturists to assist its Cooperative Extension Service in increasing both home and community gardening in the State.

In Pennsylvania, an "inflation garden" program was begun last year with 200,000 plots under cultivation. That number is expected to double in 1976.

Home gardening, this cross-country survey finds, is becoming more than just a fad. For many, the spur is other than economic. Says Robert Frost at San Jose City College, in California:

"It's downright therapeutic to grow your own food. I have my own garden at home and I find it's my sanity away from work. I thoroughly enjoy it."

Even air travelers can read about how to grow vegetables at home. The April 1976 edition of "Sky"—the in-flight magazine of one of the larger U.S. airlines—includes a feature article entitled, "The Great

American Victory Garden," by Robert Smaus. A few excerpts from this article follow:

Let's see, you want to grow some vegetables: carrots for sure, because they're so much crunchier popped out of the garden and into your mouth. Tomatoes too, so you can pick them when they're really red, ripe, and juicy. Of course, you'll also want some lettuce, radishes, and maybe shallots for fresh, crispy salads. And don't forget corn; it's so much sweeter cooked just seconds after picking.

But, will you have room to plant all of this? Doesn't a vegetable garden take lots of space? Well, yes, the traditional row after row vegetable garden does need space, but there are less traditional, more intensive ways to grow vegetables. You may be surprised at how many vegetables you can squeeze into whatever space you have.

Unless you live in a windowless cave, you can grow at least some kinds of vegetables that grow well in containers or window boxes, and most of the information that follows applies to either situation.

The first step in starting a space-saving vegetable garden is to catalog your spaces. Look for spots that get a full day's sun, the most important requirement for growing vegetables. If you're going to garden intensively, you're going to need quick, strong growth and only vegetables that get a full day of sun grow that way.

If you're gardening on a balcony, or in a window box, here's hoping it faces due south; next best is east, then west. If you're gardening down on the ground, make sure your vegetable plot is well away from competing tree roots.

The April 1976 edition of Reader's Digest carries an article entitled, "Vegetable Gardening: How to Double Your Yield," which is condensed from Family Circle by E. H. Brindle. This article encourages home gardening by stating in the opening paragraph:

With a little ingenuity and intelligent planning, the yield of the average garden can be doubled—even tripled. Here are tested ways to help you get more abundance—and more fun—from your garden this summer.

These are but a few examples of the increasing attention given to this subject by our magazines and periodicals.

WHOLESALE MARKET DEVELOPMENT

Another aspect of city life to which the programs of the USDA have made an important contribution is the modernization and improvement of the antiquated, inefficient and costly food marketing systems—especially in the larger cities of the country, such as Boston, New Orleans, Los Angeles, New York, Baltimore and others. In New York City, for instance, agricultural products shipped by train from the mid and far West had to be unloaded from box cars onto barges

for transport across the Hudson River. Then they had to be reloaded on trucks for delivery to the terribly over-crowded wholesale district of lower Manhattan. Due to the very high costs resulting from triple handling and wasted time in the congested narrow streets of this market area, it was estimated by USDA officials that about 50 percent of the retail cost of food consumed by New York residents was added after the produce reached the Hudson—even for shipments from as far away as California.

The work of the Department in this instance resulted in the relocation of a significant part of the lower Manhattan wholesale markets to Hunts Point in the Bronx, a less-congested area with more ready accessibility by rail and highway. This has not only reduced handling and transportation costs, but has added to the freshness and quality of products consumed in the New York markets.

The following examples supplied by USDA of developments under this program in some of the major cities of the Nation indicate the valuable contribution made to urban areas by these agricultural study and assistance projects:

IMPROVED CITY WHOLESALE FOOD MARKETS

The typical wholesale food marketing system in many cities throughout the United States is characterized by large numbers of wholesalers, processors, and distributors at scattered locations in old, inadequate, and congested facilities which do not meet the needs of modern food distribution. Their operations are inefficient and wasteful, and add unnecessarily to the cost of marketing food. This is a problem affecting producers, processors, distributors, retailers, and consumers alike. Our program is concerned with improving the wholesale food marketing facilities in cities by providing technical assistance in the form of research and planning studies to evaluate the present facilities and handling methods in use, to determine needs, and to develop recommended plans for improvement. The studies are made in cooperation with the local food industry, government agencies, consulting and engineering firms, chambers of commerce, colleges and universities, citizens groups, and others interested in improving local food distribution. After studies are completed, follow-up technical assistance is provided to help bring about the wholesale food marketing facilities needed to hold down food marketing costs.

Boston, Mass.—The opening of the New England Produce Center and Boston Market Terminal facilities at Everett-Chelsea in 1968-69 was the climax of the relocation of many produce wholesalers from old, outmoded facilities scattered throughout the Boston area. The initial 1962 ARS study, which led to the construction of the new facilities, estimated that a saving of about \$6 per ton in the cost of handling produce would be possible in the improved facilities. A follow-up study was made in 1971 at the improved facilities to learn the actual savings that had resulted. Data from a sample of firms on the New England Produce Center showed that the volume of produce handled had increased by 75 percent over the volume handled in the old facilities.

Dallas, Tex.—A study has been completed and a plan developed for a new wholesale fruit and vegetable distribution center of about 60 acres. A report of the study has been published.

Asheville, N.C.—A study of the food distribution facilities in a two-county area around Asheville is completed and plans for improved facilities are developed. The recommended plan was presented at a public meeting in Asheville in July 1975, which was attended by about 200 farmers, food processors and wholesalers, government officials, and businessmen from throughout western North Carolina. The State appropriated \$1 million to implement the ARS-recommended 30-acre, \$3 million farmers market and wholesale food facilities.

Memphis, Tenn.—A study is underway of the wholesale distribution and farmers market facilities in Memphis. Data is being analyzed and a plan is being developed for improvement. The city of Memphis, the local Memphis food wholesalers, the Shelby County Growers Association, the University of Tennessee, and ARS are cooperating in the study.

Los Angeles, Calif.—Studies of the wholesale distribution facilities for both food and floral commodities have been completed. The city of Los Angeles is currently studying what type of facility they want and where they want to build it, based on the information provided by the ARS study.

Northeastern New Jersey.—Data to evaluate the existing wholesale food marketing facilities and operations in Passaic, Bergen, Morris, Essex, Hudson, Union, Somerset, and Middlesex Counties are being gathered. Over 1,600 wholesale food firms are involved. The data will be analyzed and recommendations for improvement will be developed. The Governor's Interdepartmental Committee on a Wholesale Food Distribution Center, the New Jersey State Department of Agriculture, the New Jersey Food Council, Rutgers University, and local food wholesalers and industry organizations are cooperating.

New York.—A new 40-acre meat and poultry wholesale section is opened and operating at the Hunts Point Market. Some 50 meat and poultry wholesalers, who reportedly handle one-third of all the meat and poultry consumed in the New York City area, are in this latest addition to the 400-acre market at Hunts Point in the Bronx.

Baltimore, Md.—The 400-acre Maryland Wholesale Food Distribution Center at Jessup, Md., was dedicated on January 9, 1976. Thirty-eight acres will be devoted to fruits and vegetables and the remaining acreage will be allocated to meat, seafood, dairy products, public and chain store warehousing. Gov. Marvin Mandel, speaking at the dedication, acknowledged the role of the ARS, various State agencies, the University of Maryland, and leaders of the fruit and vegetable industry in developing, " * * * the newest and most modern terminal market in the Nation, serving a prime population area of 15 million consumers."

Macon, Ga.—The Georgia Department of Agriculture held dedication ceremonies at the new State Farmers' Market in

Macon, Ga., which was constructed after plans developed by the ARS and the Georgia State Department of Agriculture. Commissioner of Agriculture Thomas T. Irvin, described this modern 32-acre, \$3 million facility as a model for other farmers' market development in Georgia and the Southeast.

San Antonio, Tex.—A new \$1 million farmers market facility was officially opened on January 17, 1976. The city of San Antonio, in collaboration with ARS, planned and constructed this modern 70,000 square foot market facility to be used by local farmers in the San Antonio area.

GARDENING AND NUTRITION EDUCATION IN NEW YORK CITY

This year the Committee received a most informative and encouraging statement from Congressman Fred Richmond from the 14th Congressional District in New York City, concerning the need to "bridge the gap between rural America and urban America". A few excerpts from his testimony, which appears in full on pages 19-24 of Part 6 of the hearings on the 1977 budget, are quoted below:

This committee deserves praise for showing such farsightedness and understanding of urban America's need to rediscover its agricultural roots. The committee will be pleased to know the results of the action taken last year.

The New York State Cooperative Extension Service at Cornell University has developed a pilot program in Brooklyn which includes:

- (1) Establishing a master-gardener program, to train community aides in urban gardening;
- (2) Developing, implementing, and evaluating a program of urban vegetable gardening;
- (3) Working with and disseminating information to community groups, individuals, and youth groups;
- (4) Developing demonstration gardens, using vacant lots, backyards, containers, and rooftops;
- (5) Publishing a leaflet on vegetable production for urban home gardens; and
- (6) Employing part-time 4-H aides to assist urban gardeners.

In recent years, people have begun to realize that agriculture affects people in the city as much as it affects the rural farmer. In urban areas throughout the country, interest in growing plants and vegetables has increased at a rapid rate. Plants appear in windows, on fire escapes, rooftops, and backyards where they have never been seen before. Interest in nature, ecology, and food production is evident in all socioeconomic groups. I have been deluged by requests for assistance in vegetable gardening from community groups and individuals in my district. My Brooklyn office is now distributing 3,000 packets of free seeds to eager urban farmers.

There is a crying need to get more current information on food consumption and dietary levels in the United States. This data is needed to establish the most efficient food stamp allotments and school lunch plans, for determining poverty

guidelines, for developing food programs for the elderly and pregnant women, and for updating institutional diet plans for schools, hospitals, and prisons, for establishing research priorities, developing nutrition education materials, and assessing the overall nutritional status of the American people.

Food consumption has changed in 11 years. We need to know more about diet patterns and consumption of new processed foods. We need to learn the nutritional impact of the food stamp program. We need a yardstick to plan our agricultural production according to consumer demand. And we need to have current information in order to plan programs and conduct research in the most efficient, productive way possible.

The expanded food and nutrition education program is unusual among Federal programs—it involves direct contact, on a 1 to 1 basis, between nutrition aides and low-income families. Families are taught the basics of good nutrition and learn how to get the most for their food dollar. Jobs and training are provided to nutrition aides, who themselves come from low-income families.

The President's proposed cutbacks will include a loss of \$50,000 in Federal funds and drop over 1,700 families from this worthwhile program in my district alone. My district in Brooklyn is the third poorest in New York State. These families spend up to 39 percent of their income on food, more than twice the national average. Sixty-seven percent of them are on public assistance, 69 percent are on food stamps, and 23 percent have an eighth grade education or less. These people need nutrition education. Nationwide 91,000 families, a third of those participating, would be dropped from the program; 6,800 jobs would be lost.

This program is designed to give intensive help to the poorest of the poor. Even now, it cannot reach all those in need of nutrition assistance. We should be expanding nutrition education, not cutting back.

Expansion of this program will serve other purposes, too. In recent weeks, I have received many inquiries from other Members of Congress concerned about this program. Over half a dozen New York City Members alone have expressed their concern to me already. This is an agriculture program that urban Members recognize as valuable and important to their constituents. Providing additional money for nutrition education in urban areas is an important step forward towards creating an urban-rural coalition here in Congress and across the Nation.

Recognizing the urgent need for the continuation of nutritional assistance to our larger cities, the Committee has restored the proposed \$10,170,000 budget cut for Nutrition Aides. Also, it has earmarked \$1,500,000 under the Extension Service for the first year's cost of a 3-year pilot project for our larger cities such as New York, Chicago and Los Angeles to employ nutrition aides having the general qualifications of extension agents to assist in teaching and demonstrating

gardening, 4-H type work and nutritional assistance so as to make the greatest contribution to the people of these communities.

Further, the committee has recommended research funds for a national food consumption survey costing \$4,500,000. The data provided by a previous survey on food consumption and dietary levels in the United States is now 12 years old. Current data is urgently needed by schools, hospitals, prisons and similar institutions to determine dietary levels for their feeding programs. Such up-to-date information is also essential for those who are responsible for the determination of poverty guidelines and for the operation and administration of our food stamp, child nutrition and other food consumption programs.

MAN'S WASTE OF HIS NATURAL RESOURCES

We have taken the silver out of our coins and have removed gold from behind our currency. If we permit the fertility to be taken out of our soil, we will have nothing left to support our money and our economy.

A review of history reveals what has happened to those past civilizations which have failed to heed these words. As pointed out previously by this committee, perhaps man's greatest single fault through the annals of recorded history has been his failure to preserve and protect the natural resources which provided him with his basic necessities of life—food, clothing, and shelter. History indicates that each civilization through the course of the centuries, regardless of the degree of sophistication and advancement attained has disappeared from the earth because of man's abuse of the soil, water, trees, and other basic resources passed on to him for his use and custodianship.

One of the most serious questions facing our highly developed civilization in this bicentennial year is whether or not, through more intelligent use of our natural resources and more advanced agricultural technology, we can meet the ever-increasing demands of rapidly expanding populations for food, clothing, and shelter. A review of earlier civilizations in the worn-out and food-deficient areas of the world indicates what has resulted from the failure of man through the ages to apply an adequate portion of his wealth to the protection of the soil, the forests, the rivers, and lakes, and other resources as he used them to feed and clothe himself.

Previous Committee reports have noted that, in 3500 B.C. the valleys of the Tigris and Euphrates Rivers supported a large and prosperous civilization. By the year 2000 B.C. great irrigation developments had turned this part of the Middle East into the granary of the great Babylonian Empire. Today, however, less than 20 percent of this area is cultivated because, as they became urbanized, the people of that civilization failed to continue to preserve the productive capacity of the land. According to LaMont C. Cole of Cornell University:

The landscape is dotted with mounds, the remains of forgotten towns; the ancient irrigation works are filled with silt, the end product of soil erosion; and the ancient seaport of Ur is now 150 miles from the sea, its buildings buried under as much as 35 feet of silt.

Extensive irrigation systems were established in the Valley of the Nile before 2000 B.C. to create the granary for the Roman Empire. This land, which is made fertile by the annual overflowing of the Nile, continued to be productive for many centuries. However, in recent years, as the result of more intensive use of the land and inadequate attention to conservation measures, the soils have deteriorated and salinization has decreased the productivity in the valley to the point where this area is now largely dependent on food shipments from other parts of the world to feed its people.

Ancient Greece had forested hills, ample water supplies, and productive soil. In parts of this area today, the old erosion-proof Roman roads stand several feet above a barren desert. Ancient irrigation systems in many parts of China and India are abandoned today and filled with silt. Most of India's present land problems are due to excessive deforestation, erosion, and siltation made necessary by tremendous population growth during the past two centuries.

The highly developed civilizations of ancient Guatemala and Yucatan are merely history today. Archeologists believe that they exploited their land as intensively as possible until its fertility was gone and their prosperous civilizations vanished.

It is important to recall that the city-states throughout history have failed to realize that the cost of food, clothing, and shelter is going to be paid, either by the consumer or by the land from which they come. They have ignored the fact that soil cannot be cultivated year after year unless as much fertility is put back each year as is taken out.

WASTE OF NATURAL RESOURCES IN THE UNITED STATES

For years it was believed that cheap raw materials made the United States a great Nation. In this bicentennial year, we are reminded that during the early years of our country's existence we wore out, used up and destroyed vast amounts of the plentiful supply of natural resources which were here when the Pilgrims landed at Plymouth Rock. We are also reminded that the continuation of such abuse could eventually reduce this country to a barren wasteland, with the low standard of living found in much of Asia and the Middle East.

According to USDA estimates, this country had some 8,000 billion board feet of timber about 200 years ago. Today we have around 2,400 billion board feet left—only 30 percent of the original stand—and we would have far less than that, except for government aid in reforestation in recent years. This terrible waste of timber resources points up the extent to which our highly competitive economy can deplete a national asset in the generation of new wealth. It points up the need for continuing and expanding conservation efforts on a national basis.

Information obtained from USDA indicates that only 200 years ago we had 500 million acres of fertile soil in this Nation, that we have already wasted 200 million acres—40 percent—and another 100 million acres—20 percent—is washing away today. It has been estimated that an average of 40 acres of topsoil flows down the Mississippi River and is lost for food production purposes each day of the year. Also, estimates are that more than 1 million acres of arable land are lost to residential areas, highways, and other urban developments each year.

Testimony has been presented to the Committee to the effect that nearly one-fourth of the people of this Nation face problems of water shortage, poor water, or both. Experts have indicated that the demand for water is increasing steadily and in just a few years in the future we will need three times the water we use today. It has been reported that in many areas of the country, we are already finding that expansion of population and industry is limited by the lack of adequate sources of water.

It has been previously noted that today over 200 million Americans are abusing the privilege of using and handling the Nation's water resources. As a result, our lakes and rivers have become catch basins for the residues of our factories, automobiles, and for human wastes from thousands of villages, towns and cities.

NEED FOR CONTINUATION OF CONSERVATION EFFORTS

According to USDA data, three-fourths of our land area is in private ownership and 60 percent is in farms and ranches. Therefore, our farmers and ranchers are the principal managers of the Nation's soil and water resources for all the people. If this Nation is to survive and prosper, we must continue to assist these custodians of our natural resources to reforest our lands, protect our watersheds, harness our streams for electricity, and conserve soil and water.

If we leave to future generations a fertile land, this country will be able to meet its future domestic problems, international threats, and financial needs. As noted above, money alone is of no value. It must be supported by natural resources adequate to generate new wealth for future generations.

In our private lives, we could live prosperously for a short time by cashing in our insurance, using our savings, and mortgaging our assets. As a Nation, we can do the same if we are willing to "cash in" on our land, leaving to our children what is left—like previous generations have done in India, China, and the rest of the world we help to feed and clothe today.

It is considered good financial practice for a successful industrial concern to invest a portion of its income in the maintenance and preservation of its basic productive plant. It is equally important that our Nation continue to invest a portion of its wealth in the protection of our food production capacity and its preservation for future generations.

PROGRESS IN SOIL, WATER AND TIMBER CONSERVATION

In our first 200 years as a Nation, we have seen a transformation in our treatment of the land from careless exploitation of basic resources to planned husbandry of soil and water. The change to conservation farming, for example, was so rapid between 1935 and World War II that America was able to meet record wartime production goals without serious damage to the soil. And today, millions of acres of once eroded lands are green and productive again, the people being spurred on by the agricultural conservation programs, at an expense of less than 4 percent of what we provide foreign countries in aid and less than two-tenths of 1 percent of estimated military expenditures next year.

Remarkable progress has been made in soil and water conservation in the United States since 1935. During this period we have planted about 7 billion trees, have constructed over 2 million water impoundment reservoirs and have treated hundreds of millions of acres of land to reduce soil erosion. Under the Agricultural Conservation Program, where the farmer puts up about half the cost plus his labor, we have had the following major soil and water conservation accomplishments:

Practices	Total accomplishments 1936-74
Water impoundment reservoirs constructed to reduce erosion, distribute grazing, conserve vegetative cover and wildlife, or provide fire protection and other agricultural uses (structures).....	2, 308, 000
Terraces constructed to reduce erosion, conserve water, or prevent or abate pollution (acres).....	34, 215, 000
Stripcropping systems established to reduce wind or water erosion or to prevent or abate pollution (acres).....	114, 346, 000
Trees and shrubs planted for forestry purposes, erosion control, or environmental enhancement (acres).....	5, 590, 000
Forest tree stands improved for forestry purposes or environmental enhancement (acres).....	4, 636, 000
Wildlife conservation (acres).....	13, 894
Sediment pollution-abatement structures or runoff control measures (acres).....	9, 006, 000

¹ From 1962 with certain data estimated.
² 1970-73 only.

MAJOR PART OF CONSERVATION JOB LIES AHEAD

As we begin our third hundred years, we start with the hard-earned knowledge that all Americans must have an interest in preserving, developing and restoring the soil—not merely those who have a direct stewardship for a period of time.

Despite the significant accomplishments outlined above, the major part of the soil conservation job still lies ahead. The United States continues to suffer heavy soil erosion losses. Some 120 million acres are endangered seriously, USDA data indicates, and only about a third of our land is safeguarded adequately. About half the estimated \$2.3 billion average annual flood water and sediment damage in the United States occurs on the headwater streams and small tributaries. And sediment causes costly damage to the Nation's 10,000 major water storage reservoirs. It is to be recalled that the amount of erosion-produced sediment dredged annually from our rivers and harbors exceeds the volume of earth dug for the Panama Canal.

Yet today, despite our progress in soil and water conservation throughout the country, we are faced with the possibility of a recurrence of the Dust Bowl tragedy which struck the Nation in the 1930's. This has been most aptly described in the March 15, 1976 issue of *Time*, which is quoted below:

A NEW DUST BOWL

Little by little the sky was darkened by the mixing dust, and the wind felt over the earth, loosened the dust, and carried it away . . . The finest dust did not settle back to earth now, but disappeared into the darkening sky . . . The corn fought the wind

with its weakened leaves until the roots were freed by the prying wind and then each stalk settled wearily sideways toward the earth.

—The Grapes of Wrath, 1939

For many farmers, John Steinbeck's description of the Dust Bowl is as tragically apt today as it was in the 1930s. The drought and winds that four decades ago turned large parts of the U.S. into an agricultural disaster area have returned to some areas of the Great Plains, parching crops and whipping topsoil into sun-darkening clouds. In the 1930s the victims of the drought—the impoverished Okies memorialized in Steinbeck's novel—were lured westward by California's verdant fruit groves. But this time California is suffering from its most severe drought since 1921 and is in the midst of an agricultural crisis.

Some experts attribute the lack of rain to an absence of sunspots, others to recurring drought cycles. In any event, parts of the Great Plains have received so little rain that they are actually drier than at the onset of the great drought of 1934. Starved for moisture, the rich topsoil in hard-hit areas of the Great Plains is turning into a fine brown silt. Winds hurl the dust particles against the still-growing sprouts, until they lose their color and die.

In describing to this Committee recently the soil erosion problems in the Pacific Northwest, the Hon. Thomas S. Foley, Chairman of the House Agriculture Committee, had this to say:

I am appearing before you once again to urge your continued support for a coordinated regional research program to attack the severe soil erosion problem in the Pacific Northwest. As you know, this is a highly productive agricultural area, with a record winter wheat yield of 132 bushels per acre. Since over 80 percent of our winter wheat crop in recent years has been exported to Japan and other Asian countries, this productivity plays an important role in maintaining our country's balance of payments. In addition, this area grows virtually all of the commercial dry beans and lentils in the United States, as well as a significant amount of barley.

Much to our distress, however, this productive soil is eroding into flats, ditches, and waterways at an alarming rate. An estimated 110 million tons of soil are being eroded by wind and water every year from 8.5 million acres of cropland in contiguous parts of eastern Washington, northern Idaho, and northeastern Oregon. On some very severely affected lands in southeastern Washington, average annual soil erosion exceeds 20 tons per acre.

Present rates of silt accumulation in the vast reservoir system behind Pacific Northwest dams will drastically shorten the life of hydroelectric generating facilities in what is currently the greatest power-producing complex in the world. As reservoirs become silted, the capacity for irrigation water storage dwindles and water quality deteriorates.

Costs of removing silt from roadsides and ditches in the area have climbed to several million dollars annually. Much land is already ruined and the productive capability of other fields has been greatly reduced because of topsoil loss.

In recognition of the severity of the wind erosion problems in the Great Plains because of drought conditions, the Committee recommended and Congress approved an additional \$17 million in the Second Supplemental Bill for 1976 (H.R. 94-1027), \$15 million for cost-sharing contracts under ACP and \$2 million for the Great Plains Conservation program. The Committee was advised that as of the end of February over 4.5 million acres were damaged, that crops or cover were destroyed on an additional 1.3 million acres, and that 17 million acres were in condition to blow.

Testimony received from other Members of Congress and public witnesses (Part 6 of the hearings on the 1977 budget), indicates that similar conditions exist in many other parts of the country, aggravated by a reluctant Department of Agriculture which has tried in almost every way possible to kill these programs, including the ACP program where more than 1 million Americans annually have tried to protect and restore our natural resources for the benefit of generations to come, putting up two-thirds of the cost.

These facts make it almost impossible to rely on the Secretary of Agriculture, the Director of the Office of Management and Budget, and even the Assistant Secretary for Administration, where protection of natural resources is concerned. After having tried to scuttle the ACP program they again recommend its abolishment next year.

The need for constantly greater quantities of food, and the resources for its production is universal. Increased farm production resulting from tremendous advances in science and technology tends to obscure the fact that, to meet food and fibre needs of a few years hence, this country will need the production equivalent of around 200 million more acres, based on current yields. Since we do not have this much additional good cropland available in the United States, this production must come largely from increased yields on existing cropland. This is in the face of continuing annual losses of some 400,000 acres of cropland because of erosion, and three times that amount each year through conversion of good farming land to urban and industrial uses.

CONSERVATION—AN ANTI-INFLATIONARY ENDEAVOR

In these times of large budget deficits and great financial pressures on our economy, we must increase our support for programs designed to protect our natural resources. In these times of damaging inflation and high unemployment, we must expand our efforts to preserve our land, reforest our hillsides and protect our sources of water supply. Only by maintaining our capacity to produce new wealth can we hope to continue to curb inflation, maintain our economy and keep our money supply tied to something of tangible value.

Increased agricultural productivity is a positive anti-inflationary force since it provides additional supply to offset increased demand. It is to be noted that each dollar of wealth taken from the soil generates

about seven dollars of financial value throughout the rest of the Nation's economy.

History reminds us of the disastrous effects of inflation on earlier generations and civilizations. During Nero's reign (AD 37-68), he devalued the currency by minting 45 aurei (gold coins) to the pound instead of 42 and by minting 96 denarii instead of 84 to the pound of silver. He not only fiddled while Rome burned, but he made money cheaper while the Roman Empire declined.

During the American Revolution, debts were paid with paper money called Continentals. At that time a barrel of flour cost \$1200, a pound of butter cost \$12 and a pair of shoes cost \$120. Inflation reached the point where no one would accept Continentals—thus the saying "Not worth a Continental."

In 1862 in the North, a pair of shoes was worth \$150, flour sold for \$300 a barrel, and beef was \$6 per pound. Civil War Greenbacks became virtually worthless. In the Confederacy conditions were many times worse.

In Germany during World War I the quantity of paper marks increased from 2 billion in 1914 to 500 quintillion (500,000,000,000,000,000,000,000) ten years later. During World War II, the United States loaned Nationalist China \$300,000,000, much of which was used by that country to have Chinese currency printed in the U.S. Soon thereafter, China had us stop printing 10 dollar bills, because it cost more to print them than they would buy.

Today, with gold removed from our currency, our greenbacks are only a promise to pay, as was the case during our Revolution and the Confederacy in its last days. If inflation continues to devalue our currency, that promise will become less and less dependable—unless we maintain our physical resources at a highly productive level through continued conservation efforts. It has been estimated that, if the 1974 inflation rates were to continue for 24 years, the dollar would be worth 5 cents in 1998.

In determining our budgetary priorities, therefore, we must distinguish between productive expenditures for which a tangible end-product is received and those which produce nothing of use, but provide increased amounts of money to purchase decreased supplies of material goods, with resulting inflation of prices. Since the conservation programs of the Department of Agriculture are productive in nature, they are anti-inflationary in effect. Accordingly, it is far better to spend money and provide employment for the conservation and preservation of our productive physical resources than to use our dollars on non-productive activities which add to inflationary pressures.

In the opinion of a majority of the Members of this committee, the restoration of the President's budget cuts for the Agricultural Conservation Program and the other soil and water conservation programs carried in this bill is not only justified but mandatory—not only because the funds are needed to preserve and protect the basis of our food and fiber supply, but also, because expenditures on preservation and improvement of our agricultural production capacity will help to offset the inflationary pressures from other sources.

ORDERLY MARKETING ESSENTIAL

Under present farm programs as administered by the Department of Agriculture, orderly marketing is no longer available to the

American farmer. With the market stability formerly provided by price support loans gone, many of today's agricultural producers are faced with almost insurmountable threats to their continued operation. In addition to the normal hazards of weather, pestilence, growing financial investment and increasing production costs, all of which most farmers have been able to meet through ingenuity and hard work, agricultural producers are now being also forced to take on the hazards of market instability. With CCC loans no longer available all too frequently the farmer must sell his crops as soon as harvested, regardless of market conditions, thereby often saturating the market and driving prices down to or below the cost of production.

This is especially damaging to our farm economy at this time of great financial strain and increasing financial burdens. The average agricultural producer today must invest as much as \$200,000 to begin farming. This is about twice as much as the investment required for each factory worker in industry. It has been estimated that a mid-West wheat farm can require as much as \$500,000 or more in capital.

Further, the farmer must finance increasingly inflated costs of farm labor, equipment and other production inputs without adequate assurance of income to meet such expenditures. Frequently, the cost of producing a crop requires the expenditure of a sum equal to the total value of his land. USDA figures indicate that the January 1976 index for prices received by farmers was 186 compared to an index of 191 for prices paid by farmers. Compared to a year earlier, prices received increased by 9 points, whereas prices paid increased by 11 points. This is obviously a losing situation for the farmer.

The average farmer is also faced with increasing land values which make it virtually impossible for him to expand his farming operation to help offset rising production costs or losses at the marketplace.

Further, the normal risks of weather and pestilence—either of which can wipe out his investment overnight—present a continuing threat to farm production. Where formerly it took 7 years of crop losses to put the average farm unit out of business, today a farmer can lose his total investment in a single crop year.

In addition, the 1977 budget proposes to use the entire amount of Section 32 funds to support the Food and Nutrition programs next year. If approved, this would completely eliminate funds which have traditionally been available for use, if needed, to stabilize the prices of perishable agricultural commodities by the purchase and distribution of excess production. Without the availability of these funds, many farmers, faced with the prospect of not recovering their production costs, would be forced to decrease production, with resultant increased food costs to the consumer as demand exceeds supply. The Section 32 mechanism can only be effective if adequate funds are kept constantly available to enable USDA to announce that it will move into the market, if necessary, to prevent a glut of one or more commodities, and purchase whatever quantity necessary to balance supply and demand and thereby stabilize the market. The Committee

has provided in this bill that a minimum of \$300 million of the estimated \$1,111 million of Section 32 funds for 1977 shall be retained by the Agricultural Marketing Service for the traditional production support purposes of Section 32 as intended by Congress. To shift these "production-related" funds entirely to the direct support of consumption programs would be to invite the day when there would be too little food to consume because there was not enough produced.

CREDIT NEEDS OF FARMERS

Because of the increasingly insecure financial position of a large number of the Nation's farmers due to the lack of market stability and the other risks outlined above, private financial institutions are turning down an increasing number of farm loans. Information before the Committee shows that they have doubled their investments in Federal bonds and other lower risk nonagricultural investments. Contrary to previous practices, they are now referring their agricultural borrowers to Federal lending agencies and are urging the Congress to increase loan funds to the Farmers Home Administration to meet this need. Even the Production Credit Associations of the Farm Credit System are encouraging more of their borrowers to go to FHA for credit in view of the damaging effect of market instability on the farmer's ability to repay his loan.

USDA figures show that, whereas the average loan for farming operations in the middle 1930's was about \$4,000, it is over \$100,000 today. Total farm debt has increased by 250 percent in the past 11 years, from about \$37 billion in 1965 to around \$92 billion today.

The Kiplinger Agricultural Letter of April 23, 1976, had this to say about the growing capital requirements and future debt prospects of American farms:

Lenders are shocked by the sharply rising capital needs of farms. Runaway costs: Farmland. Machinery. Buildings. Labor. Supplies. A few years ago, a person could get started for \$200,000. Now \$500,000. And while net worth of farmers is 3 or 4 times that of nonfarm people, their assets are tied up in the stuff that they need to make a living. They live poor . . . and die rich. The wealthiest folks in the cemetery.

Meanwhile lenders worry about the big risks . . . going out too far.

New ways of farm financing will be needed, credit experts agree, because young farmers will not be able to pay off the debt load required. They would be too pinched. Monthly payments too high for good cash flow.

Perpetual debt will be a way of life with many farm operators. People buying in. Meeting interest charges. But little amortization. A man will hold title to a farm and carry debt as General Motors does. In many cases, there will be open-ended credit . . . farming on the cuff. People who inherit the farm will inherit the debt and will pass it on. This may strike you as far out, but economists don't see any other way.

MUST RETURN TO STABLE FARM PRICES

It is essential, therefore, that we restore some system of price assurance at a level which will protect the agricultural producer at least on his cost of production, plus a reasonable margin of profit, to enable him and his family to continue to produce the food and fiber needed to meet the demands of consumers, both at home and abroad. Anything less will certainly bring financial ruin for our agriculture establishment, with a resulting severe depression extended to all segments of our economy. Even the Urban Press is now recognizing that the severe fluctuations of market prices for agricultural products are as damaging to the consumers as to the producers. And, urban consumers now recognize the necessity for those engaged in agriculture to receive cost of production plus a reasonable profit if they are to stay in business.

It becomes necessary, also, to reconsider channeling into and out of the Commodity Credit Corporation stocks of grain, cotton and other agricultural products to enable an arm of our Government to assure that our commodities remain available in world markets at competitive prices. To retain our overseas customers, we must provide quality merchandise and must assure them of a continuing source of supply. Also, we must have sufficient quantity on hand to make unnecessary any future embargoes on foreign sales—a practice which in recent years has shaken the confidence of our customers in this country as a consistent supplier.

As pointed out last year, farm exports of \$21.3 billion in 1974 helped to pay for agricultural imports of \$9.6 billion and provided some \$11.7 billion toward the 1974 increase of nearly \$16 billion in foreign oil imports. The picture for 1975 is much the same, with exports of about \$22 billion and imports of \$10 billion, leaving about \$12 billion of net exports to strengthen the dollar in international markets. And, according to USDA officials, the world economy is expected to recover gradually in 1976, creating demand for U.S. farm products in the future.

THE LESSONS OF HISTORY

To refresh our memories as to the consequences of a serious farm depression, we need to recall the causes and effects of the Great Depression of the 1930's. As pointed out in previous Committee reports, in the late twenties and early thirties, a drop in the purchasing power of those engaged in agriculture not only wrecked farming but dragged down the economy of the whole Nation.

History reminds us that the seeds of the Great Depression of the 1930's were sown in the agricultural depression of the 1920's which followed the First World War. The failure to maintain farm exports or to support farm prices and income during this period, and thus to maintain farmers' purchasing power, weakened banking and business throughout the country. Yet, people frequently fail to remember the lessons of the terrible financial crises of the 1920's and 1930's. It was graphically illustrated in 1921, in 1929, and again in 1937 that, if the farmer's prices and purchasing power collapse, the whole economy suffers both in the cities and in the rural areas.

It will be recalled that after the First World War ended, the Government announced that it would no longer support the price of wheat. Wheat which had brought \$2.94 a bushel in Minneapolis in July 1920, brought \$1.72 in December 1920, and 92 cents a year later. Agricultural prices in general collapsed. Cotton fell to a third of its July 1920 price and corn by 62 percent. The Yearbook of Agriculture of 1922 shows that the total value of agricultural products dropped from \$18,328 million in 1920 to \$12,402 million in 1921. As a result of the agricultural crash of 1920-1921, 453,000 farmers lost their farms. Many others remained in serious financial trouble which, in turn, were reflected by failures of local banks.

It has been said there were more suicides during this period among those who didn't know what a farm was than in any other period in our history. This tragic depression was the result of the breakdown in farm or commodity prices which had led to a fall in prices, income and values throughout the economy.

It was a sad way to learn it, but people at that time came to realize that real wealth starts with material things—corn, wheat, cotton, food crops of all kinds, and other raw materials—and that the general economy was primed by the sale of raw materials since, in general, the total national wealth averages some seven times the sales value of the farm or raw material production.

With less than 5 percent of our people engaged in agricultural production, with only 14 out of 435 Congressional Districts classified as rural, and with a news media that appeals to the urban-oriented non-farmers, it is increasingly urgent that these lessons of history be reviewed frequently by each new generation and that they be heeded constantly by those who are responsible for the preservation of a sound and productive agricultural establishment in the United States. Further, it is essential that urban and rural interests cooperate fully to assure that we remain a Nation of plenty.

We can no longer afford to gamble with our food supply on a "boom-or-bust" basis. If we keep agriculture prosperous, our whole economy will be prosperous. But, if we let agriculture fail, the rest of our country will fail with it! History shows that this has been so in the past and will continue to be so as long as this Nation exists in its present form!

SUMMARY BY TITLE

The bill is divided into six titles, with secondary groupings for Titles I and II, as follows:

Title I—Agricultural Programs:
Production, Processing and Marketing.
Farm Income Stabilization.

Title II—Rural Development and Assistance Programs:
Rural Development and Protection.
Conservation.

Title III—Domestic Food Programs.

Title IV—International Programs.

Title V—Related Agencies.

Title VI—General Provisions.

This breakdown should facilitate consideration of the bill in its broad dimensions and permit comparisons among its major program categories.

The composition of the various titles has been determined by the allocation of each appropriation (new obligational authority) and lending authorization in its entirety to the category to which it makes its major contribution. While the proration of certain items would provide a more precise allocation of activities and costs, this has not been undertaken since the value of such a refinement would not warrant the budgetary and administrative complications which would result from the fragmentation of the appropriations involved.

Accordingly, the Departmental direction and administrative functions related to programs in other titles of the bill (Office of Secretary, Departmental Administration, General Counsel, Office of Inspector General, and Library) have been included in total under "Production, Processing and Marketing" (Title I). Further, the entire appropriation for reimbursement of the Commodity Credit Corporation has been included under "Farm Income Stabilization" (Title I), despite the fact that an important part of its program involving commodity exports and special activities is not related to purposes of Title I. Likewise, the entire salaries and expenses appropriation for the Agricultural Stabilization and Conservation Service has been included in this part of Title I even though its conservation activities are funded in Title II.

A more detailed description of the programs included in each of the titles of the bill follows:

TITLE I—AGRICULTURAL PROGRAMS

Under the subheading "Production, Processing and Marketing," Title I includes the basic programs of the Department (executive direction, administration, research, extension, marketing, information and reporting) which are primarily involved in producing agricultural commodities and making them available to domestic and foreign consumers—for which special financial assistance is provided later in the bill in Titles III and IV.

Title I also includes funds under the subheading "Farm Income Stabilization" to reimburse the Commodity Credit Corporation for prior-year expenditures for its various activities related to protection of farm income, maintenance of balanced and adequate supplies of food and assisting in orderly distribution of such commodities. Appropriations for the Federal Crop Insurance Corporation, Dairy and Beekeeper Indemnities and Salaries and Expenses, Agricultural Stabilization and Conservation Service, are also included in this category.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

Under the subheading "Rural Development and Protection," Title II provides funds for the various programs of the Rural Development Service, the Rural Electrification Administration and the Farmers

Home Administration which are devoted to maintenance and improvement of the quality of life in rural areas. This Title also includes funds under the subheading "Conservation" for the various programs of the Soil Conservation Service and the Agricultural Stabilization and Conservation Service which contribute to the improvement and preservation of the Nation's most basic assets—its soil and water resources.

TITLE III—DOMESTIC FOOD PROGRAMS

This Title of the bill provides the financial resources required by the various domestic food programs of the Department, including school lunches, school breakfasts; special milk, food donations, food stamps, and the special supplemental food program for women, infants, and children (WIC).

TITLE IV—INTERNATIONAL PROGRAMS

This Title includes those activities of the Department (Foreign Agricultural Service, Office of Sales Manager and Public Law 480) which are primarily related to worldwide agricultural intelligence, foreign market development and the Food-for-Peace Program.

TITLE V—RELATED ACTIVITIES

This Title provides funding for the Food and Drug Administration, the Commodity Futures Trading Commission and the Farm Credit Administration—all of which are independent of, but closely related to, the Department of Agriculture.

TITLE VI—GENERAL PROVISIONS

This Title includes various provisions which in most cases have general application to all agencies, functions and appropriation items in this bill.

SUMMARY OF COMMITTEE ACTION ON THE BILL

The major problem facing the Committee in the consideration of the 1977 budget was the President's proposal to reduce many ongoing programs, largely for essential conservation and rural development programs, by nearly \$700 million. Testimony received from Departmental, Congressional and public witnesses concerning the serious financial problems facing many farmers today, the threatening dust bowls and the other serious conservation problems in large areas of the country, indicates conclusively that this is not the time to reduce our efforts in these areas, which are so essential to the production of adequate supplies of food and fibre and to the protection of the basis for the economic health of agriculture and the Nation. Accordingly, the Committee recommends the restoration of approximately \$645 million of these proposed cuts, a complete list of which appears on page 28 of this report. This is fully offset by a recommended reduction in funds requested to restore capital impairment of the Commodity Credit Corporation.

The bill recommended by the Committee provides a total of \$11.7 billion of new obligational authority (NOA) for fiscal year 1977, a decrease of nearly \$1.9 billion from the amount provided for 1976. The increase of \$243 million over the 1977 budget estimate, is due to the substitution of \$300 million of NOA for the proposed transfer of this amount from Section 32 funds for the Child Nutrition Programs, with some offsetting reductions throughout the bill in GSA space costs and other lower priority items. This additional \$300 million of NOA, therefore, is fully offset by the reduction in Section 32 transfers.

The bill also includes loan authorizations totaling \$6.5 billion, a decrease of \$280 million from 1976 because of disaster loans and a net increase of \$670 million over the budget estimate. A breakdown of this increase in loan authorizations is set forth on page 30 of this report.

A summary of the new obligational authority, loan authorizations and Section 32 transfers included in the titles and subtitles of the bill, as compared to authorizations for 1976 and the 1977 budget, is presented below:

(In millions of dollars, rounded)

Titles and subtitles	Approved 1976	Budget 1977	Comparisons		
			Bill 1977	Approved 1976	Budget 1977
Title I—agricultural programs:					
Production, processing and marketing.....	1,176	1,192	1,214	+38	+22
Farm income stabilization.....	2,920	1,073	363	-2,557	-710
Total—title I (NOA).....	4,096	2,265	1,577	-2,519	-688
Title II—rural development and assistance programs:					
Rural development and protection.....	775	549	787	+12	+238
Loan authorizations.....	(6,808)	(5,858)	(6,528)	(-280)	(-670)
Total.....	(7,583)	(6,407)	(7,315)	(-268)	(+908)
Conservation.....	764	412	662	-102	+250
Total—title II (NOA).....	1,539	961	1,449	-85	+488
Loan authorizations.....	(6,808)	(5,858)	(6,528)	(-280)	(-670)
Total—title II.....	(8,347)	(6,819)	(7,977)	(-370)	(+1,158)
Title III—domestic food programs (NOA)	6,624	6,779	7,223	+599	+444
Transfers from sec. 32.....	(881)	(1,111)	(811)	(-70)	(-300)
Total—title III.....	(7,505)	(7,890)	(8,034)	(+529)	(+144)
Title IV—international programs (NOA)	1,127	1,206	1,208	+81	+2
Title V—related agencies (NOA)	220	254	251	+31	-3
Total in bill (NOA).....	13,606	11,465	11,708	-1,898	+243
Loan authorizations.....	(6,808)	(5,858)	(6,528)	(-280)	(-670)
Transfers from sec. 32.....	(881)	(1,111)	(811)	(-70)	(-300)
Grand total.....	(21,295)	(18,434)	(19,047)	(-2,248)	(+613)

Note: All figures (except those in parentheses) are new obligational authority (NOA).

The summary figures set forth above indicate that over \$7.2 billion (61.7 percent) of the total new obligational authority carried in the bill is for the Domestic Food Programs of USDA, including child nutrition programs, elderly feeding, special food for women, infants and children, food donations, and food stamps. In addition, it will be noted that the bill authorizes the transfer of \$811 million from Section 32 funds for these programs, thereby providing a total of over \$8 billion (64.2 percent) for Title III of the bill. The Committee has agreed to the full budget estimates for these programs and has restored the budget reduction proposed for the special milk program. It has also restored funds for nonfood assistance and nutritional training surveys within the total provided for the child nutrition programs. The full budget request of \$4,794.4 million for the food stamp program is recommended; however, actual expenditures required in the next fiscal year for this purpose will depend largely on proposed changes in Departmental regulations and/or legislative revisions finally adopted.

It will be noted that \$1,208 million of NOA (approximately 10 percent of bill, excluding loan funds) is provided for the International Consumer Programs under Title IV of the bill. This includes \$1,169 million, the full budget estimate, for the sales and donation programs under Public Law 480.

Thus, a total of over \$9.2 billion is recommended under Titles III and IV for the domestic and overseas consumption programs of USDA, which is nearly three-fourths (74 percent) of all funds in the bill, excluding loan authorizations. This is about 6 times as large as the NOA included under Title I for the programs of USDA which contribute to the production, processing and marketing of the agricultural products required to meet the demands of domestic and foreign consumers. It is over 6 times greater than the NOA provided for the Rural Development and Assistance Programs under Title II which contribute to the quality of rural living and to the conservation of our natural resources required to provide these basic supplies of agricultural commodities. It is 3 times larger than the combined total of these "production type" programs under Titles I and II of the bill.

The Committee again points out the necessity of maintaining a reasonable balance between the programs under Titles I and II which help to provide our food supplies and the programs under Titles III and IV which provide assistance to the consumers of those commodities. The level of funds required for the "consumption" programs is primarily determined by basic law and, therefore, is largely beyond the discretion of the Committee. The Committee has felt it essential, therefore, to recommend the restoration of most of the budget cuts, plus a small amount of additional money, for the research, extension, conservation, rural development and other "production" programs in the bill, to assure a proper balance between the two major areas of USDA program responsibility.

SUMMARY OF BUDGET CUTS RESTORED

Amounts available in 1976, the budget cuts proposed for 1977, and the restorations recommended in the bill¹

	NOA, 1976	Budget cut, 1977	Restoration, 1977
TITLE I—AGRICULTURAL PROGRAMS			
Agricultural Research Service: Dairy herd improvement	\$1,500,000	-\$1,500,000	+\$1,500,000
Animal and Plant Health Inspection Service:			
Burrrowing nematode	372,000	-372,000	
Japanese beetle	1,159,000	-1,159,000	+1,500,000
White-fringed beetle	115,000	-115,000	
Total	1,646,000	-1,646,000	+1,500,000
Cooperative State Research Service: Rural development research	1,500,000	-1,500,000	+1,500,000
Extension Service:			
Nutrition education program	90,560,000	-10,170,000	+10,170,000
Rural development	1,000,000	-1,000,000	+1,000,000
Title V, Rural development	1,500,000	-1,500,000	+1,500,000
Total	53,060,000	-12,670,000	+12,670,000
Statistical Reporting Service: Floriculture surveys	161,000	-161,000	+161,000
Agricultural Marketing Service: Payments to States and possessions	1,600,000	-1,600,000	+1,600,000
TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS			
Agricultural Stabilization and Conservation Service:			
Agricultural conservation program	190,000,000	-190,000,000	+190,000,000
Water Bank Act program	10,000,000	-10,000,000	+10,000,000
Forestry incentives program	15,000,000	-15,000,000	+15,000,000
Total	215,000,000	-215,000,000	+215,000,000
Farmers Home Administration:			
Rural development grants	11,875,000	-11,875,000	+10,000,000
Rural water and waste disposal grants	250,000,000	-250,000,000	+200,000,000
Rural housing for domestic farm labor	7,500,000	-7,500,000	+6,000,000
Mutual and self-help housing	9,000,000	-9,000,000	+9,000,000
Rural community fire protection grants	3,500,000	-3,500,000	+3,500,000
Total	281,875,000	-281,875,000	+228,500,000
Soil Conservation Service:			
River basin surveys and investigations:			
Cooperative surveys	10,343,000	-500,000	+500,000
Watershed planning	10,834,000	-1,200,000	+1,200,000
Watershed and flood prevention operations:			
Public Law 534 operations	25,383,000	-6,029,000	+6,000,000
Public Law 566 operations	119,223,000	-5,181,000	+5,000,000
Great Plains conservation program	20,379,000	-15,201,000	+15,201,000
Resource conservation and development:			
Technical assistance	16,514,000	-2,701,000	+8,500,000
Cost-sharing assistance	10,300,000	-5,800,000	
Total	212,976,000	-36,612,000	+36,401,000
TITLE III—DOMESTIC FOOD PROGRAMS:			
Food and Nutrition Service:			
Child Nutrition Programs:			
Nonfood assistance (earmarked)	(20,650,000)	(-20,650,000)	(+28,000,000)
Nutritional training and surveys (earmarked)	(700,000)	(-700,000)	(+700,000)
Special milk program	144,000,000	-144,000,000	+144,000,000
Total	144,000,000	-144,000,000	+144,000,000
TITLE IV—INTERNATIONAL PROGRAMS:			
Foreign Agricultural Service:			
Agricultural attaches	9,942,000	-191,000	
Foreign market development	20,064,000	-1,288,000	+2,000,000
Total	30,006,000	-1,479,000	+2,000,000
Grand total	943,324,000	-698,043,000	+644,832,000

OTHER COMMITTEE RECOMMENDATIONS

In addition to the restorations of budget cuts outlined above, the Committee has found it necessary to recommend a modest increase above the budget in funds for certain essential purposes, as follows:

Title I—Agricultural programs:

Agricultural Research Service:

National food-consumption survey	\$1,850,000
Research on minor use pesticides	500,000
Blueberry-cranberry research	100,000
Sugar beet research	215,000
Research on cherries	107,000
Research on dried beans	150,000
Sugarcane research (Houma, La.)	450,000
Total	3,172,000

Animal and Plant Health Inspection Service: Witchweed eradication

1,200,000

Cooperative State Research Service:

Soil erosion in Pacific Northwest (STEEP)	200,000
Research on minor use pesticides	500,000
Total	700,000

Extension Service:

1890 Land-Grant Colleges and Tuskegee Institute	500,000
Increased urban activities and penalty mail costs	5,000,000
Funds for pilot projects in New York, Chicago, Los Angeles and other major cities (earmarked)	(1,500,000)
Total	5,500,000

Title II—Rural development and assistance programs:

Farmers Home Administration: 400 additional positions	5,000,000
Very low-income housing repair grants	5,000,000
Total	20,572,000

¹ Provides a total of \$4.5 million for this purpose.

Further, as pointed out earlier, the Committee has retained a minimum of \$300 million of the estimated \$1,111 million of Section 32 funds for 1977 for use by the Agricultural Marketing Service for the traditional production-support purposes intended by Congress when it established this fund. This has been necessary to assure that adequate funds are available to enable USDA to announce a program when required and to purchase commodities which might become surplus to market demand and thereby stabilize the market by bringing supply and demand back into balance. By having sufficient funds available in the past, the Department has frequently had to spend little or nothing to provide such stability. The withdrawal of these funds from use for the food and nutrition programs has made it necessary for the Committee to recommend an offsetting amount of NOA to fully fund such programs at the level proposed in the 1977 budget.

Also, as noted above, the Committee has restored funds for the loan programs of the Farmers Home Administration under Title II, as follows:

Water and waste disposal loans.....	\$130,000,000
Farm ownership loans.....	100,000,000
Soil and water loans (individuals).....	50,000,000
Subsidized loans:	
General purpose housing (Sec. 502).....	250,000,000
Rental or cooperative housing (Sec. 515).....	120,000,000
Unsubsidized loans:	
Rental or cooperative housing (Sec. 515).....	25,000,000
Repair loans ¹	-5,000,000
Net restoration.....	670,000,000

¹ NOTE.—The Committee has continued \$20 million for minor housing repairs—\$15 million for housing repair loans and \$5 million to reinstate housing repair grants under Sec. 504, to be limited to needy elderly persons in rural areas.

In addition, an increase of \$500,000,000 is recommended for guaranteed loans for moderate-income housing under Section 502.

For the Rural Electrification Administration under Title II, the Committee recommends that no monetary limitations be placed on the guaranteed loans for electrification and telephone programs. It also recommends that the insured loan programs for both purposes be approved at the levels proposed by the 1977 budget—a continuation of the 1976 level.

Further details concerning the restorations, budget increases and loan authorizations outlined above are presented later in this report for each individual item.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(1)(4), rule XI of the House of Representatives, the Committee offers the following statement in support of its opinion that this bill as proposed will have no overall inflationary impact over the broad spectrum of the nation's economy.

The restoration of some \$645 million of the 1977 budget cuts in new obligatory authority is fully offset by reductions elsewhere in the bill. These funds will permit the continuation of the research, control, conservation, marketing and rural development programs at the 1976 level. Together with the nearly \$15.6 million of additional funds provided for these programs in the bill, they should help to assure adequate production of food supplies to meet domestic and overseas demands. It has been noted previously that these agricultural production programs are anti-inflationary since they provide additional food and fiber supplies to balance consumer demands.

The increases over the 1977 budget for the loan programs of the Farmers Home Administration are largely noninflationary in effect. The restoration of \$100 million for farm ownership loans and \$50 million for soil and water loans to individuals continues the 1976 level. Of the increase for rural housing loans, \$395 million continues the 1976 lending level for communities of 20,000 population or less on the same basis as is provided for larger cities by the Department of Housing and Urban Development. The increase of \$500 million for unsubsidized housing loan guarantees should result in a positive benefit to our economy by providing additional employment in the lagging housing construction industry of this country.

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING AND MARKETING

OFFICE OF THE SECRETARY

1976 appropriation.....	\$2,836,000
1977 budget estimate.....	2,328,000
Recommended in the bill.....	2,267,000
Comparison:	
1976 appropriation.....	-569,000
1977 budget estimate.....	-61,000

The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and members of Congress on all matters pertaining to agricultural policy.

The administrative law judges hold rule making and adjudicatory hearings and issue initial decisions and orders, and the Judicial Officer serves as final deciding officer in regulatory proceedings.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201-2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 U.S.C. 450c-450g.

The Committee has denied the increase of \$20,000 in payments to GSA for utilities and other services not included in the Standard Level User Charges. Of the remaining \$30,000 increase relating to inflationary costs, the Committee recommends approval of \$20,000, of which not to exceed \$5,000 shall be available to the Assistant Secretaries. The Committee has not approved the requested increase of \$17,000 for travel relating to the Assistant Secretaries.

Continued scrutiny of activities under the Office of the Secretary will be made. Evidence shows that some personnel funded under this heading have spent time in limiting programs provided by laws enacted by Congress and which must be carried out.

For GSA space costs the Committee recommends denial of the requested increase of \$14,000 for a net reduction of \$61,000 for the Office of the Secretary.

DEPARTMENTAL ADMINISTRATION

1976 appropriations.....	¹ \$16,050,000
1977 budget estimate.....	14,324,000
Recommended in the bill.....	14,145,000
Comparison:	
1976 appropriation.....	-1,905,000
1977 budget estimate.....	-179,000

¹ \$2,755,000 for the Economic Management Support Center was appropriated under this heading in fiscal year 1976.

This appropriation provides funding for the following activities:

Budget, Fiscal and Management. This activity includes staff services related to formulation, presentation, and execution of the budget; fiscal policies and systems; legislative and financial reporting; planning, administering and evaluating the Department's management program; operations review and analysis; and the administration of the Department's program evaluation system. Also included are management support services in the areas of budget and finance provided to the Office of the Secretary and Departmental staff offices.

General Operations. This activity includes staff and support services to agency programs in the management of real and personal property, contracts, grants, agreements, business assistance, supply, transportation, motor vehicles, telecommunications, physical security, correspondence, records and mail, procurement and other administrative services provided to the Office of the Secretary and Departmental staff offices; and operates central supply, printing, composing, copier, mail and messenger services for agencies in Washington, D.C.

ADP systems. This activity includes leadership in designing, acquiring and utilizing the Department's ADP resources as well as operation of the Department's computer centers.

Personnel Administration. This activity includes responsibility for the personnel management program of the Department; leadership, supervision and coordination of classification and standards; salary and wage administration; employment and manpower planning; personnel and records security; standards of employee conduct; discipline; employee relations; employee appeals; employee development; program evaluation; health, safety and welfare; incentive awards; labor-management relations; personnel legislation; employee fringe benefits; equal employment opportunity programs; the Upward Mobility Program, and other personnel activities. Also included are personnel services provided to the Office of the Secretary and Departmental staff offices.

Equal Opportunity. The Civil Rights Act of 1964 and subsequent Executive Orders require program and policy direction in the development and enforcement of Departmental equal opportunity responsibilities. This involves review, analysis, and evaluation of agency programs and operations to determine compliance with policies, rules and regulations of the Department and the Federal Government. It also involves the processing of complaints of discrimination in the execution of the Department's programs and the coordination of enforcement of the contract compliance requirements of Executive Order 11246.

Information Services. This activity involves general direction and supervision of all publications and other information policies and activities of the Department including the final review, illustrating, printing and distribution of publications, clearance and release of press, radio, television, and magazine materials; maintenance of central files of news and general illustration-type photographs and color slides; and the preparation and distribution of exhibits. It includes publication of the Yearbook of Agriculture,

the annual report of the Secretary of Agriculture, "Agriculture Decisions", and the Department List of Publications; handling the details of distributing farmers' bulletins allotted to Members of Congress; and servicing letter and telephone requests for general information received in the Department.

The Committee recommends a total of \$14,145,000 for Departmental Administration appropriations, which is \$179,000 less than the budget request. The recommended amount is broken down as follows:

Budget, fiscal and management	-----	\$3, 307, 721
General operations	-----	1, 528, 217
ADP systems	-----	192, 835
Personnel administration	-----	2, 012, 127
Equal opportunity	-----	2, 420, 600
Information services	-----	4, 684, 000
Total	-----	14, 145, 000

The increases requested for GSA space costs have not been approved. Requests for five additional positions for personnel operations, one additional man-year for grants administration, and \$24,000 for space management have also been denied.

The Department may expect continued scrutiny of activities under Departmental Administration. The Committee believes that action programs are much more in need of additional personnel than those offices which function to the hindrance of those programs.

The Committee is very much disappointed at the small degree of attention given by the Office of Communications to the report directives of a year ago. In recommending the appropriation of funds under "Departmental Administration," not more than fifty percentum of the appropriation should be obligated until the Department reports to the satisfaction of appropriate committees of Congress on its progress in implementing the fiscal year 1976 House report directives.

WORKING CAPITAL FUND

The Working Capital Fund was established by an appropriation in the 1944 Appropriations Act. It was created for central duplicating, photographic, and tabulating services; a central motor-transport service for the maintenance, repair and operation of motor transport vehicles and other equipment; and a central supply service for the purchase, storage, handling, issuance, packing, or shipping of various stationery, supplies and forms; and such other services that might be performed more advantageously as central services.

The Committee remains concerned with the size and autonomy of the Working Capital Fund. While such a fund can be expedient and practical if properly controlled, the fund has now expanded to more than 125 times its original size in 1944. The Fund operates through charges to the user agencies. In recent years, when Congress has appropriated funds for specific action programs, an increasing amount of the program funds has been transferred to the Working Capital Fund. If those in charge of the Fund decide to purchase or lease computers on a sole-source basis, it is the action programs of the Department which are reduced to pay the cost.

In the General Provisions section of the bill, the Committee has recommended a limitation on the Working Capital Fund for fiscal year 1977 of \$50,000,000. In making this recommendation, the Committee will expect the Department to take the following actions:

(1) All ADP equipment purchased or leased must be on a competitive bid basis, except that equipment which is acquired under a mandatory requirements contract awarded by the General Services Administration in order to obtain a volume discount.

(2) Each agency receiving services through the Working Capital Fund shall first request those services in writing, receive an estimate of the costs of those services, and agree on the final amount which is to be paid for the services. No agency shall be required to participate in the costs of any Working Capital Fund activity (including purchases, leases, consultants, or overhead expenditures) which the agency Administrator does not believe will be to the benefit of the programs under his jurisdiction. A report by the Committee's Investigative staff has indicated, and Departmental witnesses have admitted, that this is a weak area in the Department's budget process. The Committee will be watching closely for the improvements it expects.

(3) The fiscal year 1978 Explanatory Notes on the budget shall clearly and prominently identify under each agency section the amounts estimated to be transferred to the Working Capital Fund.

(4) During 1973, there was briefly established an ADP Policy Advisory Board to develop high-level departmental policy on the management of ADP. Testimony before the Committee has indicated that the Board was beneficial in allowing the agencies to participate more fully in the establishment of ADP management policy than would otherwise have been the case. The Committee will expect such a Board to be promptly reestablished, and to consist in part of the Administrators or their designees from each of the larger USDA agencies.

(5) The Committee expects the Department to report quarterly to appropriate committees of Congress regarding Working Capital Fund activities and their impact, including personnel savings resulting from ADP expansions and the improvement of loan processing times. Through this process, the Committee hopes to monitor the positive and negative impacts of Fund activities on the Department's action programs.

ECONOMIC MANAGEMENT SUPPORT CENTER

1976 appropriation.....	\$2,805,000
1977 budget estimate.....	2,802,000
Recommended in the bill.....	
Comparison:	
1976 appropriation.....	+2,802,000
1977 budget estimate.....	-3,000

¹ In fiscal year 1976, \$2,755,000 was appropriated to the Economic Management Support Center under the heading Departmental Administration.

The Economic Management Support Center (EMSC) was established pursuant to Secretary's Memorandum No. 1836, dated January 9, 1974. It provides consolidated and centralized management

support services to the Agricultural Economics agencies of the Department. The principal objectives are to improve the timeliness and effectiveness of program operations of the agencies served through improved utilization of management manpower and techniques, increased specialization of professional skills, and more extensive use of timesaving equipment.

The consolidated management support services include budget, financial management, personnel and related programs, administrative services and general management assistance. These services are primarily financed by direct appropriation and reimbursements. To the extent that the agencies served perform work on a reimbursable basis, EMSC is also reimbursed for the related support services required.

These centralized services are provided to the Statistical Reporting Service, Economic Research Service, Farmer Cooperative Service, and the Economic Management Support Center.

The Committee recommends the full amount of the budget request with the exception of the increase for GSA space costs.

OFFICE OF THE INSPECTOR GENERAL

	Appropriation	Transfer from food stamp program	Total
1976 appropriation.....	\$17,552,000	(\$6,094,000)	(\$23,646,000)
1977 budget estimate.....	18,636,000	(7,932,000)	(26,568,000)
Recommended in the bill.....	18,434,000	(7,932,000)	(26,368,000)
Comparison:			
1976 appropriation.....	+882,000	(+1,838,000)	(+2,720,000)
1977 budget estimate.....	-202,000	(-----)	(-202,000)

Internal audit and investigative activities are carried out by the Office of Audit and the Office of Investigation, respectively. These Offices were established by the Secretary of Agriculture's Memorandum No. 1836, dated January 9, 1974. The Office of Investigation reports to the Secretary and the Office of Audit reports to the Assistant Secretary for Administration. Both agencies are responsible for assuring that existing laws, policies, and programs of the Department are effectively complied with on every level of administration in accordance with the intent of the Congress and the Secretary. They are responsible for prompt and appropriate corrective action in those areas in which deviation from established law, policy, procedure, rules or regulations has developed; and conduct their respective activities within the Department and coordinate them with various audit and investigative agencies of the executive and legislative branches of the Government.

The Committee continues to have very serious reservations about the Department's separation of the audit and the investigations functions. These functions must work hand-in-glove on a daily basis rather than be separate organizational entities with both units dependent upon the passing of information and findings from one to the other. However, this year the Committee was assured by the Under Secretary of Agriculture that he personally supervises both functions. While this is obviously an improvement, the Committee remains convinced that

both groups should be under the direct supervision of a single individual who in turn should report directly to either the Secretary or the Under Secretary. Without such a procedure, the potential for charges of conflict-of-interest or of cover-up shall always exist.

For fiscal year 1977, the Committee recommends the full amount of the budget request except for a reduction of \$202,000 in the amount requested for GSA space costs.

OFFICE OF THE GENERAL COUNSEL

1976 appropriation-----	\$8,517,000
1977 budget estimate-----	8,730,000
Recommended in the bill-----	8,708,000
Comparison:	
1976 appropriation-----	+191,000
1977 budget estimate-----	-22,000

The Office of the General Counsel, originally known as the Office of the Solicitor, was established in 1910 as the law office of the Department of Agriculture, and performs all of the legal work arising from the activities of the Department. The General Counsel represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as General Counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He reviews criminal cases arising under the programs of the Department for referral to the Department of Justice.

For fiscal year 1977, the Committee recommends the full amount of the budget request except for a reduction of \$22,000 in the amount requested for GSA space costs.

AGRICULTURAL RESEARCH SERVICE

1976 appropriation-----	¹ 281,839,000
1977 budget estimate-----	¹ 263,202,000
Recommended in the bill-----	¹ 267,570,000
Comparison:	
1976 appropriation-----	-14,269,000
1977 budget estimate-----	+4,368,000

¹ In addition, \$2,000,000 special fund by reappropriation.

The Agricultural Research Service was established by the Secretary of Agriculture on November 2, 1953, under the authority of the Reorganization Act of 1949 (5 U.S.C. 133z-15), Reorganization Plan No. 2 of 1953, and other authorities. It conducts basic and applied research in the fields of livestock, plant sciences, entomology, soil and water conservation, agricultural engineering, utilization and development, nutrition and consumer use, marketing and development of methods to eradicate narcotic producing plants.

The Service directs research beneficial to the United States which can be advantageously conducted in foreign countries through agreements with foreign research institutions and universities, using foreign currencies for such purposes. This program is carried out under the authority of sections 104(b) (1) and (3) of Public Law 480, and the

Agricultural Trade Development and Assistance Act of 1954, as amended.

INFORMATION REQUIREMENTS

In both the 1975 and 1976 Appropriation Bills, the Committee expressed concern over the organizational structure of the Agricultural Research Service. Because of this organization, which locates all of the program expertise in the field, for the last several years the Committee has been unable to obtain even the most basic information relating to research results. The hearings this year were a considerable improvement over the past since the four Regional Directors as well as scientists from Beltsville actively participated.

Therefore, next year the Committee will expect the budget request to be presented on a regional basis by the Regional Directors supported by such scientific and Washington staff as may be required.

The Committee will also expect the Department to submit a detailed report on the progress and accomplishments that have been made through research of the following topics: pecans, corn earworm, cotton boll worm, cereal leaf beetle, gypsy moth, tussock moth, boll weevil and the pine bark beetle. The report should also show all Federal funds spent by year by research location, as well as any State or private funds that have been spent.

NATIONAL FOOD CONSUMPTION SURVEY

As mentioned earlier in the report, the Committee has recommended that funds be added to the bill so that the Department can complete the National Food Consumption Survey. This survey is normally conducted every 10 years and is now 2 years overdue. The Committee will expect that the Agricultural Research Service, Economic Research Service, Statistical Reporting Service, Food and Nutrition Service and other agencies of the Federal Government will all work together to insure that to the maximum extent this survey provides the information needed by all participants. In connection with this survey \$1,550,000 has been appropriated for fiscal year 1976 and for the transition quarter and \$1,300,000 is included in the budget request. Therefore, the Committee recommends a total of \$2,950,000 for this survey in fiscal year 1977, \$1,650,000 more than the budget request, in order that a total of \$4,500,000 will be available.

MINOR USE PESTICIDES

For the last several years the Committee has been extremely concerned over the problems that have been developing with respect to minor use pesticides. Requirements imposed by the Environmental Protection Agency with respect to the registration of pesticides have placed the pesticide manufacturers in the position whereby they cannot justify the expenditures required for registration of a pesticide for a minor use. Without pesticides available for minor uses both the farmer and the consumer suffer. The farmer would be unable to raise a crop and the consumer would be deprived of fruits and vegetables he has grown accustomed to purchasing.

Because of this problem, for several years, the Committee has encouraged the Department of Agriculture and the Environmental Protection Agency to cooperate and to provide for some method of relief.

ing this problem. As a result, the Environmental Protection Agency has now recognized the problem and recommended that funds be made available to the Department for work on the registration of minor use pesticides.

Therefore, the Committee recommends that \$1,000,000 be added to the budget for the registration of minor use pesticides; \$500,000 for the Agricultural Research Service and \$500,000 for the Cooperative State Research Service.

ADDITIONAL RECOMMENDATIONS

The budget proposed to delete funds for the National Dairy Herd Improvement Program. The Committee does not concur in this recommendation and recommends an increase over the budget request of \$1,500,000 in order that this very beneficial program may continue.

The Committee also recommends that the agency give serious consideration to assigning two scientists to Brazil for the purpose of conducting research on the fire ant. The fire ant is indigenous to Brazil and by assigning scientists there to work "on location" the search for natural predators or diseases of the fire ant could be expedited.

The Committee will also expect the Department to review the proposal to provide support for a human nutrition laboratory in connection with the Baylor College of Medicine and report to the appropriate Committees of Congress on the need for such a laboratory.

The budget for fiscal year 1977 requested an increase of \$304,000 for payment to GSA for space rental costs. The Committee recommends that this increase be denied.

The bill includes up to \$2,000,000 in funds for high priority research projects not specifically earmarked in the budget. In addition, the Committee expects the Department to give special attention to high priority research needs which have arisen and include:

Apples.—The bill includes \$1,460,400 for research on apples, an increase of \$58,500 over the amount available for 1976.

Barley.—The bill includes \$1,205,100 for research on barley, an increase of \$62,600 over the amount available for 1976.

Blueberries-Cranberries.—The bill includes \$280,000 for research on blueberries and cranberries, an increase of \$102,900 over the amount available for 1976 and an increase of \$100,000 over the budget request. The increase over the budget request is to fund research at the Oswego, New Jersey Research Center. In addition, the Department should locate staff at the Oswego Center so that blueberry-cranberry research is located at one center rather than at a number of locations. Such a consolidation would eliminate the lost time spent by scientists traveling from their present headquarters to the Oswego Center.

Cherries.—The bill includes \$272,700 for research on cherries, an increase of \$109,700 over the amount available for 1976, and an increase of \$107,000 over the budget request. The increase over the budget request is to fund research on *Phytophthora* crown and root rots, buckskin disease and stem pitting virus which are causing major losses to cherry trees in California.

Corn.—The bill includes \$9,105,900 for research on corn, an increase of \$628,900 over the amount available for 1976.

Dried Beans.—The bill includes \$792,500 for research on dried beans, including production and processing practices, nutritive quality, digestibility and consumer acceptance, an increase of \$160,400

over the amount available for 1976 and an increase of \$150,000 over the budget request.

Germplasm.—The bill includes \$4,057,300 for research on germplasm, an increase of \$234,600 over the amount available for 1976.

Honey.—The bill includes \$152,500 for research on honey, an increase of \$2,500 over the amount available for 1976. The Committee expects the Department to continue its research program on developing a practical method of detecting and quantifying adulterated honey.

Ornamentals and turf.—The bill includes \$3,696,500 for research on ornamentals and turf, an increase of \$342,100 over the amount available for 1976.

Peaches.—The bill includes \$1,493,900 for research on peaches, an increase of \$34,100 over the amount available for 1976.

Peanuts.—The bill includes \$3,754,200 for research on peanuts, an increase of \$72,900 over the amount available for 1976.

Pickles, onions, and carrots.—The bill includes \$629,700 for research on pickles, onions and carrots, an increase of \$10,100 over the amount available for 1976.

Potatoes.—The bill includes \$3,418,600 for research on potatoes, an increase of \$186,800 over the amount available for 1976.

Rice.—The bill includes \$1,600,200 for research on rice, an increase of \$101,400 over the amount available for 1976.

Soil erosion.—The bill includes \$1,073,100 for soil erosion research, an increase of \$17,300 over the amount available for 1976. The Committee continues to expect the agency to give highest priority to soil erosion problems in the Pacific Northwest.

Soybeans.—The bill includes \$7,344,600 for soybean research, an increase of \$70,200 over the amount available for 1976.

Strip Mining.—The bill includes \$1,139,900 for strip mining research, an increase of \$18,400 over the amount available for 1976.

Sugar Beets.—The bill includes \$2,458,700 for sugar beet research, an increase of \$251,100 over the amount available for 1976, and an increase of \$215,000 over the budget request. The increase over the budget request includes \$65,000 for development of sugar beet parental lines with low respiration rates and resistance to storage rot pathogens, and \$150,000 for research on reduction of post harvest sugar losses in stored sugar beets.

Sugarcane.—The bill includes \$2,413,300 for research on sugarcane, an increase of \$621,400 over the amount available for 1976, and an increase of \$450,000 over the budget request. With the increase over the budget request the Department will be able to purchase additional land for the U.S. Sugarcane Laboratory at Houma, Louisiana. Also included in the amount recommended for 1977 are funds to relocate the World Germplasm Collection to a location that is climatically suitable but isolated from diseases and pests. At present, that part of the collection now located at the Beltsville Agricultural Research Center is losing about 20 clones per year because of low light intensity and short days during winter.

Sunflowers.—The bill includes \$819,000 for research on sunflowers, an increase of \$32,900 over the amount available for 1976.

Swine.—The bill includes \$8,972,000 for research on swine, an increase of \$361,000 over the amount available for 1976. Included in this

amount are funds for research on swine reproduction, baby pig scours, swine dysentery, Pseudorabies, Arthritis, Mastitic, TGE, Atrophic Rhinitis, disease control, environmental effects and ventilation.

Ticks.—The bill includes \$554,100 for an expanded research program on ticks, an increase of \$364,100 over the amount available for 1976.

Wild Oats.—The bill includes \$182,800 for research on wild oats, an increase of \$82,800 over the amount available for 1976.

Wild Rice.—The bill includes \$200,000 for research on wild rice, an increase of \$3,000 over the amount available for 1976.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1976 appropriation.....	\$7,500,000
1977 budget estimate.....	10,000,000
Recommended in the bill.....	5,000,000
Comparison:	
1976 appropriation.....	-2,500,000
1977 budget estimate.....	-5,000,000

In fiscal year 1958, the Department initiated a research program abroad utilizing foreign currencies generated by the sale of surplus agricultural commodities under Title I of Public Law 480. Originally confined to market development research authorized by section 104(b) (1) of Public Law 480, as amended, the program was subsequently expanded to include agricultural and forestry research under section 101(b) (3) of the law, as amended. It now involves work in the following general areas: farm research, utilization research, marketing research, forestry research, agriculture economics, and human nutrition research.

This research is conducted with local currencies in countries in which the United States has foreign currency available in excess of normal U.S. requirements. The dollars appropriated for this purpose are used to purchase these excess currencies from the Treasury Department. Since the dollars remain in the United States, and since this country owns large amounts of excess currencies in various countries, their use for research and market development purposes appears fully justified.

The Committee recommends \$5,000,000, a reduction of \$5,000,000 below the budget estimate, for this program. The Committee is aware of the difficulty the Department has in finding research facilities and qualified personnel for worthwhile research projects to carry out with these funds in foreign countries. Therefore, the Committee has recommended only one-half of the budget request which will permit the Department to fund, where facilities and personnel are adequate, projects that have the greatest potential for making a contribution to U.S. research needs.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

1976 appropriation.....	\$377,729,000
1977 budget estimate.....	399,882,000
Recommended in the bill.....	401,530,000
Comparison:	
1976 appropriation.....	+23,801,000
1977 budget estimate.....	+1,648,000

The Animal and Plant Health Inspection Service was established by the Secretary of Agriculture on April 2, 1972, under the authority of the Reorganization Plan No. 2 of 1953, and other authorities. The major objectives of the Service are to protect consumers from unwholesome meat and poultry products and to protect the animal and plant resources of the Nation from diseases and pests. These objectives are carried out under three major areas of activity as follows:

1. *Meat and poultry inspection:* The agency inspects meat and poultry products in plants shipping in interstate and foreign commerce, reviews inspection systems in foreign establishments producing for export to the United States, and provides technical and financial assistance to States to maintain their meat and poultry inspection programs.

2. *Animal and plant diseases and pest control:* Survey, diagnostic and quarantine activities are carried out to control, eradicate, or prevent the introduction of animal and plant diseases and pests. Control and eradication programs are conducted to combat existing diseases and pests.

3. *Other Regulatory activities:* Development of standards for, and the licensing and testing of veterinary biologicals to ensure their safety and effectiveness, and the inspection of certain establishments which handle animals intended for research exhibition and pet purposes, as defined by law, to insure their humane treatment are other regulatory activities performed by the agency.

The Service maintains central offices in the Washington metropolitan area. However, most of the Service's work is conducted at numerous field locations, meat and poultry plants, and at points of entry in the fifty states, Puerto Rico, and the Virgin Islands. Much of the work is conducted in cooperation with State and local agencies, private groups, and foreign governments.

SUMMARY

The recommendations of the Committee total \$401,530,000, which is \$1,648,000 more than the budget estimate and compares with \$377,729,000 appropriated during fiscal year 1976. Among the major increases requested and approved are \$8,064,000 for meat and poultry inspection, \$7,145,000 for brucellosis eradication, \$4,500,000 for screw-worm eradication and \$3,800,000 for construction of the New York Animal Import Center.

BOLL WEEVIL ERADICATION

The Committee has very carefully reviewed the request to initiate a boll weevil eradication program. It appears to the Committee that at the present time there is no evidence of any substantial breakthrough nor scientific knowledge available for eradication, nor that the States involved are fully prepared to participate in their share of the program. The testimony in favor of an eradication program was addressed to the problem caused by boll weevil infestations and the need to correct the problem, with little detail as to how this could be done

at the present time. The plans submitted to the Committee seem to call for continued use of all present insecticides and methods plus a new chemical which has not even been registered nor approved by EPA for use. The Committee has before it many reports, but running through all of them are such phrases as . . . These methods show great promise for the future—A more reliable method of sterilization that does not require the costly separation of males and females and the feeding of boll weevils in the laboratory is needed—A concentrated joint effort is underway to select a new method of sterilization for field testing. Most agree with the National Academy of Sciences report on pest control which says the cotton study team seriously questions whether the technology is currently available to eradicate the boll weevil from presently infested areas.

The requested \$1.7 million for boll weevil eradication shall be made available for such program only when the Director of boll weevil research at the Boll Weevil Laboratory certifies to appropriate Congressional committees 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. The Administrator of APHIS shall submit on a quarterly basis to appropriate Congressional committees a complete and current report on the status of implementing the program and on the results being achieved. It is the intent of this Committee that pending the meeting of these provisions the funds provided shall be available to continue efforts to achieve meaningful breakthroughs in boll weevil eradication and other aspects of boll weevil research.

WITCHWEED

The Committee recommends an increase over the budget request of \$1.2 million for initiation of a witchweed eradication program. Witchweed, a serious parasite of corn, is now quarantined in an area of the Carolinas. However, there remains the threat that it could spread to other corn producing states, making control and eventual eradication more costly and difficult. For these reasons, the Committee is convinced it would be prudent to initiate an eradication program as soon as possible.

PEST DETECTION

The budget request proposes to more than double pest detection activities. While the Committee recognizes the importance of timely surveys and reporting of plant pest conditions, it feels that expansion of these activities should proceed at a pace which is practical, reasonable and prudent. Therefore, the Committee recommends \$1.8 million for pest detection, which is \$825,000 above the fiscal year 1976 level.

RESTORATIONS

The Administration's budget proposes to terminate the programs relating to burrowing nematode, Japanese beetle, and white-fringed beetle. In order that these programs may be continued at the necessary levels, the Committee recommends \$1.5 million for "Miscellaneous Plant Diseases and Pests." This project account has become dormant in recent years. While the funds provided under this account are to be used for, but not necessarily limited to, the three programs named above, the Committee will expect the agency to report periodically to the appropriate Congressional committees on the use of these funds.

CCC REPAYMENT

The budget requests \$833,000 to repay the Commodity Credit Corporation for an advance made during fiscal year 1975 to provide additional financing to meet the exotic Newcastle emergency. The Committee recommends \$333,000 and directs that the agency can fund the remaining part of the repayment from whatever balances would otherwise be unobligated at the end of fiscal year 1977.

COOPERATIVE STATE RESEARCH SERVICE

1976 appropriation	\$114,460,000
1977 budget estimate.....	122,508,000
Recommended in the bill.....	124,702,000
Comparison:	
1976 appropriation	+10,242,000
1977 budget estimate.....	+2,194,000

The Cooperative State Research Service was established by Secretary's Memorandum No. 1462 dated July 19, 1961 and Supplement 1, dated August 31, 1961 under Reorganization Plan No. 2 of 1953. The primary function of the Service is to administer acts of Congress that authorize Federal appropriations for agricultural research carried on by the State Agricultural Experiment Stations of the 50 States, District of Columbia, Puerto Rico, Guam and the Virgin Islands, and by approved schools of forestry and nonprofit institutions. Administration of payments and grants involves the approval of each research proposal to be financed in whole or in part from Federal-grant funds; the continuous review and evaluation of research programs and expenditures thereunder and the encouragement of cooperation within and between the States, and with the research programs of the U.S. Department of Agriculture.

Research funds for the 1890 Institutions and Tuskegee Institute are obligated each year by means of grants to fund specific research projects which are approved by CSRS. Most projects are funded for three to five years.

It has come to the attention of the Committee that this procedure has led to a lack of needed flexibility in CSRS's attempt to build continuing research programs at these institutions. The difficulty arises when a project is discontinued for any of a variety of reasons, includ-

ing the resignation of the principal investigator or unforeseen low probability of success of the project, etc. When this occurs, the funds obligated under the grant for the specific project are deobligated, which reduces the concerned school's research program.

The Committee therefore recommends that henceforth the schools be allowed to submit for approval a proposal for the use of such funds on alternative projects, and if the proposal is approved the funds may be transferred to such new projects.

The Committee recommends an increase of \$1,500,000 over the budget request for funds for rural development research in order that the work may be continued at last year's level. The budget had proposed no funds for rural development research for fiscal year 1977.

The Committee has had considerable testimony with respect to the soil erosion problems being experienced in the Pacific Northwest. Last year, \$200,000 was made available for work on this problem under the special grant funds. This year the budget proposed the complete elimination of these funds. The Committee is convinced of the need for this research and, therefore, recommends that the \$200,000 in special grant funds be restored. In addition, the Cooperative State Research Service is directed to coordinate its sedimentation research so as to fully utilize the National Sedimentation Laboratory.

As previously mentioned in connection with the recommendations for the Agricultural Research Service, \$500,000 has also been added over the budget request of the Cooperative State Research Service for work in connection with the registration of minor use pesticides.

The Committee also recommends a reduction of \$6,000 in the amount requested for payment to GSA for space costs during fiscal year 1977.

EXTENSION SERVICE

1976 appropriation.....	\$228,935,000
1977 budget estimate.....	218,790,000
Recommended in the bill.....	236,947,000
Comparison:	
1976 appropriation.....	+8,012,000
1977 budget estimate.....	+18,157,000

Cooperative agricultural extension work was established by the Smith-Lever Act of May 8, 1914, as amended. The legislation authorized the Department of Agriculture to give, through the Land-Grant Colleges, instruction and practical demonstrations in agriculture and home economics and related subjects, and to encourage the application of such information by means of demonstrations, publications, and otherwise to persons not attending or resident in the colleges. In addition, the Service provides nutrition training in poverty areas, 4-H club work, and educational assistance in Community Resource Development.

For fiscal year 1977 the budget proposed to eliminate funds for activities under Title V of the Rural Development Act of 1972 and to also eliminate funds for rural development activities under section 3(d) of the Smith-Lever Act. The Committee does not concur in this proposal and recommends that \$1,000,000 be restored for section 3(d) activities and that \$1,500,000 be restored for Title V activities. The total of \$2,500,000 recommended by the Committee will maintain the program at the level of last year's appropriation.

The Committee also recommends an increase over the budget request of \$10,170,000 for the nutrition aides, which restores the program to the level of last year's appropriations. The \$50,060,000 recommended will continue the current program level of providing nutrition education to low-income people primarily in urban areas. Of the total recommended, the Committee will expect that not less than \$1,500,000 shall be for a program employing people having the general qualifications of extension agents to assist in teaching and demonstrating gardening and 4-H type work, as well as nutrition assistance, in our larger cities such as New York, Chicago and Los Angeles, as recommended to the Committee by Congressman Richmond and Congressman Brown and others.

The Committee has also recommended an increase over the budget request of \$500,000 for the 1890 Land-Grant Colleges and Tuskegee Institute in recognition of the continuing improvement in the quality of their personnel and work.

The Committee was advised that the funds requested in the 1977 budget for penalty mail costs are inadequate. The Committee recommends an increase of \$5,000,000 for penalty mail to cover the cost of increased mailing associated with public interest in part-time farming and urban gardening, as well as to cover increased postal rates.

The Committee further recommends that the amount requested for payment to GSA for space rental costs for fiscal year 1977 be reduced by \$13,000.

NATIONAL AGRICULTURAL LIBRARY

1976 appropriation.....	\$5,539,000
1977 budget estimate.....	6,034,000
Recommended in the bill.....	6,026,000
Comparison:	
1976 appropriation.....	+487,000
1977 budget estimate.....	-8,000

The Organic Act of 1862, establishing the Department of Agriculture, set forth a basic mission "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most general and comprehensive sense of the word," and placed upon the Secretary the responsibility to "procure and preserve all information concerning agriculture which he can obtain by means of books. . . ." The Library was established in the same year by the first Commissioner of Agriculture.

Designated the National Agricultural Library in 1962, the Library works closely with the Library of Congress and the National Library of Medicine to fulfill the functions of a national library for the United States.

The National Agricultural Library provides access to the world's agricultural literature. Both current and historical information is collected and organized for effective utilization by a wide range of users. Library services include reference assistance, preparation of bibliographic files, and loan or photoduplication of library materials.

The library services of the National Agricultural Library are carried out through the main library located at Beltsville, Maryland, and through a branch library in Washington, D.C., which includes the law collection and social science materials.

In addition, several agencies of the Department maintain and finance their own libraries. These libraries are situated at field locations where concentration of work and research staff warrants on-site library services. The Director of the National Agricultural Library prescribes library policy, standards, and procedure for these field library services and exercises such controls as are needed to coordinate services in the Department.

The Committee recommends approval of the budget as requested with the exception of the \$8,000 increase for GSA space rental costs.

STATISTICAL REPORTING SERVICE

1976 appropriation	\$31,362,000
1977 budget estimate	33,712,000
Recommended in the bill	33,459,000
Comparison:	
1976 appropriation	+2,097,000
1977 budget estimate	-253,000

The Statistical Reporting Service was established by Secretary's Memorandum No. 1446, Supplement 1, of April 3, 1961, under Reorganization Plan No. 2 of 1953, and other authorities. The Service was created to give coordinated leadership to the statistical reporting, research and service programs of the Department. It provides a channel for the orderly flow of statistical intelligence about the agricultural economy of this country. The primary responsibilities of this Service are the national and State crop and livestock estimates and coordination and improvement in the Department's statistical requirements.

For fiscal year 1977, the Department requested \$3,093,000 for list sampling frame development and maintenance, an increase of \$1,868,000 over the amount available for fiscal year 1976. The Committee feels the request is overstated and recommends a reduction of \$368,000.

The Committee recommends that the proposed reduction of \$161,000 for floriculture surveys be restored. Last year the Department proposed to eliminate these surveys and the funds were restored by the Congress based on the recommendation of the Committee.

The Committee also recommends a reduction of \$46,000 in the amount requested for GSA space costs during fiscal year 1977.

ECONOMIC RESEARCH SERVICE

1976 appropriation	\$25,642,000
1977 budget estimate	26,116,000
Recommended in the bill	26,080,000
Comparison:	
1976 appropriation	+438,000
1977 budget estimate	-36,000

The Economic Research Service was established by Secretary's Memorandum No. 1446, Supplement No. 1, of April 3, 1961 under Reorganization Plan No. 2 of 1953, and other authorities. The Service develops and carries out a program of economic research designed to benefit farmers and the general public. The findings of this research are made available to farmers and others through research reports and through economic outlook and situation reports on major commodities, the national economy, and the international economy.

The Committee recommends a reduction of \$36,000 in the amount requested for GSA space costs during fiscal year 1977.

AGRICULTURAL MARKETING SERVICE

The Agricultural Marketing Service was established by the Secretary of Agriculture on April 2, 1972, under the authority of the Reorganization Plan No. 2 of 1953 and other authorities. Through its marketing and regulatory programs, AMS aids in advancing orderly and efficient marketing and effective distribution of products from the Nation's farms. The Committee directs that the agency continue to administer the purchase of surplus agricultural commodities under section 32 as has been done in the past. Distribution of these commodities to schools, needy families and institutions, and for emergency relief use is assigned to the Food and Nutrition Service carried elsewhere in the bill.

Other programs administered by this agency include the market news services, payments to States for marketing activities, the Egg Products Inspection Act, the Plant Variety Protection Act, the Federal administration of marketing agreements and orders, and inspection, grading, classing and standardization services.

MARKETING SERVICES

1976 appropriation	\$47,055,000
1977 budget estimate	57,087,000
Recommended in the bill	56,984,000
Comparison:	
1976 appropriation	+9,929,000
1977 budget estimate	-103,000

The Committee has taken no action at this time with respect to providing funds for the implementation of the Grain Standards Act amendments which are now pending before the Congress. Once this legislation becomes law, the Committee will expect the Department to submit a supplemental budget request, if required, so that the new legislation can be implemented in an expeditious manner.

In the fiscal year 1976 Appropriation Bill, Congress provided \$5,000,000 for additional supervisory grain inspectors. As soon as the new legislation becomes law, the Committee will expect a report on how the additional people and the funds to support them which are carried forward in this year's bill relate to the funding requirements of the new law.

The Committee also recommends a reduction of \$103,000 in the amount requested for GSA space costs during fiscal year 1977.

PAYMENTS TO STATES AND POSSESSIONS

1976 appropriation	\$1,600,000
1977 budget estimate	1,600,000
Recommended in the bill	1,600,000
Comparison:	
1976 appropriation	+1,600,000
1977 budget estimate	-

The Federal-State Marketing Improvement Program is designed to bridge the gap between research and its practical use by producers and marketing agencies, in addition to encouraging use of the best known and most effective marketing methods and practices by all parts of the marketing chain. It enables producers and marketing agencies to apply new and improved methods and practices which aid in expanding outlets of agricultural products, providing more reliable market data, improving producer bargaining strength, reducing deterioration and spoilage of farm products, moving seasonal commodity surpluses to their best market, increasing agricultural exports, and reducing marketing costs. The program also furthers the development of improvements in marketing services through experimentation with new methods and procedures.

Federal payments, authorized by section 204(b) of the Agricultural Marketing Act of 1946, are made under cooperative agreements between the U.S. Department of Agriculture and State Departments of Agriculture, and similar State agencies. These agreements provide for eligible marketing service activities on a matching fund basis. The States contribute at least half of the cost and perform the work with State personnel.

The amount of the Federal payment to a State is based upon an evaluation of the relative urgency of the marketing problems confronting the producers, shippers and marketing agencies in the State, the probable effectiveness of the plan proposed by State specialists for solving or alleviating the problems, the capability of State personnel to aid marketers in carrying out the proposed program, and the availability of Federal matching funds.

The budget estimate included no provision of funds for Payments to States and Possessions. This program was instituted in 1946 and has proved to be most effective in assisting the States in dealing with various marketing problems peculiar to the particular State.

The Committee recommends an appropriation of \$1,600,000 for this program in fiscal year 1977. The Committee continues to be convinced that the State Commissioners of Agriculture play a major role in promoting agriculture in their respective States and, therefore, has recommended these funds so that this important work may continue uninterrupted.

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

This Act appropriates 30 percent of all customs receipts for (a) encouraging exports, (b) encouraging domestic consumption by diversion to alternative outlets or by increasing their utilization, and (c) reestablishing the farmers' purchasing power.

The primary purpose of section 32 is 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.

The following table reflects the status of this fund for fiscal years 1975-1977.

ESTIMATED TOTAL FUNDS AVAILABLE FOR SEC. 32 ACTIVITIES AND THE ESTIMATED BALANCE CARRIED FORWARD FOR FISCAL YEARS 1975-77

Item	1975 actual	1976 estimated	1977 estimated
Appropriation or estimate.....	\$1,019,207,831	\$1,128,085,933	\$1,120,000,000
Balance available from prior years.....	191,004,579	120,809,585	
Recovery of prior year obligations.....	22,376,478		
Transfers to:			
Child Nutrition Programs, FNS.....	-705,926,000	-881,111,000	-811,000,000
Agricultural Research Service.....	-15,000,000		
Foreign Agricultural Service.....	-2,117,000		
Department of Commerce.....	7,750,000	-8,820,794	-9,000,000
Total available after transfers.....	501,795,362	358,964,724	300,000,000
Obligations.....	380,985,777	278,792,000	
Unobligated balance carried forward into subsequent years.....	120,809,585	82,172,000	300,000,000

PACKERS AND STOCKYARDS ADMINISTRATION

1976 appropriation.....	\$5,171,000
1977 budget estimate.....	5,234,000
Recommended in the bill.....	5,226,000
Comparison:	
1976 appropriation.....	+55,000
1977 budget estimate.....	-8,000

This agency administers the Packers and Stockyards Act of 1921, as amended (7 U.S.C. 181-229), which is designed to assure free, open, and fair competition and fair practices in the marketing of livestock, live poultry, meat and dressed poultry. It protects consumers against unfair business practices in the marketing of meat and poultry. It protects members of the livestock marketing and meat industries from unfair, deceptive, discriminatory and monopolistic practices of competitors.

Investigations are conducted to determine that the operations of packers and retail organizations do not involve the proscribed malpractices. Through the use of required annual and special reports, as well as audits, the financial stability of these organizations is determined in order to guard against loss to persons and firms dealing with them. When violations or insolvencies are established, procedures to obtain cease and desist orders are initiated in order to prevent future violations.

Operations of stockyards, market agencies, and dealers are investigated and audited to assure that their business practices are fair and in free, open competition; that they are financially sound; and that adequate services and facilities are furnished by stockyards and market agencies at reasonable and nondiscriminatory rates and charges.

The Committee recommends a reduction of \$8,000 in the amount requested for GSA space costs during fiscal year 1977.

FARMER COOPERATIVE SERVICE

1976 appropriation.....	\$2,559,000
1977 budget estimate.....	2,594,000
Recommended in the bill.....	2,589,000
Comparison:	
1976 appropriation.....	+30,000
1977 budget estimate.....	-5,000

The Farmer Cooperative Service was established following the enactment of the Farm Credit Act of 1953 (Public Law 202, Aug. 6, 1953), which transferred its functions from the Farm Credit Administration to the Secretary of Agriculture.

The Service conducts research, provides technical assistance and serves as a central storehouse of information about cooperatives. It helps farmers improve their net income through assistance in the marketing of their products, purchasing of farm supplies and distribution of their goods. Research studies are conducted on problems of organization, finance, legal, social, and economic aspects of cooperative activity in U.S. agriculture. The agency cooperates with the Extension Service, land-grant colleges, banks for cooperatives, State departments of agriculture, and other Federal and State agencies to bring about better understanding and application of sound cooperative principles and practices.

The Committee recommends a reduction of \$5,000 in the amount requested for GSA space costs during fiscal year 1977.

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The Agricultural Stabilization and Conservation Service was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901-913). The Service carries on the following principal programs from appropriated funds:

Production adjustment programs: The Agricultural Adjustment Act of 1938, as amended, authorizes production adjustment for designated basic commodities (tobacco, peanuts, wheat, cotton, and rice) through acreage allotments, and the adjustment of supplies through marketing quotas when supplies reach specified levels in relation to normal demand.

The Agriculture and Consumer Protection Act of 1973, applicable through 1977, provides authority for a cropland set-aside approach for participating producers in the voluntary wheat, upland cotton, and feed grain programs (1974-77 crop years).

Designed to help farmers shift to market-oriented agriculture, program goals include those (1) to give farmers more opportunity for decision-making on their farms; (2) to protect and improve farmers' income; (3) to keep agricultural production in line with anticipated needs; and (4) to put a greater reliance on the marketplace as the principal source of farm income.

Under the Act, marketing quotas and penalties are suspended for the 1974-77 crop years for wheat and cotton. As specified in the Act, feed grains include corn and grain sorghum—and barley, if designated by the Secretary of Agriculture.

The Act established a \$20,000 limit on the amount of payments a person could receive annually under each or combination of the programs. The payment limitation does not apply to commodity loans and purchases available to eligible program participants.

Commodity Credit Corporation program activities: Various price support and related programs have been authorized in numerous legislative enactments since the early 1930's. Operations under these programs are financed through the Commodity Credit Corporation. Personnel and facilities of the Agricultural Stabilization and Conservation Service are utilized in the administration of programs of the Commodity Credit Corporation, and the Administrator of the Service is also Executive Vice President of the Corporation.

Foreign assistance programs and other special activities: Various surplus disposal programs and other special activities are conducted pursuant to specific statutory authorizations and directives. These laws authorize the use of CCC funds and facilities to implement the programs. Appropriations for these programs are transferred or paid to the Corporation for its costs incurred in connection with these activities, such as Public Law 480; and National Wool Act.

SALARIES AND EXPENSES

	Appropriation	Transfer from CCC	Total
1976 appropriation.....	\$151,181,000	(\$72,571,000)	(\$223,752,000)
1977 budget estimate.....	157,861,000	(74,958,000)	(232,849,000)
Recommended in the bill.....	157,410,000	(74,958,000)	(232,368,000)
Comparison:			
1976 appropriation.....	+6,229,000	(+2,387,000)	(+8,616,000)
1977 budget estimate.....	-481,000	(-----)	(-481,000)

For fiscal year 1977 the Committee recommends the full amount of the budget request except for a reduction of \$481,000 in the amount requested for GSA space costs.

The Committee is extremely concerned about the hiring of consultants by the Agricultural Stabilization and Conservation Service and will expect that in the future the use of consultants will be limited solely to work in connection with employee training programs. Furthermore, the Committee will expect that if the agency requires outside assistance for the training programs, the individuals hired will be hired as consultants and not as contractors thereby circumventing the limitations on consultants contained in the bill and in the law (5 U.S.C. 3109).

DAIRY AND BEEKEEPER INDEMNITY PROGRAM

1976 appropriation.....	\$6,650,000
1977 budget estimate.....	4,050,000
Recommended in the bill.....	4,050,000
Comparison:	
1976 appropriation.....	-----
1977 budget estimate.....	-2,600,000

The authorization for this program was extended by the Agricultural Act of 1970 to include not only indemnity payments to dairy farmers, who through no fault of their own, suffer losses due to residues of economic poisons, but similar indemnification of manufacturers of dairy products.

The Agriculture Act of 1970 provided for indemnities to beekeepers who, through no fault of their own, suffered losses of honey bees after January 1, 1967, as a result of the use of poisons registered and approved by the Federal Government near or adjacent to the property on which the hives are located.

Last year the Committee called upon the Federal Crop Insurance Corporation to conduct an in-depth study of the feasibility of providing insurance coverage for beekeepers and to report their findings to the Appropriations Committees and to the appropriate legislative committees.

This study has now been completed and a summary appears on pages 787-793 of Part 3 of this year's hearings. Testimony indicated that an insurance program could be developed and that beekeepers would be receptive to such a program. Therefore, the Committee strongly urges the appropriate legislative committees to give full consideration to providing an insurance program for beekeepers under the authority of the Federal Crop Insurance Corporation.

The Committee recommends the full amount of the budget request for fiscal year 1977.

FEDERAL CROP INSURANCE CORPORATION

	Appropriation	Premium income	Total
1976 appropriations.....	\$12,000,000	(\$8,184,000)	(\$20,184,000)
1977 budget estimate.....	12,000,000	(8,006,000)	(20,006,000)
Recommended in the bill.....	11,976,000	(8,006,000)	(19,982,000)
Comparison:			
1976 appropriation.....	-24,000	(-178,000)	(-202,000)
1977 budget estimate.....	-24,000		(-24,000)

The Federal Crop Insurance Corporation is a wholly owned Government corporation created February 16, 1938, to carry out the Federal Crop Insurance Act. Its purpose is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance, and providing the means for 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 unavoidable 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 Committee recommends approval of the budget as requested except for the \$24,000 increase for GSA space rental costs.

COMMODITY CREDIT CORPORATION

The Corporation was organized October 17, 1933, under the laws of the State of Delaware, as an agency of the United States, and was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, it was transferred to the Department of Agriculture by the President's Reorganization Plan 1. On July 1, 1948, it was established as an agency and instrumentality

of the United States under a permanent Federal charter by Public Law 80-806, as amended. Its operations are conducted pursuant to this charter and other specific legislation.

The Commodity Credit Corporation engages in buying, selling, lending, and other activities with respect to agricultural commodities, their products, food, feeds, and fibers. Its purposes include stabilizing, supporting, and protecting farm income and prices; assisting in the maintenance of balance and adequate supplies of such commodities; and facilitating their orderly distribution. The Corporation also makes available materials and facilities required in connection with the production and marketing of such commodities.

Activities of the Corporation were significantly affected by the Agriculture and Consumer Protection Act of 1973. The Act provided established, or "target", prices for wheat, feed grains and upland cotton, with payments to eligible producers, based on allotted acres, to be made under specified conditions. No payments will be made as long as the average market price received by producers during the first five months of the marketing year—or in the case of upland cotton, during the calendar year in which the crop is planted—remains at or above the target level.

The Act also authorized "disaster" payments. If an eligible producer of wheat or feed grains is prevented from planting any portion of his allotment to wheat, feed grains or other nonconserving crop or an eligible producer of cotton is prevented from planting any portion of his allotment to cotton because of drought, flood, or other natural disaster, or condition beyond his control; the payment rate for that portion will be the larger of the regular calculated rate or one-third of the target price. And if, because of the same circumstances, the total quantity of the commodity (or authorized substituted crop) harvested on the farm is substantially less than the "expected production" because of a natural disaster, the payment rate for the deficiency in production below 100 percent will be the larger of the regular calculated rate or one-third of the target price.

The Corporation is managed by a board of directors appointed by the President and confirmed by the Senate, subject to the general supervision and direction of the Secretary of Agriculture, who is, ex officio, a director and chairman of the board. In addition, it has a bipartisan advisory board of five members appointed by the President to survey the general policies of the Corporation and advises the Secretary with respect thereto.

Personnel and facilities of the Agricultural Stabilization and Conservation Service, ASC State and county committees, and other USDA agencies are used to carry out Corporation activities.

The Corporation has an authorized capital stock of \$100 million held by the United States and authority to borrow up to \$14.5 billion. Funds are borrowed from the Federal Treasury and may also be borrowed from private lending agencies. In connection with loan guarantees, the Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by lending agencies or certificates of interests issued in connection with the financing of price-support operations. All bonds, notes, debentures, and similar obligations issued by the Corpo-

ration are subject to approval by the Secretary of the Treasury as required by the act of March 8, 1939 (15 U.S.C. 713a-4).

REIMBURSEMENT FOR NET REALIZED LOSSES

1976 appropriations.....	\$2,750,000,000
1977 budget estimate.....	898,652,000
Recommended in the bill.....	189,053,000
Comparison:	
1976 appropriation.....	-2,560,947,000
1977 budget estimate.....	-709,599,000

If necessary to perform the functions, duties, obligations or commitments of the Commodity Credit Corporation, administrative personnel and others serving the Corporation shall be paid from funds on hand or from those funds received from the redemption or sale of commodities. Such funds shall also be available to meet program payments, commodity loans, or other obligations of the Corporation.

The Committee recommends restoration of fiscal year 1974 losses but has deferred restoration of fiscal year 1975 losses at this time.

LIMITATION ON ADMINISTRATIVE EXPENSES

1976 appropriations.....	(\$39,400,000)
1977 budget estimate.....	(40,700,000)
Recommended in the bill.....	(41,220,000)
Comparison:	
1976 appropriation.....	(+1,820,000)
1977 budget estimate.....	(+520,000)

The amounts shown below reflect the total funds proposed to be used for the administrative expenses of the Commodity Credit Corporation for 1977 and are proposed to be advanced as indicated:

Advancements to:	
Salaries and expenses, Agricultural Stabilization and Conservation Service.....	\$30,573,000
Agricultural Marketing Service.....	3,470,000
Foreign Agricultural Service.....	1,125,000
Office of the General Sales Manager.....	3,133,000
Contingency reserve.....	2,919,000
Total	41,220,000

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT AND PROTECTION

As previously discussed in the report, the Committee has approached rural development from the point of view of assuring that every effort be made to see that the rural areas of the country receive treatment from the Federal Government similar and also equal to that received by our urban areas. In order to accomplish this, the Committee has recommended significant increases in the action agencies responsible for rural development.

These action agencies, the Farmers Home Administration and the Rural Electrification Administration, have been operating in rural areas for several decades and have played a major role in the enhancement of rural life.

In the 1930's and 1940's the Farmers Home Administration and its predecessor agencies were primarily involved in making small loans to farmers, however, today the agency has a multi-billion dollar loan program throughout all America. For this reason, the Committee again repeats the recommendation made last year that the appropriate legislative committees of the Congress consider a new name, such as Rural Development and Assistance Administration, for this large agency, a name which more accurately portrays the large role it plays in rural development. In addition, the Committee believes that the small coordinating group located in Washington and presently known as the Rural Development Service should be made a part of the Farmers Home Administration.

FARMERS HOME ADMINISTRATION'S RURAL DEVELOPMENT PROGRAMS

Under the law, responsibility for rural development programs has been assigned primarily to the Farmers Home Administration. The Farmers Home Administration is the governmental agency responsible for the housing needs of rural America, including such related programs as water and sewer loans and grants. The Housing and Community Development Act of 1974 expanded the area of FHA's responsibility from cities of up to 10,000 in population to cities of up to 20,000 in population.

As previously mentioned, the Committee has recommended funds to implement programs in rural areas on a basis comparable to similar programs undertaken by the Department of Housing and Urban Development in larger cities.

To fail to do so would result in inequitable treatment, and would result in more and more needy and indigent people moving into overcrowded cities so as to have housing benefits, further aggravating and increasing problems such cities now have.

In order to maintain and improve the quality of life in the rural areas of the country, the Farmers Home Administration conducts the following primary activities:

RURAL HOUSING INSURANCE FUND

Housing Loans.—Makes rural housing loans pursuant to Title V of the Housing Act of 1949, as amended, to farm owners, to owners of other real estate in rural areas and long-term farm leaseholders in rural places with a population of up to 20,000. Rural housing loans are made to construct, improve, alter, repair or replace dwellings and essential farm service buildings that are modest in size, design and cost.

Rental Housing Loans.—Makes loans for rural rental housing pursuant to Title V of the Housing Act of 1949, as amended. Such insured loans are made to individuals, corporations, associations, trusts, or partnerships to provide moderate cost rental housing and related facilities for elderly persons in rural areas. These loans, made with funds advanced by private lenders, are repayable in not to exceed 50 years.

Farm Labor Housing.—Makes loans pursuant to Title V of the Housing Act of 1949, as amended. Such insured loans are made either to a farm owner or to a public or private nonprofit organization to provide modest living quarters and related facilities for domestic farm labor. These loans, which are made with funds advanced by private lenders, are repayable in not more than 33 years at one percent interest. Otherwise, insured farm labor housing loans are subject to the same terms and limitations applicable to other types of insured loans, except that these loans are not limited to family farms or to any specific amount.

AGRICULTURAL CREDIT INSURANCE FUND

Farm Ownership Loans.—Makes loans to farmers and ranchers for acquiring, enlarging, or improving farms, including farm buildings, land development use and conservation, refinancing indebtedness and for loan-closing costs. Insured loans are made with funds advanced by private lenders and payments of principal and interest are fully guaranteed.

Soil and Water Loans.—Makes conservation loans to farmers and ranchers and to associations for the effective development and utilization of water supplies and for the improvement of farmland by soil and water conserving facilities and practices.

Emergency Loans.—Makes loans in designated areas where a natural disaster has caused a general need for agricultural credit which cannot be met for temporary periods of time by private, cooperative, or other responsible sources, including the Farmers Home Administration.

Operating Loans.—Makes loans to farmers and ranchers for costs incident to reorganizing a farming system for more profitable operations, for a variety of essential farm operating expenses such as pur-

chase of livestock, farm equipment, feed, seed, fertilizer, and farm supplies; for financing land and water development, use and conservation, for refinancing indebtedness, for other farm and home needs, and for loan-closing costs.

Soil Conservation Loans.—Makes resource conservation and development loans to sponsors of projects approved for operation by the Soil Conservation Service. Such loans are repayable in not more than 30 years with repayment of principal and interest deferred up to five years if necessary. These loans bear interest at a rate based on the rate paid by similar Treasury issues.

Also makes watershed and flood prevention loans. Such 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. Loans are repayable in not more than 50 years at an interest rate based on specified outstanding obligations of the Treasury.

RURAL DEVELOPMENT INSURANCE FUND

Water and Sewer Loans.—Makes loans for water and sewer development costs. Development loans are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas.

Community Facilities Loans.—Loans are made to organizations, including certain Indian tribes and corporations not operated for profit and public and quasi-public agencies, to construct, enlarge, extend or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, traffic control, and community, social, cultural and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 10,000 population.

Rural Industrialization Loans.—Makes loans for rural industrialization and rural community facilities under Rural Development Act amendments to Consolidated Farm and Rural Development Act authorities. Business and industrial loans are made to public, private, or cooperative organizations organized for profit, to certain Indian tribes, or to individuals for the purpose of improving, developing or financing business, industry, and employment or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, 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 start-up 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 its 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.

GRANTS FOR RURAL DEVELOPMENT

Water and Sewer Grants.—Makes grants for water and sewer development costs. Development grants are made to associations, including corporations operating on a nonprofit basis, municipalities and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Such grants may not exceed 50 percent of the development cost of the projects, and supplement other funds borrowed or furnished by applicants to pay development costs.

Farm Labor Housing Grants.—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% 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.

Mutual and Self-Help Housing Grants.—Makes grants authorized by section 1005 of the Housing and Urban Development Act of 1968. These grants are especially designed to aid the development of comprehensive plans to permit an expansion of mutual and self-help housing programs under which groups of families build their own homes by mutually exchanging labor.

Business and Industrial Development Grants.—Makes rural development grants 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. These grants may be made in connection with business and industrial loans, and community facilities loans.

ACCOMPLISHMENTS OF FHA

From the beginning of the Resettlement Administration in 1935 until the end of Fiscal Year 1975, a total of \$33,069,839,497 was advanced or obligated in more than 7.3 million loans and grants through FHA and its predecessor agencies.

Collections of principal and interest on loans totaled \$18,833,107,467.

Loan balances outstanding on June 30, 1975 totaled \$15,859,510,000.

More than \$23.7 billion (three-fourths) of FHA's all-time outlay has moved through its programs since 1966; nearly \$18 billion from fiscal year 1971 through fiscal year 1975.

Program-by-program, these are all-time totals (through June 30, 1975):

Current programs	Number	Amount obligated
Farm:		
Operating loans.....	2,030,434	\$6,663,139,320
Youth loans.....	7,940	23,141,600
Farm ownership loans.....	291,904	4,673,221,082
Farm recreation loans.....	276	8,939,880
Soil and water loans.....	21,868	108,842,247
Irrigation and drainage loans.....	550	18,470,709
Indian tribe land loans.....	33	29,756,000
Disaster emergency loans.....	733,185	3,037,616,295
Guaranteed emergency livestock loans.....	3,021	352,887,460
Grazing association loans.....	570	110,908,496
Total, farm.....	3,089,781	15,026,923,049
Housing:		
Individual housing loans.....	926,447	11,483,147,816
Rental and co-op housing loans.....	5,146	709,688,740
Farm labor housing loans.....	460	49,512,170
Farm labor housing grants.....	69	38,918,710
Homestead development loans.....	93	9,252,670
Self-help technical assistance grants.....	103	16,558,621
Total, housing.....	932,318	12,307,078,727
Community:		
Water/waste disposal loans.....	12,901	2,785,350,096
Water/waste disposal grants.....	4,523	422,290,107
Community facility loans.....	461	249,828,700
Watershed loans.....	381	112,196,324
Flood prevention loans.....	28	3,948,500
Resource conservation and development loans.....	205	16,178,369
Recreation association loans.....	1,035	110,510,460
Total, community.....	19,534	3,700,302,556
Business and industry:		
Guaranteed business/industrial loans.....	937	549,974,718
Industrial development grants.....	346	23,746,400
Total business/industrial.....	1,283	573,721,118
Discontinued programs:		
Total, discontinued.....	3,314,110	1,461,814,047
Grand total.....	7,357,026	33,069,839,497

The soaring annual volume of programs, making FHA the largest Federal loan agency dealing directly with borrowers, reflects the rising emphasis during the 1960's and 1970's on resources for development or revival of the whole rural community. As previously cited, programs increased from \$300 million to \$750 million during the first half of the 1960's. Since then, these swiftly rising annual levels have been recorded as a result of the major program expansions enacted between 1965 and 1972:

Fiscal year:	Amount obligated
1967.....	\$1,890,087,892
1968.....	1,359,091,282
1969.....	1,431,925,147
1970.....	1,639,748,570
1971.....	2,414,315,015
1972.....	2,789,805,921
1973.....	3,754,934,003
1974.....	3,591,084,198
1975.....	5,466,262,317

The temporary downward dip as between fiscal years 1973 and 1974 was attributed to the exceptionally great outlay for farm emergency loans in 1973, and a January-June moratorium on new subsidized housing that decreased the backlog of loan applications for fiscal year 1974.

In order to continue and expand this record of achievement, the Committee recommends the following loan and grant levels for fiscal year 1977, as compared with the estimated levels for fiscal year 1976 and the budget request for fiscal year 1977.

LOAN AND GRANT LEVELS

(In millions of dollars)

	Current 1976 estimate	1977 budget	1977 recommendation
Rural Housing Insurance Fund:			
Low income housing loans.....	1,683.0	1,454.0	1,704.0
Moderate income housing loans.....	960.0	838.0	838.0
Guaranteed loans.....			500.0
Rural housing site development loans.....	3.0	3.0	3.0
Rural rental housing loans.....	540.0	400.0	545.0
Very low income housing repair loans.....	20.0	20.0	15.0
Mobile home park loans.....		1.0	1.0
Subtotal, Rural Housing Insurance Fund.....	3,206.0	2,716.0	3,606.0
Agricultural Credit Insurance Fund:			
Farm ownership loans.....	450.0	350.0	450.0
Soil and water loans.....	54.0	4.0	54.0
Grazing loans.....	4.0	4.0	4.0
Indian land acquisition loans.....	10.0	10.0	10.0
Recreation loans.....	2.0	2.0	2.0
Emergency loans.....	400.0	100.0	100.0
Operating loans.....	625.0	625.0	625.0
Soil conservation loans.....	27.0	27.0	27.0
Subtotal, Agricultural Credit Insurance Fund.....	1,572.0	1,122.0	1,272.0
Rural Development Insurance Fund:			
Water and waste disposal loans.....	470.0	470.0	600.0
Community facility loans.....	200.0	200.0	200.0
Rural industrialization loans.....	350.0	350.0	350.0
Subtotal, Rural Development Insurance Fund.....	1,020.0	1,020.0	1,150.0
Water and waste disposal grants.....	250.0		200.0
Farm labor housing grants.....	7.5		6.0
Mutual and self-help housing grants.....	9.0		9.0
Business and industrial grants.....	11.9		10.0
Home repair grants for the elderly.....			5.0
Subtotal, grants.....	278.4		230.0
Total, loans and grants.....	6,076.0	4,858.0	6,258.0

RURAL HOUSING INSURANCE FUND

ESTIMATED LOAN LEVELS

1976 appropriation.....	¹ (\$3,196,000,000)
1977 budget estimate.....	¹ (2,696,000,000)
Recommended in the bill.....	² (3,591,000,000)
Comparison:	
1976 appropriation.....	(+395,000,000)
1977 budget estimate.....	(+895,000,000)

¹ Excludes an authorization of \$20,000,000 for direct very low-income housing repair loans.

² Excludes an authorization of \$15,000,000 for direct very low-income housing repair loans.

The total loan levels recommended by the Committee are based on the funds required by FHA to meet the needs of rural people and others living in cities of up to 20,000 in population, as authorized by law. Recommended loan levels for 1977 include \$1,704,000,000 for low-income housing loans, an increase of \$250,000,000 over the budget request; \$1,338,000,000 for moderate-income housing loans, \$500,000,000 of which shall be in the form of guaranteed loans; \$545,000,000 for rural rental housing loans, an increase of \$145,000,000 over the budget request; such sums as may be necessary for rent supplements under section 514 of the Housing and Community Development Act of 1974; \$15,000,000 for very low-income housing repair loans; \$3,000,000 for rural housing site development loans; and \$1,000,000 for rural mobile home park loans.

REIMBURSEMENT FOR LOSSES

1976 appropriation.....	\$122,000,000
1977 budget estimate.....	175,429,000
Recommended in the bill.....	175,429,000
Comparison:	
1976 appropriation.....	+53,429,000
1977 budget estimate.....	

Section 521(c) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers.

In addition, section 517(e) of the Act authorizes appropriations to restore all other losses to the fund, exclusive of provision for future losses, unfunded costs, and imputed interest.

AGRICULTURAL CREDIT INSURANCE FUND

ESTIMATED LOAN LEVELS

1976 appropriation.....	(\$1,572,000,000)
1977 budget estimate.....	(1,122,000,000)
Recommended in the bill.....	(1,272,000,000)
Comparison:	
1976 appropriation.....	(-300,000,000)
1977 budget estimate.....	(+150,000,000)

This fund makes the following loans to individuals: farm ownership, farm operating, soil and water, recreation and emergency. In addition, the fund makes loans to associations for irrigation and drainage, grazing, recreation facilities, Indian tribe land acquisition, watershed protection, flood prevention and resource conservation and development. Loans may be made directly from the fund from available receipts or borrowing from the Treasury for the purpose of acquiring blocks of loans if there is reasonable assurance that the loans can be sold to investors. With respect to new loans made from this fund, not more than \$500 million may be held in the fund at any one time. Interest on borrowings is paid to the Treasury at the current average rate that the Treasury must in turn pay.

Present money market interest rates are in excess of the statutory rate paid by most borrowers. The excess interest paid to private investors to make loans salable or pay part of the borrower's interest on guaranteed loans is paid from Treasury borrowing.

The total loan levels recommended by the Committee include \$520,000,000 for insured real estate loans, an increase of \$150,000,000 over the budget request; \$27,000,000 for soil conservation loans; \$100,000,000 for emergency loans and such additional sums as may be necessary; and \$625,00,000 for operating loans.

REIMBURSEMENT FOR LOSSES

1976 appropriation.....	\$169, 214, 000
1977 budget estimate.....	141, 189, 000
Recommended in the bill.....	141, 189, 000
Comparison:	
1976 appropriation.....	-28, 025, 000
1977 budget estimate.....	

This appropriation is to reimburse the Agricultural Credit Insurance Fund for losses sustained in fiscal year 1974. The annual reimbursement will restore the losses of the fund, exclusive of provision for future losses and imputed interest.

RURAL WATER AND WASTE DISPOSAL GRANTS

1976 appropriation.....	¹ \$250, 000, 000
1977 budget estimate.....	
Recommended in the bill.....	200, 000, 000
Comparison:	
1976 appropriation.....	-50, 000, 000
1977 budget estimate.....	+200, 000, 000

¹Includes \$150,000,000 appropriated in the Continuing Resolution (H.J. Res. 499).

The Farmers Home Administration is authorized to make grants to rural area associations such as nonprofit corporations and municipalities for up to 50 percent of the cost of developing projects for storage, treatment, purification and distribution of domestic water or the collection, treatment, or disposal of wastes.

For fiscal year 1977 the Committee recommends an appropriation of \$200,000,000 for rural water and waste disposal grants. This amount is an increase of \$100,000,000 over the amount appropriated in the 1976 annual Appropriation Act. The budget requested no funds for rural water and waste disposal grants for fiscal year 1977.

During fiscal year 1976 Congress also appropriated \$150,000,000 for rural water and waste disposal grants in the Continuing Resolution (H.J. Res. 499). Those additional funds were provided to create jobs through worthwhile public works projects in order to help relieve the extremely high unemployment rate that existed in the construction industry.

The Committee continues to expect that not less than 20 percent of these funds will be used for the expansion of existing systems. In addition, the Committee feels that any grant contract should include a commitment for the borrower to meet future expansion needs of the area to be served and those who cooperate should receive preference for future loans or grants.

VERY LOW-INCOME HOUSING REPAIR GRANTS

1976 appropriation.....	
1977 budget estimate.....	
Recommended in the bill.....	\$5, 000, 000
Comparison:	
1976 appropriation.....	+5, 000, 000
1977 budget estimate.....	+5, 000, 000

The Committee recommends an appropriation of \$5,000,000 for housing repair grants to the elderly as authorized by Sec. 504, of the Housing Act of 1949, as amended. In recommending these funds, the Committee will expect the Department to use these only for the very low-income elderly who are too poor to afford to be able to repay a subsidized loan. In addition, the Committee will expect the Department to develop regulations which prohibit the sale of the property for a reasonable period of time.

RURAL HOUSING FOR DOMESTIC FARM LABOR

1976 appropriation.....	\$7, 500, 000
1977 budget estimate.....	
Recommended in the bill.....	6, 000, 000
Comparison:	
1976 appropriation.....	-1, 500, 000
1977 budget estimate.....	+6, 000, 000

This program provides grants for low-rent housing and related facilities for domestic farm labor. The Housing and Urban Development Act of 1970 amended the basic authorization to include grants for housing to be managed by incorporated nonprofit groups.

Under section 516 of the Housing Act of 1949, FHA is authorized to share with States or other political subdivisions, public or broad-based private nonprofit organizations incorporated within a State, or nonprofit organizations of farm workers the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may consist of family units, apartments or dormitory-type units and must be the most practical type, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance not to exceed 90 percent of the total development cost is authorized. Applicants furnish as much of the development cost as they can afford by using their own resources or by borrowing either directly from private sources or obtaining an insured loan under section 514 of the Housing Act of 1949. Much of the balance of the cost may be extended under this authority. The applicant must agree to charge rentals not exceeding amounts approved by the Secretary, to maintain the housing at all times in a safe and sanitary condition, and to give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

The budget estimate included no funds for the continuation of this program in fiscal year 1977. Likewise, no funds were requested in fiscal years 1975 or 1976. In fiscal year 1975 Congress provided \$5,000,000 and in fiscal year 1976 Congress provided \$7,500,000.

The Committee continues to be convinced there is a need to continue this program. Therefore, the Committee recommends an appropriation of \$6,000,000 for rural housing for domestic farm labor in fiscal year 1977, with strict adherence to the requirements of the law.

MUTUAL AND SELF-HELP HOUSING

1976 appropriation.....	\$9,000,000
1977 budget estimate.....	
Recommended in the bill.....	9,000,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+9,000,000

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

No request for funds for this program was contained in either the fiscal year 1975, 1976 or 1977 budget estimates. In fiscal year 1976 Congress provided \$9,000,000 for this program.

The Committee is convinced that this is a very worthwhile program, and recommends an appropriation of \$9,000,000 for fiscal year 1977.

RURAL DEVELOPMENT INSURANCE FUND

This fund, created by the Rural Development Act of 1972, finances a variety of rural development loans, including water and sewer systems, rural industrial development loans, and other needed community facilities. As is the case with the two other insured funds of FHA, the notes resulting from loans made by the fund are used as security for the sale of certificates of Beneficial Ownership to private investors to provide additional resources for further loan making. Deficits as a result of fund operations are normally restored by appropriation.

ESTIMATED LOAN LEVELS

1976 appropriation.....	(\$1,020,000,000)
1977 budget estimate.....	(1,020,000,000)
Recommended in the bill.....	(1,150,000,000)
Comparison:	
1976 appropriation.....	(+130,000,000)
1977 budget estimate.....	(+130,000,000)

For the Rural Development Insurance Fund, the Committee recommends \$600,000,000 for water and sewer facility loans, an increase of \$130,000,000 over the budget estimate; \$200,000,000 for community facility loans; and \$350,000,000 for industrial development loans.

REIMBURSEMENT FOR LOSSES

1976 appropriation.....	\$25,214,000
1977 budget estimate.....	47,484,000
Recommended in the bill.....	47,484,000
Comparison:	
1976 appropriation.....	+22,270,000
1977 budget estimate.....	

This appropriation is to reimburse the Rural Development Insurance Fund for losses sustained in fiscal year 1974. The annual reimbursement will restore the losses of the fund, exclusive of provision for future losses and imputed interest.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1976 appropriation.....	\$3,500,000
1977 budget estimate.....	
Recommended in the bill.....	3,500,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+3,500,000

This assistance is authorized by section 404 of the Rural Development Act of 1972, as amended. Grants are authorized to public bodies for up to 50 percent of the cost of organizing, training, and equipping rural volunteer fire departments.

Information provided to the Committee indicates that during 1975 the first year of the program's operation, 5,376 grant applications were received and allotted funds were distributed among 2,169 approved projects. Rural communities and States nationwide provided \$5.2 million to overmatch the \$3.5 million Federal program. The total \$8.7 million helped to organize 19 fire departments, to acquire 240 fire trucks and equipment, and to train more than 18,000 firefighters.

The Committee recommends an appropriation of \$3,500,000 for rural community fire protection grants for fiscal year 1977, the same as the amount appropriated for fiscal year 1976. The budget estimate did not include any funds for this activity. The Committee will expect the Department to provide support for the Arkansas Demonstration Project within the funds available.

RURAL DEVELOPMENT SERVICE

1976 appropriation.....	\$1,341,000
1977 budget estimate.....	1,434,000
Recommended in the bill.....	1,324,000
Comparison:	
1976 appropriation.....	-17,000
1977 budget estimate.....	-110,000

The Rural Development Service was established by Secretary's Memorandum No. 1730, Supplement 1, dated September 3, 1971. The Rural Development Service, through the Secretary of Agriculture, assumes the responsibility for coordinating a nationwide rural development program in liaison with State and local governmental bodies and other Federal agencies.

The Committee has provided that the Rural Development Service be made a part of the Farmers Home Administration since that agency

has both the people and the money to carry out rural development activities. As a part of the Farmers Home Administration, the Rural Development unit should be fully coordinated with the programs of the Farmers Home Administration and thus be able to perform a liaison function with other agencies of the Government to keep track of what programs are available to assist in the development of rural America. In addition, the Committee will expect the unit to prepare a formal report to the Congress on the implementation of the Rural Development Act. The Committee will further expect that special attention be paid in the report to those sections of the Act not yet fully implemented.

The Committee has included funds requested in the budget for the Rural Development Service under the appropriation for the Farmers Home Administration. The Committee has recommended the full amount of the budget request except for a reduction of \$1,000 in the amount requested for GSA space costs and the \$109,000 requested for the Federal Assistance Program Retrieval System. As a part of the Farmers Home Administration, sufficient funds for the Retrieval System are available within the recommended FHA appropriation.

SALARIES AND EXPENSES

	<i>Appropriation</i>	<i>Transfer from loan accounts</i>	<i>Total</i>
1976 appropriation.....	\$155, 102, 000	(\$3, 500, 000)	(\$158, 602, 000)
1977 budget estimate.....	162, 156, 000	(5, 500, 000)	(167, 656, 000)
Recommended in the bill.....	166, 502, 000	(5, 500, 000)	(172, 002, 000)
Comparison:			
1976 appropriations.....	+11, 400, 000	(+2, 000, 000)	(+13, 400, 000)
1977 budget estimate.....	+4, 346, 000	(-----)	(+4, 346, 000)

These funds are used to administer the loan and grant programs of the Farmers Home Administration including reviewing applications, making and collecting loans, and providing technical assistance and guidance to borrowers; and to assist in extending other Federal programs to people in rural areas.

The Committee is concerned over the continued attempts on the part of the Farmers Home Administration to move slowly in some sections of the nation on various housing programs that are important to the development of rural America. In this connection, the Committee will expect the Department to make every effort to see that rural areas receive the same consideration under the programs of the Farmers Home Administration as the urban areas receive under the Department of Housing and Urban Development and that each section of the Nation be treated equitably. Furthermore, the Committee will expect the Department to fully review the programs carried out by the Farmers Home Administration as compared with the programs of the Department of Housing and Urban Development and report the findings to the appropriate committees of the Congress.

The Committee is also concerned about the tendency of some officials at the State office level to concentrate on some programs while allowing others to fall by the wayside. Therefore, the Committee will expect the Farmers Home Administration to designate, at the State office

level, an employee to supervise each of the broader categories of programs. In addition, the designated employee should attend annual seminars so that he can see that the programs are moving ahead as contemplated by the Rural Development Act and to see that the County offices are giving adequate attention to the component parts of the total program.

The Director of the Farmers Home Administration shall advise the Committee of the basis or formula for allocation of loan and grant funds, including the amounts per State, and shall advise the Committee at least each quarter of the applications received and the use of such funds by State.

If at the end of the third quarter of the fiscal year it appears that any State does not have applications for funds remaining available for such State, consideration may be given to transfer to a State or to States where applications greatly exceed available funds. Notice of such action shall be given to the Committee.

The Committee has provided for an increase of 400 permanent positions to be located outside the District of Columbia and \$5,000,000 primarily to meet the servicing requirements of the agency's ever-increasing loan portfolio. This action was taken last year, the funds for which were diverted by the Department to other uses. As previously mentioned, the loan balances outstanding total about \$16 billion. The failure on the part of the Department and the Office of Management and Budget to provide adequate staff to service these loans, and thereby protect the Government's investment, is totally unjustifiable. A review of the agency's loan delinquency rates which appears on pages 757-767 of Part 4 of this year's hearings clearly demonstrates the need for the additional staff. Furthermore, a diversion of these funds amounts to a rescission or a deferral under the terms and provisions of the Impoundment Control Act and should be reported to the Congress for its action as provided by law.

The Committee also recommends a reduction of \$654,000 in the amount requested for GSA space costs during fiscal year 1977.

RURAL DEVELOPMENT GRANTS

1976 appropriation.....	\$11, 875, 000
1977 budget estimate.....	-----
Recommended in the bill.....	10, 000, 000
Comparison:	
1976 appropriation.....	-1, 875, 000
1977 budget estimate.....	+10, 000, 000

This program was authorized by the Rural Development Act of 1972. Grants are made to public bodies to facilitate development of private enterprises in rural areas, 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.

The Committee recommends an appropriation of \$10,000,000 for rural development grants for fiscal year 1977. The budget estimate did not include any funds for this activity.

RURAL ELECTRIFICATION ADMINISTRATION

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND
LOAN AUTHORIZATIONS

1976 appropriation.....	(\$1,000,000,000)
1977 budget estimate.....	(1,000,000,000)
Recommended in the bill.....	(1,000,000,000)
Comparison:	
1976 appropriation.....	(.....)
1977 budget estimate.....	(.....)

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935, to make loans for extension of central station electric service to unserved rural people. It was continued by the Rural Electrification Act of May 20, 1936. In 1949, Public Law 423 amended the Act to authorize loans for furnishing and improving rural telephone service.

On May 11, 1973, new legislation was enacted which amended the Rural Electrification Act to permit the making of loans from the "Rural Electrification and Telephone Revolving Fund." This will permit the REA program to continue with minimal budgetary effect, while allowing a 5 percent interest rate to most borrowers and a 2 percent rate to borrowers qualifying for the lower interest rate. The amendment also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the borrower and the lender.

RURAL ELECTRIFICATION ADMINISTRATION

For the insured loan program, the Committee recommends not less than \$750,000,000 nor more than \$900,000,000 for electric loans and not less than \$250,000,000 for telephone loans.

The Committee has not recommended a ceiling on guaranteed loans as proposed by the budget, but instead expect that such loans will be made available in such amounts as are required to meet rural development needs. The Committee was very surprised that a ceiling was proposed for guaranteed loans in view of the need for additional energy sources and the very real possibility for a power shortage during the next decade. If the farmers and ranchers of this country are to be expected to continue to produce adequate supplies of food and fibre to meet the needs of the consumer as well as the export markets, expansion of rural electrification must continue unabated. To do otherwise would be a true disservice to both the producer and the consumer.

During the hearings this year, the Committee learned that the agency proposed to issue regulations that would require the approval of all management contracts entered into by the Rural Electric Cooperatives. However, testimony before the Committee revealed that REA has a similar provision in the present mortgage contracts which provides:

The mortgagor will not at any time employ or enter into any contract for the employment of any general manager of the mortgagor system or any person exercising comparable authority to such manager unless such employment or such contract shall first have been approved by the Government.

The committee was also advised that in the instance of unsound contracts that were called to the attention of the Board of Directors of the local cooperative, the Board of Directors corrected the situation. Therefore, the Committee feels that the agency should point out the existence of the provision to all cooperatives and the proposal which appeared in the Federal Register appears to be unnecessary and would needlessly center control in Washington.

RURAL TELEPHONE BANK

1976 appropriation.....	(\$30,000,000)
1977 budget estimate.....	(30,000,000)
Recommended in the bill.....	(30,000,000)
Comparison:	
1976 appropriation.....	(.....)
1977 budget estimate.....	(.....)

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. It also authorized U.S. stock purchases totaling \$300,000,000 with up to \$30,000,000 to be appropriated annually. Public Law 93-32, approved May 11, 1973, further amended the Act by providing that the bank charge an interest rate based on the average cost of money to the bank, but not less than 5 percent per annum.

SALARIES AND EXPENSES

1976 appropriation.....	\$20,713,000
1977 budget estimate.....	21,409,000
Recommended in the bill.....	21,350,000
Comparison:	
1976 appropriation.....	+637,000
1977 budget estimate.....	-59,000

In addition to ordinary administrative expenses, these funds are used to provide assistance to electrification borrowers and potential borrowers to negotiate for adequate supplies of power on reasonable terms. Business management and technical help is furnished borrowers where needed to protect the Government's loan security, to assure that construction and operation of their systems conform to approved standards, and that the systems will provide continuous and reliable service and facilitate the most effective use of resources to achieve program objectives.

For fiscal year 1977 the Committee recommends the full amount of the budget request except for reductions of \$33,000 in the amount requests for GSA space costs and \$26,000 in the amount requested for annualization of pay increases.

CONSERVATION

SOIL CONSERVATION SERVICE

The Soil Conservation Service was established by the Act of April 27, 1935. Through the years this Service, together with the Agricultural Conservation Program and over 2 million conservation district co-

operatives, has been a major factor in holding down pollution. The Soil Conservation Service works with conservation districts, watershed groups, and Federal and State agencies having related responsibilities in bringing about physical adjustments in land use that will conserve soil and water resources, provide for agricultural production on a sustained basis, and reduce damage by floods and sedimentation. The Service, with its dams, debris basins, and planned watersheds, provides technical advice on the Agricultural Conservation Program, where the Federal Government pays about one-third of the cost, and, through these programs, has done perhaps more to hold down pollution than any other activity. These programs and water and sewage systems in rural areas tend to hold pollution back from the areas of greatest damage, the rivers and harbors near our cities.

The watershed improvement programs of the Department of Agriculture were initiated by the authorization of planning and works of improvement on the original 11 major watersheds covered by the Flood Control Act of 1944. In 1953, the Committee provided \$5,000,000 in the 1954 Appropriation Act, without a prior budget estimate, to authorize 62 small "pilot" watershed projects to promote national interest in small upstream watershed control. These pilot projects were a tremendous success. The following year, Congress enacted Public Law 566, 83d Congress, which placed this program on a permanent basis. Under authority of section 8 of this same Act, as amended, loans to local organizations were authorized to help defray a portion of the local share of the cost of watershed protection and flood prevention projects. These programs are now financed through three appropriations designated as "river basin surveys and investigations," "watershed planning," and "watershed and flood prevention operations."

CONSERVATION OPERATIONS

1976 appropriation.....	\$206,807,000
1977 budget estimate.....	215,329,000
Recommended in the bill.....	214,423,000
Comparison:	
1976 appropriation.....	+7,616,000
1977 budget estimate.....	-906,000

The basic objectives of conservation operations include use of land within its capability and applying treatments in accordance with its need for protection and improvement.

The Service provides technical help to farmers and ranchers in the 50 States, Puerto Rico, and the Virgin Islands in carrying out locally adapted soil and water conservation programs.

The Committee condemns the restrictive personnel limitations under which the Soil Conservation Service has had to operate, which appear to be prohibited by law. Because of this problem, the Committee emphasizes the importance of restoring the Agricultural Conservation Program, since the restoration of that program will add a substantial number of people in the SCS personnel ceiling because of the 5 percent transfer provision for technical assistance.

The Committee calls upon SCS in addition to meeting rural needs to make every effort to provide assistance to urban areas, upon request, since many of these programs are needed nationwide. For ex-

ample, soil testing in connection with housing projects or other urban projects could help to avoid costly mistakes, and watershed protection and flood prevention and watershed planning could be more vital to heavily populated areas.

For fiscal year 1977, the Committee recommends the full amount of the budget request except for a reduction of \$906,000 in the amount requested for GSA space costs.

RIVER BASIN SURVEYS AND INVESTIGATIONS

1976 appropriation.....	\$14,745,000
1977 budget estimate.....	14,266,000
Recommended in the bill.....	14,745,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+479,000

Section 6 of the Watershed Protection and Flood Prevention Act (Public Law 566, 83d Congress), as amended (16 U.S.C. 1001-1008), provides for cooperation with other federal, state, and local agencies in making investigations and surveys of the watersheds of rivers and other waterways as a basis for the development of coordinated programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources and as a basis for coordination of this development with downstream and other phases of water development.

The budget request proposed not starting any new cooperative river basin surveys in fiscal year 1977. The Committee does not concur in this proposal and recommends the restoration of \$500,000 in order that this work may continue at last year's level.

The Committee recommends a reduction of \$21,000 in the amount requested for GSA space costs during fiscal year 1977.

WATERSHED PLANNING

1976 appropriation.....	\$11,196,000
1977 budget estimate.....	10,012,000
Recommended in the bill.....	11,196,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+1,184,000

The Watershed Protection and Flood Prevention Act (Public Law 566, 83d Congress), as amended (16 U.S.C. 1001-1008), provides for cooperation between the Federal Government and the States and their political subdivisions in a program of watershed planning. Watershed plans form the basis for installing works of improvement for flood-water retardation, erosion control, and reduction of sedimentation in the watersheds of rivers and streams and to further the conservation, development, utilization, and disposal of water.

The work of the Department in watershed planning consists of assisting local organizations to develop their watershed work plan by making investigations and surveys in response to requests made by sponsoring local organizations. These plans describe the soil erosion,

water management, and sedimentation problems in a watershed and works of improvement proposed to alleviate these problems. Plans also include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other appropriate information necessary to justify Federal assistance for carrying out the plan.

The budget request proposed no new planning starts in fiscal year 1977. The Committee does not concur in this proposal and recommends the restoration of \$1,200,000 for new planning starts.

The Committee also recommends a reduction of \$16,000 in the amount requested for GSA space costs during fiscal year 1977.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1976 appropriation.....	\$211,745,000
1977 budget estimate.....	135,263,000
Recommended in the bill.....	146,199,000
Comparison:	
1976 appropriation.....	-65,546,000
1977 budget estimate.....	+10,936,000

¹ Includes \$65,336,000 for Sec. 216 emergency repair work.

The Watershed Protection and Flood Prevention Act (Public Law 566, 83d Congress), as amended (16 U.S.C. 1001-1008), provides for cooperation between the Federal Government and the States and their political subdivisions in a program to prevent erosion, flood-water, and sediment damages in the watersheds or rivers and streams and to further the conservation, development, utilization and disposal of water.

The work of the Department under this item includes technical and financial assistance for the installation of works of improvement specified in approved watershed work plans including structural measures and land treatment measures and program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed; and making loans to local organizations to finance the local share of the costs of installing planned works of improvement.

The budget request proposed no new construction starts for fiscal year 1977 for watershed and flood prevention projects. The Committee recommends the restoration of \$11,000,000 over the budget request and will expect the Department to initiate the maximum number of new starts with these additional funds.

The Committee also recommends a reduction of \$64,000 in the amount requested for GSA space costs during fiscal year 1977.

RESOURCE CONSERVATION AND DEVELOPMENT

1976 appropriation.....	\$29,972,000
1977 budget estimate.....	21,488,000
Recommended in the bill.....	29,972,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+8,484,000

The Soil Conservation Service has general responsibility under provisions of section 102, Title I of the Food and Agriculture Act of 1962, for developing overall work plans for resource conservation and devel-

opment projects in cooperation with local sponsors; to help develop local programs of land conservation and utilization; to assist local groups and individuals in carrying out such plans and programs; to conduct surveys and investigations relating to the conditions and factors affecting such work on private lands; and to make loans to project sponsors for conservation and development purposes and to individual operators for establishing soil and water conservation practices.

The budget request proposed no new construction starts for resource conservation and development projects during fiscal year 1977. The Committee recommends the restoration of \$8,484,000 over the budget for fiscal year 1977 and will expect the Department to initiate the maximum number of new starts with these funds.

The Committee also recommends a reduction of \$16,000 in the amount requested for GSA space costs during fiscal year 1977.

GREAT PLAINS CONSERVATION PROGRAM

1976 appropriation.....	\$22,379,000
1977 budget estimate.....	5,178,000
Recommended in the bill.....	20,379,000
Comparison:	
1976 appropriation.....	-2,000,000
1977 budget estimate.....	+15,201,000

The Great Plains Conservation Program was authorized under Public Law 1021, 84th Congress (16 U.S.C. 590p), as amended. Public Law 91-118 extended the Great Plains cost-share contracting authority to December 31, 1981. This program provides technical assistance and long-term cost sharing to land users in the counties of the Great Plains States plagued with recurring wind erosion problems. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of this vast agricultural area. Installation of complete conservation programs on entire operating units in the area helps to stabilize the local economy while assisting the individual producers. The work supplements other soil and water conservation programs and activities in counties designated by the Secretary. It is also coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups. This program contributes to total environmental improvement through reduction of wind and water erosion and sedimentation and abatement of agricultural related pollutants.

The budget request proposed to eliminate funds for new contracts and the corresponding cost-sharing and contract administration work.

To allow the proposed reduction to stand would run contrary to the recent action of the Congress in the Second Supplemental Appropriation Bill for fiscal year 1976. In that bill, Congress provided increased funding for this program to meet the very serious wind erosion conditions that are developing in the Great Plains States because of the drought conditions. Therefore, the Committee does not concur in the budget proposal and recommends an increase over the budget of \$15,205,000 to restore this important program.

The Committee also recommends a reduction of \$4,000 in the amount requested for GSA space costs during fiscal year 1977.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

In addition to the agricultural programs discussed earlier, the ASCS administers the following conservation programs:

AGRICULTURAL CONSERVATION PROGRAM

1976 advance authorization-----	\$190,000,000
1977 budget estimate-----	
Recommended in the bill-----	190,000,000
Comparison:	
1976 advance authorization-----	
1977 budget estimate-----	+190,000,000

This program is authorized by the provisions of sections 7 to 16(a), inclusive, and section 17 of the Soil Conservation and Domestic Allotment Act, as amended. Its objectives include (1) restoring and improving soil fertility, (2) reducing erosion caused by wind and water and (3) conserving water on land. Cost-sharing assistance is furnished to individual farmers and ranchers in the 50 States, Puerto Rico, and the Virgin Islands for carrying out approved soil-building and soil- and water-conserving practices on their farms. This assistance represents only a part of the cost of performing the practices. The farmer bears the balance of the cost, and in addition supplies labor and management necessary to carry out the practices.

NEED TO AGAIN RESTORE AGRICULTURE CONSERVATION PROGRAM

Once again the Administration has not requested any funds for the Agricultural Conservation Program. The Congress, upon the recommendation of this Committee, has had to restore this program 22 times in the past, after various Administrations had attempted to either terminate or severely curtail the program. While Congress has repeatedly directed the Department to carry out the program, the Office of Management and Budget and a few officials in the Department have continually attempted to thwart the will of Congress. Last year the Department attempted to severely limit the conservation practices carried out under the program. To prevent this the Congress, upon the recommendation of this Committee, included language in the 1976 Bill which required the use of the conservation practices which were in effect for the 1970 program, and prevented the requiring of reports that were not required in connection with carrying out the 1970 program.

After the 1976 Act was signed into law by the President, he sent a message to Congress proposing to defer \$85,000,000 until fiscal year 1977. This proposal was rejected by the Congress. Once the funds were released for the 1976 program, the Committee was advised of a reported attempt by some State offices to restrict the use of funds contrary to the provision of the law. However, once the Department was made aware of this situation, the funds were immediately released. In order to preclude any possibility of a recurrence of such a problem, the Committee recommends that the following General Provision be added to the Bill:

SEC. 611. None of the funds contained in this Act shall be used by any State Committee to prevent any County Committee from authorizing the use of any funds for any nationally authorized program of the Agricultural Conservation Program.

In last year's report accompanying the Bill which passed the House on July 10, 1975, the Committee stated:

The Committee feels that the need for this program is greater than ever, since during the last year, at the request of the Department of Agriculture, 16 million acres of grassland were plowed up and placed in production. If we are to prevent a return to dust bowl days, this program must be carried out.

In the Second Supplemental Act, 1976, which passed the House on April 9, 1976, the Committee stated in its report:

WIND EROSION PROBLEMS IN THE GREAT PLAINS

During the hearings on the supplemental requests the Committee's attention was called to the very serious wind erosion conditions that are developing in the Great Plains States because of the drought conditions.

Because of the apparent severity of the situation, the Committee asked the Administrator of the Soil Conservation Service to appear before a special session to discuss the problems that now exist and what preventive measures might be taken to protect and preserve the irreplaceable topsoil of that great agricultural area.

The Committee was advised that as of the end of February over four and one-half million acres of land have been damaged and that crops or cover have been destroyed on an additional one and one-third million acres of undamaged land. Emergency tillage by farmers and ranchers to prevent land damage was reported in every State, totaling almost two and one-half million acres over the entire area. Furthermore, land reported to be in a condition to blow is 17 million acres, or almost twice that of a year ago.

The situation today is reminiscent of the early stages of the Great Dust Bowl of the 1930's. The country cannot afford to let that condition recur.

Therefore, in order to meet the problem, the Committee recommends an appropriation of \$15,000,000 for fiscal year 1976 for cost-sharing contracts under the Agricultural Conservation Program to be used in the Great Plains States to fund those practices that will provide immediate relief for the wind erosion problems now being faced.

In view of the present wind erosion problems being faced in the Great Plains and in view of the accomplishments of this fine program over the years which appear in the table on page 16 of this report,

the Committee recommends an announcement of \$190,000,000 for fiscal year 1977 in order that the program may be restored to last year's level.

LIQUIDATION OF CONTRACT AUTHORITY

1976 appropriation-----	(\$190,000,000)
1977 budget estimate-----	(90,000,000)
Recommended in the bill-----	(105,000,000)
Comparison:	
1976 appropriation-----	(-----)
1977 budget estimate-----	(+15,000,000)

These funds are provided for liquidation of contract authority for obligations incurred under the 1976 program.

FORESTRY INCENTIVES PROGRAM

1976 appropriation-----	\$15,000,000
1977 budget estimate-----	-----
Recommended in the bill-----	15,000,000
Comparison:	
1976 appropriation-----	-----
1977 budget estimate-----	+15,000,000

The forestry incentives program is authorized by section 1009 of the Agriculture and Consumer Protection Act of 1973 (P.L. 93-86). Its purpose is to encourage the development, management and protection of non-industrial private forest lands. This program will be carried out by providing technical assistance and long-term cost-sharing agreements with private land owners.

The Committee recommends the restoration of \$15,000,000 for this program.

WATER BANK PROGRAM

1976 appropriation-----	\$10,000,000
1977 budget estimate-----	-----
Recommended in the bill-----	10,000,000
Comparison:	
1976 appropriation-----	-----
1977 budget estimate-----	10,000,000

The Water Bank Act was signed into law on December 19, 1970. Its purpose is to preserve and restore wetlands of the Nation in order to conserve surface waters and improve the habitat for migratory waterfowl. It authorizes ten-year agreements with annual payments to landowners to preserve such lands.

The budget request proposed no funds for this program for fiscal year 1977. The Committee recommends an appropriation of \$10,000,000 for fiscal year 1977 to restore this important conservation program.

EMERGENCY CONSERVATION MEASURES

1976 appropriation-----	\$10,000,000
1977 budget estimate-----	10,000,000
Recommended in the bill-----	10,000,000
Comparison:	
1976 appropriation-----	-----
1977 budget estimate-----	-----

This appropriation provides special funds for sharing the cost of emergency conservation 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)).

Funds are allocated for use only in those counties designated by the Secretary of Agriculture as disaster counties. 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.

The Committee recommends the full amount of the budget request for fiscal year 1977.

TITLE III—DOMESTIC FOOD PROGRAMS

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1. It represents an organizational effort to eliminate hunger and malnutrition in this country. Food assistance programs are intended to provide access to a nutritionally adequate diet for families and persons with low incomes and encourage better eating patterns among the Nation's children. These programs include:

Special milk program: Assistance is provided to States for making reimbursement payments to eligible schools and child-care institutions which inaugurate or expand milk service in order to increase the consumption of fluid milk by children.

School lunch programs and nonschool food program: Federal assistance is provided to States, Puerto Rico, Virgin Islands, and Guam for use in serving nutritious lunches and breakfasts to children attending schools of high school grades or under and to children of preschool age in child care centers and children in other institutions in order to improve the health and well-being of the Nation's children, and broaden the markets for agricultural food commodities.

Food stamp program: This program is authorized by the Food Stamp Act of 1964 (Public Law 88-525, approved August 31, 1964). It is aimed at making more effective use of the Nation's food abundance and at improving nutritional standards of needy persons and families through the issuance of food coupons which may be used in retail stores for the purchase of commercial brand foods.

Special supplemental food program (WIC): This program provides cash grants to make supplemental food available to pregnant women, nursing mothers, infants and children up to four years of age. Delivery may be done through health clinics, vouchers redeemable at retail food stores, or other approved methods which a cooperating State health agency may select.

Elderly feeding program: 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.

Food donations program: This program, authorized by the Agriculture and Consumer Protection Act of 1973, as amended by Public Law 93-347, provides for the operation of a directly funded food distribution program during fiscal years 1976 and 1977.

1. *Commodity acquisitions* are currently planned to provide commodities to needy persons on Indian reservations until their transition to the food stamp program is complete. The traditional commodity

package consisting of canned meat, poultry, cheese, evaporated milk and other items will be continued to an average of 40,000 participants per month.

2. *Cash assistance* is provided to distributing agencies in order to assist them in meeting expenses incurred in continuing food distribution on Indian reservations.

3. *Operating expenses* are incurred as a result of the purchasing and distributing of the agricultural commodities used in the food donations programs.

Funds for strengthening markets, income and supply (section 32): This includes the donation of commodities purchased under the price stabilizing activities of the Agricultural Marketing Service. Special programs provide food to needy children and adults who are suffering from general and continued hunger. Financial assistance aids State and local units to expand and improve commodity distribution to needy households.

The Committee wishes to emphasize a point which is especially crucial to understanding the budget of the Food and Nutrition Service. In essence, the President has presented two separate proposals regarding FNS activities. The proposal to which this bill and report is addressed is the one related to the budget figures which appear in the individual appropriation language paragraphs, as follows: (Institutional Nutrition Support, \$2,800,307,000; Special Nutrition Supplements, \$277,677,000; Food Program Administration, \$60,889,000; in all, a total of \$3,138,863,000). The other proposal relates to the President's block grant legislation for the food and nutrition programs which, of course, has not yet been passed by the Congress.

Moreover, the President's budget for these programs is presented in the format of a program and appropriation structure greatly changed from the current structure. This can present the potential for misunderstanding when comparing the 1976 appropriations with the 1977 requests in the budget.

The Committee has not approved the proposed new appropriation structure and bases its recommendations upon the existing format. The budget estimates shown under the existing format in the accompanying paragraphs and tables were translated from the proposed structure with the assistance of the Department.

SUMMARY OF RECOMMENDATIONS

The Committee's recommendations essentially provide for funding food and nutrition programs at the levels requested. The Special Milk Program, proposed in the budget for termination, is recommended to be restored at an annual level of \$144 million. Section 32 funds shall remain under the jurisdiction of the Agricultural Marketing Service and carry a \$300 million balance to guarantee production and orderly marketing of perishable commodities. The bill provides \$250 million for the Special Supplemental Food Program (WIC), which is the full level of the authorization. Included is \$28 million for Nonfood Assistance and \$700,000 for Nutritional Training and Surveys. The \$22 million Elderly Feeding Program request is approved and shown under a separate appropriation item.

The following table summarizes the total budget authority available 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	\$559,443,000
(b) Free and reduced price lunch program: FNS child nutrition	980,533,000	1,168,000,000
(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 administration expenses: FNS child nutrition	7,700,000	7,700,000
(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	1,854,535,000	2,199,143,000
Total, FNS child nutrition	1,794,033,000	2,199,143,000
Total, AMS sec. 32	60,502,000	0
2. Commodities to States:		
(a) FNS child nutrition (sec. 6)	80,000,000	586,307,000
(b) AMS sec. 32	182,300,000	0
(c) Commodity Credit Corporation	180,166,000	0
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	2,309,701,000	2,800,507,000
B. Special milk program (FNS):		
1. Cash payments	143,111,000	143,111,000
2. Operating expenses	889,000	889,000
Total, special milk	144,000,000	144,000,000
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.

FOOD ASSISTANCE PROGRAM, FISCAL YEARS 1976-77—Continued

[Budget authority]

	1976 current estimate	1977 recom- mendation
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
H. Special supplemental food program:		
1. AMS sec. 32, pilot food certificate program	750,000	0
2. FNS women, infant and children	250,000,000	250,000,000
Total, special supplemental food program	250,750,000	250,000,000
I. 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	0	3,777,000
Total, sec. 32 operating expenses	6,928,000	3,777,000
Nutrition education (Extension Service)	50,560,000	50,560,000
Grand total, food assistance	8,023,886,000	8,095,478,000
Recapitulation:		
Obligations current budget authority:		
FNS child nutrition account	1,886,733,000	2,800,507,000
FNS special milk account	144,000,000	144,000,000
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	7,545,497,000	8,080,478,000
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)	(811,000,000)
Total	478,389,000	15,000,000
Grand total	8,023,886,000	8,095,478,000

1 Funded under Food Donations Program.

CHILD NUTRITION PROGRAMS

	Appropriation	Transfer from sec. 32	Total
1976 appropriation	\$1,153,072,000	\$737,111,000	\$1,890,183,000
1977 budget estimate	1,689,507,000	1,111,000,000	2,800,507,000
Recommended in the bill	1,989,507,000	811,000,000	2,800,507,000
Comparison:			
1976 appropriation	+836,435,000	+73,889,000	+910,324,000
1977 budget estimate	+300,000,000	-300,000,000	0

Working through State agencies, the Food and Nutrition Service provides Federal assistance in cash and commodities of use in preparing and serving nutritious meals to children while attending school, residing in service institutions or participating in other organized activities away from home. The purpose is to help maintain the health

and proper physical development of American children. The child nutrition package includes the National School Lunch Program, the School Breakfast Program and the meal programs for non-school activities. Grants are also made for food service equipment assistance, nutritional training and surveys, and for State administrative expenses. Under current legislation most of these payments are made on the basis of reimbursement rates established by law applied to lunches and breakfasts actually served by the States.

The bill provides a total of \$2,800,507,000 for the Child Nutrition Programs, which compares with \$1,890,183,000 available for these programs in fiscal year 1976. Of the amount recommended, \$1,989,507,000 is by direct appropriation and \$811,000,000 by transfer from Section 32 funds.

Included in the bill is \$28,000,000 for Nonfood (equipment) Assistance and \$700,000 for Nutritional Training and Surveys. The requested increase of \$143,000 for GSA space rental costs is not approved and is available for other program uses.

Purchases of surplus commodities eligible for support with Section 32 funds will continue to receive first priority by AMS in the use of the funds transferred to the child nutrition programs. Second priority will be to supply other commodities or cash in lieu of commodities to meet the required and traditional level of commodity support for donation to eligible persons and outlets. Third priority will be to use Section 32 funds in lieu of direct appropriations to supply required cash reimbursement, primarily to schools under the requirements of the Child Nutrition Act of 1966, as amended and the National School Lunch Act, as amended.

SPECIAL MILK PROGRAM

1976 appropriation.....	\$144,000,000
1977 budget estimate.....	
Recommended in the bill.....	144,000,000
Comparison:	
1976 appropriation.....	
1977 budget estimate.....	+144,000,000

This program is designed to increase the consumption of fluid milk by children in nonprofit schools of high school grade and under, child care centers, summer camps, and similar nonprofit institutions.

Funds are provided to State agencies to reimburse eligible participants for all or part of the cost of fluid milk consumed.

Public Law 93-150, enacted in November 1973, provides that the program shall be made available to all nonprofit schools and child-care institutions requesting it. Also, all children who qualify for free lunches shall be eligible for free milk under the Special Milk Program.

Public Law 93-347, enacted in July 1974, set the reimbursement rate for each half-pint of milk served to children at not less than 5 cents and provided that the rate be adjusted each fiscal year to reflect changes in the consumer price index for the cost of food away from home.

The bill restores \$144 million for the Special Milk Program. There was no budget request.

While the Administration bases its proposal to terminate this program on the argument that milk is provided as part of the School Lunch Program, the Committee feels very strongly that this program continue to be funded. The School Lunch Program is not available to 12 percent of the Nation's school children. About 20 percent of all schools do not offer a School Lunch Program. Moreover, many of the children attending schools which do offer School Lunch still bring a sandwich from home instead. For these reasons, the Special Milk Program remains very important in providing children the nutritional benefits of fluid whole milk during their formative years.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

1976 appropriation.....	\$103,000,000
1977 budget estimate.....	250,000,000
Recommended in the bill.....	250,000,000
Comparison:	
1976 appropriation.....	+144,000,000
1977 budget estimate.....	

* In addition, \$144 million was available from section 32.

This pilot program provides cash grants to make supplemental food available to pregnant women, nursing mothers, infants and children up to four years of age. Delivery may be done through health clinics, vouchers redeemable at retail food stores, or other approved methods which a cooperating State health agency may select.

The bill provides \$250 million for the Special Supplemental Food Program (WIC). This is the same amount as both the budget request and the authorization level.

FOOD DONATIONS PROGRAM

1976 appropriation.....	\$17,839,000
1977 budget estimate.....	23,166,000
Recommended in the bill.....	23,166,000
Comparison:	
1976 appropriation.....	+5,327,000
1977 budget estimate.....	

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.

The bill includes \$23,166,000 for the Food Donations Program, which is the same amount as the budget request.

FOOD STAMP PROGRAM

1976 appropriation.....	\$5,203,000,000
1977 budget estimate.....	4,794,400,000
Recommended in the bill.....	4,794,400,000
Comparison:	
1976 appropriation.....	-403,600,000
1977 budget estimate.....	

The total cost of this program has greatly increased over past years. The following table indicates program cost by fiscal year from 1961 to the present:

FOOD STAMP APPROPRIATIONS

[In thousands]			
Fiscal year:	Budget authority	Fiscal year:	Budget authority
1961	¹ \$3,725	1969	\$280,000
1962	² 48,900	1970	610,000
1963	³ 50,000	1971	1,679,000
1964	² 45,000	1972	2,289,214
1965	² 60,000	1973	2,500,000
1966	⁴ 100,000	1974	3,000,000
1967	⁴ 139,525	1975	4,874,600
1968	⁵ 185,000	1976	5,203,000

¹ Pilot program with sec. 32 funding.

² \$35,000,000 of sec. 32 funds; \$25,000,000 by direct appropriation.

³ Includes \$20,000,000 reappropriation.

⁴ Includes \$29,549,000 reappropriation.

⁵ Includes \$23,200,000 reappropriation.

For the Food Stamp Program, the Committee recommends \$4,794,400,000, which is the full amount of the budget request. This compares with \$5,203,000,000 appropriated in fiscal year 1976. The requested increase of \$560,000 for GSA space rental costs is not approved and is available for funding the bonus costs of the program.

Various legislative proposals regarding the Food Stamp Program are pending in Congress. The Department is directed to submit a supplemental estimate, if required, subsequent to enactment of reform legislation.

The Committee remains concerned about the reports of widespread irregularities and abuses in the Food Stamp Program which result in increased costs. As we have demonstrated in previous reports, most of the program abuses are subject to action by the Department. The Committee takes note that the Department has announced that it will soon begin to curb abuses through regulatory action.

There are indications before the Committee that enforcement of regulations pertaining to program abuses by authorized retailers has largely been limited to rural areas. The Committee urges the Department to extend full and equitable enforcement to urban areas, including the larger chain stores.

The enforcement of regulations by retailers can be hindered under circumstances where a food store has numerous check-out lanes staffed with personnel of greatly varying knowledge of matters such as which items can legally be purchased with food stamps. The Committee will expect the Department to seriously consider providing that there shall be one specially-designated check-out lane for food stamp users in those stores with multiple lanes. Such a practice should improve check-out service to all consumers while greatly facilitating enforcement of Food Stamp Program requirements.

The bill continues to include the provision which has been carried for some time, to prohibit college students who are claimed as dependents on their parents' tax returns from receiving food stamps unless their parents are also eligible.

ELDERLY FEEDING PROGRAM

1976 appropriations	-----	
1977 budget estimate	-----	22,000,000
Recommended in the bill	-----	22,000,000
Comparison:		
1976 appropriation	-----	¹ +22,000,000
1977 budget estimate	-----	

¹ This program has previously been funded by transfer from AMS Section 32 and CCC 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.

The Committee recommends \$22 million for the Elderly Feeding Program, which is the full amount of the budget request. This compares with \$10.5 million available in fiscal year 1976. The support rate for each meal will increase due to Public Law 94-135, enacted December 28, 1975.

In past years, this program has been funded by transfer from sections 32 and 416. The Committee concurs in the request to fund this activity with new budget authority and has, therefore, identified the Elderly Feeding Program as a separate appropriation item this year.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

1976 appropriation	\$37,071,000
1977 budget estimate	37,119,000
Recommended in the bill	38,599,000
Comparison:	
1976 appropriation	+1,528,000
1977 budget estimate	+1,480,000

The Foreign Agricultural Service was established March 10, 1953, by Secretary's Memorandum No. 1320, Supplement 1. Public Law 690 approved August 28, 1954, transferred the agricultural attaches from the Department of State to the Foreign Agricultural Service.

The primary function of this organization is to help American agriculture in maintaining and expanding foreign markets for agricultural products, so vital to the economic well-being of the Nation. It maintains a worldwide agricultural intelligence and reporting service to assist U.S. agricultural industry in its export operations through a continuous program of analyzing and reporting foreign agricultural production, markets, and policies. It attempts to develop foreign markets for U.S. farm products through administration of special export programs and through helping to secure international trade conditions that are favorable toward our products.

The Service conducts the barter and stockpiling program, the ocean transportation function related to the export of commodities under U.S. programs, and the activities related to developing, evaluating and reviewing the program for donations of food abroad through voluntary agencies pursuant to Titles I and II of Public Law 480.

Recently the Secretary assigned to the Service responsibility for the export sales reporting function designed to keep Department officials informed on a daily basis of sales and movements of U.S. commodities overseas.

The Service has also been designated lead agency in the LACIE (Large Area Crop Inventory Experiment) project, designed to evaluate the cost effectiveness of using satellite and meteorological data to predict acreage and crop yields.

The Committee recommends an increase of \$2,000,000 for the co-operator program for foreign market development.

The budget request for the Foreign Agricultural Service included \$520,000 to be transferred to the Office of the General Sales Manager for the Export Sales Reporting Function. The Committee recommends that these funds be deleted from the appropriation for the Foreign Agricultural Service and added to the appropriation for the Office of the General Sales Manager.

(86)

1976 appropriation	\$1,089,917,000
1977 budget estimate	1,169,255,000
Recommended in the bill	1,169,255,000
Comparison:	
1976 appropriation	+79,338,000
1977 budget estimate	

A number of statutes provide for the facilities of the Commodity Credit Corporation to be used in carrying out programs for the export of surplus agricultural commodities and authorize appropriations to reimburse the Corporation for costs incurred in connection with such programs.

Prior to fiscal year 1962, the Corporation was reimbursed for the costs of these activities by appropriations subsequent to incurrence of the costs. Beginning in the fiscal year 1962, the Congress added funds to place these activities on a pay-as-you-go basis, appropriating for estimated costs.

The following activities are currently being 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) (7 U.S.C. 1701-1710). Under this Title, the United States accepted foreign currency in payment for sales of available U.S. farm products. These currencies may be used for such purposes as agricultural market development, payment of U.S. obligations abroad, and military housing, among other specified purposes. If regular appropriations of any Federal agency are available for any purpose for which foreign currencies are used, the agency must buy the currency for dollars. These dollars are credited to the Commodity Credit Corporation and reduce Public Law 480 appropriations.

Sale of agricultural commodities for dollars on credit terms (Title I) (7 U.S.C. 1701-1725).—This Title provides for sales of U.S. farm products under long-term credit arrangements. The major objective is to stimulate and increase sales for dollars through credit. The purpose is to expand international trade; to develop and expand export markets; and to encourage economic development in the developing countries. Agreements may be entered into for the delivery of available U.S. farm products for periods of up to 19 years. Agreements are with the governments of friendly nations, including financial institutions acting on behalf of such nations. Agreements may also be made with U.S. and foreign private traders. Repayments are made in U.S. dollars, with interest for periods of up to 20 years or in currencies convertible to dollars with interest for periods of up to 40 years. Interest is charged from the date of last delivery in each calendar year. Minimum rates of interest are set by law.

Commodities disposed of and other costs incurred in connection with donations abroad (Title II) (7 U.S.C. 1721-1724).—Under this Title donations of available agricultural commodities (not limited to stocks held by Commodity Credit Corporation) are made to assist friendly nations and friendly peoples, and to promote economic and community development in underdeveloped countries. Up to \$7.5 million each year may be spent to buy foreign currencies accruing under Title I.

These funds are to meet special costs (other than personnel and administrative) of cooperating groups. The Corporation pays ocean freight on shipments under this Title.

For fiscal year 1977 the Committee recommends the full amount of the budget request, \$1,169,255,000.

OFFICE OF THE GENERAL SALES MANAGER

ALLOTMENT FROM COMMODITY CREDIT CORPORATION

Available, 1976	(\$1,000,000)
Estimate, 1977	(1,000,000)
In bill, 1977	(3,133,000)

The position of Sales Manager was created by the Congress upon the recommendation of this Committee in 1955. At that time the Commodity Credit Corporation—a \$14.5 billion corporation—had no sales program and no sales policy. Notwithstanding the worldwide need for U.S. agricultural commodities and notwithstanding the authority of the Secretary to sell U.S. commodities abroad at competitive prices, our government held such commodities off world markets—commodities which, perhaps, were surplus to domestic demand but were very much in demand by consumers in other parts of the world if the offering price was merely competitive.

This had several undesirable results. First, it encouraged other countries to expand their production and increase their competition in world markets. Second, it created very large holdings of commodities in this country which were counted to reduce American production with very undesirable effects on American agriculture. It will be noted from page 32 of the hearing with Secretary Benson on February 26, 1957 (repeated in Part 7 of last year's hearings), that the supply of CCC commodities increased from \$2,452,000,000 in 1953 to \$8,666,000,000 in 1956 and \$8,211,000,000 in 1957.

Following this period, with a Sales Manager operating a positive sales program, at competitive prices, these tremendous stocks were reduced through sales in world trade for dollars. In recent years, however, the position of Sales Manager has been left vacant for long periods of time. Also, from the record it would appear that, when filled, it has been fully dominated by the Foreign Agricultural Service and its incorrect policies concerning sales in world markets.

The Committee remains fully convinced of the necessity for a strong independent group to be aware of all transactions and agreements in connection with exports and imports. However, the showing made by the Office of the General Sales Manager during the hearings was that of being extremely weak. For example, the Office showed no provision for receiving raw or firsthand information, but instead is entirely dependent upon information passed on by the Foreign Agricultural Service. This policy should be changed. In the world of international agricultural marketing, imports and exports of foreign countries are totally controlled by the governments of those foreign countries. In order for our Government to compete on equal footing we must have a Sales Manager that operates from a position of strength and is fully informed as to sales of agricultural products in foreign markets.

The Committee believes that the office, if properly organized and headed by a strong Sales Manager, would be a great asset to this country. Therefore, the Committee will expect such action as will enable the Sales Manager to give the same attention to all domestic and commercial transactions as the Foreign Agricultural Service does to overseas trade. In order to do this he must have first-hand access to all information related to his operation.

As previously mentioned, the Committee recommends that the \$520,000 for Exported Sales Reporting be provided directly to the Office of the General Sales Manager rather than appropriated to the Foreign Agricultural Service and then transferred.

TITLE V—RELATED AGENCIES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

1976 appropriation	\$207, 805, 000
1977 budget estimate.....	¹ 239, 493, 000
Recommended in the bill.....	236, 771, 000
Comparison:	
1976 appropriation	+28, 966, 000
1977 budget estimate.....	-2, 722, 000

¹ Includes a budget amendment of \$16,388,000.

The programs of the Food and Drug Administration (FDA) are designed to achieve a single overall objective: consumer protection. FDA's mission is to ensure that (1) food is safe, pure, and wholesome; (2) human and animal drugs, biological products, and therapeutic devices are safe and effective; and (3) radiological products and use procedures do not result in unnecessary exposure to radiation.

To accomplish its mission, FDA sets food and product standards; evaluates the safety and efficacy of new drugs before they are marketed; conducts and sponsors research studies to detect health hazards and violations of consumer laws or regulations; informs business firms and consumers about FDA-related topics; works with State and local agencies to develop programs that will supplement or complement those of FDA; maintains surveillance over foods, drugs, and electronic products to ensure that they are safe, effective, and honestly labeled; and takes legal action where necessary to remove violative products from the marketplace and to prosecute firms or individuals that violate the law.

SUMMARY OF INCREASES AND DECREASES

The Committee recommends the full amount of the amended budget request, except for requested increases in GSA space rental costs amounting to \$2,722,000. Included are 230 positions for Human Drugs, 43 for Veterinary Drugs, 179 for Biologics, 143 for Food Safety, 30 for Medical Devices, 47 for Program Management and 5 for the National Center of Toxicological Research, for a total increase of 677 positions. Seventy-one of these were included in the original 1977 budget request. The approved budget amendment, which includes 606 of the additional positions, will fund a comprehensive new FDA program to monitor the conduct of tests by industry to determine the safety of human drugs and food additives.

PROTECTION OF THE NATION'S FOOD SUPPLY

Consumers look to both FDA and the Department of Agriculture to protect their food supply. The programs of the two organizations are interrelated and interdependent. This is necessary since the best,

most carefully grown food can be dangerously unhealthy without proper processing, packaging and labeling under FDA regulation. The FDA, once a part of the Department of Agriculture, conducts food inspection programs which are complementary to the USDA meat and poultry inspection activities. The Veterinary Drugs Program of FDA is designed to ensure that animal drugs and feed additives are safe and effective and that their use in food-producing animals does not constitute a human health hazard. The FDA also has programs to ensure the safety of ingredients added to food; to improve the nutritional status of consumers through regulations covering nutrition labeling and nutrient content; and to improve both quality and safety of shellfish, such as fresh or frozen oysters, clams, and mussels.

The Committee continues to be pleased with the overall degree of coordination between FDA and USDA.

ABUNDANT FOOD VERSUS INDEFINITE RISK

During the hearings, the Committee asked FDA to discuss the extent to which the benefits of more cheap and abundant food need to be weighed against an indefinite risk. The agency's excellent response merits thoughtful reading:

From the beginning of agriculture, man has been involved in a constant struggle to maintain a balance between population growth and his ability to provide a cheap and abundant food supply. This balance may be disturbed by a number of forces which include the ever increasing population, a reduction of the amount of acreage per person and worldwide inflation which is represented by low purchasing power. Thus, there is a deep and growing concern throughout the world over the outcome of the food-population race. Malnutrition is the world's No. 1 health problem.

The world population doubled during the period from 1830 to 1930. It doubled again during the next 30-year period from 1930 to 1960 and it took only 15 years to add the next billion. Each year the world population increased by some 75 million people which is enough to populate a new nation larger than Great Britain or West Germany. This means that during the next 11 years the world must prepare to feed an additional 1 billion people. The lengthening shadow of an unparalleled famine continues to approach. Never before have so many been added in such a short period of time.

The world population growth has some interesting characteristics. For example, the population of the world's underdeveloped countries is growing at a much faster rate than those of the industrialized nations. Therefore, nations having the least food available have the greatest population explosion. The seriousness of "the stork out running the plow" in the developing nations is made worse by the lack of funds to import food.

Within the next 11 years, 800 million people will be added to these already food-deficient countries. The worldwide per capita food situation is worsening because death rates are decreasing, birth rates remain high and crop yields continue to be low in many developing countries.

The world food production continues to fall behind population growth despite current national, bilateral and international efforts to reverse this trend. Providing food to meet caloric needs is not enough. Equally important is the need for adequate protein for normal maintenance and functioning of body tissues, growth, maturation, pregnancy, lactation and the recovery from disease. The supplies of protein are particularly scarce and costly for the populations of most developing countries.

In response to this problem the United States has become the world's largest exporter of agricultural products. Farm exports in 1974 were valued at \$21.3 billion. U.S. farm exports are expected to increase in future years because of increased food prices, a tight world supply of grain, improving world economic

conditions and the expansion of trade with the USSR, the People's Republic of China and Japan. The latter imports about half of its total food requirements and is currently the largest market (over \$3 billion annually) for U.S. agricultural products.

The agency is involved in this problem because it regulates animal drug products and food additives, which offer substantial savings of scarce grain products in food-producing animals. With more efficient use of grain products we can provide more protein and therefore benefit society. However, the consuming public is demanding that the agency make an increasing number of decisions that require us to evaluate the immediate and potential human risk as well as balance this against a social benefit. Our actions and decisions in effect preempt voluntary individual decisionmaking. Such demands are not unique to the Public Health Service but are also being made in the fields of air pollution and nuclear energy.

In making these risk-benefit decisions, the agency is confronted with an array of factors which in many instances cannot be measured or controlled. There is a temptation to leave out of the analysis more subtle variables involving psychology, quality of life, different value systems, problems in treating present generations versus future generations, problems with ascertaining what people are willing to pay for certain benefits. Obviously, the quality of the data used in the risk-benefit decision is as important as the quality of the methodology. In many cases, the difficulty of obtaining data is enormous. This is particularly true when we have drug products and food additives which have a long waiting period between exposure and occurrence of any symptom. The agency will soon find itself attempting to evaluate risks and the moral problem that arises when one generation obtains the benefit and another generation pays the cost. Such decisions are not suited to a neat, tightly wrapped package, but are made slowly, on a case-by-case basis. At the present time I know of no other method to solve these problems other than through the adversary proceedings, through Congressional committee hearings, and through public discussions and debates. In that forum, our scientists and physicians, judges and administrators, policymakers and politicians, the press and the people all have a part. Not all people would agree as to where this decisionmaking authority should lie and I can only quote from a statement made by John Kenneth Galbraith: "Our safety lies, and lies exclusively, in making public decisions subject to the test of public debate. What cannot survive public debate, we must not do."

MEASURING THE RISK

With regard to measuring technology, the Committee would like to point out that it is not how small an amount that can be measured but it is the effect that is important. The following table is illustrative of how much of a banned substance a human would have to consume to equal the amounts given experimental animals:

* * * the following are ingredients that have been banned as a result of the lack of proof of safety, and because they induced cancer in laboratory testing of animals. The equivalencies of required intake by man of affected products are, of course, just simple mathematical projections. They are intended only to provide a general perspective of required consumption based on the levels of carcinogens used in laboratory experiments.

Cyclamate.—A 12 ounce bottle of soft drink may have contained from one-quarter to 1 gram of sodium cyclamate. An adult would have to drink from 138 to 552 12 ounce bottles of soft drink a day to get an amount comparable to that causing effects in mice and rats.

Oil of Calamus.—In order to get an amount comparable to that which caused effects in rats, a person would have to drink 250 quarts of vermouth per day.

Safrole.—A person would have to drink 613 12 ounce bottles of root beer flavored soft drink or eat 220 pounds of hard candy per day to get an amount comparable to that which caused effects in rats.

1,2-Dihydro-2,2,4-trimethylquinoline: polymerized.—A plasticizer used in packaging material. If all foods in the diet were to be packaged in this material, a person would have to eat 300,000 times the average daily diet to get an amount comparable to that which caused effects in rats.

4,4-Methylenebis (2-chloroaniline).—A plastic curing agent used in food contact surfaces. If all foods in the diet were exposed to this material, a person would have to eat 100,000 times the average daily diet to get an amount comparable to that which caused effects in rats.

DES.—Based on findings of 5 percent of liver samples containing 2 ppb of DES, and assuming that 2 percent of the average diet is beef liver, a person would have to consume 5 million pounds of liver per year for 50 years to equal the intake from one treatment of day-after oral contraceptives.

In the 1950's instruments could measure in parts per million, in the 1960's in parts per billion, and in the 1970's in parts per trillion. In other words, measuring devices are one million times more sensitive today than when the controlling law was enacted. Thus, improved analytical methods now permit the detection, identification, and measurement of substances which had once been considered to be absent ("zero residues"). In a regulatory context, this means that an acceptable product may have to be designated as a non-acceptable product, not because of actual changes in the material itself, but because of changes in the techniques used to examine it. What should be emphasized is the practical effect on human health rather than the technological pursuit of measuring almost infinitely small quantities against a zero tolerance.

The Committee is pleased to note that the news media is beginning to recognize these facts, particularly since, if the present trend continues, food prices could get beyond the ability of people to pay.

There can be no such thing as absolute safety. It is impossible to prove that any substance will under no circumstances injure anybody, anywhere, at any time. But one can say, after careful scrutiny of all known factors, that a given substance in given quantities is very unlikely to hurt anyone.

Some sort of balance must be sought between the ability to perform more sensitive and finer analyses and the interpretation of the findings which derive from such analyses. There should be realistic standards of risk upon which regulatory judgments can be based. At the very least, if it would be physically impossible for a person within his lifetime to consume a sufficient quantity of a substance to equal the amount which caused effects in test animals, then it appears logical that the substance should not be banned solely on the basis of high-dosage laboratory phenomena. This line of reasoning accrues additional significance in light of the problems of continuing to provide consumers with cheap and abundant food. This attitude was once captured in a few lines in the *New England Journal of Medicine*: "So let your life be ordered, By each documented fact, And die of malnutrition, But with arteries intact."

Testimony before the Committee has highlighted the fact that the Secretary of H.E.W. is charged with the responsibility of approving a method for the measurement of residues. The law does not require the present practice of using the most sensitive method available. Attention should be given to selecting practical criteria for approving a method, or methods, which protects public health.

ADVISORY COMMITTEES

The Committee is of the opinion that the proper use of advisory committees by FDA is to improve the agency's ability to deal with

intricate scientific issues in a timely fashion. Such use of expert advice not always available in-house provides increased protection to consumers while allowing both consumers and academic scientists to contribute to FDA decisionmaking. The Committee will expect FDA to take whatever steps it finds necessary to see to it that the use of each advisory committee is proper, essential, and that related costs are accurately and fully recorded.

BUILDINGS AND FACILITIES

1976 appropriation.....	\$1,000,000
1977 budget estimate.....	3,125,000
Recommended in the bill.....	3,125,000
Comparison:	
1976 appropriation.....	+2,125,000
1977 budget estimate.....	

The Committee recommends the full amount of the budget request for FDA's Buildings and Facilities.

During the past year, the Committee has become aware of several problems concerning the accuracy of cost estimates for Buildings and Facilities. FDA is expected to take special care to assure the accuracy of future cost estimates, particularly those which involve computers, major items of equipment, and facilities' modification or improvements.

COMMODITY FUTURES TRADING COMMISSION

1976 appropriation.....	\$11,483,000
1977 budget estimate.....	11,615,000
Recommended in the bill.....	11,615,000
Comparison:	
1976 appropriation.....	+132,000
1977 budget estimate.....	

The Commodity Futures Trading Commission is the successor organization to the Commodity Exchange Authority. The new independent regulatory agency administers the Commodity Futures Trading Commission Act of 1974, Public Law 93-463, which became effective on April 21, 1975. This Act represents a complete overhaul of the Commodity Exchange Act of September 21, 1922, as amended. The 1974 Act is designed to insure fair practice and honest dealing on the commodity exchanges and to provide a measure of control over speculative activity. The Act brings under Federal regulation all agricultural and other commodities, goods and services traded on exchanges and otherwise strengthens the regulation of the Nation's \$500 billion commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile and esoteric futures trading complex.

The primary objectives of the Act are twofold: (1) To further the economic role of the commodity futures markets—that of pricing and risk-shifting, which facilitate the movement of commodities from producers to consumers, and (2) protecting market users from abusive practices. To secure these primary objectives, the Act is designed to: prevent commodity price manipulation and market corners; curb unwarranted changes in price resulting from excessive speculation by large traders; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud

and other abusive practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; protect margin monies and equities of hedgers and other traders and prevent the misuse of such funds by requiring trust-fund treatment of such monies and establishing minimum financial and fitness standards for firms; provide an avenue whereby users of commodity futures markets may obtain reparation for monies lost because of Act violations; protect market users in their dealings with commodity trading advisors and commodity pool operators; protect market users from broker conflicts-of-interest; prevent unfit persons from handling customers' accounts; require commodity exchanges to set contract terms and conditions and other rule requirements to conform to the purposes of the Act; protect market users from unethical nonmembers of exchanges; provide means of reviewing exchange disciplinary actions; protect persons trading in forward contracts on margin in gold and silver; protect the economy and traders from abusive trading in "puts" and "calls"; permit industry self-regulation via a national futures association supervised by the Commission; conduct studies for the improvement of futures trading and provide information to producers, market users and the public regarding trading operations and markets, both cash and futures.

The Committee recommends the full amount of the budget estimate.

The Committee takes note that CFTC has requested deletion of the Congressional limitation on the hire of experts and consultants. Testimony before the Committee indicates that nearly twenty percent of such funds spent up to the date of the hearings were for Congressional and Governmental relations. The Committee considers this proportion to be clearly inappropriate. In addition to the several consultants which have been retained, the CFTC has a permanent staff for Congressional liaison.

Although the Committee has received testimony from CFTC that they cannot as yet determine their needs regarding experts and consultants, it is clear that the discontinuance of the four advisory committees will greatly reduce the requirements for experts and consultants. The Committee is of the opinion that CFTC must incrementally develop a solid foundation of its own in-house expertise. The purpose of contracting for outside experts and consultants should be to meet short-term or one-time needs, or to fill temporary gaps in expertise available in-house. Delays in hiring permanent personnel due to Civil Service Commission approval of CFTC staffing needs appears to no longer be a significant problem. In consideration of these circumstances, the Committee recommends an annual limitation of \$125,000 for the hire of experts and consultants under 5 U.S.C. 3109.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

1976 limitation.....	(\$7,671,000)
1977 budget estimate.....	¹ (8,429,000)
Recommended in the bill.....	(8,429,000)
Comparison:	
1976 limitation.....	(+758,000)
1977 budget estimate.....	¹ (+8,429,000)

¹ The budget requested deletion of the limitation.

The Farm Credit Administration supervises, examines, and provides facilities and services to a coordinated system of farm credit banks and associations making loans to farmers and their cooperatives. Services and facilities furnished by the Administration facilitate the operations of the several agencies and their progress toward farmer ownership. Typical services are: custody of collateral for bonds and debentures, assistance in financing and investments, credit analysis, development of land appraisal standards and policies, preparation of reports and budgets, and preparation and distribution of information on farm credit. All expenses of these activities are paid by assessments collected from the banks and associations of the farm credit system.

The Administration, originally created by Executive Order No. 6084 on May 27, 1933, was transferred to the Department of Agriculture on July 1, 1939, by Reorganization Plan No. 1. Since December 4, 1953, the Administration has been an independent agency under the direction of a Federal Farm Credit Board (12 U.S.C. 636).

The Committee takes note of the request to delete the limitation on the obligation of funds for administrative expenses by the Farm Credit Administration. For many years, this limitation has been provided by Congress to assure the accountability of the agency and provide a forum for the discussion of the farm credit situation and problems relating thereto. The bill continues this limitation at the level that the agency estimates it will be required.

TITLE VI—GENERAL PROVISIONS

Sections 601 through 606 and 609 and 612 of the general provisions contained in the accompanying bill for fiscal year 1977 are the same as those included in previous appropriations bills.

Sections 607, 608, 610 and 611 have been added. These new general provisions restrict funds available under section 610 of the Agricultural Act of 1970, place a ceiling on obligations chargeable against the Working Capital Fund, specify personnel levels for certain agencies, and prohibit State and County committees from restricting the use of Agricultural Conservation Program funds.

LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in any appropriation act are included in the bill:

On page 25, in connection with Farmers Home Administration, "Salaries and Expenses":

** * * or in connection with charges made on borrowers under section 502(a) of the Housing Act of 1949, as amended * * **

On page 42, in connection with "General Provisions":

** * * Sec. 607. None of the funds provided by this Act shall be used to pay the salaries 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 * * **

On page 42, in connection with "General Provisions":

** * * Sec. 608. Obligations chargeable against the Working Capital Fund during the period October 1, 1976, through September 30, 1977, shall not exceed \$50,000,000: Provided, That no funds appropriated to an agency of the Department shall be transferred to the Working Capital Fund except upon the approval of the agency administrator * * **

On page 43, in connection with "General Provisions":

** * * Sec. 610. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on permanent positions below the level set herein for the following agencies: Farmers Home Administration, 7400; Agricultural Stabilization and Conservation Service, 2473; and Soil Conservation Service, 13,955 * * **

On page 43, in connection with "General Provisions":

* * * *Sec. 611. None of the funds contained in this Act shall be used by any State committee to prevent any County committee from authorizing the use of any funds for any nationally authorized program of the Agricultural Conservation Program* * * *

TRANSFER OF FUNDS

Pursuant to clause 1(b), Rule X of the House of Representatives, the following statement is submitted describing the transfer of funds provided in the accompanying bill.

1. *Office of Inspector General.*—The bill authorizes the transfer of \$7,932,000 for fiscal year 1977 from the Food Stamp Program to cover the extra auditing and inspection workload of this office related to that program.

2. *Animal and Plant Health Inspection Service.*—Authority is included in this paragraph to enable the Secretary of Agriculture to transfer from other appropriations or funds of the Department such sums as may be necessary to combat emergency outbreaks of certain diseases of animals and poultry.

3. *Agricultural Stabilization and Conservation Service.*—The language for "Salaries and Expenses" includes authority to transfer \$74,958,000 for fiscal year 1977 from the Commodity Credit Corporation to meet the program and administrative costs of work performed by this agency related to activities of CCC. An indefinite authority is also included to permit the transfer of funds from other programs of ASCS for work related to these programs.

4. *Federal Crop Insurance Corporation Fund.*—The bill authorizes the payment of \$8,006,000 of administrative and operating expenses for the fiscal year 1977.

5. *Farmers Home Administration.*—The "Salaries and Expenses" paragraph authorizes the transfer of \$500,000 for fiscal year 1977 from the various programs of this agency for temporary field employment. It also provides that not more than \$5,000,000 for fiscal year 1977 may be transferred from loan accounts for duties related to insurance of loans. Also, language has been added to this paragraph of the bill to allow the transfer of funds collected under Section 502(a) of Title V of the Housing Act of 1949, as amended—which provision authorizes the collection of such interest charges.

6. *Child Nutrition Programs.*—This language includes authority to transfer \$731,000,000 from section 32 funds to these programs and to transfer \$80,000,000 for purchase and distribution of commodities and food for the School Lunch Program.

CHANGES IN EXISTING LAW

Pursuant to clause 3, rule XXI of the House of Representatives, the following statements are submitted describing the effect of provisions in the accompanying bill which directly or indirectly change the

application of existing law. In most instances, these provisions have been included in prior appropriation bills, often at the request of and with the knowledge and consent of the responsible legislative committees.

1. *Office of the Secretary.*—Language is included to limit the amount of funds for official reception and representation expenses, as determined by the Secretary, but not limited to extending courtesies to representatives of foreign countries as specified in other law.

2. *Agricultural Research Service.*—A provision, which has been carried in the annual appropriation bill since fiscal year 1960, is repeated in this bill to carry forward up to \$2 million of uncommitted 1976 appropriations to this agency for use in fiscal year 1977 to employ labor, subprofessional and junior scientific help under contracts and cooperative agreements to strengthen work at field research installations. This is intended to facilitate the securing of part-time, less-skilled help and thereby relieve higher-paid scientists of the more routine duties involved in preparation of experimental plots, harvesting of experimental crops, caring for experimental animals; and care and maintenance of buildings, equipment and other research facilities.

3. *Animal and Plant Health Inspection Service.*—Language which has been carried in the annual appropriation bill for a number of years is included to require that States provide funds for matching—not otherwise required by law—of at least 40 percent of the cost of the brucellosis eradication program. This provision assures more effective program operations through State cost-sharing, with resulting savings to the Federal budget.

Also language has been added which authorizes \$3,800,000 to remain available until expended for plans, construction and improvement of facilities without regard to limitations contained in the bill. This provides for construction of the new animal import center at Stewart Airport, Newburg, N. Y.

4. *Statistical Reporting Service.*—This paragraph continues a proviso which has been in the annual appropriation bill since fiscal year 1941, which limits the availability of funds for the publication of estimates otherwise authorized for apple production for other than the commercial crop. This was inserted by Congress in view of the need to continue separate estimates for the commercial crop.

5. *Economic Research Service.*—A provision heretofore carried in the annual appropriation bill is again included to authorize the expenditure of not less than \$200,000 for economic analysis of data to determine the effect upon food production and the agricultural economy of proposals pending before the Environmental Protection Agency. This proviso enables the Department to keep abreast of developments and represent the interests of agriculture in environmental matters.

6. *Section 32 Funds.*—The bill includes authority to transfer \$811,000,000 of Section 32 funds to the Child Nutrition Programs. This is required to increase funds available for cash payments to States for

these programs and to purchase and distribute agricultural commodities pursuant to Section 6 of the National School Lunch Act. Under the paragraph in the bill headed "Funds for Strengthening Markets, Income, and Supply (Section 32)", language is included to authorize these transfers and to provide for the use of Section 32 funds for the formulation and administration of marketing agreements and orders.

7. *Dairy and Beekeeper Indemnity Program.*—Language is included to strengthen basic law by the prevention of indemnity payments to farmers whose milk is removed from commercial markets due to their willful failure to allow Federal procedures. This has been carried in annual appropriation bills since 1968 to protect the Federal Government from irresponsible claimants.

8. *CCC—Limitation on Administrative Expenses.*—This paragraph includes language which earmarks funds to expand and strengthen the sales program of the corporation, to be headed by a Sales Manager who shall report to the Board of Directors of CCC, of which the Secretary of Agriculture is a member.

9. *SCS—Conservation Operations.*—This language which has been included in the bill since 1938, includes a prohibition against construction of buildings on land not owned by the Government, although construction on land owned by States and counties is authorized by basic law. This paragraph also includes language carried in the bill since 1950 which prohibits the use of funds for demonstration projects authorized by Act of April 27, 1935.

10. *Agricultural Conservation Program.*—Language is included under this item which continues a limitation carried in the bill since fiscal year 1963 to prevent provision of financial or technical assistance for drainage on wetlands. This proviso is designed to prevent the drainage of potholes in various parts of the country which are most vital to the preservation of the supply of American waterfowl. Also, a provision is continued in the bill to limit payments to any one participant to \$2500, which is below the level authorized by existing law. Language is included to provide that the conservation practices to be used in the 1977 program shall be the 1970 practices which were selected by the ASCS County Committees. A provision is also included under this paragraph which limits information to be obtained from participants in the 1977 ACP program to that required in carrying out the 1970 program. These latter two provisions are essential to assure continuation of those practices which have made possible the valuable accomplishments of the ACP program through the years.

11. *Emergency Conservation Measures.*—Language carried in previous annual appropriation bills is again included to strengthen basic law by authorizing conservation measures for the purposes and subject to the conditions contained in the Third Supplemental Appropriations Act, 1957. The language of that Act, which delineates the conditions under which emergency measures are justified and emergency payments can be made, has encouraged sound and economical operation of this program with resulting savings to the taxpayer.

12. *Food Stamp Program.*—A provision is included which modifies existing law by limiting eligibility of college students over 17 years of age who are claimed as dependents for Federal tax purposes by taxpayers who are not themselves eligible. This limitation, which has been included in prior appropriation bills, is intended to restrict possible damaging abuses of the program.

13. *General Provisions.*—

Section 605: This provision, which has been included in prior appropriation bills, prohibits otherwise authorized payments to producers who harvest or permit harvesting of marihuana or other prohibited drug-producing plants on their land. This restriction makes a valuable contribution to the enforcement of drug-control measures in the U.S.

Section 606: This paragraph repeats language carried in the bill last year which extends to all agencies of the Department the Secretary's authority to authorize advances to chiefs of field parties of the Forest Service. Such advances are especially useful, for example, to field scientists who are searching for new seeds and plants and must be able to immediately purchase them when found. The Department has requested that this broader authority be made permanent by the appropriate legislative committees.

Section 607: This paragraph prohibits the transfer of funds to Cotton Incorporated under the provision of Section 610 of the Agricultural Act of 1970 since such an arrangement is substantially covered by law.

Section 609: Language carried in last year's appropriation bill is again included which provides that certain appropriations in this bill shall remain available until expended where the programs or projects involved are continuing in nature under the provisions of authorizing legislation, but for which such legislation does not specifically provide for extended availability. This authority tends to result in savings by preventing the wasteful practice often found in government of rushing to commit funds at the end of the fiscal year without due regard to the value of the purpose for which the funds are used. Such extended availability is also essential in view of the long lead-time frequently required to negotiate agreements or contracts which normally extend over a period of more than one year. Under these conditions such authority is commonly provided in appropriations bills where omitted from basic law. These provisions have been carried through the years in this bill to facilitate efficient and effective program execution and to assure maximum savings. They involve the following items: Scientific Activities Overseas (Special Foreign Currency Program), Public Law 480, Rural Housing for Domestic Farm Labor, Mutual and Self-Help Housing, Watershed and Flood Prevention Operations, Resource Conservation and Development, Agricultural Conservation Program (Liquidation), Forestry Incentives Program, Emergency Conservation Measures, Buildings and Facilities of the Food and Drug Administration.

Section 610. This section provides that end-of-year employment ceilings on permanent positions cannot be less than certain specified levels for the Farmers Home Administration, the Agricultural Stabilization and Conservation Service and the Soil Conservation Service. The levels specified are based on the presently authorized end-of-year employment ceilings plus an additional 400 for the Farmers Home Administration as discussed on page 67 of this report. In view of need for the programs of the Farmers Home Administration and the need to adequately service the outstanding loan portfolio of approximately \$16 billion, the Committee determined that a minimum of 400 additional personnel were absolutely necessary. The Committee has also provided for an increase of 425 for the Soil Conservation Service in order to provide for the traditional number of technicians assigned to the Agricultural Conservation Program.

The Committee recommends this provision to prevent the Department from holding back programs provided for by Congress by restricting the number of personnel assigned to the program and, therefore, defeating the provision of the Impoundment Control Act.

Section 611. This provision provides that State committees cannot prevent County committees from authorizing the use of funds under the Agricultural Conservation Program for any nationally authorized program. This provision is discussed in further detail on page 74 of this report.

COMPARISONS WITH BUDGET RESOLUTION

In accordance with Section 308(a)(1)(A) of the Congressional Budget Act of 1974 (P.L. 93-344), the following table provides comparisons between the new budget authority targets set forth in the First Concurrent Resolution on the Budget, as allocated by the Committee on Appropriations under Section 302 of the Act, and the budget authority contained in the accompanying bill.

Function	Resolution target	Committee bill	Difference
Agriculture.....	\$2,273,317,000	\$1,531,780,000	-\$741,537,000
International affairs.....	1,169,255,000	1,169,255,000	0
Community and regional development.....	387,074,000	438,810,000	+51,736,000
Commerce and transportation.....	204,044,000	207,044,000	+3,000,000
Health.....	458,728,000	472,394,000	+13,666,000
Income security.....	9,130,000,000	8,026,141,000	-1,103,859,000
Natural resources, environmental and energy.....	797,945,000	673,264,000	-124,681,000
Total.....	14,420,363,000	12,518,688,000	-1,901,675,000

FIVE-YEAR PROJECTION OF OUTLAYS

In accordance with Section 308(a)(1)(B) of the Congressional Budget Act of 1974 (P.L. 93-344), the following table contains 5 year projections of the outlays associated with the budget authority provided in the accompanying bill.

Budget Authority:	\$12,518,688,000
Outlays: 1977—	\$11,181,845,000
1978—	\$1,093,654,000
1979—	\$133,993,000
1980—	\$68,376,000
1981—	\$29,170,000

ASSISTANCE TO STATE AND LOCAL GOVERNMENTS

In accordance with Section 308(a)(1)(C) of the Congressional Budget Act of 1974 (P.L. 93-344), the new budget authority and outlays provided by the accompanying bill for financial assistance to State and local governments are as follow:

New budget authority:	\$4,161,680,000
Fiscal year 1977 Outlays resulting therefrom:	\$3,535,375,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976 ¹ (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976 (5)	Budget estimates of new (obliga- tional) authority, fiscal year 1977 (6)
TITLE I - AGRICULTURAL PROGRAMS					
PRODUCTION, PROCESSING AND MARKETING:					
Office of the Secretary.....	\$ 2,836,000	\$ 2,328,000	\$ 2,267,000	\$ -569,000	\$ -61,000
Departmental Administration.....	(2) 16,050,000	14,324,000	14,145,000	-1,905,000	-179,000
Economic Management Support Center.....	(3)	2,805,000	2,802,000	2,802,000	-3,000
Office of the Inspector General.....	17,552,000	18,636,000	18,434,000	882,000	-202,000
Transfer from food stamp program.....	(6,094,000)	(7,932,000)	(7,932,000)	(1,838,000)	(---)
Subtotal.....	(23,646,000)	(26,568,000)	(26,366,000)	(2,720,000)	(-202,000)
Office of the General Counsel.....	8,517,000	8,730,000	8,708,000	191,000	-22,000
Agricultural Research Service:					
Research.....	281,839,000	263,202,000	267,570,000	-14,269,000	4,368,000
Special fund (reappropriation).....	(2,000,000)	(2,000,000)	(2,000,000)	(-2,000,000)	(---)
Scientific activities overseas (special foreign currency program).....	7,500,000	10,000,000	5,000,000	-2,500,000	-5,000,000
Subtotal.....	291,339,000	273,202,000	272,570,000	-18,769,000	-632,000
Animal and Plant Health Inspection Service.....	377,729,000	399,882,000	401,530,000	23,801,000	1,648,000
Cooperative State Research Service.....	114,460,000	122,508,000	124,702,000	10,242,000	2,194,000
Extension Service.....	228,935,000	218,790,000	236,947,000	8,012,000	18,157,000
National Agricultural Library.....	5,539,000	6,034,000	6,026,000	487,000	-8,000
Statistical Reporting Service.....	31,362,000	33,712,000	33,459,000	2,097,000	-253,000
Economic Research Service.....	25,642,000	26,116,000	26,080,000	438,000	-36,000
Agricultural Marketing Service:					
Marketing Services.....	47,055,000	57,087,000	56,984,000	9,929,000	-103,000
Payments to States and possessions.....	1,600,000	---	1,600,000	---	1,600,000
Subtotal.....	48,655,000	57,087,000	58,584,000	9,929,000	1,497,000
Packers and Stockyards Administration.....	5,171,000	5,234,000	5,226,000	55,000	-8,000
Farmer Cooperative Service.....	2,559,000	2,594,000	2,589,000	30,000	-5,000
Total.....	1,176,346,000	1,191,982,000	1,214,069,000	37,723,000	22,087,000
FARM INCOME STABILIZATION:					
Agricultural Stabilization and Conservation Service:					
Salaries and expenses.....	151,181,000	157,891,000	157,410,000	6,229,000	-481,000
Transfer from Commodity Credit Corporation..	(72,571,000)	(74,958,000)	(74,958,000)	(2,387,000)	(---)
Subtotal.....	(223,752,000)	(232,849,000)	(232,368,000)	(8,616,000)	(-481,000)
Dairy and beekeeper indemnity programs.....	6,650,000	4,050,000	4,050,000	-2,600,000	---
Subtotal.....	157,831,000	161,941,000	161,460,000	3,629,000	-481,000
Federal Crop Insurance Corporation:					
Administrative and operating expenses.....	12,000,000	12,000,000	11,976,000	-24,000	-24,000
Federal Crop Insurance Corporation Fund.....	(8,184,000)	(8,006,000)	(8,006,000)	(-178,000)	(---)
Subtotal.....	(20,184,000)	(20,006,000)	(19,982,000)	(-202,000)	(-24,000)
Commodity Credit Corporation:					
Reimbursement for net realized losses.....	2,750,000,000	898,652,000	189,053,000	-2,560,947,000	-709,599,000
Limitation on administrative expenses.....	(39,400,000)	(40,700,000)	(41,220,000)	(1,820,000)	(520,000)
Total.....	2,919,831,000	1,072,593,000	362,489,000	-2,557,342,000	-710,104,000
Total, TITLE I.....	4,096,177,000	2,264,575,000	1,576,558,000	-2,519,619,000	-688,017,000

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976 ¹ (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976 (5)	Budget estimates of new (obligational) authority, fiscal year 1977 (6)
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)	(15,000,000)	(-5,000,000)	(-5,000,000)
Insured loans.....	(3,196,000,000)	(2,696,000,000)	(3,091,000,000)	(-105,000,000)	(395,000,000)
Guaranteed loans.....	(---)	(---)	(500,000,000)	(500,000,000)	(500,000,000)
Reimbursement for interest and other losses.....	122,000,000	175,429,000	175,429,000	53,429,000	---
Subtotal.....	(3,338,000,000)	(2,891,429,000)	(3,781,429,000)	(443,429,000)	(890,000,000)
Agricultural Credit Insurance Fund:					
Insured real estate loans.....	(520,000,000)	(370,000,000)	(520,000,000)	(---)	(150,000,000)
Soil conservation loans.....	(27,000,000)	(27,000,000)	(27,000,000)	(---)	(---)
Operating loans.....	(625,000,000)	(625,000,000)	(625,000,000)	(---)	(---)
Emergency loans.....	(400,000,000)	(100,000,000)	(100,000,000)	(-300,000,000)	(---)
Reimbursement for interest and other losses.....	169,214,000	141,189,000	141,189,000	-28,025,000	---
Subtotal.....	(1,741,214,000)	(1,263,189,000)	(1,413,189,000)	(-328,025,000)	(150,000,000)
Rural water and waste disposal grants.....	250,000,000	---	200,000,000	-50,000,000	200,000,000
Sec. 504 grants.....	---	---	5,000,000	5,000,000	5,000,000
Rural housing for domestic farm labor.....	7,500,000	---	6,000,000	-1,500,000	6,000,000
Mutual and self-help housing.....	9,000,000	---	9,000,000	---	9,000,000
Rural Development Insurance Fund:					
Reimbursement for losses.....	25,214,000	47,484,000	47,484,000	22,270,000	---
Water and sewer facility loans.....	(470,000,000)	(470,000,000)	(600,000,000)	(130,000,000)	(130,000,000)
Industrial development loans.....	(350,000,000)	(350,000,000)	(350,000,000)	(---)	(---)
Community facility loans.....	(200,000,000)	(200,000,000)	(200,000,000)	(---)	(---)
Subtotal.....	(1,045,214,000)	(1,067,484,000)	(1,197,484,000)	(152,270,000)	(130,000,000)
Rural Community Fire Protection Grants.....	3,500,000	---	3,500,000	---	3,500,000
Rural Development Service.....	1,341,000	1,434,000	1,324,000	-17,000	-110,000
Salaries and expenses.....	155,102,000	162,156,000	166,502,000	11,400,000	4,346,000
Transfer from loan accounts.....	(3,500,000)	(5,500,000)	(5,500,000)	(2,000,000)	(---)
Subtotal.....	(158,602,000)	(167,656,000)	(172,002,000)	(13,400,000)	(4,346,000)
Rural Development Grants.....	11,875,000	---	10,000,000	-1,875,000	10,000,000
Subtotal.....	754,746,000	527,692,000	765,428,000	10,682,000	237,736,000
Rural Electrification Administration:					
Rural electrification and telephone revolving fund:					
Electric loans.....	(750,000,000)	(750,000,000)	(750,000,000)	(---)	(---)
Telephone loans.....	(250,000,000)	(250,000,000)	(250,000,000)	(---)	(---)
Subtotal.....	(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)	(---)	(---)
Salaries and expenses.....	20,713,000	21,409,000	21,350,000	637,000	-59,000
Subtotal.....	20,713,000	21,409,000	21,350,000	637,000	-59,000
Total.....	775,459,000	549,101,000	786,778,000	11,319,000	237,677,000

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976 ¹ (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976 (5)	Budget estimates of new (obliga- tional) authority, fiscal year 1977 (6)
CONSERVATION:					
Soil Conservation Service:					
Conservation operations.....	206,807,000	215,329,000	214,423,000	7,616,000	-906,000
River basin surveys and investigations.....	14,745,000	14,266,000	14,745,000	---	479,000
Watershed planning.....	11,196,000	10,012,000	11,196,000	---	1,184,000
Watershed and flood prevention operations.....	(4) 211,745,000	135,263,000	146,199,000	-65,546,000	10,936,000
Resource conservation and development.....	29,972,000	21,488,000	29,972,000	---	8,484,000
Great Plains conservation program.....	22,379,000	5,178,000	20,379,000	-2,000,000	15,201,000
Subtotal.....	496,844,000	401,536,000	436,914,000	-59,930,000	35,378,000
Agricultural Stabilization and Conservation Service:					
Agricultural Conservation Program					
Advance authorization(contract authority).....	190,000,000	---	190,000,000	---	190,000,000
Liquidation of contract authority.....(	190,000,000)(	90,000,000)(	105,000,000)(	-85,000,000)(	15,000,000)
Forestry incentives program.....	15,000,000	---	15,000,000	---	15,000,000
Water Bank Act program.....	10,000,000	---	10,000,000	---	10,000,000
Emergency conservation measures.....	10,000,000	10,000,000	10,000,000	---	---
Cropland adjustment program.....	42,000,000	(5)	(5)	-42,000,000	---
Subtotal.....	267,000,000	10,000,000	225,000,000	-42,000,000	215,000,000
Total.....	763,844,000	411,536,000	661,914,000	-101,930,000	250,378,000
Total, TITLE II.....	1,539,303,000	960,637,000	1,448,692,000	-90,611,000	488,055,000
TITLE III - DOMESTIC FOOD PROGRAMS					
Food and Nutrition Service:					
Child nutrition programs.....					
Transfer from sec. 32.....	1,153,072,000	1,689,507,000	1,989,507,000	836,435,000	300,000,000
Total.....	(737,111,000)(	1,111,000,000)(	811,000,000)(	73,889,000)(	-300,000,000)
Special milk program.....	144,000,000	---	144,000,000	---	144,000,000
Special supplemental food program(WIC).....	106,000,000	250,000,000	250,000,000	144,000,000	---
Transfer from sec. 32.....	(144,000,000)(	---	---	(-144,000,000)(---
Total.....	(250,000,000)(	250,000,000)(	250,000,000)(---	---
Food stamp program.....	5,203,000,000	4,794,400,000	4,794,400,000	-408,600,000	---
Food donations program.....	17,839,000	23,166,000	23,166,000	5,327,000	---
Elderly feeding program.....	(6)	22,000,000	22,000,000	22,000,000	---
Total, TITLE III.....	6,623,911,000	6,779,073,000	7,223,073,000	599,162,000	444,000,000
TITLE IV - INTERNATIONAL PROGRAMS					
Foreign Agricultural Service.....					
Public Law 480.....	37,071,000	37,119,000	38,599,000	1,528,000	1,480,000
Sales Manager.....	1,089,917,000	1,169,255,000	1,169,255,000	79,338,000	---
Total, TITLE IV.....	(1,000,000)(	1,000,000)(	3,133,000)(	2,133,000)(	2,133,000)
Total, TITLE IV.....	1,126,988,000	1,206,374,000	1,207,854,000	80,866,000	1,480,000
TITLE V - RELATED AGENCIES					
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE					
Food and Drug Administration:					
Salaries and expenses.....	207,805,000	239,493,000	236,771,000	28,966,000	-2,722,000
Buildings and facilities.....	1,000,000	3,125,000	3,125,000	2,125,000	---
Total.....	208,805,000	242,618,000	239,896,000	31,091,000	-2,722,000

See footnotes at end of table.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1977

[Note—All amounts are in the form of "appropriations" unless otherwise indicated.]

Agency and item (1)	New budget (obligational) authority, fiscal year 1976 ¹ (2)	Budget estimates of new (obligational) authority, fiscal year 1977 (3)	New budget (obligational) authority recommended in bill (4)	Bill compared with—	
				New budget (obligational) authority, fiscal year 1976 (5)	Budget estimates of new (obligational) authority, fiscal year 1977 (6)
INDEPENDENT AGENCIES					
Commodity Futures Trading Commission.....	11,483,000	11,615,000	11,615,000	132,000	---
Farm Credit Administration:					
Limitation on administrative expenses.....	(7,671,000)	(7)	(8,429,000)	(758,000)	(8,429,000)
Total, TITLE V.....	220,288,000	254,233,000	251,511,000	31,223,000	-2,722,000
Total, NB(0)A.....	13,606,667,000	11,464,892,000	11,707,688,000	-1,898,979,000	242,796,000
RECAPITULATION					
Title I - Agricultural programs.....	4,096,177,000	2,264,575,000	1,576,558,000	-2,519,619,000	-688,017,000
Title II - Rural development and assistance programs.....	1,539,303,000	960,637,000	1,448,692,000	-90,611,000	488,055,000
Title III - Domestic food programs.....	6,623,911,000	6,779,073,000	7,223,073,000	599,162,000	444,000,000
Title IV - International programs.....	1,126,988,000	1,206,374,000	1,207,854,000	80,866,000	1,480,000
Title V - Related agencies.....	220,288,000	254,233,000	251,511,000	31,223,000	-2,722,000
 Total, New budget (obligational) authority.....	13,606,667,000	11,464,892,000	11,707,688,000	-1,898,979,000	242,796,000
Transfer from sec. 32.....	881,111,000	1,111,000,000	811,000,000	-70,111,000	-300,000,000
Total obligational authority.....	14,487,778,000	12,575,892,000	12,518,688,000	-1,969,090,000	-57,204,000
Consisting of:					
1. Appropriations.....	13,414,667,000	11,464,892,000	11,517,688,000	-1,896,979,000	52,796,000
2. Reappropriations.....	2,000,000	---	---	-2,000,000	---
3. Contract authorizations.....	190,000,000	---	190,000,000	---	190,000,000
4. Direct and insured loan level.....	6,808,000,000	5,858,000,000	6,528,000,000	-280,000,000	670,000,000
Memoranda:					
1. Appropriations to liquidate contract authorizations.....	190,000,000	90,000,000	105,000,000	-85,000,000	15,000,000
2. Appropriations, including appropriations to liquidate contract authority.....	13,604,667,000	11,554,892,000	11,622,688,000	-1,981,979,000	67,796,000
3. Transfers from sec. 32.....	881,111,000	1,111,000,000	811,000,000	-70,111,000	-300,000,000
4. Transfers from Commodity Credit Corporation....	72,571,000	74,958,000	74,958,000	2,387,000	---

- (1) Includes amounts in Second Supplemental Appropriation Bill (H.R. 13172) as approved in Conference.
- (2) Includes \$2,755,000 for the Economic Management Support Center appropriated under this heading in fiscal year 1976.
- (3) \$2,755,000 was appropriated under Departmental Administration for this unit in fiscal year 1976.
- (4) Includes \$65,336,000 for Sec. 216 emergency repair work.
- (5) All agreements under this program have expired.
- (6) In fiscal year 1976, \$10,500,000 was available for this program by transfer from AMS Section 32 and CCC Section 416.
- (7) The budget requested deletion of the limitation.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE
PROGRAMS

RURAL DEVELOPMENT AND PROTECTION

Farmers Home Administration:	
Rural Housing Insurance Fund.....	60
Agricultural Credit Insurance Fund.....	61
Rural water and waste disposal grants.....	62
Very low income housing repair grants.....	63
Rural housing for domestic farm labor.....	63
Mutual and self-help housing.....	64
Rural Development Insurance Fund.....	64
Rural community fire protection grants.....	65
Rural Development Service.....	65
Salaries and expenses.....	66
Rural development grants.....	67
Rural Electrification Administration:	
Loan authorizations.....	68
Rural Telephone Bank.....	69
Salaries and expenses.....	69

CONSERVATION

Soil Conservation Service:	
Conservation operations.....	70
River basin surveys and investigations.....	71
Watershed planning.....	71
Watershed and flood prevention operations.....	72
Resource conservation and development.....	72
Great Plains conservation program.....	73
Agricultural Stabilization and Conservation Service:	
Agricultural Conservation Program.....	74
Forestry incentives program.....	76
Water bank program.....	76
Emergency conservation measures.....	76

TITLE III—DOMESTIC FOOD PROGRAMS

Food and Nutrition Service:	
Child nutrition programs.....	81
Special milk program.....	82
Special supplemental food program (WIC).....	83
Food donations program.....	83
Food stamp program.....	83
Elderly feeding program.....	85

TITLE IV—INTERNATIONAL PROGRAMS

Foreign Agricultural Service.....	86
Public Law 480.....	87
Office of the General Sales Manager.....	88

TITLE V—RELATED AGENCIES

Food and Drug Administration:	
Salaries and expenses.....	90
Buildings and facilities.....	94
Commodity Futures Trading Commission.....	94
Farm Credit Administration.....	95

TITLE VI—GENERAL PROVISIONS

Sections 601-611.....	97
Limitations and legislative provisions.....	97
Transfer of Funds.....	98
Changes in Existing Law.....	98
Comparisons with Budget Resolution.....	102
Five-year projection of outlays.....	103
Assistance to State and local governments.....	103

INDEX

INTRODUCTION AND SUMMARY

	Page
The Impact of Agriculture.....	1
Interdependence of Rural and Urban People.....	4
Part-Time Family Farming.....	5
Wholesale Market Development.....	8
Gardening and Nutrition Education in New York City.....	11
Man's Waste of His Natural Resources.....	13
Waste of Natural Resources in the United States.....	14
Need for Continuation of Conservation Efforts.....	15
Progress in Soil, Water and Timber Conservation.....	15
Major Part of Conservation Job Lies Ahead.....	16
Conservation—An Anti-inflationary Endeavor.....	18
Orderly Marketing Essential.....	19
Credit Needs of Farmers.....	21
Must Return to Stable Farm Prices.....	22
The Lessons of History.....	22
Summary by Title.....	23
Summary of Committee action on the Bill.....	25
Summary of Budget Cuts Restored.....	28
Other Committee Recommendations.....	29
Inflationary Impact Statement.....	30

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

Office of the Secretary.....	31
Departmental Administration.....	31
Working Capital Fund.....	33
Economic Management Support Center.....	34
Office of the Inspector General.....	35
Office of the General Counsel.....	36
Agricultural Research Service.....	36
Scientific activities overseas.....	40
Animal and Plant Health Inspection Service.....	40
Cooperative State Research Service.....	43
Extension Service.....	44
National Agricultural Library.....	46
Statistical Reporting Service.....	46
Economic Research Service.....	46
Agricultural Marketing Service:	
Marketing services.....	47
Payments to States and Possessions.....	47
Section 32.....	48
Packers and Stockyards Administration.....	49
Farmer Cooperative Service.....	49

FARM INCOME STABILIZATION

Agricultural Stabilization and Conservation Service:	
Salaries and expenses.....	51
Dairy and beekeeper indemnity programs.....	51
Federal Crop Insurance Corporation.....	52
Commodity Credit Corporation:	
Reimbursement for net realized losses.....	54
Limitation on administrative expenses.....	55

Ninety-fourth Congress of the United States of America

AT THE SECOND SESSION

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

An Act

Making appropriations for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for Agriculture and Related Agencies programs for the fiscal year ending September 30, 1977, and for other purposes; namely:

TITLE I—AGRICULTURAL PROGRAMS

PRODUCTION, PROCESSING, AND MARKETING

OFFICE OF THE SECRETARY

For necessary expenses of the Office of the Secretary of Agriculture, including not to exceed \$5,000 for employment under 5 U.S.C. 3109, \$2,267,000: *Provided*, That this appropriation shall be reimbursed from applicable appropriations in this Act for travel expenses incident to the holding of hearings as required by 5 U.S.C. 551-558: *Provided further*, That not to exceed \$4,000 of this amount shall be available for official reception and representation expenses, not otherwise provided for, as determined by the Secretary.

DEPARTMENTAL ADMINISTRATION

For Budget, Fiscal and Management, \$3,307,721; for General Operations, \$1,528,217; for ADP Systems, \$192,335; for Personnel Administration, \$2,012,127; for Equal Opportunity, \$2,420,600; for Information Services provided by the Office of Communication, including the dissemination of agricultural information and the coordination of informational work and programs authorized by Congress in the Department, \$4,684,000; making a total of \$14,145,000 for Departmental Administration to provide for necessary expenses for management support services to offices of the Department of Agriculture, and for general administration of the Department of Agriculture, repairs and alterations, and other miscellaneous supplies and expenses not otherwise provided for and necessary for the practical and efficient work of the Department of Agriculture, of which not to exceed \$10,000 for employment under 5 U.S.C. 3109 and, not to exceed \$1,269,000 may be used for farmers' bulletins and not less than two hundred thirty-two thousand two hundred and fifty copies for the use of the Senate and House of Representatives of part 2 of the annual report of the Secretary (known as the Yearbook of Agriculture) as authorized by 44 U.S.C. 1301: *Provided*, That in the preparation of motion pictures or exhibits by the Department, this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225).

H. R. 14237—2

ECONOMIC MANAGEMENT SUPPORT CENTER

For necessary expenses of the Economic Management Support Center to provide management support services to selected agencies of the Department of Agriculture, \$2,802,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109 (7 U.S.C. 2201-2202).

OFFICE OF THE INSPECTOR GENERAL

For necessary expenses of the Office of the Inspector General, including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$10,000, for employment under 5 U.S.C. 3109, \$18,434,000 and in addition, \$7,932,000 shall be derived by transfer from the appropriation, "Food Stamp Program" and merged with this appropriation.

OFFICE OF THE GENERAL COUNSEL

For necessary expenses, including payment of fees or dues for the use of law libraries by attorneys in the field service, \$8,708,000.

AGRICULTURAL RESEARCH SERVICE

For expenses necessary to enable the Agricultural Research Service to perform agricultural research and demonstration relating to production, utilization, marketing, and distribution (not otherwise provided for), home economics or nutrition and consumer use, and for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100, except that the foregoing limitation shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana, at a cost not to exceed \$450,000; \$270,576,000: *Provided*, That appropriations hereunder shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That appropriations hereunder shall be available for the operation and maintenance of aircraft and the purchase of not to exceed one for replacement only and for the acquisition without cost of not to exceed one to be obtained by transfer: *Provided further*, That of the appropriations hereunder, not less than \$10,526,600 shall be available to conduct marketing research: *Provided further*, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250, for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building (except headhouses connecting greenhouses) shall not exceed \$57,500, except for six buildings to be constructed or improved at a cost not to exceed \$112,500 each, and the cost of altering any one building during the fiscal year shall not exceed \$21,500, or 22 per centum of the cost of the building, whichever is greater: *Provided further*, That the limitations on alterations contained in this Act shall not apply to a total of \$100,000 for facilities at Beltsville, Maryland: *Provided further*, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a).

Special fund: To provide for additional labor, subprofessional, and junior scientific help to be employed under contracts and cooperative agreements to strengthen the work at research installations in the field, not more than \$2,000,000 of the amount appropriated under this head for the previous fiscal year may be used by the Administrator of the Agricultural Research Service in departmental research programs in the current fiscal year, the amount so used to be transferred to and merged with the appropriation otherwise available under "Agricultural Research Service".

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies owed to or owned by the United States for market development research authorized by section 104 (b) (1) and for agricultural and forestry research and other functions related thereto authorized by section 104(b) (3) of the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1704(b) (1), (3)), \$7,500,000: *Provided*, That this appropriation shall be available, in addition to other appropriations for these purposes, for payments in the foregoing currencies: *Provided further*, That funds appropriated herein shall be used for payments in such foreign currencies as the Department determines are needed, and can be used most effectively to carry out the purposes of this paragraph: *Provided further*, That not to exceed \$25,000 of this appropriation shall be available for payments in foreign currencies for expenses of employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), as amended by 5 U.S.C. 3109.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

For expenses, not otherwise provided for, including those pursuant to the Act of February 28, 1947, as amended (21 U.S.C. 114b-c) necessary to prevent, control, and eradicate pests and plant and animal diseases; to carry out inspection, quarantine, and regulatory activities; to carry on services related to consumer protection; and to protect the environment, as authorized by law, \$403,667,000, of which \$2,500,000 shall be available for the control of outbreaks of insects, plant diseases and animal diseases to the extent necessary to meet emergency conditions and \$833,000 shall be for repayment to the Commodity Credit Corporation of advances (and interest thereon) made in accordance with authorities contained in the provisions of the appropriation items for the Animal and Plant Health Inspection Service in the Agriculture-Environmental and Consumer Protection Appropriation Act, 1975: *Provided*, That \$1,000,000 of the funds for control of the fire ant shall be placed in reserve for matching purposes with States which may come into the program: *Provided further*, That no funds shall be used to formulate or administer a brucellosis eradication program for the current fiscal year that does not require minimum matching by any State of at least 40 per centum: *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That this appropriation shall be available for the operation and maintenance of aircraft and the purchase of not to exceed four, of which two shall be for replacement only: *Provided further*, That this appropriation shall be available pursuant to 7 U.S.C. 2250 for the construction, alteration,

H. R. 14237—4

and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one building shall not exceed \$52,500, except for two buildings to be constructed or improved at a cost of not to exceed \$105,000 each, and the cost of altering any one building during the fiscal year shall not exceed \$20,000, or 20 per centum of the cost of the building, whichever is greater: *Provided further*, That \$3,800,000 shall remain available until expended for plans, construction and improvement of facilities without regard to limitations contained herein: *Provided further*, That this appropriation shall be available for acquisition of lands by donation, exchange, or purchase at a nominal cost not to exceed \$100: *Provided further*, That, in addition, in emergencies which threaten the livestock or poultry industries of the country, the Secretary may transfer from other appropriations or funds available to the agencies or corporations of the Department such sums as he may deem necessary, to be available only in such emergencies for the arrest and eradication of foot-and-mouth disease, rinderpest, contagious pleuropneumonia, or other contagious or infectious diseases of animals, or European fowl pest and similar diseases in poultry, and for expenses in accordance with the Act of February 28, 1947, as amended, and any unexpended balances of funds transferred for such emergency purposes in the next preceding fiscal year shall be merged with such transferred amounts.

COOPERATIVE STATE RESEARCH SERVICE

For payments to agricultural experiment stations, for grants for cooperative forestry and other research, for facilities, and for other expenses, including \$97,973,000 to carry into effect the provisions of the Hatch Act, approved March 2, 1887, as amended by the Act approved August 11, 1955 (7 U.S.C. 361a-361i), and further amended by Public Law 92-318 approved June 23, 1972, and further amended by Public Law 93-471 approved October 26, 1974, including administration by the United States Department of Agriculture, and penalty mail costs of agricultural experiment stations under section 6 of the Hatch Act of 1887, as amended; \$8,212,000 for grants for cooperative forestry research under the Act approved October 10, 1962 (16 U.S.C. 582a-582a-7), as amended by Public Law 92-318 approved June 23, 1972; \$17,852,000, in addition to funds otherwise available for contracts and grants for scientific research under the Act of August 4, 1965 (7 U.S.C. 450i); \$1,500,000 for Rural Development Research as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668), including administrative expenses; and \$1,115,000 for necessary expenses of the Cooperative State Research Service, including administration of payments to State agricultural experiment stations, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 for employment under 5 U.S.C. 3109; in all \$126,652,000.

EXTENSION SERVICE

Payments to States, Puerto Rico, Guam, and the Virgin Islands: For payments for cooperative agricultural extension work under the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, to be distributed under sections 3(b) and 3(c) of the Act, for retirement and employees' compensation costs for extension agents, and for costs of penalty mail

H. R. 14237—5

for cooperative extension agents and State extension directors, \$168,225,000; payments for the nutrition and family education program for low-income areas under section 3(d) of the Act, \$50,560,000; payments for extension work by the colleges receiving the benefits of the second Morrill Act (7 U.S.C. 321-326, 328) and Tuskegee Institute under section 3(d) of the Act, \$8,400,000; payments for rural development work under section 3(d) of the Act, \$1,000,000; payments for the pest management program under section 3(d) of the Act, \$2,935,000; payments for the farm safety program under section 3(d) of the Act, \$1,020,000; and payments for extension work under section 208(c) of Public Law 93-471, \$910,000; and \$1,500,000 for Rural Development Education as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668); in all, \$234,550,000: *Provided*, That funds hereby appropriated pursuant to section 3(c) of the Act of June 26, 1953, and section 506 of the Act of June 23, 1972, as amended, shall not be paid to any State, Puerto Rico, Guam, or the Virgin Islands prior to availability of an equal sum from non-Federal sources for expenditure during the current fiscal year.

Federal administration and coordination: For administration of the Smith-Lever Act, as amended by the Act of June 26, 1953, the Act of August 11, 1955, the Act of October 5, 1962 (7 U.S.C. 341-349), and section 506 of the Act of June 23, 1972, and section 208(d) of Public Law 93-471, and to coordinate and provide program leadership for the extension work of the Department and the several States and insular possession, \$5,658,000.

NATIONAL AGRICULTURAL LIBRARY

For necessary expenses of the National Agricultural Library, \$6,026,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$35,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That not to exceed \$100,000 shall be available pursuant to 7 U.S.C. 2250 for the alteration and repair of buildings and improvements.

STATISTICAL REPORTING SERVICE

For necessary expenses of the Statistical Reporting Service in conducting statistical reporting and service work, including crop and livestock estimates, statistical coordination and improvements, and marketing surveys, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627) and other laws, \$33,827,000: *Provided*, That no part of the funds herein appropriated shall be available for any expense incident to publishing estimates of apple production for other than the commercial crop: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$40,000 shall be available for employment under 5 U.S.C. 3109.

ECONOMIC RESEARCH SERVICE

For necessary expenses of the Economic Research Service in conducting economic research and service relating to agricultural production, marketing, and distribution, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), and other laws, including economics of marketing; analyses relating to farm prices, income and

population, and demand for farm products, use of resources in agriculture, adjustments, cost and returns in farming, and farm finance; and for analyses of supply and demand for farm products in foreign countries and their effect on prospects for United States exports, progress in economic development and its relation to sales of farm products, assembly and analysis of agricultural trade statistics and analysis of international financial and monetary programs and policies as they affect the competitive position of United States farm products; \$26,080,000, of which not less than \$200,000 shall be available for investigation, determination and finding as to the effect upon the production of food and upon the agricultural economy of any proposed action affecting such subject matter pending before the Administrator of the Environmental Protection Agency for presentation, in the public interest, before said administrator, other agencies or before the courts: *Provided*, That not less than \$350,000 of the funds contained in this appropriation shall be available to continue to gather statistics and conduct a special study on the price spread between the farmer and consumer: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That not less than \$145,000 of the funds contained in this appropriation shall be available for analysis of statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

AGRICULTURAL MARKETING SERVICE

MARKETING SERVICES

For expenses necessary to carry on services related to consumer protection, agricultural marketing and distribution, and regulatory programs, other than Packers and Stockyards Act, as authorized by law, and for administration and coordination of payments to States; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$45,000 for employment under 5 U.S.C. 3109; \$52,734,000: *Provided*, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed \$7,500 or 7.5 per centum of the cost of the building, whichever is greater.

PAYMENTS TO STATES AND POSSESSIONS

For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,600,000.

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

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956; (2) transfers otherwise pro-

H. R. 14237—7

vided in this Act; and (3) not more than \$4,250,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961.

PACKERS AND STOCKYARDS ADMINISTRATION

For expenses necessary for administration of the Packers and Stockyards Act, as authorized by law, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$5,000 for employment under 5 U.S.C. 3109, \$5,226,000.

FARMER COOPERATIVE SERVICE

For necessary expenses to carry out the Act of July 2, 1926 (7 U.S.C. 451-457), and for conducting research relating to the economic and marketing aspects of farmer cooperatives, as authorized by the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), \$2,589,000.

FARM INCOME STABILIZATION

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

SALARIES AND EXPENSES

For necessary administrative expenses of the Agricultural Stabilization and Conservation Service, including expenses to formulate and carry out programs authorized by title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393); sections 7 to 15, 16(a), 16(b), 16(d), 16(e), 16(f), 16(i), and 17 of the Soil Conservation and Domestic Allotment Act, as amended and supplemented (16 U.S.C. 590g-590q); sections 1001 to 1010 of the Agricultural Act of 1970 as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501 to 1510); the Water Bank Act (16 U.S.C. 1301-1311); and laws pertaining to the Commodity Credit Corporation, \$157,410,000: *Provided*, That, in addition, not to exceed \$74,958,000 may be transferred to and merged with this appropriation from the Commodity Credit Corporation fund (including not to exceed \$33,492,000 under the limitation on Commodity Credit Corporation administrative expenses): *Provided further*, That other funds made available to the Agricultural Stabilization and Conservation Service for authorized activities may be advanced to and merged with this appropriation: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That no part of the funds appropriated or made available under this act shall be used (1) to influence the vote in any referendum; (2) to influence agricultural legislation, except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

DAIRY AND BEEKEEPER INDEMNITY PROGRAMS

For necessary expenses involved in making indemnity payments to dairy farmers for milk cows producing such milk and manufacturers of dairy products who have been directed to remove their milk or dairy products from commercial markets because it contained residues of chemicals registered and approved for use by the Federal Government, and to beekeepers who through no fault of their own have suffered losses as a result of the use of economic poisons which had been registered and approved for use by the Federal Government, \$4,050,000: *Provided*, That none of the funds contained in this Act shall be used to make indemnity payments to any farmer whose milk was removed from commercial markets as a result of his willful failure to follow procedures prescribed by the Federal Government.

CORPORATIONS

The following corporations and agencies are hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to each such corporation or agency and in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out the programs set forth in the budget for the current fiscal year for such corporation or agency, except as hereinafter provided:

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING EXPENSES

For administrative and operating expenses, \$11,976,000.

FEDERAL CROP INSURANCE CORPORATION FUND

Not to exceed \$8,006,000 of administrative and operating expenses may be paid from premium income.

COMMODITY CREDIT CORPORATION

REIMBURSEMENT FOR NET REALIZED LOSSES

To reimburse the Commodity Credit Corporation for net realized losses sustained in prior years, but not previously reimbursed, pursuant to the Act of August 17, 1961 (15 U.S.C. 713a-11, 713a-12), \$189,053,000.

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$41,220,000 shall be available for administrative expenses of the Commodity Credit Corporation: *Provided*, That \$3,133,000 of this authorization shall be available to support the position of Sales Manager who shall work to expand and strengthen sales of U.S. commodities in world markets (including those of the Corporation and those funded by Public Law 480) pursuant to existing authority (including that contained in the Corporation's charter and Public Law 480), and that such funds shall be used by such Sales Manager to form an agency to carry out the above activities. Such

H. R. 14237—9

Sales Manager shall report directly to the Board of Directors of the Corporation of which the Secretary of Agriculture is a member. Such Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation and Public Law 480, including grade and quality as sold and as delivered and shall submit quarterly reports to the appropriate committees of Congress concerning such developments: *Provided further*, That not less than 7 per centum of this authorization shall be placed in reserve to be apportioned pursuant to section 3679 of the Revised Statutes, as amended, for use only in such amounts and at such times as may become necessary to carry out program operations: *Provided further*, That all necessary expenses (including legal and special services performed on a contract or fee basis, but not including other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest, including expenses of collections of pledged collateral, shall be considered as nonadministrative expenses for the purposes hereof.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE

RURAL DEVELOPMENT AND PROTECTION

FARMERS HOME ADMINISTRATION

RURAL HOUSING INSURANCE FUND

For direct loans and related advances pursuant to section 517(m) of the Housing Act of 1949, as amended, \$15,000,000 shall be available from funds in the rural housing insurance fund, and for insured loans as authorized by title V of the Housing Act of 1949, as amended, \$3,196,000,000 of which not less than \$2,023,000,000 shall be available for subsidized interest loans to low-income borrowers as determined by the Secretary: *Provided*, That unsubsidized interest guaranteed loans of not to exceed \$500,000,000 shall be in addition to these amounts.

For an additional amount to reimburse the rural housing insurance fund for losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of title V of the Housing Act of 1949, as amended (42 U.S.C. 1483, 1487e, and 1490a(c)), including \$42,788,000 as authorized by section 521(c) of the Act, \$175,429,000, and such amounts as may be necessary to carry out a rental assistance program under section 521(a)(2) of the Housing Act of 1949, as amended.

AGRICULTURAL CREDIT INSURANCE FUND

For an additional amount to reimburse the agricultural credit insurance fund for losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1988(a)), \$141,189,000.

Loans may be insured, or made to be sold and insured, under this Fund in accordance with and subject to the provisions of 7 U.S.C. 1928-1929, as follows: real estate loans, \$520,000,000, including not less than \$450,000,000 for farm ownership loans; and not less than \$54,000,000 for water development, use, and conservation loans; operating loans, \$625,000,000; and emergency loans in amounts necessary to meet the needs resulting from natural disasters.

H. R. 14237—10

RURAL WATER AND WASTE DISPOSAL GRANTS

For grants pursuant to sections 306(a)(2) and 306(a)(6) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1926), \$200,000,000 to remain available until expended, pursuant to section 306(d) of the above Act.

VERY LOW-INCOME HOUSING REPAIR GRANTS

For grants to the elderly pursuant to section 504 of the Housing Act of 1949, as amended, \$5,000,000.

RURAL HOUSING FOR DOMESTIC FARM LABOR

For financial assistance to public nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), \$7,500,000.

MUTUAL AND SELF-HELP HOUSING

For grants pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$9,000,000.

RURAL DEVELOPMENT INSURANCE FUND

For an additional amount to reimburse the rural development insurance fund for losses sustained in prior years, but not previously reimbursed, in carrying out the provisions of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1988(a)), \$47,484,000.

For loans to be insured, or made to be sold and insured, under this fund in accordance with and subject to the provisions of 7 U.S.C. 1928 and 86 Stat. 661-664, as follows: water and sewer facility loans, \$600,000,000; industrial development loans, \$350,000,000; and community facility loans, \$200,000,000.

RURAL COMMUNITY FIRE PROTECTION GRANTS

For grants pursuant to section 404 of the Rural Development Act of 1972, as amended (7 U.S.C. 2654), \$3,500,000 to fund up to 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments.

SALARIES AND EXPENSES

For necessary expenses of the Farmers Home Administration, not otherwise provided for, in administering the programs authorized by the Consolidated Farm and Rural Development Act (7 U.S.C. 1921-1992), as amended; title V of the Housing Act of 1949, as amended (42 U.S.C. 1471-1490g); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (40 U.S.C. 440-444), for administering the loan program authorized by title IIIA of the Economic Opportunity Act of 1964 (Public Law 88-452, approved August 20, 1964), as amended, and such other programs for which Farmers Home Administration has the responsibility for administering, \$170,000,000, together with not more than \$5,000,000 of the charges collected in connection with the insurance of loans as authorized by section 309(e) of the Consolidated Farm and Rural Development Act, as amended, and section 517(i) of the Housing Act of 1949, as

H. R. 14237—11

amended, or in connection with charges made on borrowers under section 502(a) of the Housing Act of 1949, as amended: *Provided*, That, in addition, not to exceed \$500,000 of the funds available for the various programs administered by this agency may be transferred to this appropriation for temporary field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), to meet unusual or heavy workload increases: *Provided further*, That not to exceed \$1,000,000 of this appropriation may be used for employment under 5 U.S.C. 3109.

RURAL DEVELOPMENT GRANTS

For grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932), \$10,000,000.

RURAL DEVELOPMENT SERVICE

For necessary expenses, not otherwise provided for, of the Rural Development Service in providing leadership, coordination, and related services in carrying out the rural development activities of the Department of Agriculture and for carrying out the responsibilities of the Secretary of Agriculture under section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461), \$1,433,000: *Provided*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$3,000 shall be available for employment under 5 U.S.C. 3109.

RURAL ELECTRIFICATION ADMINISTRATION

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), as follows:

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND LOAN
AUTHORIZATIONS

Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 935), shall be made as follows: rural electrification loans, not less than \$750,000,000, nor more than \$900,000,000, and rural telephone loans, not less than \$250,000,000, to remain available until expended: *Provided*, That loans made pursuant to section 306 of that Act are in addition to these amounts.

RURAL TELEPHONE BANK

For the purchase of Class A stock of the Rural Telephone Bank, \$30,000,000, to remain available until expended (7 U.S.C. 901-950(b)).

The Rural Telephone Bank is hereby authorized to make such expenditures, within the limits of funds and borrowing authority available to such corporation in accord with law, and to make such contracts and commitments without regard to fiscal year limitations as provided by section 104 of the Government Corporation Control Act, as amended, as may be necessary in carrying out its authorized programs for the current fiscal year.

SALARIES AND EXPENSES

For administrative expenses to carry out the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), includ-

H. R. 14237—12

ing not to exceed \$500 for financial and credit reports, funds for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 for employment under 5 U.S.C. 3109, \$21,350,000.

CONSERVATION

SOIL CONSERVATION SERVICE

CONSERVATION OPERATIONS

For necessary expenses for carrying out the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-590f), including preparation of conservation plans and establishment of measures to conserve soil and water (including farm irrigation and land drainage and such special measures for soil and water management as may be necessary to prevent floods and the siltation of reservoirs and to control agricultural related pollutants); operation of conservation plant material centers; classification and mapping of soil; dissemination of information; purchase and erection or alteration of permanent buildings; and operation and maintenance of aircraft, to remain available until expended, \$214,423,000: *Provided*, That the cost of any permanent building purchased, erected, or as improved, exclusive of the cost of constructing a water supply or sanitary system and connecting the same to any such building and with the exception of buildings acquired in conjunction with land being purchased for other purposes, shall not exceed \$5,000, except for one building to be constructed at a cost not to exceed \$50,000 and eight buildings to be constructed or improved at a cost not to exceed \$30,000 per building and except that alterations or improvements to other existing permanent buildings costing \$5,000 or more may be made in any fiscal year in an amount not to exceed \$1,000 per building: *Provided further*, That no part of this appropriation shall be available for the construction of any such building on land not owned by the Government: *Provided further*, That no part of this appropriation may be expended for soil and water conservation operations under the Act of April 27, 1935 (16 U.S.C. 590a-590f) in demonstration projects: *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225) and not to exceed \$25,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That qualified local engineers may be temporarily employed at per diem rates to perform the technical planning work of the Service.

RIVER BASIN SURVEYS AND INVESTIGATIONS

For necessary expenses to conduct research, investigations and surveys of the watersheds of rivers and other waterways, in accordance with section 6 of the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U.S.C. 1006-1009), to remain available until expended, \$14,745,000: *Provided*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$60,000 shall be available for employment under 5 U.S.C. 3109.

H. R. 14237—13

WATERSHED PLANNING

For necessary expenses for small watershed investigations and planning, in accordance with the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001-1008), to remain available until expended, \$11,196,000: *Provided*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

WATERSHED AND FLOOD PREVENTION OPERATIONS

For necessary expenses to carry out preventive measures, including but not limited to research, engineering operations, methods of cultivation, the growing of vegetation, and changes in use of land, in accordance with the Watershed Protection and Flood Prevention Act, approved August 4, 1954, as amended (16 U.S.C. 1001-1005, 1007-1008), the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), and in accordance with the provisions of laws relating to the activities of the Department, \$146,199,000 (of which \$25,872,000 shall be available for the watersheds authorized under the Flood Control Act, approved June 22, 1936 (33 U.S.C. 701, 16 U.S.C. 1006a), as amended and supplemented): *Provided*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$200,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That \$23,400,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (86 Stat. 663).

RESOURCE CONSERVATION AND DEVELOPMENT

For necessary expenses in planning and carrying out projects for resource conservation and development, and for sound land use, pursuant to the provisions of section 32(e) of title III of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1010-1011; 76 Stat. 607), and the provisions of the Act of April 27, 1935 (16 U.S.C. 590a-f), \$29,972,000: *Provided*, That \$3,600,000 in loans may be insured, or made to be sold and insured, under the Agricultural Credit Insurance Fund of the Farmers Home Administration (86 Stat. 663): *Provided further*, That this appropriation shall be available for field employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$50,000 shall be available for employment under 5 U.S.C. 3109.

GREAT PLAINS CONSERVATION PROGRAM

For necessary expenses to carry into effect a program of conservation in the Great Plains area, pursuant to section 16(b) of the Soil Conservation and Domestic Allotment Act, as added by the Act of August 7, 1956, as amended (16 U.S.C. 590p), \$21,379,000, to remain available until expended.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, \$105,000,000, for compliance with the programs of soil-building and soil- and water-conserving practices authorized under this head in the Agriculture and Related Agencies Appropriation Act, 1976, entered into during the period July 1, 1975, to December 31, 1976, inclusive: *Provided*, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland Types 3(III), 4(IV), and 5(V) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: *Provided further*, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the 1977 program of soil-building and soil- and water-conserving practices, including related wildlife conserving practices, and pollution abatement practices, under the Act of February 29, 1936, as amended (amounting to \$190,000,000, excluding administration, except that no participant in the Agricultural Conservation Program shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): *Provided further*, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved 1970 farming practices to be selected by the county committees under programs provided for herein: *Provided further*, That no part of the funds in this Act may be used to obtain or require submission of information from participants in this program not required in carrying out the 1970 program: *Provided further*, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: *Provided further*, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: *Provided further*, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be

H. R. 14237—15

used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or through the proper official channels.

FORESTRY INCENTIVES PROGRAM

For necessary expenses not otherwise provided for, to carry out the program of forestry incentives, as authorized in sections 1009 and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1509-1510) including technical assistance and related expenses, \$15,000,000.

WATER BANK PROGRAM

For necessary expenses to carry into effect the provisions of the Water Bank Act (16 U.S.C. 1301-1311), \$10,000,000, to remain available until expended.

EMERGENCY CONSERVATION MEASURES

For emergency conservation measures, to be used for the same purposes and subject to the same conditions as funds appropriated under this head in the Third Supplemental Appropriations Act, 1957, \$10,000,000, with which shall be merged the unexpended balances of funds heretofore appropriated for emergency conservation measures.

TITLE III—DOMESTIC FOOD PROGRAMS

FOOD AND NUTRITION SERVICE

CHILD NUTRITION PROGRAMS

For necessary expenses to carry out the provisions of the National School Lunch Act, as amended (42 U.S.C. 1751-1761); Public Law 91-248 and the applicable provisions other than section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1773-1785); \$2,751,032,000 of which \$959,000,000 shall be derived by transfer from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c): *Provided*, That of the foregoing total amount there shall be available \$28,000,000 for the nonfood assistance program, and \$13,675,000 for the State administrative expenses: *Provided further*, That funds provided herein shall remain available until expended in accordance with section 3 of the National School Lunch Act, as amended: *Provided further*, That an additional \$80,000,000 shall be transferred to this appropriation from funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), for purchase and distribution of agricultural commodities and other foods pursuant to section 6 of the National School Lunch Act, as amended: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act

H. R. 14237—16

of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109.

SPECIAL MILK PROGRAM

For necessary expenses to carry out the provisions of the special milk program, as authorized by section 3 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1772), \$155,000,000.

SPECIAL SUPPLEMENTAL FOOD PROGRAM (WIC)

For necessary expenses to carry out the provisions of the special supplemental food program as authorized by section 17 of the Child Nutrition Act of 1966, as amended (42 U.S.C. 1786), \$250,000,000: *Provided*, That funds provided herein shall remain available until expended in accordance with section 3 of the National School Lunch Act, as amended: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109.

FOOD STAMP PROGRAM

For necessary expenses of the food stamp program pursuant to the Food Stamp Act of 1964, as amended, \$4,794,400,000: *Provided*, That funds provided herein shall remain available until expended in accordance with section 16 of the Food Stamp Act of 1964, as amended: *Provided further*, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109: *Provided further*, That no part of the funds appropriated by this Act shall be used during the fiscal year ending September 30, 1977, to make food stamps available to any household, to the extent that the entitlement otherwise available to such household is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household: *Provided further*, That funds provided herein shall be expended in accordance with section 15(b) of the Food Stamp Act of 1964, as amended.

FOOD DONATIONS PROGRAM

For necessary expenses to carry out the provisions of section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended (7 U.S.C. 612c (note)), \$23,166,000, of which \$17,000,000 shall be available for the Commodity Supplemental Food Program without regard to whether an area is under the Food Stamp Program.

ELDERLY FEEDING PROGRAM

For necessary expenses to carry out the provisions of Section 707(a) of the Older Americans Act of 1965, as amended, (42 U.S.C. 3045f), \$22,000,000.

H. R. 14237—17

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

For necessary expenses for the Foreign Agricultural Service, including carrying out title VI of the Agricultural Act of 1954 (7 U.S.C. 1761–1768), market development activities abroad, and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including not to exceed \$45,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), \$39,099,000: *Provided*, That not less than \$255,000 of the funds contained in this appropriation shall be available to obtain statistics and related facts on foreign production and full and complete information on methods used by other countries to move farm commodities in world trade on a competitive basis.

PUBLIC LAW 480

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701–1710, 1721–1725, 1731–1736d), as follows: (1) sale of agricultural commodities for foreign currencies and for dollars on credit terms pursuant to title I of said Act, \$680,465,000 and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, \$488,790,000.

TITLE V—RELATED AGENCIES

FOOD AND DRUG ADMINISTRATION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the Food and Drug Administration; for payment of salaries and expenses for services as authorized by 5 U.S.C. 3109, but at rates for individuals not to exceed the per diem rate equivalent to the rate for GS-18; for rental of special purpose space in the District of Columbia or elsewhere; for miscellaneous and emergency expenses of enforcement activities, authorized or approved by the Secretary and to be accounted for solely on his certificate, not to exceed \$10,000; \$241,977,000.

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of or used by the Food and Drug Administration, where not otherwise provided, \$3,125,000.

COMMODITY FUTURES TRADING COMMISSION

For necessary expenses to carry into effect the provisions of the Commodity Exchange Act, as amended (7 U.S.C. 1 et seq.) and Public Law 93-463, approved October 23, 1974; including the purchase and hire of passenger motor vehicles; the rental of space in the District of Columbia and elsewhere; and not to exceed \$125,000 for employ-

H. R. 14237—18

ment under 5 U.S.C. 3109, \$12,615,000: *Provided*, That not to exceed \$1,000 shall be available for official reception and representation expenses.

FARM CREDIT ADMINISTRATION

LIMITATION ON ADMINISTRATIVE EXPENSES

Not to exceed \$8,429,000 (from assessments collected from farm credit agencies) shall be obligated during the current fiscal year for administrative expenses, including the hire of one passenger motor vehicle.

TITLE VI—GENERAL PROVISIONS

SEC. 601. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal year 1977 under this Act shall be available for the purchase in addition to those specifically provided for, of not to exceed eight hundred and fifty-four (854) passenger motor vehicles, of which six hundred and twenty-one (621) shall be for replacement only, and for the hire of such vehicles.

SEC. 602. Funds available to the Department of Agriculture shall be available for uniforms or allowances therefor as authorized by law (5 U.S.C. 5901-5902).

SEC. 603. Not less than \$1,500,000 of the appropriations of the Department of Agriculture for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with said Acts.

SEC. 604. No part of the funds contained in this Act may be used to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marihuana, or other such prohibited drug-producing plants on any part of lands owned or controlled by such persons or corporations.

SEC. 605. Advances of money from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

SEC. 606. None of the funds provided by this Act shall be used to pay the salaries 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.

SEC. 607. Obligations chargeable against the Working Capital Fund during the period October 1, 1976, through September 30, 1977, shall not exceed \$50,000,000: *Provided*, That no funds appropriated to an agency of the Department shall be transferred to the Working Capital Fund except upon the approval of the agency administrator.

SEC. 608. New obligational authority provided for the following appropriation items in this Act shall remain available until expended: Scientific Activities Overseas (Special Foreign Currency Program); Public Law 480; Rural Housing for Domestic Farm Labor; Mutual and Self-Help Housing; Watershed and Flood Prevention Operations; Resource Conservation and Development; Forestry Incentives Program; Emergency Conservation Measures; Buildings and Facilities, Food and Drug Administration; and the appropriation to liquidate contract authorizations for the Agricultural Conservation Program.

H. R. 14237—19

SEC. 609. None of the funds provided in this Act may be used to reduce programs by establishing an end-of-year employment ceiling on permanent positions below the level set herein for the following agencies: Farmers Home Administration, 7,400; Agricultural Stabilization and Conservation Service, 2,473; and Soil Conservation Service, 13,955.

SEC. 610. None of the funds contained in this Act shall be used by any State Committee to prevent any County Committee from authorizing the use of any funds for any nationally authorized program of the Agricultural Conservation Program.

SEC. 611. No part of any appropriation contained in this Act shall remain available for obligations beyond the current fiscal year unless expressly so provided herein.

Speaker of the House of Representatives.

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