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# Calendar No. 921

94TH CONGRESS }  
2d Session }

SENATE }

REPORT  
No. 94-974

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1977

JUNE 23, 1976.—Ordered to be printed

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

### REPORT

[To accompany H.R. 14233]

The Committee on Appropriations, to which was referred the bill (H.R. 14233) making appropriations for the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes, reports the same to the Senate with various amendments and presents herewith an explanation of the contents of the bill.

#### AMOUNT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY

	<i>Fiscal year 1977</i>
Amount of bill as passed by House.....	\$42,982,730,000
Amended estimates not considered by House.....	+14,600,000
	42,997,330,000
Amount of change by Committee.....	+334,570,000
	43,331,900,000
Amount of bill as reported to Senate.....	53,205,140,000
Amount of appropriations to date, 1976.....	45,306,198,000
Amount of budget estimates, 1977.....	-1,974,298,000
Under estimates for 1977.....	-9,873,240,000
Under the appropriations for 1976.....	



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SUMMARY OF THE BILL

Department or agency	Senate bill compared with:	
	Budget estimates, appropriations, 1976	Budget estimates, 1977
American Battle Monuments Commission.....	\$5,374,000	+\$450,000
Cemeterial expenses, Army.....	5,785,000	+376,000
Consumer Information Center.....	1,054,000	+19,000
Consumer Product Safety Commission.....	39,564,000	-2,564,000
Council on Environmental Quality.....	2,736,000	+64,000
Department of Housing and Urban Development.....	26,402,367,000	-7,068,732,000
Disaster relief.....	150,000,000	-50,000,000
Environmental Protection Agency.....	771,520,000	+196,885,000
Federal Home Loan Bank Board.....	(37,624,000)	(+3,971,000)
National Aeronautics and Space Administration.....	3,451,175,000	+143,348,000
National Commission on Water Quality.....	715,250,000	-175,000
National Science Foundation.....	2,301,000,000	+86,350,000
New York City seasonal financing fund.....	1,534,000	-2,799,750,000
Office of Consumer Affairs.....	1,591,000	+1,111,000
Office of Science and Technology Policy.....	3,300,000	+1,800,000
Selective Service System.....	37,500,000	-30,700,000
Veterans Administration.....	19,218,959,000	-850,722,000
Total, 1977.....	53,205,140,000	-9,873,240,000

  

Department or agency	Fiscal year, 1977 estimates	House bill recommendations	House bill	
			House bill	House bill
American Battle Monuments Commission.....	\$5,824,000	\$5,824,000		
Cemeterial expenses, Army.....	6,161,000	6,161,000		
Consumer Information Center.....	1,073,000	1,073,000		
Consumer Product Safety Commission.....	37,000,000	41,100,000		
Council on Environmental Quality.....	2,915,000	2,915,000		
Department of Housing and Urban Development.....	21,529,905,000	18,990,625,000		
Disaster relief.....	100,000,000	1,000,705,000		
Environmental Protection Agency.....	729,492,000	1,000,705,000		
Federal Home Loan Bank Board.....	(41,595,000)	(41,595,000)		
National Aeronautics and Space Administration.....	3,697,000,000	3,694,515,000		
National Commission on Water Quality.....	802,000,000	750,000,000		
National Science Foundation.....	1,250,000,000	1,250,000,000		
New York City seasonal financing fund.....	1,591,000	1,591,000		
Office of Consumer Affairs.....	3,300,000	1,645,000		
Office of Science and Technology Policy.....	6,800,000	2,300,000		
Selective Service System.....	18,381,897,000	6,800,000		
Veterans Administration.....	45,306,198,000	18,368,237,000		
Total, 1977.....	42,982,750,000	43,331,900,000		



## GENERAL STATEMENT

The Committee recommends new budget (obligational) authority of \$43,281,900,000 for the Department of Housing and Urban Development, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation, the Veterans Administration, and 10 other agencies, commissions, boards, and offices. This amount is \$9,923,240,000 under the appropriations enacted for fiscal year 1976, \$2,024,298,000 below the budget estimate for fiscal year 1977, and \$287,970,000 more than was provided in the House bill for fiscal year 1977. It should be noted at the outset that the Committee considered and acted upon budget estimates totalling \$14,600,000 that were not considered by the House—\$11,300,000 for the Environmental Protection Agency and \$3,300,000 for the new Office of Science and Technology Policy in the Executive Office of the President.

A table setting forth the budgetary impact of the bill can be found on page 80 of this report. The table compares the total recommended by the Committee with the amount allocated in the first concurrent budget resolution for the programs addressed by this bill. It should be noted that substantial amounts of new budget authority have been reserved pending the passage of authorizing legislation currently being considered by the Congress. Examples are the extension of waste water treatment construction grants and proposals to increase veterans benefits.

The summary table on page 3 of this report provides an analysis of the amounts recommended in the bill as compared to the appropriations enacted in fiscal year 1976, the estimates for fiscal year 1977, and the amounts recommended by the House.

The Committee has recommended a number of changes in the House bill. The most significant are:

(1) An increase of \$262,010,000 in budget authority for assisted housing (including property disposition and loan management) reflecting a greater emphasis on conventional public housing. The total provided is \$1,702,500,000 below the budget estimate.

(2) An increase of \$25,000,000 for comprehensive planning under the Section 701 program to a total of \$75,000,000.

(3) An increase of \$50,000,000 for the rehabilitation loan program to a total of \$75,000,000. No funds were budgeted for the program.

(4) A decrease of \$26,200,000 in the abatement and control activities of the Environmental Protection Agency resulting primarily from a cut of \$35,000,000 in Section 208 areawide waste treatment facility planning grants, reflecting a recent court order for the release of \$137,000,000 in impounded Section 208 funds. The total provided is \$31,000,000 above the budget.

(5) An increase of \$56,600,000 in basic research for the National Science Foundation.

(6) A decrease of \$10,284,000 in the major construction projects of the Veterans Administration resulting from a number of deletions and add-ons, with funding proposed for all budgeted projects.

The Committee has recommended concurrence with the House in the following major changes in the new budget authority requested by the Administration:

(1) An increase in the budget request for low-income housing operating subsidies of \$112,000,000.

(2) A reduction of \$690,698,000 in appropriations provided for the restoration of losses in the Federal Housing Administration Fund.

(3) A reduction of \$25,000,000 in the budget request for flood insurance studies and surveys.

(4) The provision of \$200,000,000 for municipal waste water treatment facility reimbursement grants.

(5) A reduction of \$60,000,000 in GI bill educational benefits below the budget request as a result of concurrence with the House in recommending the termination of benefit prepayments on July 1, 1977.

(6) An increase of \$50,000,000 above the budget request for the Veterans Administration's medical care activities.

These proposed changes and the other recommendations of the Committee are explained in detail in the body of the report.

### REPROGRAMING AND INITIATION OF NEW PROGRAMS

The Committee has a particular interest in being informed of reprogramings both between accounts and within the confines of a single account which may not change either the total amount available in the account nor any of the purposes for which the appropriation is legally available but which represent a significant departure from budget plans presented to the Committee in the various budget justifications.

Consequently the Committee directs that the Department of Housing and Urban Development and the agencies funded through this bill notify the Chairman of the HUD-Independent Agencies Subcommittee prior to reprogramming of funds in excess of \$250,000 or 10 percent, whichever is less, between programs or activities except that the 5 percent rule applicable to staffing under "Salaries and Expenses, Department of Housing and Urban Development" shall continue to apply instead. The Committee recognizes that, in some cases, reprogramings may occur because of the functioning of law or other circumstances beyond the control of the Agency. This rule is not meant to apply in those situations. The Committee desires to be notified of reprogramming actions which involve less than the above-mentioned amounts if such actions would have the effect of committing the agency to significant funding requirements in future years. Finally the Committee wishes to be informed regarding substantial reorganization of offices, programs or activities prior to the implementation of such reorganizations.

### A FEDERAL RESEARCH AND DEVELOPMENT BUDGET

The General Accounting Office has developed a unified objective oriented classification structure for use in presenting comprehensive

data on the entire Federal research and development budget. GAO transmitted the structure to the Office of Management and Budget in September of 1975, requesting that it be used in preparing a supplementary budget presentation to be submitted concurrently with the fiscal 1977 budget.

The Committee is pleased to note that OMB provided a portion of the information desired through the collection and presentation of research and development funding data from fourteen departments and agencies. GAO continues to work with OMB to achieve full implementation of the unified structure.

Through viewing the data provided to date in its relationship to the research and development efforts of the agencies funded in this bill, the Committee believes that this approach to the Federal research and development budget can serve a valuable purpose by providing to the Congress and to the American people a solid indication of the level of effort proposed to be directed on a government wide basis in a given fiscal year to the accomplishment of specified national objectives including the creation of solutions to specific national problems. This in turn will enable the Committee to gauge the needed mix of resources across the entire research and development spectrum rather than on an agency by agency basis.

Accordingly the Committee directs the agencies funded in this bill to work closely with OMB to more fully implement the unified objective oriented classification structure in conjunction with the fiscal 1978 budget submission.

#### EQUAL EMPLOYMENT OPPORTUNITY

Although there does appear to be a degree of progress among the agencies covered by this appropriation bill, in the hiring, promotion, and advancement of minorities and women, the Committee continues to be concerned that, for the most part, career opportunities for these minority groups are not keeping pace with those of their white, male colleagues.

Most of the agencies funded in this bill seem to have a fairly high number of blacks and women on the agency payrolls. However, when the Committee goes beyond the mere numbers and examines the average grades for minorities and women at most of these agencies and looks at the promotion statistics for these groups the picture is much more discouraging. For example, at one agency the average grade of white males was almost 6 grades higher than that for black males, and even higher when compared to that of females. Black female employees fare even worse, often working at a grade level far below even that of their white, female counterparts.

This chasm of grade discrepancy appears to be, unfortunately, the rule rather than the exception. It should be bridged as quickly as possible. The Committee is fully aware of the alarming lack of minority and women science and engineering graduates emerging from our universities who are qualified to fill career positions at some of the science oriented agencies funded by this bill. However, the Committee recommends that all of the agencies under this appropriation umbrella should establish realistic yet aggressive employment and promotion goals for

both minorities and women and expend whatever energy is necessary to reach those goals. The Committee looks for substantial improvement in the Equal Employment Opportunity profiles of all these agencies, but especially in the non-science oriented agencies that do not require highly technical and scientific educational backgrounds as a prerequisite of employment.

#### STATUS OF AUTHORIZATIONS

The Committee notes that authorizations for many of the programs administered by a number of the agencies funded through this legislation have not yet been acted upon by the Congress. Included in this category are programs of the Department of Housing and Urban Development, the Environmental Protection Agency, and the Veterans Administration. General authorizations for the National Science Foundation and the Council and Office of Environmental Quality have likewise failed to clear the Congress.

#### EFFECTS OF COMMITTEE ACTION ON BUDGET OUTLAYS

The budget outlays for the Department of Housing and Urban Development together with the independent agencies funded by this bill resulting from funding requested by the administration would be \$34,724,210,000. The Committee's recommendations would result in a decrease in this amount of about \$124,000,000 for a total of approximately \$34,600,000,000.

#### PERMANENT OBLIGATIONAL AUTHORITY

Substantial sums of new budget (obligational) authority are made available by permanent legislation for the continuation of certain Government activities that are not subject to the annual appropriation process. Details of these activities for the agencies covered in this bill are reflected in appropriate tables appearing at the end of this report. The most significant are the public debt transactions of the Department of Housing and Urban Development in its mortgage financing and insurance activities, and the life insurance programs of the Veterans Administration. The Budget estimates that such permanent authorities will aggregate \$1,138,548,000 in fiscal year 1977.

TITLE I—DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT

HOUSING PROGRAMS

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	<i>Contract authority</i>	<i>Budget authority</i>
1976 limitation.....	(\$662,800,000)	\$17,000,000,000
Estimate, 1977.....	(850,000,000)	16,572,900,000
Recommended in House bill.....	(675,000,000)	14,608,890,000
Committee recommendation.....	(615,400,000)	14,870,400,000

The Committee recommends an increase in the limitation on annual contribution contracts for assisted housing of \$615,400,000 and an overall limitation of \$14,870,400,000 in new budget authority to be obligated under such contracts.

The Committee has provided \$234,600,000 less than the budget estimate and \$59,600,000 less than the House provided in increased annual contract authority. The limitation on new budget authority recommended by the Committee is \$1,702,500,000 less than the budget request and \$262,010,000 more than the House approved amount.

The Committee has chosen to earmark the use to which these funds shall be put with some specificity in the bill itself. As a consequence the annual contract authority and new budget authority, exclusive of property disposition and loan management, would be distributed as follows:

	<i>Annual contract authority</i>	<i>Multiplier (years)</i>	<i>New budget authority</i>
Public housing (including \$17,000,000 for Indian housing).....	\$150,000,000	40	\$6,000,000,000
Sec. 8 new construction—State.....	30,000,000	40	1,200,000,000
Sec. 8 new construction—private.....	120,000,000	20	2,400,000,000
Sec. 8 existing.....	116,000,000	15	1,740,000,000
Property disposition and loan management.....	154,000,000	15-20	2,585,000,000
Modernization.....	45,000,000	21	945,000,000
Lease adjustments.....	400,000	1	400,000
<b>Total.....</b>	<b>615,400,000</b>		<b>14,870,400,000</b>

<sup>1</sup> Committee estimates based on budget justification material.

The funding made available by the Committee, together with a \$459,400,000 carryover of contract authority estimated by the House and by the Committee, should permit the Department to fund 347,339 new and existing units.

The Housing and Community Development Act of 1974 authorized a new program of assisted housing for low- and moderate-income families. The new program, known as Section 8, authorized the Department to make payments to local public housing agencies. The local

housing authority, in turn, enters into contracts to make housing assistance payments to owners of existing housing, or owners who agree to rehabilitate units or propose new construction. The payments made to the local housing authority provide a subsidy equal to the difference between the fair market rents of standard housing units and the amount of rent paid by eligible families.

In allocating contract authority among the various categories of assisted housing the Committee has chosen to reactivate the conventional public housing program by providing \$150,000,000 for public housing in view of the substantial difficulties the Section 8 program has encountered in initiating new housing construction. Last year the administration estimated that there would be between 90,000 and 140,000 new Section 8 housing starts in fiscal 1976. That estimate had dropped to 25,000 new starts when the Department appeared before the Committee last April.

Furthermore a new Section 8 unit is currently estimated to cost \$4,290 in annual contract authority while a newly constructed conventional public housing unit only costs \$2,750 in annual contract authority. Consequently more than half again as much housing can be built under the conventional public housing program with a given amount of annual contract authority as can be constructed under the Section 8 program.

At the same time the Committee does not wish to prejudice the Section 8 new construction program before it has had a fair trial. Consequently the Committee has provided sufficient funding for 35,000 Section 8 unit commitments in fiscal 1977 in addition to the 60,000 unit carryover estimated by the House and by the Committee. If the carryover estimate proves unduly high and if the Section 8 new construction program meets with dramatic success in the months ahead the Committee is prepared to favorably consider a supplemental request for additional new construction authority under the Section 8 program.

The Committee is disappointed by the decision of the Secretary of Housing and Urban Development to use \$50,000,000 in public housing authority provided by the Congress in fiscal 1976 for the acquisition of existing housing rather than the construction of new housing. Consequently the Committee has included language in the bill to provide that the entire \$150,000,000 intended for public housing shall be spent for new construction, or amendments to conventional contracts. Of the total provided it is anticipated that \$17,000,000 will be spent on Indian housing, \$8,000,000 on amendments to conventional contracts and \$125,000,000 on the construction of new conventional public housing.

The Committee has concurred with the House in a proviso that at least 15 percent of the funds spent for public housing shall be spent in nonmetropolitan areas in recognition of the difficulty encountered in finding Section 8 financing in rural areas.

The Committee has provided a 125 percent increase in funding for the modernization of public housing projects above the budget estimate and the amount provided in fiscal 1976 in an attempt to deal more vigorously with deterioration in many public housing projects. A number of communities throughout the Nation have indicated that public housing which was constructed 20 or 30 years ago is in dire need of modernization, with some suggesting that improvements need

to be made simply to bring the housing up to local building, safety, and sanitary standards. The \$45,000,000 included in the bill for this purpose should enable local housing agencies to make substantial progress in attacking this problem.

While modernization funds are being made available, there are concerns, on the one hand, about their sufficiency and, on the other, about the ability of local housing authorities to utilize such funds. In an effort to bring the matter into perspective, the Committee directs that the Department prepare and submit to the Committee by March 15, 1977, a full report on the extent of modernization needs as well as present and proposed efforts to meet such needs. Such report should be developed after consultation with local housing authorities in affected areas and should include not only a description of the nature and scope of the problem and the impact of alternative means of addressing it but also a summary of the methodology used to prepare the report.

The Committee has concurred with the House in not placing a limitation on increases in fair market rents in recognition of the administrative difficulties this has caused the Department. However the Committee continues to be deeply concerned about escalations in fair market rents and will monitor the situation closely to determine whether a return to a more restrictive approach may be warranted at some future date.

#### HOMEOWNERSHIP ASSISTANCE PROGRAM

The Committee strongly supports the Section 235 homeownership assistance program as an effective mechanism for increasing homeownership among moderate-income families as well as providing a badly needed stimulus for the housing construction industry. Although the program has been subjected to very substantial abuses in the past, leading to the wholesale abandonment of housing in certain cities, the program as newly revised, by requiring a substantial downpayment of between \$1,500 and \$2,000 dollars and subsidizing the interest rate down to five percent rather than the previous one percent, makes a recurrence of these abuses highly unlikely.

As noted by the House the Department plans to reserve 50,000 Section 235 units in 1976, 25,000 units in the transition quarter, and 100,000 additional units in 1977. The Committee concurs with the House in directing the Department to allocate funds for an additional 50,000 units in 1977 for a total of 150,000 unit reservations in the coming fiscal year. No new contract authority will be necessary to carry out an accelerated Section 235 program in view of the \$264,000,000 in annual contract authority presently available.

#### ABANDONED HOUSING

The Committee is concerned about the number of abandoned homes in metropolitan areas. Many of them present health and safety hazards and contribute to physical deterioration of neighborhoods. The Committee has been advised of two General Accounting Office studies underway in this area.

One study which is nearing completion concerns the impact of single-family properties owned by the Department of Housing and Urban Development on urban blight in Chicago which the General Accounting Office undertook at the request of the Senate Committee on Banking, Housing and Urban Affairs. The other study which was recently undertaken is an attempt to assess the magnitude of the housing abandonment problem in metropolitan areas and is specifically aimed at identifying causes and possible solutions.

The Committee directs the General Accounting Office to make available to the Committee any conclusions and recommendations resulting from these two studies as soon as they are completed and make recommendations to the Committee on matters disclosed in earlier GAO studies which might be relevant in attempting to resolve this continuing problem.

#### HOUSING FOR THE ELDERLY OR HANDICAPPED (LIMITATION ON LOAN FUND)

1976 appropriation-----	(\$750,000,000)
Estimate, 1977-----	( 375,000,000)
House allowance-----	( 750,000,000)
Committee recommendation-----	( 750,000,000)

The Committee recommends a limitation on loans made for housing for the elderly or handicapped of \$750,000,000 which is identical to the House approved figure and \$375,000,000 above the budget estimate. This funding maintains the program at the fiscal 1976 level.

The program as established by Section 202 of the Housing Act of 1959, provides direct Federal loans for the construction, rehabilitation or alteration of rental housing for the elderly or handicapped whose incomes are above the level set for admission to public housing but below that needed to pay rental for adequate private housing. Section 210 of the Housing and Community Development Act of 1974 amended the program by exempting receipts and disbursements from the Federal budget; limiting the aggregate loans allowed to be made in any fiscal year to amounts approved in Appropriation Acts; and setting interest rates on the loans equal to the Treasury's average borrowing rate plus an allowance for administrative expenses.

The Committee concurs with the House in recommending language insuring that the total amount provided shall be available only for long-term permanent financing. The funding should provide support for the construction of 30,000 additional units of housing for the elderly and handicapped.

The Committee recognizes, however, that rent supplementation is vital to the successful operation of these units once constructed. The Committee is concerned that limitations on Section 8 contract authority for new construction may have an adverse affect on the above mentioned 30,000 unit goal. Therefore, notwithstanding any set-asides or limitations on the use of Section 8 authority for new construction or substantial rehabilitation contained in this act or in HUD regulations, it is the intention of this Committee that sufficient Section 8 contract authority be made available in fiscal 1977 for 100 percent of the Section 202 units contemplated.

The Committee recommends continuation of the temporary cash equity provision provided in last year's bill to provide an incentive to encourage effective management of elderly and handicapped projects and prevent the misuse of the program by speculators or unqualified sponsors. Because it is not intended to place any financial hardship on nonprofit sponsors, the Committee is agreed that a cash equity requirement should not exceed \$10,000.

#### HOUSING PAYMENTS (LIQUIDATION OF CONTRACT AUTHORITY)

1976 appropriation-----	(\$2,245,000,000)
Estimate, 1977-----	( 3,070,000,000)
House allowance-----	( 2,975,000,000)
Committee recommendation-----	( 2,975,000,000)

The Committee concurs with the House in providing \$2,975,000,000 in liquidating cash for subsidized housing payments, a decrease of \$95,000,000 below the budget request.

These funds are to be used to make payments pursuant to contracts entered into under the various housing assistance programs including the new Section 8 program, the conventional public housing program, the rent supplement program, the Section 235 homeownership assistance program, the Section 236 rental housing assistance program, the college housing program, and the State housing finance and development agency program.

The Committee concurs with the House in providing through bill language for the transfer of approximately \$50,000,000 in excess rental payments made under the Section 236 program to this account. The House assumed that an additional \$45,000,000 could be cut from the budget request because of unanticipated delays in the implementation of the Section 8 and Section 235 programs. The Committee has been informed by the Department that this is a reasonable assumption and thus has concurred in this reduction with the understanding that a supplemental appropriation request will be submitted if the amount provided should prove insufficient.

#### PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1976 appropriation-----	\$535,000,000
Estimate, 1977-----	463,600,000
House allowance-----	575,600,000
Committee recommendation-----	575,600,000

The Committee concurs with the House in recommending \$575,600,000 for payments for the operation of low-income housing projects, which is an increase of \$112,000,000 above the budget estimate.

Low-rent public housing operating subsidies are provided to Public Housing Authorities (PHAs) to assist in financing the operation of PHA-owned low-rent public housing projects in accordance with the United States Housing Act of 1937, as amended. Operating subsidies are required to help PHAs maintain adequate operating and maintenance services and provide for minimum operating reserves.

The Department's request of \$463.6 million was based on the performance funding system for calculating operating subsidy require-

ments. This estimate assumed: (1) the enactment of legislation to conform definitions of tenant income under the public housing program to that used under the Section 8 program, and (2) the incorporation, administratively, of a "revenue standard" within the performance funding system based upon 25 percent of adjusted tenant income. Without the adoption of these proposals, the Department has indicated that \$576 million—the approximate amount contained in the House bill—would be required for operating subsidies.

These proposals were based on the premise that eligible recipients under the public housing and Section 8 programs should be treated in a consistent manner. The Department's purpose was to raise the issue that disparities exist in the present treatment of tenant income under the two programs. However, the budget estimate was based solely on data which provided information on the gross impact of the changes proposed. An adequate data base does not exist, at this time, to measure the impact of the changes on individual tenants. Therefore, the Department is now undertaking to develop a data base to assess the impact of any income definition changes on individual tenants. Development of such a data base will insure that any changes adopted will not create undue hardships for individual tenants. Until this data base is available, no changes to the performance funding system formula will be implemented. Consequently the full amount provided is essential to the effective functioning of the program and the Department has not appealed the proposed \$112,000,000 increase.

The Committee notes that HUD testified that, in calculating the need for \$576 million in operating subsidies, the Department has presumed implementation of a revised and improved performance funding formula developed for HUD by the Urban Institute. The Committee expects the Department to implement this revised formula as soon as possible.

#### MOBILE HOME STANDARDS PROGRAM

1976 appropriation-----	\$1,000,000
Estimate, 1977-----	1,000,000
House allowance-----	1,000,000
Committee recommendation-----	1,000,000

The Committee has concurred with the House and the budget request in providing \$1,000,000 for the mobile home standards program.

This is a new program which was first separately funded in supplemental appropriations legislation in the Spring. As authorized by title VI of the Housing and Community Development Act of 1974 the program is intended to insure that Federal mobile home construction standards are established and enforced.

Activity under the program will include review of State enforcement plans, and inspections of mobile home building plans. It is anticipated that 50 State plans will be submitted for review and that an annual level of 1,200 inspections will be performed. The Department will also continue to contract with independent private firms to monitor third party inspection agencies until States are able to carry out enforcement programs themselves.

Research and technical studies carried out pursuant to the program are funded under the general research appropriation. The

budget proposes the use of \$1,000,000 under the research and technology appropriation for these activities in addition to the funds provided herein.

#### FEDERAL HOUSING ADMINISTRATION FUND

1976 appropriation-----	\$147,500,000
Estimate, 1977-----	825,698,000
House allowance-----	135,000,000
Committee recommendation-----	135,000,000

The Committee concurs with the House in recommending the appropriation of \$135,000,000 in fiscal 1977 to reimburse the General Insurance Fund and the Special Risk Insurance Fund of the Federal Housing Administration. The amount provided is \$690,698,000 less than the budget request.

The dollars provided in the bill will enable the FHA to meet its immediate cash flow needs but will not restore all losses incurred by the two funds which are eligible for restoration through congressional appropriations. Consequently the FHA will be required to borrow from the Treasury to pay insurance claims that would be covered with directly appropriated moneys were the Congress to appropriate the full amount requested.

Thus the reduction proposed by the Committee in the budget request will not result in reduced Federal outlays. However it will permit the Congress to closely monitor the progress being made by the Department in its efforts to correct performance deficiencies that have plagued these two funds in the past as the FHA returns to the Congress from time to time to request further funding to meet cash flow needs.

The Committee has made technical changes in the language contained in the House bill to insure that the full \$135,000,000 is available for losses incurred by the funds regardless of the action taken by authorizing committees currently considering legislation changing the coverage of the funds.

#### HOUSING COUNSELING ASSISTANCE

1976 appropriation-----	
Estimate, 1977-----	
House allowance-----	\$5,000,000
Committee recommendation-----	

The Committee recommends that no funding be specifically provided for housing counseling assistance at this time. No support for such a program was requested in the budget but the House approved the appropriation of \$5,000,000 to initiate a housing counseling assistance effort.

The Committee wishes to make it clear that it does not oppose the provision of counseling assistance to homeowners and renters where such assistance is needed. In fact, Departmental program regulations—for example, under the Section 235 program—strongly encourage the provision of counseling services to participants in an effective and appropriate format. Furthermore the Committee was informed that the Department, through its regular counseling program activities, already is providing a training service to participating HUD-approved counseling agencies.



There are currently in excess of 400 local, voluntary agencies providing counseling services to prospective home buyers. The Committee is concerned that providing Federal support for these agencies through a housing counseling assistance program would simply replace local and State dollars with Federal dollars and plant the seeds of a program which, by making voluntary agencies dependent on Federal largess, could cost a great deal more than \$5,000,000 in the years ahead.

Finally the major need for counseling assistance has arisen in connection with the Section 235 homeownership assistance program.

As indicated earlier in this report, this program has been converted from a deep subsidy operation which paid for the interest rate on a loan down to 1 percent to a program requiring a substantial down payment and subsidizing only that part of loan interest exceeding 5 percent.

As a consequence, the educational and financial level of program participants has risen substantially and the need for counseling has correspondingly decreased. Thus the rationale for initiating a separately funded Federal counseling program seems less compelling at this time than it has for many years.

#### COLLEGE HOUSING

The Senate concurs with the House in directing the Secretary to reestablish the College Housing Program by utilizing all repayments of principal on outstanding loans. Although recognizing that there is no longer a substantial national need for a College Housing Program, the Committee intends to continue a modest College Housing Program for those schools that still have a recognized need. Therefore, the Committee is denying the Department's request to transfer all assets and liabilities of the College Housing to the Revolving Fund for liquidating programs.

The Committee directs the Department to use the remaining fiscal 1976 College Housing funds and to continue the program through fiscal 1977 for projects that have been started but have only partial permanent financing and for projects that are phased programs, including approved master plans, with the first phase constructed or under construction.

#### GOVERNMENTAL NATIONAL MORTGAGE ASSOCIATION

##### PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

1976 appropriation.....	\$20,935,000
Estimate, 1977.....	21,265,000
House allowance.....	21,265,000
Committee recommendation.....	21,265,000

The Committee concurs with the House in providing an appropriation of \$21,265,000, the same as the budget estimate, for the payment of participation sales insufficiencies.

The Housing Act of 1964, as amended by the Participation Sales Act of 1966, authorizes the pooling of mortgages or other types of obligations of certain Government departments or agencies and the sale by the Government National Mortgage Association, as trustee, of beneficial interests, or participations, in such pools. The Participa-

tion Sales Act of 1966 also authorized the establishment of appropriations to cover the excess of interest payments to holders of participation certificates over the interest payments received from the pooled mortgages or other obligations. A permanent, indefinite appropriation is available to cover insufficiencies for sales authorized in 1967 while sales authorized in 1968 require annual appropriations.

The permanent indefinite appropriations are estimated at \$4,835,000 for 1977 to cover insufficiencies for sales authorized in 1967. An appropriation of \$21,265,000 for 1977 is required to cover insufficiencies for sales authorized in 1968.

#### COMMUNITY PLANNING AND DEVELOPMENT

##### COMMUNITY DEVELOPMENT GRANTS

1976 appropriation.....	\$2,802,000,000
Estimate, 1977.....	3,248,000,000
House allowance.....	3,248,000,000
Committee recommendation.....	3,248,000,000

For the Community Development Grant program the Committee recommends an appropriation of \$3,248,000,000 which is identical to the budget request and the amount approved by the House.

Title I of the Housing and Community Development Act of 1974 authorizes the Secretary to make grants to units of general local government and States for the funding of local community development programs. The primary objective of the program is the development of viable urban communities, including decent housing and a suitable living environment, and expanding economic opportunities, principally for persons of low- and moderate-income.

The Community Development Grant program replaces the following categorical grant and loan programs: Urban Renewal (including Neighborhood Development Programs, Code Enforcement, Demolition Grants, and Interim Assistance); Model Cities; Grants for Neighborhood Facilities; Open Space Land; Grants for Basic Water and Sewer Facilities; and Public Facility Loans.

The Community Development Grant program provides for the distribution of funds to eligible communities on the basis of a complex formula based on population, poverty, and overcrowding. Grants are made to metropolitan cities, urban counties, cities of under 50,000 population in standard metropolitan statistical areas, and communities in nonmetropolitan areas.

Bill language proposed by the House would provide a separate set-aside, totally apart from the formula distribution, to insure that small cities in Standard Metropolitan Statistical Areas which are not directly entitled to receive Community Development funds will have a chance to apply for funds. Based on current projections for fiscal year 1977, there would be no funds available for the small nonentitlement communities in Standard Metropolitan Statistical Areas unless funds are earmarked in some way for them.

A legislative amendment is now pending which would remedy this problem by, in effect, providing for a revision in the formula to insure that these small communities would receive not less than \$100 million. Virtually the same language has been accepted by both House and Senate. The House has determined not to wait for legislation and has

responded to this problem by earmarking \$100 million for the small communities in question.

The Committee has recommended a change in the House approved language to provide the set-aside in question without depleting the Secretary's discretionary fund as sharply as the House language would do. In effect the Committee recommendation incorporates in the appropriation language the legislative amendment currently pending. It would guarantee \$100,000,000 for small communities with minimal impact on the discretionary fund. The following table summarizes the distribution that would occur under the Committee's suggested approach as compared with the House approved language:

COMPARATIVE ESTIMATED FUND ALLOCATIONS FOR FISCAL YEAR 1977

(Dollars in thousands)

RECIPIENT	Committee recommendation: \$200 million set-aside for section 103(a)(2)	House action: \$100 million set-aside for section 106(d)(2)
Metropolitan areas	\$2,511,232	\$2,489,632
Metropolitan cities:		
Formula amounts	1,380,812	1,428,000
Hold Harmless amounts	541,296	523,000
Hold Harmless communities qualifying under section 106(h)	219,967	219,967
(Amount included for Urban Counties also qualified under Section 106(h))	(51,062)	(51,062)
Urban Counties	254,750	264,000
Discretionary Balance (SMSA's)	114,407	0
SMSA discretionary set-aside	0	100,000
Nonmetro areas	577,808	597,408
Hold Harmless communities qualifying under section 106(h)	259,649	259,649
Discretionary Balance (nonmetro)	318,159	337,759
Secretary's discretionary fund	58,960	15,625
Urgent needs fund (Section 103(b))	100,000	100,000
Total funds	3,248,000	3,248,000

Using Data Available As of August 1975.

The Committee continues to be concerned about the extent to which the funds provided under this program are meeting the needs of persons of low and moderate income. While encouraged by a Departmental study showing that 71 percent of the funds provided under the act are targeted to areas where low- and moderate-income persons predominate the Committee is also aware of reports from the Urban League and the Southern Regional Council indicating that significant problems exist. Furthermore there is a serious question regarding the extent to which Housing Assistance Plans are being used to integrate the Section 8 low-income housing assistance program with Community Development Grant program.

The Committee intends to monitor the progress made to integrate these two programs in an effort to truly serve the needs of disadvantaged Americans in the months ahead.

The Committee is pleased to note the Secretary's willingness to commit Urgent Needs funds to the completion of rehabilitation oriented urban renewal projects, particularly the Pike Place Public Market

restoration project in downtown Seattle, Wash. The Committee continues to believe that such projects should receive high priority for Urgent Needs funding.

## COMPREHENSIVE PLANNING GRANTS

1976 appropriation	\$75,000,000
Estimate, 1977	25,000,000
House allowance	50,000,000
Committee recommendation	75,000,000

The Committee recommends an appropriation of \$75,000,000 for the Section 701 comprehensive planning grant program which is \$25,000,000 above the House figure and \$50,000,000 above the budget estimate.

Section 701 of the Housing Act of 1954, as amended, authorizes grants for comprehensive planning and management programs concerned with urban and rural development. The Federal grant may cover up to two-thirds of the project cost.

The following table indicates how the \$75,000,000 recommended by the Committee is likely to be distributed as compared with the distribution of the \$50,000,000 allowed by the House:

	\$50 million level	\$75 million level
States	\$15,000	\$18,000
Metropolitan areas and urban counties	18,000	25,000
Nonmetropolitan areas	7,000	9,000
Large cities		10,000
Localities	9,000	11,000
Other	1,000	2,000
Total	50,000	75,000

<sup>1</sup> Does not include funding for urban counties.

The Committee has been concerned over suggestions that the graduate work-study program financed with Section 701 funds might be drastically curtailed or terminated. This program has not only offered assistance to promising low-income students but contributed to efforts to expand expertise in the community development field. The Committee, consequently, urges the Department to continue the program at an appropriate level.

The Subcommittee received testimony from the State of Florida specifically asking for a supplemental allocation to Florida of \$1.5 million in the Section 701 program.

In 1975 the State of Florida enacted the local Government Comprehensive Planning Act which requires each city and county in Florida to prepare and adopt a comprehensive plan by 1979. The plans have legal status; all development undertaken must be consistent with the adopted plans. Thus, Florida has taken the initiative in passing legislation which provides a true test of the ability of planning to provide a better future for our communities and our citizens.

It is the Committee's hope that the Department of Housing and Urban Development will take notice of this new and innovative approach to planning and permit adequate funding to assist in demonstrating the ability of local governments to actively utilize planning in managing their growth.



## REHABILITATION LOAN FUND

1976 appropriation	\$50,000,000
Estimate, 1977	
House allowance	25,000,000
Committee recommendation	75,000,000

The Committee recommends an appropriation of \$75,000,000 for the rehabilitation loan fund, which is \$50,000,000 above the amount provided by the House and \$75,000,000 more than the Administration requested.

Section 312 of the Housing Act of 1964, as amended, authorizes the Department to make loans available for the rehabilitation of residential and nonresidential property when financing cannot be obtained on comparable terms and conditions from other sources. The rehabilitation work must make the property conform to applicable public standards, or correct physical hazards in a property to make it insurable. Loans currently bear an interest rate of 3 percent for terms not exceeding 20 years, or three-fourths of the remaining life of the structure after rehabilitation, whichever is less.

The amount approved by the Committee together with an additional \$30,000,000, including loan repayments, will provide \$105,000,000 for the continuation of the rehabilitation loan program. This should result in the placing of approximately 9,900 loans.

The Committee notes that Community Development Grant funds are also available for rehabilitation loans. In fact the recipients of 1975 Community Development Grant funds have indicated that they plan to use over \$191,000,000 for rehabilitation activities. Although the Committee is concerned over reports that as many as 26 States cannot properly make rehabilitation loans under the Community Development Grant program because of State constitutional bars, the Department claims that this is not correct. Apparently rehabilitation activities have taken place under the Community Development program in all of the 26 States with the possible exception of 1 or 2.

## FEDERAL INSURANCE ADMINISTRATION

## FLOOD INSURANCE PROGRAM

1976 appropriation	\$75,000,000
Estimate, 1977	100,000,000
House allowance	75,000,000
Committee recommendation	75,000,000

The Committee concurs with the House in providing \$75,000,000 for the flood insurance program, which is \$25,000,000 less than the budget request and identical to the amount provided last year.

The National Flood Insurance Act of 1968, as amended, authorizes a cooperative program by the Federal Government and the private insurance industry to provide flood insurance on a national basis. Coverage is available on residential, business, agricultural, private nonprofit, and local and State government property. Amounts of coverage available for individual properties range from \$70,000 for single-family residential structures to as much as \$200,000 for nonresidential structures. In identified flood-prone areas, available flood insurance must be purchased for those projects with federally related financing.

The funding recommended by the Committee is for studies and surveys in order to complete detailed flood risk zone and elevation studies. The studies result in Flood Insurance Rate Maps which show for a flood hazard area the degree of flood hazard and the actuarial insurance premium rates applicable to each zone in the area. Under the law, these studies are required before flood plain management measures can be effective, before actuarially sound insurance premium rates can be charged, and before full insurance coverage can be made available to purchasers of Federal flood insurance.

The Committee shares the concern expressed by the House regarding the very substantial cost of individual flood hazard studies. As the House report indicated, current costs are running at an average of \$45,000 per survey for a total program cost of approximately \$1,000,000,000.

The Committee wishes to make it clear that this proposed reduction in the budget request does not presage a general cutback in the program over the next several years. The Department should explore methods of reducing the cost per study so that the Committee can in good conscience provide additional funding in fiscal 1978 and subsequent years in order to complete the flood insurance study effort.

## POLICY DEVELOPMENT AND RESEARCH

## RESEARCH AND TECHNOLOGY

1976 appropriation	\$53,000,000
Estimate, 1977	71,000,000
House allowance	53,000,000
Committee recommendation	60,000,000

The Committee recommends an appropriation of \$60,000,000 for Departmental research and technology which is \$11,000,000 below the budget estimate and \$7,000,000 above the House approved amount.

The Policy Development and Research (P.D. & R.) program is responsible for the management and coordination of HUD's research, demonstration, economic analysis, and program evaluation activities. This includes the management of large scale, multiyear demonstrations such as homesteading and solar energy; research aimed at practical assistance to local governments; research designed to cut costs in HUD's housing management activities; evaluation of major new programs such as the Community Development Grant program and Section 8; and support for the Annual Housing Survey.

The effective program level in fiscal 1976 was \$61,000,000 due to the deferral of \$8,000,000 in fiscal 1975 funds into fiscal 1976. Consequently the funding recommended by the Committee represents a cut of \$1,000,000 below fiscal 1976. However the Committee believes that the Department can easily retrench in some questionable areas of activity. For example \$8,800,000 is scheduled to be spent on research and technology in connection with the experimental housing allowance program in fiscal 1976 yet the Department has an active Section 8 existing housing allowance program in operation which will be the subject of a new research initiative in fiscal 1977. The Committee questions the utility of continuing to spend large amounts of research money on the experimental housing allowance program given these circumstances.

The Committee is pleased to note that the Office of Policy Development and Research has been making use of the resources of the Housing Assistance Council, Inc. (HAC). The Department's budget justification indicates continued funding for HAC in fiscal 1977. The Committee wants to make clear its intent that HAC should be funded in the amount of at least \$700,000 in fiscal 1977 to assure its present level of activity.

While encouraged that the Department has begun to undertake special demonstrations to respond to the housing needs of particular groups neglected by traditional HUD programs, the Committee directs the Department to consider the single nonelderly during fiscal year 1977.

The research program conducted by the Department should also focus on ways to ameliorate the effects of inflation on housing. The Committee is specifically concerned with ways to control and reduce costs of land, labor, materials, and codes.

The Department is urged to expedite its studies of alternative mortgage instruments as a means to expand homeownership opportunities for a broader range of Americans.

The Committee believes a broader dissemination of the results of HUD's research and demonstration programs will lead to a better public understanding of housing problems and, hence, a consensus on housing and community development policy.

#### MANAGEMENT AND ADMINISTRATION

##### SALARIES AND EXPENSES, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1976 appropriation.....	<sup>1</sup> \$392, 695, 000
Estimate, 1977.....	<sup>2</sup> 425, 072, 000
House allowance.....	<sup>2</sup> 417, 000, 000
Committee recommendation.....	<sup>2</sup> 421, 000, 000

<sup>1</sup> This is a comparable amount. In fiscal year 1976, the salary and expense activities of the Department were funded in various accounts.

<sup>2</sup> These figures include \$223,630,000 provided by transfer from the funds of the Federal Housing Administration.

The Committee recommends \$421,000,000, including transfers from the various funds of the Federal Housing Administration, for the salaries and expenses of the Department. This is \$4,000,000 more than the House provided and \$4,072,000 less than the budget estimate.

This appropriation finances staff salaries, travel, rents, and other costs associated with administering the programs of the Department of Housing and Urban Development. Pursuant to 12 U.S.C. 1701c (b) (3) all administrative expense funds of the Department may be consolidated in a single fund. In 1976 and prior years funds appropriated in a number of accounts were consolidated in the Administrative operations fund with funds otherwise provided. In 1977 a single appropriation will be consolidated in this account with funds otherwise provided.

In approving funding at a level of \$421,000,000, the Committee acknowledges reports by the General Accounting Office on staffing problems experienced by the Department, both with respect to absolute numbers and skill mix. The Committee also recognizes that the Depart-

ment has made an effort to improve the allocation and control of staff resources and employee productivity. The Secretary testified to the progress made in this regard. The Committee recommendation would provide the Department with an adequate level of staff for fiscal year 1977 and would provide for the following distribution of permanent full-time personnel among the budget activities:

Housing programs.....	8, 278
Government National Mortgage Association.....	39
Community Planning and Development.....	1, 483
New Communities.....	80
Federal Insurance Administration.....	309
Interstate Land Sales.....	115
Policy Development and Research.....	187
Fair Housing and Equal Opportunity.....	464
Federal Disaster Administration.....	168
Departmental Management.....	161
Office of General Counsel.....	200
Field Legal Services.....	315
Office of Inspector General.....	491
Administration and Staff Services.....	1, 624
Field Direction.....	570
Field Administration.....	1, 135

Total ..... 15, 619

With respect to staffing flexibility, the Committee concurs with the view of the House Committee in approving a single account for all salaries and expenses incurred by the Department. This will simplify considerably the complex appropriation structure presented in previous years. The Committee also believes that some form of control should be provided in order to assure the use of funds in accordance with the budget as approved by the Congress. The Committee believes that the recommendation by the House, which would allow the Department to shift personnel up to a maximum of five percent between major budget activities, would be unduly restrictive if applied as an absolute limitation but concurs with the House limitation with the understanding that it may be waived if evidence is presented to the two Committees indicating that larger transfer is necessary in any individual instance.

The Committee, in proposing the above distribution of staff, has taken into account the recent action by the Secretary to combine the Housing Production and Management programs under one Assistant Secretary. The combination of these activities into one activity for Housing Programs should provide the Department with ample flexibility in allocating staff according to workload requirements in those programs.

For automated data processing activities, the Committee shares the concerns expressed in the House Report, particularly with regard to the expansion and inventory of over 100 separate data systems now being operated by the Department. While the Committee recognizes that the Department is earnestly endeavoring to plan its ADP activities on a thorough and logical basis in order to take advantage of the benefits being derived from automation, recognition must be given to the consolidation and improvement of existing systems and the careful control and testing of new systems to ensure their effectiveness. The Committee concurs in the need to control ADP costs but does not wish

to hinder the necessary improvements which are needed in HUD's data processing activities. Based on the total funds allowed for "Salaries and Expenses, HUD," if some higher level of funding is actually required for ADP services in fiscal year 1977, the Department should provide those funds by internal reprogramming. However, the level of spending on ADP should not exceed the Budget estimate of \$18,225,000 unless the approval of the Committee is obtained in advance.

The Committee also shares the concern of the House Committee regarding the number of HUD Central Office staff in senior level grades (GS-13, GS-14, and GS-15). To some extent, the Committee recognizes that increases in these positions have been the result of additional responsibilities which have been assigned to the Department. Nevertheless, the Committee is concerned about the tendencies toward grade escalation which exist not only in HUD but in other agencies as well. The number of such positions reflected in the budget for fiscal year 1977 should be ample to meet the Department's needs. Meanwhile, the Department is directed to promptly undertake an analysis of its grade structure with particular emphasis on the number of positions GS-13 through GS-15, assuring that positions are properly classified. The Department shall identify the steps it has taken and its progress on this matter when it presents its budget to this Committee for fiscal year 1978.

The Workload Measurement System used by the Department will be monitored closely by the Committee for its effectiveness. The Department should note that it was not the intention of the Committee for the Department to undertake reductions in total personnel in the Area Offices without making similar reductions at the Regional and Central office levels. It is the Area Office staff which has the direct daily contact with housing producers, managers, and residents. The timeliness with which the broad range of HUD applications are processed is directly related to the availability and capability of Area Office staff.

The Committee is concerned about the lag between the time workload is measured and when staff adjustments are made. HUD officials also indicate the system has only limited applicability to the Central Office personnel. The Committee expects the Department to adjust the workload measurement system, apply it at the Central Office level fully, and reduce the lag time in staff adjustments.

#### FUNDS APPROPRIATED TO THE PRESIDENT

##### FEDERAL DISASTER ASSISTANCE ADMINISTRATION

###### DISASTER RELIEF

1976 appropriation.....	\$150,000,000
Estimate, 1977.....	100,000,000
House allowance.....	100,000,000
Committee recommendation.....	100,000,000

The Committee concurs with the budget estimate and the House allowance in recommending \$100,000,000 for disaster relief.

This appropriation, together with unobligated prior year funds of \$78.4 million, will allow a total of \$178.4 million which should be

adequate to provide major disaster and emergency assistance to individuals, businesses, and State and local governments affected by major disasters.

Although the number and magnitude of disaster cannot be predicted, the appropriation requested and carryover funds will provide the Department with the ability to meet the immediate funding requirements of emergencies and major disasters. Should the provision of authorized assistance require funds in excess of this amount, supplemental appropriations would be necessary.

The fiscal year 1977 request is \$50 million below that enacted for 1976. While average annual obligations for disaster relief have been over \$210 million for the past four years, the existence and projection of the large carryover balance from prior years led to the conclusion that the appropriation request could be reduced without affecting the Department's ability to meet immediate relief requirements.

## TITLE II—INDEPENDENT AGENCIES

### AMERICAN BATTLE MONUMENTS COMMISSION

#### SALARIES AND EXPENSES

1976 appropriation.....	\$5,374,000
Estimate, 1977.....	5,824,000
House allowance.....	5,824,000
Committee recommendation.....	5,824,000

For salaries and expenses of the American Battle Monuments Commission, the Committee recommends \$5,824,000, which is the same as both the House allowance and the budget estimate. This appropriation will support a Commission workforce of 392 permanent positions.

The American Battle Monuments Commission is an independent agency, whose principal functions are to commemorate the achievements and sacrifices of U.S. Armed Forces where they have served since April 6, 1917; to design, construct, administer and maintain permanent American military burial grounds in foreign countries; to control the design and construction on foreign soil of U.S. military monuments and markers by other U.S. citizens and organizations, both public and private; and to encourage U.S. Government agencies and private individuals and organizations to maintain the monuments and markers erected by them on foreign soil. The Commission operates and maintains 23 permanent American military cemetery memorials, 11 separate monuments in 9 foreign countries, and 3 memorials in the United States. Care and upkeep of these memorials includes maintenance of: 125,000 graves and headstones; 38 memorial structures with an estimated replacement value of \$145 million; 66 miles of asphalt roads and paths; 865 acres of flowering plants, fine lawns, and meadows; shrubs and hedges with a surface area of 3 million square feet; and 11 ornamental trees.

The Commission's request and the Committee's recommendation provides for an increase of \$450,000 above the amount appropriated in fiscal 1976. The vast bulk of this increase (\$373,000) is due to personnel compensation and benefit increases attributable to an annualization of the calendar 1975 pay increase. The remainder of the add on is due to increased costs of transportation, supplies, equipment, Embassy shared administrative support, utilities, and contractual services utilized in the upkeep of the various memorials.

### CONSUMER PRODUCT SAFETY COMMISSION

1976 appropriation.....	\$39,564,000
Estimate, 1977.....	37,000,000
House allowance.....	41,100,000
Committee recommendation.....	37,000,000

For salaries and expenses of the Consumer Product Safety Commission, the Committee recommends an appropriation of \$37,000,000, which is the same as the President's budget estimate and \$4,100,000 below the amount allowed by the House. At the same time it should be noted that the Committee's recommendation is \$4,100,000 below the amount the Commission requested in its estimate of resource requirements presented to the Congress independent of the administration's budget submission. Under section 27(k) of the Consumer Product Safety Act, the Commission is authorized to present such an independent estimate of its budget requirements and the Committee gave careful consideration to both the President's and the Commission's fiscal 1977 requests. The Committee's recommended level of funding will provide for 890 permanent positions.

In October, 1972, the Congress created the Consumer Product Safety Commission—an independent regulatory agency with the primary mission of reducing the unreasonable risk of injury associated with consumer products. Under the Consumer Product Safety Act, the Commission is authorized and directed to establish mandatory product safety standards, to ban consumer products which present an unreasonable risk of injury, to conduct research on consumer product standards, to engage in broad consumer and industry information programs, and to establish a comprehensive Injury Information Clearinghouse. The act also provides for petitioning of the Commission by any interested person, including consumers or consumer organizations to commence proceedings for the issuance, amendment or revocation of a consumer product safety rule.

A 2 year study by the National Commission on Product Safety showed that approximately 20 million injuries associated with consumer products occur each year and the annual cost to the country of product-related injuries was found to be in excess of \$5.5 billion, in 1970 dollars. The Commission told the Committee that most experts, including those in the Agency, estimate that the product-caused or "standards-preventable" portion of these injuries ranges from 15 to 25 percent of the total. Applying these percentages to total injuries, the Commission estimates that approximately \$1 billion per year of injury costs to citizens can be prevented by Commission actions.

Along with its other statutory responsibilities, the Consumer Product Safety Commission is authorized to administer the Flammable Fabrics Act, the Poison Prevention Packaging Act, the Hazardous Substances Act, and the Refrigerator Safety Act.

Although the Committee supports the concept of a strong Federal role in the protection of Americans from the risks of injuries associated with consumer products, it continues to be deeply concerned over the performance of the Commission, particularly its failure to establish a system of priorities, based on frequency and severity of injury, with which to judge the relative hazards of products to the consumer. At the same time, the Commission has made it clear both during hearings and in subsequent correspondence that it feels it does not have the legislative authority to determine such priorities, and therefore must continue to spend its scarce resources analyzing every product safety petition it receives, even though the product under consideration may only address a relatively small number of annual in-

juries. The fact that the Commission has promulgated only one product safety standard—for swimming pool slides—under its basic legislation, the Consumer Product Safety Act, in its 3 years of existence is testimony to the Commission's adherence to this unproductive policy.

The Committee takes strong exception to this stand by the Commission. The Committee believes that there is sufficient room for interpretation of "unreasonable risk of injury" under section 3 of the act, to allow the agency to decide if a particular product presents an unreasonable risk of injury by, among other factors considering (1) how many other products with comparatively higher frequency and severity of injury rates need to be regulated first and (2) the resources available to the Commission for issuing standards and bans. In fact, in a March 13, 1976 letter to the Chairman of the HUD-Independent Agencies Subcommittee, the Chairman of the House Interstate and Foreign Commerce Subcommittee on Consumer Protection and Finance concurred with the Committee's position, stating:

\* \* \* There is nothing in the language of the bill or in the legislative history which would indicate that the Commission is precluded from setting priorities and basing denials on the frequency and severity of injury. A responsible administrator would be expected to do precisely this \* \* \*.

Therefore, the Committee believes that the Commission does, in fact have the authority and the responsibility to consider both the relative frequency and severity of injury and the resource constraints of the agency when considering the potential hazards of products, that are brought before the Commission for review. The Committee looks for significant progress in this area in fiscal year 1977.

It should also be noted that a number of legislative changes have been made by the authorizing Committees in the House and Senate that, if properly and efficiently implemented, should substantially improve the performance of the Commission within the level of funding recommended by the Committee. For example, the Commission is now authorized to initiate, prosecute, defend, or appeal civil actions through its own attorneys if the Attorney General does not agree to represent the Commission within 45 days of a request for representation. The Commission has told the Committee that it supports this action and should be able to assume this new responsibility within its existing resource requirements and without additional legal staff.

The Commission's authority to regulate pesticides under the Poison Prevention Packaging Act of 1970 was rescinded under provisions of Public Law 94-284—the Consumer Product Safety Commission Improvements Act of 1976. The Committee recognizes that the Commission should reallocate staff and resources previously connected with its pesticide effort to address other areas where manpower needs are greater.

Public Law 94-284 also requires the approval of the entire Commission—not just the Chairman—prior to the submission of requests or estimates for regular or supplemental appropriations by the Chairman on behalf of the Commission. The Committee trusts that this decentralization of budget policy-making will result in a broader participation by all Commissioners in the budget process and lead to

closer scrutiny of the allocation of agency resources, especially in the area of administrative expenses.

The Committee believes that these new legislative improvements in conjunction with the establishment of a system of priorities in the handling of product safety petitions, should allow the Commission to operate efficiently and effectively within the \$37,000,000 provided by the Committee. The outgoing Chairman of the Commission concurred in part with this position, stating on February 17th of this year:

\* \* \* if we had a national priority setting mechanism  
\* \* \* and we were allowed to deny a petition without a lot of effort because we could demonstrate that resources could be put on some more productive rule development, yes, you could reduce the amount of effort. You could reduce the amount of staff time or with the same amount of resources, you could have more production.

Finally, the Committee joins the Senate Commerce Committee in urging the Commission to pay particular attention to the needs of the elderly or handicapped in its expenditure of funds to promulgate consumer product safety rules.

#### DEPARTMENT OF DEFENSE—CIVIL

##### CEMETERIAL EXPENSES, ARMY

###### SALARIES AND EXPENSES

1976 appropriation .....	\$5,785,000
Estimate, 1977 .....	6,161,000
House allowance .....	6,161,000
Committee recommendation .....	6,161,000

The Committee recommends an appropriation of \$6,161,000 for the Cemeterial Expenses of the Department of the Army. This amount is the same as the House allowance and the budget estimate and provides for total permanent employment of 234 positions.

The Secretary of the Army is responsible for the administration, operation, and maintenance of the Arlington and Soldiers' Home National Cemeteries and has delegated to the U.S. Army Casualty and Memorial Affairs Directorate the responsibility for staff and technical supervision of the daily operations of the cemeteries.

Arlington and Soldiers' Home National Cemeteries comprise a total of 605.6 acres and contain the remains of 179,104 persons. There were 2,610 interments in Fiscal 1975. These cemeteries require substantial maintenance as well as a program of construction each year. The funds provided by the Committee will be expended to maintain and develop available land areas and thus provide gravesites and facilities required to accomplish the interment of the remains of eligible persons.

In approving the budget estimate the Committee is providing \$1,275,000 for the construction of a 10,000 niche modular columbarium at Arlington. The Committee has also included \$300,000 for land development costs as well as funding for the purchase of 10 motor vehicles as replacements for vehicles no longer economically repairable.

#### ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency was created through an executive reorganization plan designed to consolidate certain Federal Government environmental activities into a single agency. The plan (Reorganization Plan No. 3 of 1970) was sent by the President to Congress on July 9, 1970, and EPA was established as an independent agency in the executive branch on December 2, 1970.

EPA was formed by amalgamating 15 components from 5 departments and independent agencies. Water quality responsibilities were transferred from the Interior Department (the Federal Water Quality Administration) and the Department of Health, Education, and Welfare (The Bureau of Water Hygiene). Other activities transferred from HEW included the National Air Control Administration and the Bureau of Solid Waste Management.

In addition, EPA acquired the Department of Agriculture's authority to register pesticides and to regulate their use; the Food and Drug Administration's authority to set tolerance levels for pesticides which occur in or on food and to monitor compliance with those limits; and a portion of the Department of Interior's pesticides research program.

Finally, EPA assumed some of the Atomic Energy Commission (now ERDA) and HEW's authority for setting environmental radiation protection standards. The Agency also absorbed the duties of the Federal Radiation Council.

The Environmental Protection Agency is responsible for administering pollution control programs in the following media:

##### AIR

The Clean Air Act authorizes a national program of air pollution research, regulation, and enforcement activities. Primary responsibility for the prevention and control of air pollution rests with State and local governments. EPA's role is to conduct research and development programs, set national environmental goals, insure that adequate standards and regulations are established to meet these goals, provide assistance to the States, and insure that the standards and regulations are effectively enforced.

##### WATER QUALITY

The emphasis of the Water Quality program has been on controlling the discharge of pollutants into the waterways from specific industrial and municipal sources. Three major methods are required under the Federal Water Pollution Control Act to control point source pollution: issuing waste water discharge permits, promulgating effluent guidelines and improving the coverage and efficiency of public owned waste water treatment works. Other aspects of the water quality program include planning assistance to control pollution in major segments of river basins, including storm water runoff and runoff from broad land areas, technical assistance to states and local authorities and research and development into the health and environmental effects of pollutants and means of controlling them. Grant assistance



is also provided to State agencies to assist them in their permit issuance, monitoring and enforcement activities. Finally, grant assistance is provided for the planning, design, and construction of municipal waste water treatment facilities.

#### WATER SUPPLY

The primary objective of the Environmental Protection Agency's Water Supply program is to assure that the public is provided with safe drinking water. The Safe Drinking Water Act, under which EPA's program now operates, was signed into law in December of 1974 and gives the Agency broad responsibilities and authorities to protect and improve the quality of potable water. Under this act the Federal Government is to establish primary and secondary drinking water regulations. Major responsibilities for enforcing these regulations will be with the states. Primary regulations will specify maximum allowable contaminant levels necessary to protect health. Secondary regulations will specify contaminant levels necessary to protect public welfare and will apply to such characteristics as the odor and appearance of the drinking water. The states also have the primary responsibility for controlling underground injection. The states will be assisted in developing water supply enforcement programs and underground injection permit programs through technical assistance provided by EPA and through grant assistance.

#### SOLID WASTES

EPA has formulated two strategic goals for the solid waste program: (1) to achieve acceptable and safe management of solid wastes and (2) to conserve natural resources. The basic tools employed to meet the solid waste program's goals are threefold: (1) characterization of the problems associated with solid waste management and analysis of waste management alternatives with particular attention to hazardous wastes, (2) development of improved disposal and materials recovery methods and demonstration of advanced technologies, and (3) providing technical assistance to states and local governments to stimulate solid waste regulatory action and to help develop materials and energy recovery systems.

#### PESTICIDES

EPA's pesticide program is based upon three specific approaches. One, pesticides are registered to prevent harmful products from entering the market and labeling is required to assure proper use. Second, the use of pesticides is controlled. Only certified applicators may apply pesticides approved for restricted use. States will certify the applicators and training will be provided through a joint effort by EPA, the Agriculture Extension Service and State agencies. Finally, monitoring and research are conducted to determine the health and environmental effects of pesticides.

#### RADIATION

The EPA radiation program is directed toward preventing all avoidable contamination of the environment from ionizing radiation. EPA pursues these goals through three interdependent roles: (1) the development of standards and criteria, (2) assessment of the environmental impact of technology employed by other Federal agencies, and (3) surveillance of radiation levels in the environment.

#### NOISE

The major targets of EPA's noise control program are a reduction of airport and aircraft noise; a reduction of noise from interstate motor carriers and railroads; protection against voluntary high level individual exposure through product labeling; reduction of noise from construction sites; and reduction of public transportation interior noise.

Other regulatory activity in the noise program centers around the development of labeling regulations which give notice to a prospective buyer of the level of noise the product emits or its effectiveness in reducing noise.

#### TOXIC SUBSTANCES

This program is developing predictive techniques for early warning in identifying substances most likely to pose a hazard to man or the environment, and implementing methods to monitor air, water and soil for selected toxic material.

#### COMMITTEE RECOMMENDATIONS BY APPROPRIATION

Of the amounts approved in the following appropriation accounts, the Agency must limit transfers of funds between media to not more than 10 percent of the budget plan without first obtaining approval of the Committee.

#### AGENCY AND REGIONAL MANAGEMENT

1976 appropriation.....	\$65,374,000
Estimate, 1977.....	67,538,000
House allowance.....	73,000,000
Committee recommendation.....	73,000,000

For the general management of EPA, including overall planning and direction as well as regional administration, the Committee recommends an appropriation of \$73,000,000. This amount is the same as the House allowance, \$5,462,000 above the budget estimate, and reflects an increase of \$7,626,000 over the amount provided in fiscal 1976.

The dollars provided are used to pay the salaries and related expenses of personnel involved in program direction or in the provision of management or administrative services, including the following activities:

(1) Agency management, which covers the top level policy direction of all agency programs provided by the Administrator and his

immediate staff and staff offices; the Agencywide planning and management functions of the Office of Planning and Management; and the centralized administrative services provided to all operations located in Washington, D.C., Research Triangle Park, N.C., and Cincinnati, Ohio.

(2) Regional management, which provides for the direction of program operations provided by each of the 10 Regional Administrators and his immediate staff as well as the general management and administrative functions provided by the Management Division of each Region.

(3) Agency support, which consists mainly of housekeeping or common service items, such as office services, supplies, printing and the like, on both an Agencywide and Regional basis.

In approving an increase of \$5,462,000 above the budget estimate the Committee is in agreement with the House in its determination that the absorption of \$7,600,000 in annual pay increases by EPA would be too much of a burden for the agency to bear in fiscal year 1977. This added amount should allow the agency the necessary flexibility to fill vacant positions and to minimize the reduction in contracts that would have been necessary had EPA been required to absorb the annual pay costs mentioned above.

The Committee has learned that in 1975 the agency suffered an 18-percent turnover in permanent personnel, which leads the Committee to believe that understaffing has created a substantial morale problem at EPA. The Committee is also deeply concerned over the inordinate number of temporary employees that are on the rolls. All in all the staffing picture at EPA is not good and the Committee hopes that the increase recommended in this account will help to inject more stability into the personnel structure. The Committee wants to make it clear that the increase above the budget estimate is intended first and foremost for staffing and only secondarily for contractual activities.

#### RESEARCH AND DEVELOPMENT

1976 appropriation-----	\$270, 674, 000
Estimate, 1977-----	256, 449, 000
House allowance-----	265, 000, 000
Committee recommendation-----	259, 900, 000

<sup>1</sup> Consolidates former energy R. & D. account with regular EPA R. & D. account.

The Committee concurs with the House decision to consolidate the former Energy Research and Development account with the regular Research and Development account. The Committee recommends an appropriation of \$259,900,000, for Research and Development which is \$5,100,000 below the House allowance and \$3,451,000 above the combined budget estimates for Energy R. & D. and Research and Development as presented in the Agency's budget document for fiscal year 1977.

Energy research and development support is designed to provide for the development of a sound technical and scientific basis for insuring: (1) adequate protection of human health, welfare, ecosystem, and social goals; (2) environmental protection necessary to facilitate the use of domestic energy supplies with particular emphasis on coal and nuclear systems; (3) the implementation of energy system

initiatives without delays caused by inadequate and insufficient environmental impact data; and (4) the concurrent development of appropriate control technologies and emerging energy systems to minimize control costs and environmental impact. Other research and development work is oriented toward producing scientific knowledge regarding pollution and the tools for regulating, preventing, and abating pollution.

Last year Congress directed EPA to conduct an in-depth study of the Chesapeake Bay, with potential applicability to other estuarine zones. Based upon this guidance EPA has established a Chesapeake Bay water quality study program. The primary goal of the program is to develop a management system which is designed to maintain and improve the overall water quality of the Chesapeake Bay.

To achieve the program goal, a two-pronged approach has been initiated: (a) the planning and regulatory actions under the authority of the Federal Water Pollution Control Act, as amended will be strengthened to deal with the special problems of the Chesapeake Bay, and (b) the knowledge of existing and potential water quality problems as they relate to possible regulatory action will be investigated and reinforced. The planning and regulatory actions being undertaken are: an inventory of point sources that impact the bay with the aim of review and revision of National Permit Discharge Effluent System permits, increased priority for construction grants to municipalities within the Chesapeake drainage basin, coordination among the Section 208 authorities in the area, and the utilization of the Section 208 authorities to review and develop appropriate legislative initiatives to deal with the nonpoint source pollution problems. To establish and strengthen the knowledge of the Chesapeake Bay area water quality problems, an inventory of existing knowledge about the Bay will be developed, and State and Federal monitoring programs on the Bay will be evaluated with the aim of correcting existing deficiencies and identifying areas where further study is required.

The program will emphasize the coordination of existing programs being conducted by current planning and regulatory agencies, in particular, Maryland, Pennsylvania, Virginia, Delaware, West Virginia, the Section 208 authorities, the Corps of Engineers, the National Science Foundation, and other federal agencies currently active in the Bay.

To initiate the program in fiscal year 1976, EPA reprogrammed 10 positions and allocated \$500,000. The detailed program planning has taken place during this initial phase. The program is to be a multiyear effort costing \$5 million and 50 positions annually.

In fiscal year 1977 EPA would undertake major investigative studies into the causes and effects of pollutant inputs into the Bay, initiate monitoring programs in conjunction with ongoing Federal, State and local programs to establish water quality trends and investigate regulatory authorities and intergovernmental relationships to determine if mechanisms available are adequate to control pollution affecting the water quality of the Bay.

In order to enable EPA to continue with this comprehensive effort the Committee has increased the budget by \$5,000,000 of which \$2,900,000 is in this account and \$2,100,000 in the Abatement and Control



appropriation. With respect to positions, EPA has already reprogrammed 10 positions for this purpose in addition to reprogramming positions to meet other high priority needs. The Committee cannot expect EPA to continue to reprogram positions for this purpose without some adverse impact on other programs. Therefore, the Committee directs OMB to increase EPA's ceiling by 40 positions, thereby making available the 50 positions needed to continue this program as planned.

The Committee has recommended that the provision in the House approved bill making these funds available until expended be modified to make the funding available for 2 years, through September 30, 1978. Although the Committee understands the need for allowing the agency to carry over funding into a succeeding fiscal year so as to avoid unwise last minute obligations, the Committee believes that one additional year is more than sufficient to permit the obligation of funds originally requested for fiscal year 1977.

The Committee has become concerned that the interagency energy/environmental research program managed by EPA is being undermined by the apparent trend toward transfer of authority and resources from EPA to the Energy Research and Development Administration. In fiscal year 1976, ERDA received as a direct appropriation \$6 million which had been under the interagency program in fiscal year 1975. In the fiscal year 1977 budget submission, it appears that an additional \$3.6 million will be diverted from the interagency program and directly appropriated to ERDA. The Committee regrets this trend and strongly recommends that it be reversed so that duplication in this critical area of research be minimized through the excellent coordinative mechanism provided by the interagency program.

In the original reorganization act creating the EPA, Congress made it explicit that it was doing so in order to separate regulatory functions from advocacy functions of the Federal government in the field of environmental protection. EPA bears special responsibility to protect the public health and natural environment from the potential threats of expanding domestic energy production. In light of the large expansion in the energy technology budget of ERDA, it is essential that EPA have adequate resources so that its energy/environmental research can keep pace with ERDA's energy technology research.

The Committee notes that the general level of lead poisoning in children derived from sources other than paint, such as food and water, seems to be increasing. Although the Congress has vigorously attacked the problem of lead-based paint poisoning, it is important that the relative contributions of the various sources of lead in the environment be understood and considered in planning for future programs to solve this problem.

The Committee has learned that EPA currently has a study underway to determine the body burden of lead in school children and correlations from soil, paint and traffic. A joint EPA-Communicable Disease Center project is focusing on the effects of nonferrous smelter operations on preschool children. An epidemiological effort in this area will be expanded to an indepth study of populations in six nonferrous smelter communities. Further, potential health effects associated with lead in water supplies are also being investigated.

The Committee directs the EPA, working with other agencies and departments of the Federal Government to conduct a comprehensive epidemiological study to identify the number of factors involved in lead poisoning in children and measure the relative magnitude of their contributions to the problem.

The Committee is aware of conclusions by the General Accounting Office in its report of May 3 of this year that the Environmental Protection Agency apparently purchased in excess of \$7,000,000 of scientific equipment that was infrequently or never used. Moreover, the Committee notes the conclusions of GAO that EPA control procedures over expensive equipment had not been adequate, and that approximately a half million dollars of equipment could not be located during the early months of 1976. It is the Committee's aim to be cognizant of such management problems and to work toward their correction. Although the Committee was concerned about the GAO findings, it does recognize that EPA's response was positive and that strong steps have been taken to correct the identified deficiencies. The Committee intends to follow the progress made by EPA in the area of property control.

#### ABATEMENT AND CONTROL

1976 appropriation-----	\$375,766,000
Estimate, 1977-----	<sup>1</sup> 340,844,000
House allowance-----	398,044,000
Committee recommendation-----	<sup>1</sup> 371,844,000

<sup>1</sup> Includes \$11,300,000 requested in S. Doc. 94-197; not considered by the House.

For Abatement and Control activities, the Committee recommends an appropriation of \$371,844,000, which is \$31,000,000 above the budget request and \$26,200,000 below the amount contained in the House bill.

EPA is responsible for major Federal environmental pollution abatement and control programs, including programs in air and water pollution control, water supply and radiation protection, solid and toxic waste management, pesticides control, and noise abatement.

Program efforts entail developing environmental standards; monitoring and surveillance of pollution conditions; grant support for State and local pollution control planning; direct Federal pollution control planning; grant support for State, regional, and local pollution control programs; technical assistance to pollution control agencies and organizations; and assistance to Federal agencies in complying with environmental standards and insuring that their activities have minimum environmental impact.

In providing \$26,200,000 less than the House for Abatement and Control activities, the Committee has made several alterations to specific funding levels for programs that fall under this activity at EPA.

The Committee recommends deleting the \$35,000,000 added by the House for Section 208 areawide planning grants. The District Court for the District of Columbia recently ordered that approximately \$137,000,000 in impounded Section 208 funds be released, thus making a total of \$152,000,000 available to the agency for areawide waste treatment management grants in fiscal year 1977. Therefore, the Committee does not feel that the additional \$35,000,000 is warranted at this time. However, the Committee is cognizant of the importance of this

program to the States and is willing to reassess the resource requirements for the Section 208 program should the administration appeal the court decision, thus delaying the obligation of these funds for an uncertain period of time.

A reduction of \$5,000,000 below the House add-on of \$15,000,000 for the Clean Lakes program at EPA is recommended by the Committee. Although the Committee concurs with the addition of \$10,000,000 for Clean Lakes in fiscal year 1977, it believes that the additional \$5,000,000 is unnecessary due to a carryover from fiscal year 1976 of \$5,000,000 that will be available to the agency for this important program in fiscal year 1977. In approving a \$10,000,000 add-on the Committee reinforces its support for this program and reaffirms its recognition of the serious water quality problems that plague over 1,500 of our nation's lakes. It is the hope of this Committee that the agency will intensify its efforts to overcome the administrative problems and delays that have encumbered the smooth and effective implementation of the Clean Lakes Program, since it was authorized in 1972.

The Committee concurs with the House addition of \$18,500,000 for State radiation programs (\$500,000); academic training (\$4,000,000); and for air and water control agency grants (\$14,000,000).

The \$500,000 increase for radiation programs will permit the continuation of support to State ionizing radiation programs at approximately the fiscal year 1976 level.

Agreement to the \$4,000,000 add-on for air and water quality academic training grants is counter to the administration's decision to provide no funds for this activity in fiscal 1977 and will permit the continuation of professional level university training programs through fiscal year 1977. The committee recognizes the importance of the present ongoing three phase study of a National Environmental/Energy Workforce that will, upon completion, present a plan of action which integrates environmental/energy training needs into existing educational and training delivery systems. EPA is encouraged to continue this essential study and to proceed with phase two of that study in a timely manner.

The Committee's concurrence with the House decision to add \$14,000,000 for air and water quality State control agency grants should keep these programs virtually level through fiscal year 1977.

On June 8, the Committee received a budget amendment requesting \$11,300,000 to regulate toxic pollution by 21 targeted industries in fiscal year 1977. The House did not have the opportunity to act upon this request. The Committee recommends approval of the full \$11,300,000 for this important abatement and control initiative in the coming fiscal year.

The Committee has added \$400,000 for an environmental impact study of the potential environmental implications of the proposed coal-fire thermal power development project near the East Poplar River just north of the State of Montana in neighboring Canada. This proposed construction of a generating station by a power company in Canada could have serious environmental implications for the State of Montana and the Committee directs the agency to carry out this study vigorously and expeditiously.

The Committee has added an additional \$2,100,000 to this account for the Chesapeake Bay study discussed under research and development.

The Committee is particularly concerned with the impact the new requirements of the Safe Drinking Water Act will have on over 7,000 rural and small water systems in the Nation. In order to assure effective compliance particularly by rural water systems, it is necessary that they be fully apprised of the requirements and the operators trained accordingly. Therefore, the Committee directs EPA to program \$1,000,000 to be used for providing grants to State associations of rural water districts for the purpose of establishing training and technical assistance programs to assist rural water systems in complying with the provisions of the Safe Drinking Water Act. The Committee understands that EPA has \$685,000 of transition quarter authority for underground water source protection programs which could be reprogrammed for this purpose. The Committee directs such action. The Committee further directs the reprogramming of the additional \$315,000 from whatever source within this account that EPA so decides.

The Committee has recommended that the provision in the House approved bill making these funds available until expended be modified to make the funding available for 2 years, through September 30, 1978, for reasons discussed in this report's explanation of EPA's research and development program for fiscal year 1977.

The Committee notes that the bill was amended on the House floor to provide that funds included in this bill as well as the fiscal 1976 HUD-Independent Agencies Appropriation Act for Section 208 assistance to areawide water quality management planning agencies could not be used to cover more than 75 percent of the cost of a given grant under the program. This provision was not before the Committee because the bill was ordered reported by the Committee a few hours prior to final House action. Consequently this language has been deleted by the Committee. The issues involved here will be addressed in conference.

#### ABATEMENT AND CONTROL (LIQUIDATION OF CONTRACT AUTHORITY)

1976 appropriation.....	\$65,000,000
Estimate, 1977.....	49,181,431
House allowance.....	49,182,000
Committee recommendation.....	49,182,000

To complete liquidation of contract authority provided under the Section 208 Areawide Waste Treatment Management Grants program, the Committee recommends \$49,182,000, which is the same as the House allowance and \$569 more than the budget request.

The areawide waste treatment management grants program allows planning agencies to develop comprehensive plans to control water pollution from municipal and industrial waste water, storm and combined sewer runoff, nonpoint source pollutants, and land use as it relates to water quality.

The Committee wishes to note that the liquidating cash provided in this account for fiscal year 1977 is targeted for the liquidation of old obligations incurred under the Section 208 program, and that new

obligational authority for the areawide waste treatment management grants program is now provided in the abatement and control new budget authority account. As old obligations are liquidated, this abatement and control (liquidation of contract authority) account will continue to be phased out.

#### ENFORCEMENT

1976 appropriation.....	\$53,606,000
Estimate, 1977.....	56,561,000
House allowance.....	56,561,000
Committee recommendation.....	56,561,000

For enforcement activities in fiscal year 1977, the Committee recommends an appropriation of \$56,561,000, which is the same as the House allowance and the budget estimate.

EPA carries out enforcement responsibilities in the areas of air pollution control, water pollution control, pesticides control, and noise control. Much of the effort is in support of or in cooperation with State and local enforcement programs, including the enforcement of air quality standards as well as navigable and interstate water quality standards, and the issuance of discharge permits. Enforcement activities include notices of violation, abatement orders, enforcement conferences, civil and criminal court actions, and, in the case of pesticides, recalls and seizures.

In approving both the budget estimate and the House allowance, the Committee is recommending providing funds to cover a portion of the October, 1975 Federal pay raise (\$400,000), increased GSA rental charges (\$490,000), and increased automatic data processing, penalty mail, telephone, and related costs (\$120,000). Also, the amount approved by the Committee will allow for a total program increase of \$2,805,000 and 27 positions, with major increases in Air, Water Quality, and Pesticides. Administrative and program increases will be offset by decreases brought about by transfers from other EPA accounts, reductions in Regional office support costs, and funding decreases in both the noise subprogram and in program management, bringing the net increases requested and allowed over fiscal 1976 to \$2,955,000.

#### BUILDINGS AND FACILITIES

1976 appropriation.....	\$2,100,000
Estimate, 1977.....	2,100,000
House allowance.....	2,100,000
Committee recommendation.....	2,100,000

The Committee recommends an appropriation of \$2,100,000 to provide for necessary repairs and improvements to all federally owned installations occupied by EPA. This amount is identical to both the budget estimate and the amount provided by the House.

It is the understanding of the Committee that the Agency will give primary attention to repair and improvement projects which are required to protect the health and safety of EPA employees and to enable the Agency to meet applicable standards including those established by the Department of Labor under the Occupational Health and Safety Act of 1970. The Agency will also focus on the growing backlog of projects of other types, including those intended to protect the Federal Government's investment in these facilities as well as those which improve the facilities' usefulness for program purposes.

As the Committee did last year, it concurs with the House directive that repair and improvement projects be limited to \$100,000 per individual project and that projects exceeding this amount should not be undertaken by the agency without the specific approval of both the House and Senate Appropriations Committees.

#### CONSTRUCTION GRANTS

1976 appropriation.....	
Estimate, 1977.....	
House allowance.....	\$200,000,000
Committee recommendation.....	200,000,000

For reimbursement for earlier construction of publicly owned treatment works, the Committee recommends an appropriation of \$200,000,000, which is the same as the House allowance. The Administration did not request funds for this purpose in fiscal year 1977.

The Federal Water Pollution Control Act Amendments of 1972, Public Law 92-500, expanded the Federal role in water pollution control and, among other things, provided Federal financial assistance for construction of publicly owned treatment works. Section 206(a) of the Act provides reimbursements for these treatment works on which construction was started after June 30, 1966 and before July 1, 1972. These repayments represent the difference between the amount of Federal grants received and 50 percent or 55 percent of total cost, provided the project met the requirements of the Water Pollution Control Act in effect at the time the project was initiated.

A total of \$2,600,000,000 has been authorized for these repayments, \$1,900,000,000 has been appropriated to date, and it is estimated that an additional \$865,000,000 is needed to meet the full grant entitlement of the communities involved in the program. The funding recommended by the Committee will permit EPA to make payments bringing the grantees to approximately 76 percent of their entitlement.

#### CONSTRUCTION GRANTS (LIQUIDATION OF CONTRACT AUTHORITY)

	Fiscal year	Transition quarter
1976 appropriation.....	\$800,000,000	\$600,000,000
Estimate 1977.....	3,800,000,000	200,000,000
House allowance.....	3,800,000,000	200,000,000
Committee recommendation.....	3,800,000,000	200,000,000

The Committee recommends concurrence with the House allowance of \$3,800,000,000 for the liquidation of contract authority, made available by Public Law 92-500, the Federal Water Pollution Control Act, as amended, for the construction grants program in fiscal year 1977 and \$200,000,000 for the transition quarter. These amounts are identical to the budget estimate.

Under provisions of the 1972 amendments to the Federal Water Pollution Control Act, the Agency is authorized to provide \$18 billion for grants to subsidize construction of waste treatment works. The grants are allotted to the States via State planning agencies, and appropriated on the basis of a need and population allocation formula. Each grant is to be 75 per cent of the total project cost.

At the beginning of 1975, \$9 billion or one-half of the \$18 billion authorized by Public Law 92-500 for sewage facilities construction

had been allotted. The President announced a release of an additional \$4 billion on January 27, 1975 and in February 1975, the Agency announced the allocation of this additional amount to the states according to the fiscal 1972-74 formula. On February 18, 1975, the Supreme Court in a unanimous decision, ruled that the impoundments of sewage construction grant funds were illegal, thus making the full \$18 billion available for allotment to the States.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL CURRENCY PROGRAM)

1976 appropriation.....	\$4,000,000
Estimate, 1977.....	6,000,000
House allowance.....	6,000,000
Committee recommendation.....	5,000,000

The Committee recommends an appropriation of \$5,000,000 to purchase excess foreign currencies from the Treasury Department to support environmental research projects in foreign countries. This amount is \$1,000,000 below both the House allowance and the budget estimate.

Excess foreign currencies derived through sales of surplus agricultural commodities and from other sources are used to support research on the sources, effects, and control of environmental pollution. Currently there are 55 cooperative programs, two-thirds of which are concerned with air and water pollution. These studies are being carried out in Poland, Yugoslavia, Egypt, Tunisia, India, and Pakistan. The Committee feels that the 20 percent increase over the amount provided for this activity in fiscal year 1976 should be more than adequate to allow EPA to fund their highest priority cooperative international research projects.

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1976 appropriation.....	\$2,736,000
Estimate, 1977.....	2,915,000
House allowance.....	2,915,000
Committee recommendation.....	2,800,000

For the Council on Environmental Quality and Office of Environmental Quality, the Committee recommends an appropriation of \$2,800,000, which is \$115,000 below the budget estimate and the House allowance.

The National Environmental Policy Act (Public Law 91-190), the Environmental Quality Improvement Act of 1970 (Public Law 91-224), and Executive Order 11514 require the CEQ to prepare an annual environmental quality report; prepare recommendations to the President on national policies for improving environmental quality; analyze conditions and trends in the quality of the environment; conduct investigations relating to the environment; appraise the effect of Federal programs and activities on environmental quality; evaluate the effects of technology; recommend to the President and to Federal agencies priorities in environmental programs; promote

the development and use of indices and monitoring systems; and advise and assist the President and agencies in achieving international environmental cooperation under the foreign policy guidance of the Department of State.

The Committee's reduction of \$115,000 in the budget estimate recognizes the fact that while the agency has programed \$1,060,000 in fiscal 1977 for contract studies, as much as 25 percent of the total can be recouped through schedule slippages, favorable contract prices, changed priorities, or participation by other agencies.

Furthermore the Council will be required to reduce staffing by approximately 10 percent, from 44 to 40 permanent positions, in the course of fiscal 1977. While the Council told the Committee that this reduction would not have to take place until the last day of the fiscal year, the Committee believes that the more efficient course would be to gradually reduce staff with a resultant reduction in expenditures.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

SALARIES AND EXPENSES

1976 appropriation .....	\$500,000
Estimate, 1977 .....	<sup>1</sup> 3,300,000
House allowance .....	2,300,000
Committee recommendation .....	2,300,000

<sup>1</sup> Requested in Senate Document No. 94-210; not considered by House.

The Committee recommends \$2,300,000 for salaries and expenses of the Office of Science and Technology Policy in the Executive Office of the President. This amount is \$1,000,000 less than the budget estimate. The House did not have the opportunity to act upon this request.

The Committee has had no opportunity to hear from an as yet unnamed director of the Office of Science and Technology Policy. Although more than one month has passed since the legislation reestablishing the Office was signed into law little or no progress has been made in implementing that law.

In the absence of greater information regarding the needs of the Office and particularly the thrust of a legislatively mandated 2 year survey of the overall Federal science and technology effort, the Committee has determined not to provide funds for contracts to be entered into in pursuance of such a study. The survey is to be conducted by the President's Committee on Science and Technology which will not be formed until the Director of the Office of Science and Technology Policy has assumed office.

The Committee will address the financial needs associated with the survey only after it has had an opportunity to consider the study's parameters and specific goals. In the interim the funding provided by the Committee should be more than sufficient to permit the President's science advisor to establish a fully operational Office. In addition to the funds provided in this legislation the Congress has appropriated \$500,000 for fiscal 1976 and \$500,000 in the transition quarter to allow the Office to function effectively upon the designation of a director.

## GENERAL SERVICES ADMINISTRATION

## CONSUMER INFORMATION CENTER

1976 appropriation.....	\$1,054,000
Estimate, 1977.....	1,073,000
House allowance.....	1,073,000
Committee recommendation.....	1,073,000

The Committee concurs with the House in recommending an appropriation of \$1,073,000 for salaries and expenses of the Consumer Information Center in fiscal year 1977. This amount is the same as the budget estimate, and will provide funding for 18 permanent positions.

The Consumer Information Center is contained within the General Services Administration and is responsible for encouraging the development of relevant and meaningful consumer publications by the major Federal departments and agencies as a by-product of the Government's research, development, and procurement activities. In addition, the Center promotes greater public awareness of existing Federal publications through distribution of the Consumer Information Index and through various media programs.

In addition to its numerous liaison functions with other Federal agencies and consumer groups outside the government, the Consumer Information Center monitors the activities of the Government Printing Office distribution facility in Pueblo, Colo.—the centralized distribution point for Federal consumer publications—to assure prompt action on consumer requests for publications listed in the Consumer Information Index.

Last year the Committee expressed its concern over what appeared to be excessively high prices charged by the Government Printing Office for many of its consumer publications, thus causing a decline in the volume of requests, especially among low-income groups. It is the understanding of the Committee that the Superintendent of Documents has frozen the minimum price of GPO publications at 35¢ until July 1, 1976, under severe pressure from not only the Center, but the Department of Agriculture and other affected agencies. At the same time, the Superintendent has established a minimum order of \$1.00 for such publications—an action that could seriously affect the distribution of valuable consumer information to the urban and rural poor. Therefore, it is the hope of this Committee that the newly commissioned study of the Government Printing Office, funded in the Second Supplemental Appropriation Bill, will shed some light on the whole publication pricing system at GPO and inject a long-needed measure of price stability into the distribution activities of the Consumer Information Center.

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## OFFICE OF CONSUMER AFFAIRS

1976 appropriation.....	\$1,534,000
Estimate, 1977.....	1,581,000
House allowance.....	1,581,000
Committee recommendation.....	1,645,000

For salaries and expenses of the Office of Consumer Affairs, Department of Health, Education, and Welfare, the Committee recommends \$1,645,000 which is \$64,000 above the House allowance and the budget estimate. This level of funding for fiscal year 1977 will provide support for 55 permanent, full time positions.

The Office of Consumer Affairs (OCA), established by Executive Order 11583 on February 24, 1971, serves as the staff of the Special Assistant to the President for Consumer Affairs and also advises the Secretary of Health, Education, and Welfare on departmental consumer-related policy and programs. Among the specific tasks assigned to the Office are the representation of consumer interests in the shaping of Federal policies and programs, the submission of recommendations to the President on how Federal programs and activities affecting consumers can be improved, and the coordination of the government's role in developing and disseminating relevant Federal consumer data that will inform consumers of matters of interest in language they can readily understand.

The Committee's recommended increase of \$64,000 above the budget estimate and the amount provided by the House will enable the Office of Consumer Affairs to contract for the third phase of a consumer complaint study. This phase will examine the handling of consumer complaints by regional offices of various Federal agencies.

Although the study will cost a total of \$75,000 the Committee notes that OCA has requested an increase of \$17,000 in travel costs of which only \$5,000 is accounted for by an increase in travel per diem authorized by law. The Committee believes that the agency can operate effectively with an increase in travel expenditures of \$6,000 in fiscal 1977 rather than the \$17,000 requested. As a consequence \$11,000 of OCA's initial budget request can be applied to the third phase of the consumer complaint study.

The Committee feels that the study will shed important light on the job the Federal Government is doing in the area of consumer complaint handling in the absence of an Agency for Consumer Advocacy.

As a possible alternative to the formation of a new Agency for Consumer Advocacy, the President, in April of last year, directed the heads of 17 major Federal departments and agencies to examine the specific efforts they were making to represent the interests of consumers in their agencies' decisions and activities, and to work with the Director of OCA in instituting additional programs and procedures to better represent consumer interests. The Committee feels that this action by the President offers an opportunity for the OCA to bring the voice of the consumer into the mainstream of Federal consumer policymaking and trusts that the OCA will meet this challenge with aggressive and positive leadership.

The Committee notes with concern that OCA has budgeted \$80,000 for temporary help in fiscal 1977, indicating a growing reliance on part time, temporary assistance. OCA testified before the Committee in February that at least part of the reason for this dependance on temporaries was the length of time it took HEW to clear permanent positions through its personnel office. Delays of 4 to 8 months are ap-



parently not uncommon. The Committee looks for an improvement in this situation and urges OCA to work with the Department toward more rapid personnel approvals.

#### NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

##### RESEARCH AND DEVELOPMENT

1976 appropriation .....	\$2, 677, 380, 000
Estimate, 1977 .....	2, 758, 925, 000
House allowance .....	2, 767, 425, 000
Committee recommendation .....	2, 761, 425, 000

The Committee recommends an appropriation of \$2,761,425,000 for the Research and Development program of the National Aeronautics and Space Administration. This figure is \$2,500,000 over the budget estimate and \$6,000,000 under the House allowance.

The NASA program for fiscal year 1977 provides for continued progress toward the era of wide-spread participation in the exploration and use of space and of more efficient flight in the atmosphere. The budget provides for continued development of the Space Shuttle on a schedule consistent with an initial orbital flight in 1979, leading to an economical, versatile operational capability providing a wide variety of users with round-trip access to space in the 1980's. At the same time, the budget provides for continuing ongoing research and development and technology as well as initiating some significant new projects. Major ongoing projects which will continue in development in fiscal year 1977 include the High Energy Astronomy Observatories, the Pioneer Venus missions, the Mariner missions to Jupiter and Saturn, LANDSAT-C, SEASAT, and TIROS-N, as well as science and applications explorers. In addition, work will be in progress on flight experiments which will take advantage of the unique capabilities of the Shuttle and Spacelab. The fiscal year 1977 budget also provides \$21,300,000 for initiation of the Solar Maximum Mission to study the Sun during its next period of peak activity; \$2,000,000 for a magnetic field satellite (applications explorer) to provide data useful for location of mineral resources; and \$4,000,000 for a thematic mapper instrument to increase our future capability for detection and monitoring of earth resources.

In aeronautics, the budget provides for continuation of ongoing research activity and demonstration projects, and for a focusing of effort on developing the technology to permit the United States to produce in the 1980's aircraft capable of approximately twice the efficiency of current aircraft.

The objectives of the National Aeronautics and Space Administration program of research and development are to advance our knowledge of Earth, its space environment, and the universe, and to develop and utilize aeronautics and space technology to accomplish national goals. These objectives are achieved through the following programs:

*Space flight.*—Provides the transportation and related support and capabilities required to conduct all space operations. The major development objective is the reusable Space Shuttle, the key element of an economical, versatile transportation system to provide a wide variety of users with round trip access to space during the 1980's and beyond.

*Space science.*—Utilizes space systems, supported by extensive ground-based and airborne observations, to conduct a broad spectrum of scientific investigations. The objective is to advance our knowledge of the Earth and its atmosphere, the Moon, the Sun, the inner and outer planets, interplanetary and interstellar space, and the other stars of our galaxy and the universe.

*Applications.*—Uses space, aircraft, and ground-based systems to identify and demonstrate the useful application of space techniques in the areas of resources detection and monitoring, earth dynamics monitoring and forecasting, ocean condition monitoring and forecasting, environmental quality monitoring, weather and climate observation and forecasting, materials processing in space, space communications and information management.

*Aeronautics and space technology.*—To acquire the fundamental knowledge and to develop the technology needed to maintain U.S. leadership in aeronautics and space.

*Tracking and data acquisition.*—A worldwide communications and data acquisition system to support deep space, Earth orbital, sub-orbital, and aeronautical programs.

*Energy technology applications.*—Assures that national energy technology programs receive the maximum benefit from NASA-developed aeronautics and space technology. Emphasis is now placed on providing reimbursable support to other Federal agencies and State and local governments engaged in research and development programs that are aimed at meeting national energy needs.

*Technology utilization.*—Accelerates the dissemination to both the public and the private sectors of advances achieved in NASA's research, technology and development programs.

The Committee has disallowed the \$5,000,000 provided by the House for a Solar Satellite Power System as it has not been authorized. The Committee has also disallowed the \$1,600,000 for advanced propulsion technology and the \$3,000,000 for work on variable cycle engine components technology provided by the House.

The Committee agrees with the House in providing \$3,500,000 for Energy Technology Applications.

The technology developed in the Space and Aeronautics programs conducted by NASA holds potential for significant contributions to the solution of energy problems on Earth. In 1974, NASA organized the Office of Energy Programs to focus efforts directed toward the identification and experimental development of the technologies holding greatest promise in the energy area.

During fiscal year 1975, fiscal year 1976, and the transition quarter, NASA had direct R. & D. funding to carry out initial technology identification and refinement activities. Technology identification activities have included work relating to advanced ground propulsion, reduction of the drag in large road vehicles, multipurpose gas turbines, hydrogen energy systems, fuel cells for down-to-earth applications, energy storage systems, energy resources identification, and integrated utility systems.

The identification and verification of energy initiatives is an effective method of tapping the technology and other capabilities of NASA as it carries out its "main line" responsibilities. The \$3.5 million is

the "seed money" for this effort. This action is not meant to compromise the recognized ERDA responsibility for management of the national energy R. & D. effort. It is not realistic to expect ERDA to be able to totally predetermine which agency and what resources might be needed by the Government to maximize the identification and verification of potential energy initiatives; that is, you cannot schedule inventions. It seems much more efficient and productive to allow certain agencies small amounts of "seed money," with full accountability for such money, to conduct identification and verification activities for subsequent ERDA assessment and further funding as appropriate. The funds provided will allow NASA the minimum flexibility necessary to structure, define and package their capabilities in the varied areas of energy for eventual consideration by ERDA, the administration, and the Congress as to applicable development.

Currently, reimbursable agreements have been negotiated with ERDA for NASA support of Residential and Commercial Solar Heating and Cooling, Wind Energy, Solar Photovoltaics (solar cells), and Geothermal Energy programs. These plans are already being implemented.

The Committee notes that \$5 million for solar satellite power system studies for terrestrial applications has been included in the ERDA authorization bill as reported to the Senate.

The Committee has also restored \$3,600,000 of the \$4,600,000 cut by the House to be applied at NASA's discretion. This should provide adequate flexibility to NASA for additional funding of Space Flight Operations, Development, Test, and Mission Operations and other high priority areas.

The Senate Appropriations Committee believes the circumstances surrounding the Space Telescope program are unique. The program has highest priority endorsement by the Space Science Board of the National Academy of Sciences. The development program has not yet been submitted to the Congress for approval although NASA has conducted extensive in-house and contractor preliminary design studies as authorized by the Congress.

To enable the Congress, under these circumstances, to properly evaluate the appropriateness of the Space Telescope as a new start for fiscal year 1978, NASA is encouraged within present availability of appropriations to continue program planning, technology risk reduction, and program costing activities that will assure the capability to expeditiously initiate development in fiscal year 1978 should the Congress approve Space Telescope as a new program start. To this end, NASA is encouraged to proceed with the issuance of Requests for Proposals and the proposal evaluation process, anticipating completion of this effort by the spring of 1977.

At that time, contingent upon further review by this Committee, selection of contractors and contract negotiations could proceed. Signing of any contract for the actual building of Space Telescope is, however, prohibited prior to approval of funding by Congress for Space Telescope as a new start.

In its action concerning the fiscal year 1977 budget for NASA, the Committee considered the implementation of a two year obligational authority limitation on NASA research and development funds. However, the Committee realizes that during the fiscal year 1977 budget hearings no opportunity existed to obtain testimony from NASA regarding the potential impact of such a limitation on the conduct of NASA programs and institutional costs. The Committee, therefore, directs that NASA submit by October 1, 1976, a report delineating the effects on the implementation of NASA programs of a 2 year obligational limitation on research and development funds. The Committee intends to address this issue once more during the fiscal year 1978 budget hearings.

The Committee is aware of the major deficiencies in the NASA Property Accounting system identified by the General Accounting Office in its January, 1976 report. The Committee specifically notes GAO conclusion that \$144 million in equipment went unrecorded for up to 10 years; that \$35 million of such equipment was recorded only after brought to the attention of the Agency; that the present system showed millions of dollars of equipment in use when it was not; and that three NASA centers and two contractors lost over 4,500 items valued at \$3.3 million without determining the cause and thus reducing the possibility of further loss. The Committee notes with interest the response of NASA to these management needs and recognizes that the Agency has taken positive steps to correct some of the problems identified by GAO. It is the Committee's intention to ensure that full implementation of new measures occurs so that similar property management problems will not arise in the future. The Committee directs the Administrator to report on the status of property management and accounting in the Agency through the end of the 1976 fiscal year and on all measures taken in specific response to GAO recommendations.

The Committee is pleased that NASA has initiated a recurring process of submitting program status reports (PSRs). These reports are designed to provide timely information as to the schedule, cost, and performance of NASA's major projects. The Committee urges NASA to conform these reports with the recommendations of the Committee and the General Accounting Office and to establish precise dates for the transmittal of these reports to Congress. These reports should include initial program cost estimates at the time of presentation to Congress, development estimates, and current status cost estimates. Care should be taken to avoid changing baseline estimates. Variation from the baseline can be properly accounted for in the PSR without changing the baseline.

The Committee notes that a GAO report on cost escalation in major unmanned satellite projects dated July 25, 1975 stated that the total development estimate for projects in development and postdevelopment was 66 percent higher than the planning estimate. This indicates that should the Committee approve a new start based on a planning estimate, the cost to the Federal government may well be substantially higher than initially stated. Consequently the Committee directs

NASA to indicate prominently in its budget justification material whether the projected cost of a proposed new start is based on a planning estimate or a development estimate.

#### CONSTRUCTION OF FACILITIES

1976 appropriation-----	\$82, 130, 000
Estimate, 1977-----	124, 020, 000
House allowance-----	118, 090, 000
Committee recommendation-----	120, 290, 000

The Committee recommends an appropriation of \$120,290,000 for NASA's Construction of Facilities program. This total is \$3,730,000 under the budget estimate and \$2,200,000 over the amount contained in the House bill.

This appropriation provides for contractual services for the design, major rehabilitation, and modification of facilities; the construction of new facilities; minor construction; and the purchase of related equipment and advance design related to facilities planned for future authorization.

The funds requested for 1977 provide for the continuation of prior years' endeavors in meeting the facilities requirements for the Space Shuttle program; rehabilitation, modification and minor construction of facilities to maintain, upgrade and improve the usefulness of the NASA physical plant; and facility planning and design activities.

Space Shuttle facility requirements in fiscal year 1977 are less than amounts requested and approved in the last few years. The projects and amounts reflected in the budget estimate are time sensitive in order to meet the specific milestones established for the first horizontal and manned orbital flights. In addition to Space Shuttle facilities projects, the estimates include funds for facility modifications to provide for processing Space Shuttle and Spacelab payloads.

Other projects included in the fiscal year 1977 program are in support of scientific investigations in space, space research and technology, and supporting activities.

The Committee has provided, as has the House, the \$25,000,000 funding requested for construction of a National Transonic Facility. The Committee also agrees with the House in reducing funding for the following projects as follows: \$1,000,000 for the Shuttle solid rocket booster processing facility; \$350,000 for the Shuttle mating facility; and \$780,000 for construction of a water immersion facility for Shuttle pilot training.

The Committee reluctantly concluded that funding to begin construction modifications on the 40 x 80 subsonic wind tunnel at the Ames Research Center, for which \$10,000,000 was provided in the House bill, should not be included in this year's appropriation. There is no doubt of the importance of modifying this facility to accommodate the testing of now-emerging and new generations of aircraft and helicopters. However, while this project was provided for in the fiscal 1976 authorization bill, it did not receive OMB approval for inclusion in NASA's 1977 budget estimates.

The House reduced the requested \$14,855,000 funding for modification of a second Shuttle mobile launcher by \$11,000,000, on the basis

that total funding can be delayed. The Committee recommends restoring \$10,000,000 of this House cut for the following reasons:

The House reduction would essentially defer the second mobile launcher from the fiscal year 1977 program. The second mobile launcher is required to support delivery of the second Orbiter at KSC, currently scheduled for March 1981, and to support the gradual build-up for the higher Shuttle launch rate expected in that time frame. To support this program milestone, the second mobile launcher must be modified and activated by November of 1980. The intervening period between November 1980 and March 1981 is required for operational readiness reviews, tests and integration. Based on current experience in modifying Mobile Launch Platform No. 1, it is estimated that it will require a minimum of 30 months to accomplish the modifications for Mobile Launch Platform No. 2 and approximately 10 months to activate and install additional equipment such as the Shuttle's solid rocket booster holddown arms. This indicates that the latest start for the modification effort would have to be July 1977, which requires fiscal year 1977 funding.

Based on past experience, the most effective way of implementing the modifications to Mobile Launcher No. 2 would be by one construction contract in lieu of three, as is currently the case for the first mobile launcher. Thus, the funds programmed for this item are required to efficiently implement this construction. An \$11 million deferral would impose a significant risk of a delay of from 4 to 6 months in providing the facility in time to support Shuttle program requirements.

Finally, the Committee recommends funding of \$2,200,000, the authorized amount, for construction of a Lunar Sample Curatorial Facility. Funding for this facility was not included in the House bill.

This construction project will satisfy the unique criteria necessary to assure safe, secure storage and processing of lunar samples over an extended period of time and to improve the handling and investigation of these invaluable samples.

The Apollo lunar flights returned 843 pounds of lunar rock and soil. The value of these samples is estimated at between \$1 million and \$30 million per pound, based on the costs which would be required to replace them. These figures do not include the incalculable value of this collection as a scientific resource for the further study of the Moon and solar system.

The Committee believes that this facility will provide long-term (50 year-design) security and improved sample handling for the collection at a reasonable cost compared with the worth of the collection and the scope of the national commitment involved in obtaining them.

The present Lunar Curatorial Facility was established in 1971 as a renovation of part of an office building which also housed the Earth and Space Science activities at the Johnson Space Center. The total cost of this renovation was \$376,000. This facility is clearly inadequate for long-term storage and curation of lunar samples.

The proposed addition is supported by a large group of lunar and planetary scientists, many of whom have been intimately involved in the design of the addition in order to insure that the required protection is provided at the lowest possible cost.



## RESEARCH AND PROGRAM MANAGEMENT

1976 Appropriation.....	\$792,312,000
Estimate, 1977.....	814,055,000
House allowance.....	809,000,000
Committee recommendation.....	813,455,000

The Committee recommends an appropriation of \$813,455,000 for Research and Program Management. This is \$600,000 under the budget estimate, \$4,455,000 over the House allowance, and is the authorized amount.

The Research and Program Management appropriation provides for (1) the civil service staff needed to perform in-house research, technology, and test activities; and to plan, manage, and support the Research and Development programs; and (2) the other elements of operational capability of the laboratories and facilities such as utilities; logistics support including travel and transportation, maintenance, and operation of facilities; and technical and administrative support. Over three-fourths of this appropriation is required to cover salaries and related costs of civil service employees. The balance, which will fund travel, facilities services, technical services, and administrative support of all NASA installations, provides the support and related goods and services for NASA's approved missions.

During the past year, NASA conducted an institutional assessment consisting of an analysis of the distribution of program responsibility and manpower within the NASA centers and the Jet Propulsion Laboratory. Although program reviews and their institutional impact are a regular function of the budget process, the institutional assessment conducted this year was focused on the transition of institutional activity into the Shuttle era.

The principal thrust of the study was to clarify the roles and missions of the NASA centers and JPL. This resulted in some program consolidations and realignments. The implementation of these actions will begin in fiscal 1977 and continue through fiscal 1979 and consist of the following:

Consolidate the number of centers involved in free flyer development management with the major role focused at the Goddard Space Flight Center.

Consolidate most future planetary work involving spacecraft development management and flight control at the Jet Propulsion Laboratory.

Streamline Shuttle operations, with all flight operations (except free flyers) focused at the Johnson Space Center and all ground operations (including experiment and cargo integration) for the Shuttle accomplished at the Kennedy Space Center.

Consolidate supporting research and technology work consistent with principal roles of the centers and the competence of the people.

Clarify and consolidate the aeronautical roles of the Ames Research Center and the Langley Research Center.

These decisions on program modifications and the resulting impact on manpower are reflected in the NASA fiscal 1977 budget estimate.

In approving the authorized amount, the Committee took note of the fact that this budget estimate represents a reduction of 1,600

NASA personnel: 500 civil service employees and 1,100 NASA in-house support service employees. The Committee believes that any further decreases in the coming year could be disruptive to programs and undermine the institutional management activities that NASA now has in progress. Even with reduced personnel, NASA's total personnel costs will increase due to the full year effect of the pay raise granted by the Congress in October 1975. Also, while NASA is reducing the number of its in-house support contractors, the cost of this manpower will increase in fiscal 1977 by more than 7 percent due to unavoidable wage escalation.

Finally, NASA's utility rates are expected to exceed fiscal 1976 costs by approximately 15 percent, despite efforts to conserve energy.

## NATIONAL SCIENCE FOUNDATION

1976 appropriation.....	\$711,250,000
Estimate, 1977.....	802,000,000
House allowance.....	750,000,000
Committee recommendation.....	801,600,000

The National Science Foundation supports basic and applied research, science and technology policy research, science education improvement activities, and related scientific programs in order to promote the progress of science and to advance the Nation's health, prosperity, welfare, and security.

The Foundation's fiscal year 1977 programs are designed to: (1) strengthen basic research in the mathematical, physical, biological, environmental, and social sciences and in engineering and materials; (2) expand and accelerate research on selected national problems, including productivity, resources, and the environment; (3) promote international cooperation through science and technology; (4) provide for the development of an adequate scientific manpower base to meet future needs; and (5) analyze major science, technology, and energy R and D policy issues.

On July 10, 1975 the Director of the National Science Foundation announced a major reorganization of the Foundation, completing the restructuring of the agency that began in 1974 with the establishment of the Office of Planning and Resources Management and supplementing the President's decision to establish a science advisory mechanism in the Executive Office of the President. Since July of 1975, NSF has been reorganized into seven directorates—six of which handle grants and contracts in basic research, applied research, science education, and scientific, technological and international affairs. The seventh directorate carries out the Foundation's administrative functions.

The Committee concurs with the House initiative to distinguish in the budget between the Foundation's research and related activities and its science education program activities, rather than continue the tradition of combining these two activities under the general heading of Salaries and Expenses. The new research and related activities account contains funding for NSF's basic and applied research efforts; Scientific, Technological and International Affairs activities; and Program Development and Management functions. The science education activities account provides support for the Foundation's science education programs.

## RESEARCH AND RELATED ACTIVITIES

1976 appropriation-----	<sup>1</sup> \$661, 250, 000
Estimate, 1977-----	741, 000, 000
House allowance-----	681, 400, 000
Committee recommendation-----	738, 000, 000

<sup>1</sup> Funds were not directly appropriated to this account in Fiscal 1976 but were provided under salaries and expenses for both this activity and science education activities. The Committee has allocated the 1976 appropriation between these two activities to make it possible to compare the funding provided in Fiscal 1976 with appropriations proposed for Fiscal 1977.

The Committee recommends \$738,000,000 for Research and Related Activities, covering all programs of the Foundation except science education and the special foreign currency program. The amount recommended is \$56,600,000 more than was provided by the House and represents an increase of \$76,750,000 over the fiscal year 1976 appropriation for these combined activities.

*Basic Research.*—The Foundation's recent reorganization restructured the agency's basic research program—formerly called scientific research project support—into three directorates, as follows: Mathematical and Physical Sciences and Engineering; Astronomical, Atmospheric, Earth, and Ocean Sciences; Biological, Behavioral, and Social Sciences.

For these three principal components of the basic research effort at the Foundation, the Committee recommends an appropriation of \$610,600,000, which is the same as the budget estimate and \$56,600,000 more than the House allowance.

The Mathematical and Physical Sciences and Engineering activity provides funds for fundamental research projects in mathematics, computer science, physics, chemistry, engineering, and materials research. In each area, activities will continue to focus on fundamental research on natural phenomena from which may arise new opportunities for technological accomplishments and increased options for improving the quality of life. To assist the Foundation in reaching these objectives, the Committee recommends an appropriation of \$233,250,000, which is identical to the budget estimate, and represents an increase in funding of approximately \$39,900,000 above fiscal year 1976 levels.

The Astronomical, Atmospheric, Earth and Ocean Science activity includes six major basic research programs: astronomy, atmospheric sciences, earth sciences, ocean sciences, Arctic Research, and the U.S. Antarctic research program. General objectives are to gain new knowledge in astronomy and atmospheric sciences over the entire spectrum of physical phenomena; to better understand the physical and chemical makeup of the Earth and its geologic history; and to increase insight into the composition, structure, behavior, and resources of the oceans. For these activities, the Committee recommends \$245,000,000, which is the same as the budget estimate and is approximately \$25,800,000 more than the Congress provided in fiscal 1976 for this research effort.

The Foundation's activity in the Biological, Behavioral, and Social Sciences area consists of four major programs: physiology, cellular and molecular biology; behavioral and neural sciences; environmental biology; and social sciences. These programs aim to increase knowledge and understanding of fundamental life processes and forces affecting man as an individual and as a member of society. Emphasis is

being given to plant sciences in fiscal year 1977 because of this discipline's potential for providing knowledge on various questions related to food production. The Committee recommends an appropriation of \$132,350,000 for these basic research activities. This amount is the same as the budget estimate and an increase of about \$21,900,000 above last year's appropriation.

*Research Applied to National Needs.*—The Research Applied to National Needs (RANN) program at the Foundation focuses research on selected problems of national importance. It serves as the bridge between the Foundation's basic research efforts and the development, demonstration and operational programs of Federal mission agencies, State and local governments, and industry. The principal research areas are resources, environment, productivity, intergovernmental science and R. & D. incentives, and exploratory research and technology assessment.

The prime objectives of the RANN program are to:

- Increase the effective use of science and technology in dealing with national problems involving the public interest;
- Shorten the lead time between basic scientific discoveries and relevant practical applications;
- Provide early warning of potential national problems and initiate assessments and research useful in avoiding or solving such problems.

For the Research Applied to National Needs Program, the Committee recommends an appropriation of \$63,900,000, which is \$1,000,000 below the budget estimate and the same as the House allowance. The Committee directs the Foundation to apply the \$1,000,000 reduction below the budget estimate to the productivity program under the RANN directorate in view of the limited success of the agency's research in this area of effort.

*Scientific, Technological and International Affairs.*—For Scientific, Technological, and International Affairs activities the Committee recommends \$20,000,000, which is the same as the House allowance and \$2,000,000 below the budget estimate. This amount also represents a decrease of \$2,223,263 below the appropriations provided for these activities in fiscal 1976.

Scientific, Technological, and International Affairs activities include research and other efforts aimed at enhancing U.S. science through international cooperative science and technology programs, improving science information transfer, and defining options for science and technology to contribute to economic growth. The programs in this area include a range of planning and policy studies such as identification of research and development needs and priorities and the relationship between Federal policies, technological innovation, and economic strength. The objectives of this activity are pursued through 3 program subactivities: (1) International Cooperative Scientific Activities, (2) Science Information Activities and (3) Science Assessment, Policy and Planning.

It is the feeling of the Committee that concurrence with the House cut of \$2,000,000 from the budget estimate is justified due to the creation of the new Office of Science and Technology Policy in the Executive Office of the President—an Office that will assume the major Government role in science policymaking, assessment, and planning.

*Program Development and Management*—The Program Development and Management activity provides for the operation, support, management and direction of all NSF programs and activities and includes the salaries and operation expenses of NSF staff and the National Science Board.

To provide support for this administrative activity at the National Science Foundation, the Committee recommends an appropriation of \$43,500,000, which is the same as both the budget estimate and the amount provided in the House bill. This amount also represents an increase of \$887,563 over the funds provided for Program Development and Management in fiscal year 1976.

The Committee's recommended level of funding will allow the Foundation to maintain a permanent, full-time work force of 1,312 in fiscal year 1977—the same as in fiscal 1976.

During its March appearance before the HUD-Independent Agencies Subcommittee, the Foundation showed reluctance to provide negative findings on basic research proposals to other Federal agencies that may be called upon to consider these same projects for possible funding. The Director informed the Committee that under the Foundation's Research Applied to National Needs program, negative views of proposals are divulged if requested by other agencies, but that there was no systematic procedure of bringing negative findings to the attention of other agencies that may be called upon to review the same or similar proposals. At the same time, it should be noted that Dr. Stever suggested that NSF talk to other agencies to see if there shouldn't be a routine interchange and exchange of review between Federal R. & D. agencies to take advantage of the completed review efforts of those agencies. The Committee hopes that the Director of NSF will follow through on his suggestion and reconsider the Foundation's policy of declining to provide negative findings on basic research proposals to other Federal agencies. It is the feeling of the Committee that this will not cause a 'double jeopardy' situation for prospective grantees, but will eliminate duplicative review efforts by two or more agencies, screen low priority proposals, and save taxpayer dollars in the process.

One of the major criticisms of the National Science Foundation over the past 2 years has been its lack of responsiveness to the average American taxpayer who pays for Federal research, who wants to know where his tax dollars are going, and who wants to see what has resulted from his investment. The Committee feels that the Foundation has been remiss in communicating final research results to the public.

The Committee is pleased to note that on May 24, 1976, the Director issued a notice to Presidents of universities and colleges and heads of other NSF grantee organizations, outlining a new NSF requirement that all grantees submit, within 90 days after the expiration date of a grant, a summary of the completed project, indicating the project's objectives and scope, the techniques or approaches used and its major findings and implications in clear, easily-understood language. The Foundation is to be commended for taking this initiative. However, the Committee directs the Foundation to accumulate these "summaries of completed projects", edit them, and publish them at the end of each fiscal year. These volumes should be made readily available to the pub-

lic upon request. They should give the average citizen an opportunity to learn exactly what his investment has produced.

The Committee is concerned that the National Science Foundation is not carefully monitoring applications for expensive research-related equipment that may duplicate equipment currently available on a university campus. Although the Committee understands that the primary auditing function for NSF rests with the Audit Agency of the Department of Health, Education, and Welfare (HEW), the Foundation should initiate spot audit checks on applications for equipment involving large sums of money to make sure the equipment is not already readily available.

At the time of its establishment in 1950, the National Science Foundation instituted the practice of providing a share of the faculty salary expenses associated with the research which it supports. This practice constituted a deliberate attempt to expand academic research in the United States by providing the funds necessary for universities to (1) reduce the teaching loads of research-oriented faculty by hiring additional faculty in science, and (2) pay the summer salaries of faculty performing grant-supported research so that they would not have to seek alternative summer employment. Other research-supporting agencies of the Federal Government followed similar practices, which were a major factor in the eventual improvement of the salaries and of the research opportunities for academic scientists.

The employment conditions of academic scientists are now significantly different than in the 1950s. Academic salaries have risen at a rate considerably faster than other factors in the economy, so that academic scientists are now comparatively well paid, where they were previously underpaid. Statistics of the American Association of University Professors show that at the 150 universities granting 15 or more Ph. D. degrees per year the average professorial salary increased by 95 percent in the 12 year period from the 1961-62 academic year to the 1973-74 academic year. This was approximately twice the increase in the national cost of living in the corresponding period. It must further be noted that this large increase was an average of all faculty salaries, not just those of scientists, and furthermore that many of the institutions included in the average have only modest graduate programs. The average annual salary of a full professor at at least two of the Nation's leading science institutions is reported to be just below \$35,000 for the 1975-76 academic year. Thus it would seem that the salaries of academic scientists have grown to be substantial, and that a great many would exceed the highest levels paid within the Federal Government. Inquiries have determined that the National Science Foundation currently maintains no figures that might be helpful in discovering whether its grants, and those of other Federal agencies, are helping to propel the salaries of academic scientists to levels above those enjoyed by scientists in other sectors of the economy, and particularly within the Federal Government.

In the opinion of the Committee, the National Science Foundation is remiss in not having examined its policies and practices regarding the support of faculty salaries in light of the income levels of those whose research it supports. At the present time, it is reported that it is not uncommon for the academic salaries of certain senior faculty in

science at certain major institutions to exceed \$35,000, which means that such people might be obtaining an additional \$7,777 or more in summer salary from an NSF grant. In addition to this, these faculty are often allowed free time during the work week for private consulting. The Committee understands that this same custom regarding consulting is generally followed when the Federal Government is underwriting faculty salaries.

The Committee feels that this situation warrants a thorough examination to determine whether the Federal Government ought to continue to augment the substantial salaries of senior scientific faculty members by providing salary support during the academic year or during the summer as a part of its research grants. While the Committee in no way desires to reduce the incentives favoring careers in science, it sees little justification in the Government's enhancing an already lucrative situation enjoyed by those scientists who are the best paid. Therefore the Committee requests that NSF make a thorough and exhaustive review of this situation, and that it report to the Committee prior to the end of the fiscal year what guidelines might be appropriate to insure that the Government is not encouraging the further escalation of faculty salaries that are already substantial.

#### SCIENCE EDUCATION ACTIVITIES

1976 appropriation.....	\$50,000,000
Estimate, 1977.....	55,000,000
House allowance.....	64,000,000
Committee recommendation.....	59,000,000

<sup>1</sup> Funds were not directly appropriated to this account in fiscal 1976, but were provided under salaries and expenses for both this activity and research and related activities. The Committee has allocated the 1976 appropriation between these two activities to make it possible to compare the funding provided in fiscal 1976 with appropriations proposed for fiscal 1977.

For Science Education Activities in fiscal year 1977, the Committee recommends an appropriation of \$59,000,000 which is \$5,000,000 below the House allowance and \$4,000,000 more than the budget estimate. It should also be noted at the outset that \$10,000,000 in deferred funds will be available to the Foundation in fiscal year 1977 for Science Education programs, bringing the total amount available for obligation to \$69,000,000. The Committee's recommended level of funding reflects an increase of \$4,000,000 over the amount provided in fiscal year 1976.

This activity is aimed at increasing the quality and providing appropriate kinds of U.S. scientific and technical manpower; improving institutional capabilities for science and engineering instruction, including fostering needed innovations in curriculum materials, in techniques for the teaching of science, and in the use of technological advances for instruction; and increasing public understanding of science and technology and their role in meeting national needs. It includes programs involving individual students and teachers, and schools, colleges and universities.

Although the Committee's recommended level of funding for Science Education Activities is less than that approved by the House, the Committee does concur with the House's recommendation that \$4,000,000 of the total appropriation for Science Education be used for teacher training programs, with \$3,000,000 going for precollege sci-

ence teacher training seminars and \$1,000,000 for advanced teacher workshops. The Committee believes that this earmarking of teacher training funds within the Science Education program will give this important educational activity a firm footing.

The Committee also joins with the House in urging the Foundation to seriously consider the establishment of minority centers for graduate education in science and engineering in minority institutions. This Committee has consistently expressed its concern to the Foundation and other scientific Federal agencies about the alarmingly low numbers of minorities and women entering scientific careers and government service at our technical agencies such as NASA, ERDA, and EPA. Hopefully this program of minority centers for graduate education in science and engineering in minority institutions will supplement the Foundation's current Minority Institutions Science Improvement program in increasing the opportunities for minorities in science and engineering professions.

#### SCIENTIFIC ACTIVITIES (SPECIAL FOREIGN CURRENCY PROGRAM)

1976 appropriation.....	\$4,000,000
Estimate, 1977.....	6,000,000
House allowance.....	4,600,000
Committee recommendation.....	4,600,000

For the National Science Foundation's Special Foreign Currency Program, the Committee recommends an appropriation of \$4,600,000, which is the same as the amount contained in the House bill and \$1,400,000 below the budget estimate.

The Special Foreign Currency Programs support collaborative scientific work between United States and foreign scientists in countries where the United States owns foreign currencies derived largely from the sale of surplus agriculture commodities. There are currently seven participating countries: Burma, Egypt, Guinea, India, Pakistan, Poland, and Tunisia. Funding is provided for joint research projects, travel of U.S. scientists for participation in research and in technical conferences, and the translation into English of foreign scientific and technological publications that have been identified as important for U.S. scientists.

The funding level for Special Foreign Currency programs recommended by the Committee represents an increase of \$600,000 over the amount provided in fiscal year 1976. This should be more than adequate to offset inflationary pressures abroad.

#### SELECTIVE SERVICE SYSTEM

##### SALARIES AND EXPENSES

1976 appropriation.....	\$37,500,000
Estimate, 1977.....	6,800,000
House allowance.....	6,800,000
Committee recommendation.....	6,800,000

The Committee recommends an appropriation of \$6,800,000 for salaries and expenses of the Selective Service System. This amount is the same as the budget estimate and the funding level recommended by the House. The Committee's proposed level of support for the

agency will provide for 90 compensated employees, along with a maximum of 850 Reserve officers.

Between the time inductions ceased in 1973 and registrations—both continuous and annual—were terminated on January 1st of this year, the Selective Service System has had the chief responsibility for the registration, examination, classification, and maintenance of records of persons eligible for military service under the provisions of the Military Selective Service Act of 1947, as amended.

In its deepened standby posture, the Selective Service System, during 1977, will retain a capability for rapidly emerging from its approved standby posture and meeting the mobilization manpower requirements of the Department of Defense. This capability will be predicated upon the use of new procedures, incorporated in the Emergency Military Manpower Procurement System (EMMPS), for processing registrants and standby reservists.

The planned activities of the Selective Service System for fiscal year 1977 include the following:

Retaining the minimum organizational structure required in standby by the Military Selective Service Act;

Development and maintenance of national and state mobilization plans for rebuilding the organization necessary to register young men, process them toward induction and determine the availability of standby reservists when so ordered;

Maintenance of a nucleus of computerized registrant processing equipment, including the testing and refining of procedures for its use;

Comprehensive training and employment of the Selective Service Reserve Forces on programs developed and tested at the national level, monitored and supervised through five new regional offices, and implemented at state levels; and

Administering the Reconciliation Service Program as prescribed under Executive Order 11804, resulting from the President's clemency program.

The Committee's recommended level of funding will provide for a Selective Service System composed of one national headquarters, an adequate computer capability, five mobilization training headquarters, and a provisional State headquarters in each State, territory, and the District of Columbia.

The Committee does not feel that an appropriation above the President's estimate of \$6.8 million is necessary to maintain the Selective Service System in an acceptable standby posture in fiscal year 1977. The Department of Defense continues to be encouraged over the success of the all-Volunteer Army and believes that a representative quality peacetime force can be maintained on a voluntary basis. In testimony before the House Armed Services Subcommittee on Military Personnel in February the Department acknowledged that both the Active and Reserve Forces are meeting their basic military strength objectives and that its recruiting and advertisement programs have been conducted vigorously and with good success. At the same time the quality of active nonprior service enlistments as measured by educational levels and mental capacity is improving and is higher today than in fiscal 1964, the last year in which the military conducted

a peacetime draft. The military also appears to be making significant strides in opening the doors of equal employment opportunity to both minorities and women, with the latter enrolling in the previously-all male service academies for the first time in history. These are all encouraging signs and lend great support to the President's decision to scale down the operations of the Selective Service System in our Bicentennial year.

Furthermore, the Department of Defense estimates that in the case of a sudden, massive attack upon NATO forces in Europe, a total Army manpower level of 1,780,000 would be needed within 4 months from the day of mobilization. All but 250,000 of these combat-ready troops would be made available from active duty personnel (791,000), Selected Reserves (588,000) Individual Ready Reserves (70,000), Standby Reserves (30,000), Retired Reserves (31,000), and direct appointments (24,000). At the same time Assistant Secretary of Defense for Manpower and Reserve Affairs, William K. Brehm has stated that:

Untrained people coming to active duty, whether volunteers or draftees, would be of little use to the services during this period since they could not be trained in time.

The Director of the Selective Service System, similarly, has estimated that under the reorganized standby System he would be able to start to supply inductees in large numbers about 4 months after mobilization. This would enable the armed services to begin to add significantly to active duty, trained strength levels 7 months after mobilization. A fully structured system would save only 2 months. In the words of Assistant Secretary Brehm:

In view of the fact that our essential need is for previously trained and experienced personnel, should a rapid-developing intensive conflict break out, it appears that the 2 months delay in the delivery of untrained men is not significant. And, of course, the more warning we have of an impending conflict, the less important the 2 month delay becomes. Insofar as the maintenance of the peacetime draft apparatus is justified as a hedge against a failure of the peacetime Volunteer Force, the difference of 2 months in response time is inconsequential.

Therefore, the Committee feels that a reduction in the fiscal 1977 resource requirements of the Selective Service System below the level for fiscal 1976, is justified and shares the opinion of the President and the Secretary of Defense that this reduction will not jeopardize our manpower mobilization capabilities in a time of military crisis. It firmly believes that an appropriation of \$6.8 million will provide the Department of Defense with a standby draft mechanism that can meet our national long-range manpower requirements.

#### DEPARTMENT OF THE TREASURY

##### NEW YORK CITY SEASONAL FINANCING FUND, ADMINISTRATIVE EXPENSES

1976 appropriation.....	\$1,000,000
Estimate, 1977.....	1,250,000
House allowance.....	1,250,000
Committee recommendation.....	1,250,000



To carry out the requirements of Public Law 94-143, the New York City Seasonal Financing Act, and the Credit Agreement executed on December 30, 1975, pursuant to that Act, the Committee recommends an appropriation of \$1,250,000 for Administrative Expenses in fiscal year 1977. This amount is the same as the House allowance and the budget estimate and represents an increase of \$250,000 over the amount provided for Administrative Expenses in fiscal year 1976. The Committee's recommended level of funding will provide for 12 permanent positions in the Office of New York Finance, including 8 professionals and 4 clerical assistants.

The Secretary of the Treasury, through the Office of New York Finance, is responsible for establishing and administering a loan program for financially plagued New York City. The Office of New York Finance is primarily responsible for closely monitoring the adherence of the city of New York to the intent of the New York City Seasonal Financing Act. In addition to this principal activity, the Office is charged with assessing and analyzing the economic merits and implications, domestic and international, of the courses of action available to the Secretary to carry out his responsibilities under the Act and the Credit Agreement, e.g., in the event the City defaults or materially departs from the terms and conditions of the agreement. To execute its functions, the Office maintains liaison with other executive agencies, the Congress, the General Accounting Office, the private sector and representatives of the City, State and agencies of New York. Responses to inquiries and correspondence, congressional testimony, briefing papers, and other documents or position papers are prepared by the Office of New York Finance to keep all interested parties informed.

The Committee notes that the Treasury Department has been forthright in providing congressional staff with information on the administration of the Seasonal Financing Fund through monthly briefings. Furthermore the Committee believes that the Office of New York Finance is committed to the most careful scrutiny of the efforts New York City is making to control its expenditures. The Committee expects the Office to continue to carefully monitor the city's financial plan. Furthermore the Federal government should not hesitate to close the seasonal loan window if at any time it appears that the Government's investment in the city might be in jeopardy.

#### VETERANS ADMINISTRATION

##### COMPENSATION AND PENSIONS

1976 appropriation.....	\$8,249,200,000
Estimate, 1977.....	8,153,400,000
House allowance.....	8,153,400,000
Committee recommendation.....	8,153,400,000

The Committee concurs with the House in recommending the appropriation of \$8,153,400,000 for compensation and pension benefits. This sum is identical to the amount requested in the budget.

This appropriation provides funding for the payment of compensation and pension benefits to veterans and survivors who satisfy certain requirements as set forth in title 38, United States Code. Other related benefits, including burial payments and a clothing allowance, are also funded by this appropriation.

Compensation is payable as either disability benefits or survivorship benefits arising from service-connected disability or death. The Veterans Administration estimates that veterans compensation cases will decrease by 1,104 cases to an estimated 2,217,512 cases during 1977, with survivors cases projected to decline by 1,768 to an estimated 366,188 cases during 1977.

As with compensation, pensions may be paid to a veteran or his survivor, but these payments are based on nonservice connected disability or death. Entitlement is based on active duty service of a length (normally 90 days or more) during a designated war period; disabilities considered permanent and total; and countable income below established levels. Veterans pension cases are projected to decrease by 43,470 from 1976 to 1977, with survivors pension cases also decreasing by 22,113 in that same period of time.

##### READJUSTMENT BENEFITS

1976 appropriation.....	\$6,014,475,000
Estimate, 1977.....	4,873,000,000
House allowance.....	4,813,000,000
Committee recommendation.....	4,813,000,000

For the payment of readjustment benefits to veterans, the Committee recommends an appropriation of \$4,813,000,000 which is identical to the House allowance and \$60,000,000 below the budget request.

This appropriation provides support for the education, training, and rehabilitation of post-Korean conflict veterans. It also finances educational assistance allowances for eligible dependents of veterans who died from service-connected causes or have a total and permanent rated service-connected disability as well as dependents of servicemen listed as prisoners of war or missing in action.

Also, through the vocational rehabilitation program, a subsistence allowance and all costs incident to a vocational course are paid. Housing grants are made for specially adapted housing to seriously disabled veterans. Certain seriously disabled veterans are eligible for payments not to exceed \$3,300 for the initial purchase of an automobile or other conveyance, plus adaptive equipment, including repairs, maintenance, replacement and installation.

The following table shows the number of trainees and their dependents who will be affected by the readjustment benefit program in fiscal year 1977 as compared with the prior 2 years:

	NUMBER OF TRAINEES			
	1975	1976	1977	Change
Post-Korean conflict veterans.....	2,691,566	3,300,000	2,737,000	- 563,000
Sons and daughters.....	71,433	87,400	87,200	- 200
Wives and widows.....	16,519	21,900	21,800	- 100
Vocational rehabilitation.....	24,840	24,500	24,000	- 500
Total trainees.....	2,804,358	3,433,800	2,870,000	- 563,800

The Committee is deeply concerned over educational assistance overpayments which the General Accounting Office characterized in a report made to the Congress on March 19 of this year as "a billion

dollar problem." The report indicated that overpayments jumped from 0.7 percent of all payments made through the readjustment benefits program in fiscal 1967 to 15.6 percent of all payments made in the first six months of fiscal 1976.

The Committee discussed the issues at some length when representatives of the Veterans Administration appeared to justify the agency's budget request. At that time particular emphasis was placed on the use of veteran representatives on campus to monitor the attendance of veterans receiving GI bill benefits. Although the Committee recognizes the reluctance of the VA to use these personnel to help schools solve their reporting problems the Committee urges a thorough study of such an approach as a means of coping with the overpayments dilemma.

In its March 19 report the GAO indicated that 21 percent of all overpayments result from the prepayment and advance payment provisions of the VA educational assistance law. While the Committee can understand the need for advance payments in hardship cases at the beginning of a school year to enable the veteran to meet the cost of books, travel, deposits and living quarters, the prepayment program, which provides each beneficiary with a check each month before the benefits have been earned through class attendance, seems to be of questionable utility.

Accordingly the Committee concurs with the House in recommending the termination of prepayments of benefits on July 1, 1977. If benefits are earned through class attendance they should obviously be paid. However payment of benefits before they are earned contributes very substantially to the overpayment problem as veterans often drop out or change their class load after receiving a benefits check. Halting the prepayment program, as both the House and this Committee recommend, will result in a reduction of \$60,000,000 in the funds needed for the payment of readjustment benefits.

The Committee also concurs with the House conclusion that the Veterans Administration should take all necessary steps to insure that advance payments are made only when a student has shown that such payments meet a true financial need. Routine approval of advance payments without looking at need obviously contributes substantially to the overpayment problem.

The Committee urges the VA to pay particular attention to the GAO recommendation that schools be more frequently assessed with liability for overpayments caused by their negligent reporting of students' changes in training status. It should be clear to the schools that they have a basic responsibility to report such changes. Responding to a negligent failure to do so with a significant fine is a clear way to reinforce academic perception and acceptance of this responsibility.

#### VETERANS INSURANCE AND INDEMNITIES

1976 appropriation.....	\$6, 600, 000
Estimate, 1977.....	7, 000, 000
House allowance.....	7, 000, 000
Committee recommendation.....	7, 000, 000

For the operation of the Veterans Insurance and Indemnities program, the Committee recommends an appropriation of \$7,000,000, which is identical to the House allowance and the budget estimate.

The Veterans Insurance and Indemnities program provides for:

Payments to the U.S. Government Life Insurance and National Service Life Insurance trust funds on claims for death and total disability traceable to the extra hazards of service and waiver of premiums while in service.

Payments made to policyholders of war-risk insurance issued to veterans of World War I who are permanently and totally disabled. Payments are also made on nonparticipating policies issued to World War II veterans with service-connected disabilities.

Payments to the Service-disabled veterans insurance fund to supplement the premium and other receipts of the fund in amounts necessary to pay claims on policies issued to veterans with service-connected disabilities.

The Committee is recommending a \$400,000 increase in budget authority over last year that will cover an increase in payments to the Service-disabled veterans insurance fund.

#### MEDICAL CARE

1976 appropriation.....	\$3, 854, 456, 000
Estimate, 1977.....	4, 172, 232, 000
House allowance.....	4, 222, 232, 000
Committee recommendation.....	4, 222, 232, 000

To provide for Medical Care, the Committee recommends an appropriation of \$4,222,232,000, which is identical to the House allowance and \$50,000,000 above the budget estimate.

The Veterans Administration operates the largest medical care delivery system in the country, with 172 hospitals, 18 domiciliaries, 89 nursing homes, and 229 outpatient clinics in 1977. In addition, patients are cared for in contract Federal and community hospitals, community nursing homes and State-run domiciliaries, nursing homes, and hospitals, with VA support. This system will treat approximately 1.4 million patients in 1977, and fund 15.8 million outpatient medical and dental visits to VA and community facilities.

In addition, funds are provided for training of medical residents and other professional, paramedical, and administrative personnel in health-science fields to support the Agency's medical care programs and the Nation's manpower demand in these shortage categories.

The funding provided will permit specific increases in fiscal year 1977 for (1) noncontrollable payroll increases, (2) increased usage of drugs, utilities, communications, provisions, prosthetics, medical and dental supplies, and operating supplies, (3) maintenance and repair, minor improvements, equipment, real property rental, and operating support for completed construction projects for new facilities other than new hospitals, (4) workload increases, (5) annualization for specialized medical services, (6) annualization for other new and innovative programs such as aging and sickle cell anemia programs, and (7) staffing improvements to complete the requirements of the quality of care survey.

Staffing increases of 365 average employment for Specialized Medical Services and other new programs and 1,757 personnel for hospital core activities are provided for in the budget. The \$50,000,000 in additional funding recommended by the Committee should permit the VA to provide another 2,218 average employment to meet an increased

outpatient ambulatory care workload of 1,000,000 outpatient visits as well as staffing needs generated by the continued activation of new and replacement hospitals and new nursing home care beds. Included within this amount are funds for a new outpatient clinic in southwest Florida.

The Committee directs the VA to dedicate \$1,100,000 of the total budget add-on herein provided to the establishment and support of five new alcohol treatment units in those geographical areas most in need of such units to help meet the extremely high incidence of alcoholism and alcohol-related disabilities among veterans treated in VA hospitals.

The Committee continues to be concerned regarding the reluctance of the VA to terminate the operation of underutilized specialized medical facilities. Although recognizing that steps have been taken to monitor and correct underutilization the Committee believes that the productivity/utilization standards are unrealistically permissive in some instances and urges the VA to continue to give this problem its careful attention.

The Committee is aware of conclusions by the General Accounting Office that the alcoholism treatment program of the VA has been deficient in many respects, including: (1) the lack of program goals; (2) the lack of alcoholism treatment units in some populous areas; (3) the lack of publicity for available alcoholism treatment services; and (4) the lack of an evaluation system for this program. The Committee directs the Administrator of the VA to remedy those program deficiencies through substantial implementation of GAO proposals. The Committee further directs the Administrator to submit to it a report on progress in these areas by January 1, 1977.

#### MEDICAL AND PROSTHETIC RESEARCH

1976 appropriation	\$97,309,000
Estimate, 1977	97,433,000
House allowance	97,433,000
Committee recommendation	97,433,000

The Committee recommends an appropriation of \$97,433,000 which is the same as both the House allowance and the budget estimate, to carry out medical and prosthetic research and development.

This appropriation provides funds for the conduct of the Veterans Administration's medical research program and for a prosthetic research program for the development and testing of prosthetic, orthopedic and sensory aids to improve the care and rehabilitation of the disabled. It also provides support for Health Services Research and Development projects at Veterans Administration hospitals and clinics for improving the effectiveness and economy of delivery of health services and improving the accessibility of services to veterans.

The amount recommended by the Committee will provide for increased medical research expenditures in 1977 of \$2,351,000 as well as an increase of \$1,651,000 and 12 positions in prosthetic research. These increases together with \$1,946,000 in pay cost hikes will be offset by a reduction of \$5,327,000 in equipment requirements together with a cutback of \$497,000 in health services research and development.

The Committee directs that \$1,500,000 be devoted to the important field of diabetes research in fiscal 1977, in addition to funding already programmed for this purpose, in accordance with the recommendations of the National Commission on Diabetes.

#### MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1976 appropriation	\$38,528,000
Estimate, 1977	39,941,000
House allowance	39,941,000
Committee recommendation	39,941,000

The Committee recommends an appropriation of \$39,941,000 for medical administration and miscellaneous operating expenses. This sum is identical to the budget estimate and the amount contained in the House bill.

This appropriation provides funds for the following administrative activities:

1. Medical, hospital, and domiciliary administration covers the Central Office development, implementation, and administration of policies, plans, and broad objectives, as well as providing for executive direction of all agency medical programs. It also includes the central office staff element for health services research and development which, prior to 1977, was identified as a separate program.

2. Postgraduate and inservice training provides for tuition and registration payments, lecturer fees, travel expenses, and training materials incidental to continuing education programs for professional medical and administrative staff. This also serves as a media for disseminating information on medical advances resulting from research efforts.

3. Exchange of medical information provides for entering into agreements with medical schools, hospitals, research centers, and individual institutions and members of the medical-scientific community under which physicians at hospitals not affiliated with medical schools will maintain closer contact with such schools and other primary sources of medical information.

The amount recommended is an increase of \$1,413,000 over the funding provided in fiscal 1976. Of this total increase \$669,000 is accounted for by annualization of the pay increase and related costs, within-grade pay step increases and a jump in communications costs. Average employment remains at 782.

The net funding increase of \$1,413,000 for 1977 applies solely to the Medical Administration activity and covers uncontrollable cost increases in payroll as well as increases in travel, communications and equipment. These increased funding requirements of \$1,669,000 will be partially offset by a decrease in contractual services of \$256,000, resulting in the net increase of \$1,413,000. The average employment level remains at 782 in fiscal 1977.

#### GENERAL OPERATING EXPENSES

1976 appropriation	\$483,300,000
Estimate, 1977	512,883,000
House allowance	508,383,000
Committee recommendation	508,383,000



The Committee concurs with the House in recommending the appropriation of \$508,383,000 for the general operating expenses of the Veterans Administration. This recommendation is \$4,500,000 less than the budget estimate.

This appropriation provides for the administration of nonmedical veterans benefits through the Department of Veterans Benefits; operation and maintenance of 103 national cemeteries by the National Cemetery System; data processing operations and communications systems in the Department of Data Management; and top level management direction and support through agency-level staff offices. These costs are budgeted for under four major activities:

1. *General Administration.*—This activity contains the executive direction of the agency and several top level supporting offices. In addition, it covers the Board of Veterans Appeals which decides all cases of appeals to the Administrator on claims involving benefits under veterans legislation.

2. *Data management.*—This activity manages all computer operations and provides technical support and assistance in the development of new computer and communications systems.

3. *Veterans Benefits.*—This activity determines eligibility and adjudicates all claims for compensation, pensions, educational assistance, housing loan assistance, and insurance awards.

4. *National Cemetery System.*—Effective September 1, 1973, the Veterans Administration became responsible for administering the National Cemetery System. Cemeterial operations include overall program administration, maintenance of grounds and equipment, and headstone procurement and assignment.

The Committee notes that the House has undertaken a thorough survey of the personnel needs associated with general administration, the National Cemetery System and the Department of Veterans Benefits. As a result of this survey the House has proposed a decrease of 280 man-years below the 25,329 man-years requested in fiscal 1977. More specifically the House has recommended: an increase of 46 positions above the transition quarter for general administration rather than the 71 position increase requested; no increase in positions for the National Cemetery System, holding employment at 1,100 as compared with the 1,155 positions requested; and a reduction of 200 positions in the request for the Department of Veterans Benefits resulting in a net decrease of 280 positions below fiscal 1976. The Committee believes that this would not substantially change the workload being carried by these activities and agrees with the House recommendations, resulting in a decrease of \$4,500,000 in the budget estimate. The Committee is cognizant of a projected decrease of 563,800 in the number of veterans receiving GI bill benefits and suggests that a substantial cutback in personnel in this area might well be feasible.

#### CONSTRUCTION, MAJOR PROJECTS

1976 appropriation-----	\$297,464,000
Estimate, 1977-----	388,847,000
House allowance-----	399,131,000
Committee recommendation-----	388,847,000

<sup>1</sup> Includes \$268,316,000 requested in S. Doc. 94-199 for construction of eight new veterans hospitals.

The Committee recommends an appropriation of \$388,847,000 for major construction activities which is an increase over the budget estimate of \$3,000,000 and a decrease of \$10,284,000 below the House approved amount.

These funds finance major construction, where the estimated cost of the project is \$1 million or more, for (1) construction of new facilities, (2) modernization of existing facilities, and (3) alteration and improvement of facilities under the jurisdiction of the Veterans Administration. It provides funds for planning, architectural and engineering services, site acquisition, and works of art in addition to construction funds.

In May, the President transmitted a budget amendment providing initial funding to construct eight new veterans hospitals. Funding for this program will cover a four year period, from 1977 through 1980. The 1977 request will provide additional design and site funds for the eight projects and will provide complete funding for the hospitals at Richmond, Va., and Bay Pines, Fla. The total 1977 request for the eight hospitals is \$268,316,000. In addition to the Richmond and Bay Pines hospitals, the remaining six facilities are proposed for Martinsburg, W. Va.; Portland, Oreg.; Seattle, Wash.; Little Rock, Ark.; Baltimore, Md.; and Camden, N.J.

Although the Committee has recommended the full request for these eight hospital projects, funds to design a new Portland, Oregon hospital do not represent committee approval of any proposal to close the Vancouver, Washington, VA Hospital and to locate all of the planned new VA health care facilities for that area in Portland nor of any particular site in Portland. On the contrary, the Committee directs the VA to fully assess the possibility of building some of the required new facilities (e.g. extended care and nursing home facilities) on the site of the present Vancouver Hospital. The VA should submit a detailed report on that assessment together with its Portland site selection justification to the Committee together with its fiscal year 1978 budget requests so it can be used by the Committee in making its decisions on any requests for construction funds for new facilities in the Portland/Vancouver area.

The Committee is concerned that the Veterans Administration may not, in fact, plan to proceed immediately with the design and planning for all eight V.A. Hospital projects approved and recommended by the President. It is the Committee's intention that the design and planning funds for each of the eight facilities approved by the President be allocated at the earliest possible date, and that the actual planning and design work for all of the facilities proceed immediately.

The Committee directs that design of the new Veterans Administration Hospital, Richmond, Virginia, as well as the other hospitals under development shall provide for maximum accessibility for spinal cord injury and other handicapped patients to hospital facilities and outside areas.

The Committee recommends the deletion of the following unbudgeted projects added by the House:

1. The construction of a new computer facility for the Target central operation at Hines, Ill. (\$10,000,000).
2. A nursing home care facility at Wilkes-Barre, Pa. (\$534,000).

3. Construction of a research and education facility at Dallas, Tex. (\$5,800,000).

4. The planning and development of a new blind center and eye, ear, nose and throat clinic at Birmingham, Ala. (\$500,000).

While all of these unbudgeted projects undoubtedly have merit, the Committee believes that they should be postponed in view of the fact that eight quite large hospital construction projects will be initiated as a result of the administration's budget amendment discussed above.

The Committee concurs with the House in deleting \$500,000 for the Atlanta data processing center in view of the decision of the House to reduce the Target computer system from four to three centers.

Last year the Committee directed the VA to reprogram funds for design work in connection with construction at the Oklahoma City, Okla. VA hospital. However the reprogramming did not take place. The Committee feels that it has no recourse other than to specifically provide funding for this project in the bill. Consequently the Committee has included \$3,500,000 in the bill for the design of a clinical and ambulatory care addition and renovation of existing areas at the Oklahoma City VA hospital. This facility will be designed in coordination with the University of Oklahoma Hospital and Children's Hospital construction programs to provide a physical connection between the three institutions, thus permitting maximum future sharing potential.

Finally the Committee has restored \$3,050,000 in budgeted funds deleted by the House which are to be used for a proposed columbarium/mausoleum at the National Memorial Cemetery of the Pacific in Hawaii.

The Committee is aware of the need for an addition to the Veterans Administration Hospital in New Orleans, La., and directs the Administrator of the VA to give this project the highest priority in establishing the fiscal year 1978 budget. The substantial growth in both hospital and ambulatory care in New Orleans requires additional facilities for which planning and design should begin as soon as possible.

A listing of the projects reviewed and amounts approved and recommended by the Committee this year is as follows:

CONSTRUCTION OF FACILITIES—MAJOR PROJECTS, FISCAL YEAR 1977

Item and location	Appropriation		
	Available through 1976	Recommended for 1977	Future requirement
<b>Replacement and modernization:</b>			
Bronx, N.Y., replacement hospital	\$96,000,000	\$19,242,000	
Chillicothe, Ohio, modernization of buildings Nos. 7, 26, 27, 39, and 31		10,751,000	
Hampton, Va., modernization, phase IV	7,828,000	1,467,000	
Richmond, Va., replacement hospital	2,930,000	113,070,000	
Bay Pines, Fla., replacement hospital	1,780,000	108,220,000	
Martinsburg, W. Va., replacement hospital	1,625,000	5,975,000	\$58,400,000
Portland, Oreg., replacement hospital	2,350,000	13,150,000	139,100,000
Seattle, Wash., replacement hospital	2,200,000	6,800,000	81,000,000
Little Rock, Ark., replacement hospital	4,575,000	8,925,000	102,100,000
Baltimore, Md., replacement hospital	5,224,000	8,476,000	73,300,000
Camden, N.J., new hospital	3,800,000	3,700,000	67,800,000
<b>Total, replacement and modernization</b>	<b>128,312,000</b>	<b>299,776,000</b>	<b>531,700,000</b>

CONSTRUCTION OF FACILITIES—MAJOR PROJECTS, FISCAL YEAR 1977—Continued

Item and location	Appropriation		
	Available through 1976	Recommended for 1977	Future requirement
<b>Nursing home care facilities:</b>			
Atlanta, Ga., 120 beds		520,000	4,681,000
Columbia, S.C., 120 beds		4,927,000	
Gainesville, Fla., 120 beds	238,000	4,452,000	
Perry Point, Md., 80 beds		290,000	2,629,000
Phoenix, Ariz., 120 beds and canteen	305,000	5,004,000	
<b>Total, nursing home care facilities</b>	<b>543,000</b>	<b>15,193,000</b>	<b>7,310,000</b>
<b>Domiciliaries:</b>			
Dayton, Ohio, 200 domiciliary beds		735,000	6,610,000
Hampton, Va., 200 domiciliary beds		710,000	6,395,000
Wood, Wis., 200 domiciliary beds		8,401,000	
<b>Total, domiciliaries</b>		<b>9,846,000</b>	<b>13,005,000</b>
<b>Cemeteries:</b>			
District of Columbia area, develop 20 acres, administration/service buildings	200,000	1,800,000	
National Memorial Cemetery of the Pacific, Hawaii, mausoleums flanking and to the rear of the ABMC Memorial	200,000	3,050,000	
New York area, master plan and develop 50 acres for gravesites		604,000	2,740,000
New York area, administration and service building		160,000	1,722,000
Pennsylvania area, master plan and develop 50 acres for gravesites	1,628,000	622,000	
<b>Total, cemeteries</b>	<b>2,028,000</b>	<b>6,236,000</b>	<b>4,462,000</b>
<b>Improvements to outpatient clinics:</b>			
Buffalo, N.Y.	368,000	6,628,000	
Fresno, Calif.		260,000	2,325,000
Jackson, Miss.		570,000	5,149,000
San Juan, P.R.		845,000	7,624,000
<b>Total, improvements to outpatient clinics</b>	<b>368,000</b>	<b>8,303,000</b>	<b>15,098,000</b>
<b>Other general projects:</b>			
Atlanta, Ga., warehouse and engineering offices		110,000	996,000
Augusta, Ga., dining hall, kitchen, and warehouse		350,000	3,120,000
Augusta (LD), Ga., new boiler plant and steam distribution system		400,000	3,568,000
Cenandaigua, N.Y., renovate patient building		300,000	2,700,000
Chicago (LS), Ill., remodel surgical area	413,000	2,017,000	
Chicago (LS), Ill., correction of electrical deficiencies		1,245,000	
Cincinnati, Ohio, deadend corridor stairs		1,288,000	
Dayton, Ohio, new clinical building	960,000	8,672,000	
Durham, N.C., correction of electrical deficiencies		183,000	1,642,000
East Orange, N.J., 6 additional elevators		510,000	4,596,000
Gainesville, Fla., clinical improvements and research and education, phase II		1,090,000	9,803,000
Iowa City, Iowa, new boiler plant	92,000	2,645,000	
Indianapolis, Ind., clinical improvements	11,000	11,334,000	
Knoxville, Iowa, deadend corridor stairs		117,000	1,057,000
Lebanon, Pa., deadend corridor stairs		1,574,000	
Marion, Ind., correction of electrical deficiencies		170,000	1,533,000
Murfreesboro, Tenn., additional exits		240,000	2,165,000
Murfreesboro, Tenn., remodel wards 5A and 5B		275,000	2,455,000
Nashville, Tenn., outpatient clinic addition and research and education		1,135,000	10,215,000
Oklahoma City, Okla., ambulatory care and clinical facility		3,500,000	28,664,000
Omaha, Nebr., 2 additional elevators		1,554,000	
Philadelphia, Pa., clinical improvement		180,000	1,640,000
Salem, Va., new clinical building	157,000	3,399,000	
Salem, Va., renovate building No. 77	105,000	1,395,000	
Salem, Va., renovate building No. 76		390,000	3,509,000
Salt Lake City, Utah, correction of seismic deficiencies, buildings 6, 7, 9-11, 13, 27, and 28		2,200,000	
Salt Lake City, Utah, clinical and ambulatory care addition; laboratory addition and research and education	84,000	1,410,000	13,457,000
San Francisco, Calif., remodel old hospital building for new functions		1,350,000	12,150,000
Seattle, Wash., laboratory expansion and research		460,000	4,146,000
<b>Total, other general projects</b>	<b>1,822,000</b>	<b>49,493,000</b>	<b>107,416,000</b>
<b>Total, construction—major</b>	<b>133,073,000</b>	<b>388,847,000</b>	<b>678,991,000</b>

## CONSTRUCTION, MINOR PROJECTS

1976 appropriation-----	\$106,426,000
Estimate, 1977-----	93,061,000
House allowance-----	92,561,000
Committee recommendation-----	92,501,000

The Committee recommends an appropriation of \$92,501,000 for minor construction. This amount is \$60,000 below the House allowance and \$560,000 below the budget estimate.

These funds finance minor construction, where the estimated cost of the project is less than \$1 million including (1) construction of new facilities, (2) modernization of existing facilities, (3) alteration and improvement of facilities and (4) expenses of the Office of Construction. It provides funds for planning, architectural and engineering services, and site acquisition in addition to construction funds.

The Committee recommends restoration of the \$500,000 deleted by the House for a leased facility relating to a new Target computer center at Chicago, Ill. The Committee has recommended the deletion of \$10,000,000 for the construction of such a facility under the major construction account and thus funds for the leasing of the facility are essential.

The VA indicated in the course of its appearance before the Committee that \$210,000 initially included in this account for a cardiac catheterization unit at Sepulveda, Calif. and \$350,000 provided for a renal transplant unit at the Portland, Oreg., VA hospital were no longer to be used for these purposes since the projects had been canceled. The Committee recommends a reduction of \$560,000 in the budget request to reflect this change in plans.

The Committee directs that \$100,000 of the funds provided herein be utilized by the Veterans Administration to prepare a preliminary plan for the construction of a new VA hospital in Detroit, Mich. This planning would include a demographic study to determine the location and type of hospital that is needed to meet the needs of veterans in the Detroit area.

A long-range plan prepared last year for the VA with respect to District 14, which includes the Detroit metropolitan area, recommended that a new hospital be constructed in downtown Detroit to replace the existing VA hospital in Allen Park, Mich. According to that report, the existing facility is poorly located to serve the vast majority of Detroit area veterans and is inadequately equipped to provide comprehensive alcoholic and psychiatric care. Furthermore, the Allen Park hospital will require major renovation in the next few years at an estimated cost of more than \$30 million.

The Committee expects that preliminary planning can be completed within 6 months so that there can be an opportunity for consideration of design and construction funds for a new hospital in connection with the fiscal year 1978 budget.

## GRANTS FOR THE CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1976 appropriation-----	\$10,000,000
Estimate, 1977-----	10,000,000
House allowance-----	10,000,000
Committee recommendation-----	10,000,000

The Committee recommends the appropriation of \$10,000,000 for the construction of State extended care facilities. This sum is the same as the budget estimate and the amount approved by the House.

This program provides grants to assist the States in the construction of State nursing facilities, and to remodel, modify, or alter existing hospital and domiciliary facilities in State homes for providing care and treatment to war veterans. Grants for State nursing facilities may not provide for more than 2½ beds per 1,000 war veteran population in any State. Grants to any one State to remodel, modify or alter existing hospital or domiciliary facilities in State homes may not exceed 20 percent of the amount appropriated in any one year.

Public Law 93-82, approved August 2, 1973, increased the maximum amount that may be granted from 50 percent to 65 percent of the cost of each project. As of October 31, 1975, funds in excess of \$48.1 million have been obligated to help finance the construction of 4,165 new nursing care beds in 21 States and hospital and domiciliary projects in 15 States.

Of the total of \$10,000,000 provided by the Committee, \$5 million is for nursing home construction and \$5 million is for improvements at existing State hospital and domiciliary facilities. Funds remain available for 3 years under this appropriation.

## ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

1976 appropriation-----	\$30,000,000
Estimate, 1977-----	35,000,000
House allowance-----	35,000,000
Committee recommendation-----	35,000,000

The Committee recommends an appropriation of \$35,000,000 for assistance to health manpower training institutions. This amount is the same as the House allowance, identical to the budget estimate, and an increase of \$5,000,000 over the fiscal year 1976 program.

This appropriation basically provides funds for making grants to eligible applicants for the purposes of health manpower education and training expansion. Specifically, grants may be awarded to assist in the establishment of up to eight new State medical schools to be located in proximity to and operated in conjunction with Veterans Administration hospitals; grants may be awarded to existing medical schools which are affiliated with the VA, to expand and improve their training capacities; and grants may be awarded to other health manpower institutions affiliated with the VA to assist in coordination, improvement and expansion of the training of professional, technical allied health and paramedical personnel. In addition, funds may be provided to expand and make necessary improvements to VA hospitals so that they will be suitable for use in health manpower education and training in cooperation with affiliated medical schools and other institutions.

The Committee notes, that in addition to the \$35 million provided for fiscal year 1977, there remains a carryover balance of \$6,640,000, bringing the total budget authority available in 1977 to \$41,640,000. Of this total, \$15,840,000 is scheduled to be obligated for new State medical schools and \$25,800,000 is meant for other health manpower training institutions.

## GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1976 appropriation-----	\$2,100,000
Estimate, 1977-----	2,100,000
House allowance-----	2,100,000
Committee recommendation-----	500,000

The Committee recommends the appropriation of \$500,000 for grants to the Republic of the Philippines, which is \$1,600,000 below the budget request and the House allowance.

Public Law 80-865, approved July 1, 1948, established the grants program to assist the Republic of the Philippines in paying for the hospitalization of Philippine Commonwealth Army Veterans for service-connected disabilities incurred while serving with U.S. Armed Forces. The law has been extended and expanded from time to time. Public Law 89-612 authorized an expansion of the program to include Philippine Veterans with nonservice-connected disabilities.

A General Accounting Office report on this program dated August 4, 1975 pointed out that in fiscal year 1974, 96 percent of the patient days charged against the funds made available from VA appropriations for the Veterans Memorial Hospital in Manila, the major treatment facility, were for nonservice-connected disabilities. The report went on to quote the following statement made by the Administrator of Veterans Affairs when the current extension was being considered:

Although it has been the U.S. position throughout that the Philippine Government would eventually be expected to assume full responsibility for the operation and maintenance of the Veterans Memorial Hospital, we have continued to acknowledge a certain moral obligation to provide care for service-connected Filipino veterans. . . .

The Committee believes that this record amply justifies a reduction in funding for the program of \$1,600,000. The \$500,000 provided should be ample to care for veterans with service-connected disabilities. The American taxpayer should not be required to do more.

## LOAN GUARANTY REVOLVING FUND (LIMITATION ON OBLIGATIONS)

1976 appropriation-----	\$550,000,000
Estimate, 1977-----	550,000,000
House allowance-----	550,000,000
Committee recommendation-----	550,000,000

The Committee recommends a limitation on obligations of \$550,000,000 for the Loan Guaranty Revolving Fund. This limitation is identical to both the House allowance and the budget estimate.

To assist eligible veterans to obtain credit for the purchase or construction of homes, the Veterans Administration guarantees or insures loans made by private lenders. The total number of guaranteed or insured loan transactions is expected to be 325,750 in 1976, 91,250 in the transition quarter, and 361,650 in 1977, bringing the total amount of guaranteed loans outstanding by the end of 1977 to \$67,000,000,000.

## TITLE III

## CORPORATIONS

## FEDERAL HOME LOAN BANK BOARD

## LIMITATION ON ADMINISTRATIVE AND NONADMINISTRATIVE EXPENSES

	Administrative expenses	Nonadministrative expenses
1976 limitation-----	\$14,665,000	\$20,860,000
Estimate, 1977-----	17,100,000	23,620,000
House allowance-----	17,100,000	23,620,000
Committee recommendation-----	17,100,000	23,620,000

The Committee recommends a limitation on Administrative expenses of \$17,100,000 and a limitation on Nonadministrative expenses of \$23,620,000 for the Federal Home Loan Bank Board in fiscal year 1977. These amounts are the same as both the budget estimate and the amount provided by the House.

The Federal Home Loan Bank Board supervises and regulates the Federal Home Loan Bank System, the System of Federal Savings and Loan Associations, and the Federal Savings and Loan Insurance Corporation, created to serve the American public through the media of savings and loan associations, cooperative banks, and other financial institutions engaged in the encouragement of thrift and economical home ownership.

The Board is primarily a regulatory and supervisory agency in the savings and home-financing field. It issues charters for Federal savings and loan associations, and insures savings accounts in Federal savings and loan associations and in approved State-chartered savings and loan institutions.

The costs of the Federal Home Loan Bank Board operations—including the examinations of insured savings and loan associations—are met by assessing the twelve Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation for services rendered, and by direct examination charges to savings and loan associations for the services of the Office of Examinations and Supervision. Thus, although the Board restricts its expenditures to budget limitations, the Board receives no appropriated funds from the U.S. Treasury.

The Committee notes that a recent Senate Banking, Housing, and Urban Affairs Committee report indicated that the four Federal bank regulatory agencies, including the Federal Home Loan Bank Board, have been remiss in enforcing the prohibitions against discrimination in mortgage lending that are contained in the 1968 Civil Rights Act. The report points out that this nonenforcement policy permits mortgage loan discrimination to continue, causing millions of minority Americans to be denied the opportunity to own a home. Although the Committee is pleased to see that the Bank Board has joined hands with

the other bank regulatory agencies in a joint task force with the Department of Housing and Urban Development and the Department of Justice to develop a common enforcement policy, it looks to the Federal Home Loan Bank Board to take the lead role in developing a civil rights compliance review system that will serve as a model for the other agencies.

The Committee directs the Bank Board to report on a quarterly basis to the Committee on progress made in this area, especially on the specific steps the Bank Board is taking to establish and maintain racial recordkeeping of rejected and accepted loan applications for enforcement purposes. The Bank Board should use whatever staffing is necessary within its overall fiscal year 1977 limitations on administrative and nonadministrative expenses for this activity.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL SAVINGS AND  
LOAN INSURANCE CORPORATION

1976 appropriation.....	\$826,000
Estimate, 1977.....	875,000
House allowance.....	875,000
Committee recommendation.....	875,000

The Committee recommends \$875,000 as a limitation on the Administrative expenses of the Federal Savings and Loan Insurance Corporation. This amount is the same as the House allowance and the budget estimate.

The Federal Savings and Loan Insurance Corporation insures savings accounts up to \$40,000 for each saver in Federal savings and loan associations and in approved State-chartered savings and loan or building and loan associations, known in some sections of the country as cooperative banks and homestead associations.

The budget program is designed to permit the Corporation to handle adequately and with dispatch its various insurance activities and to protect the savings of people invested in insured associations of the savings and loan type.

## TITLE IV—GENERAL PROVISIONS

The Committee agrees with the House that General Provisions applicable to the Department and agencies in fiscal 1976 and substantially reiterated in title IV should be controlling once again this year with the following exceptions:

(1) The Committee has recommended the deletion of language prohibiting the use of funds by the Environmental Protection Agency to support any program to tax, limit or otherwise regulate parking which is not specifically authorized by subsequent legislation. The Committee is hopeful that the various authorizing Committees of the Congress will resolve this issue prior to final passage of the HUD-Independent Agencies bill, thus making this provision unnecessary.

(2) The Committee has recommended the deletion of language prohibiting the use of funds to deny an application for Federal Housing Administration mortgage insurance in Merced County, Calif., on the basis of mapped noise contours. Although the Committee acknowledges that there was a need for this language in the fiscal 1976 Act the Committee notes that a draft environmental impact statement concerning the unique conditions existing in Merced County has been issued by the Department of Housing and Urban Development and is now being circulated for final comment. This impact statement would remove noise map restrictions applicable to about one-half of the area now covered. Air Force action currently planned should further alleviate the problem.

(3) The Committee has recommended the inclusion of language prohibiting the use of funds provided in this act by any agency or department to transport any officer or employee between his residence and his place of employment, with the exception of the Secretary of the Department of Housing and Urban Development.

The Committee continues to be disturbed over the continued abuse of Government regulations, prohibiting the use of Government vehicles to drive agency employees to and from their homes by Government officials. At the outset it should be mentioned that the number of agency chiefs covered by the provisions of this bill who continue to violate at least the spirit of title 31 U.S.C. 638(a) has dropped to three, with several of the other agency heads turning to carpools, public transportation, or walking as their principal means of getting to and from their offices every day.

The Committee remains undeterred by the many legalistic interpretations by agency counsels and administrators of the provision of a law which states in unmistakable language that the use of Government vehicles for other than official purposes is prohibited and goes on to say that the phrase 'official purposes' is not to include the transportation of Government officers and employees between their domiciles and their places of employment with certain exceptions. These exceptions apply to only one administrator under the jurisdiction of



the HUD-Independent Agencies Subcommittee—the Secretary of Housing and Urban Development.

Nevertheless, the Administrator of the Veterans Administration, the Administrator of the National Aeronautics and Space Administration as well as his deputy, and the head of the Environmental Protection Agency continue to offer assorted reasons for the use of a Government car and driver to transport them to and from their offices every working day. The Committee is particularly alarmed at the EPA Administrator's refusal to relinquish his vehicle and driver in view of his recent public suggestions that Government workers should join carpools, take public transportation or walk to work during the congested Bicentennial season. The Committee on the other hand, notes with pleasure the decision of the head of the Council on Environmental Quality to give up his Government vehicle and driver and join a carpool in order "to set an example" as a top Government environmental policy officer. The acting Chairman of the Federal Home Loan Bank Board walks to work every day from his home on Capitol Hill. The proposed languages should bring the remaining agency officials into compliance with the existing law.

#### LIMITATIONS AND LEGISLATIVE PROVISIONS

On page 3, line 7:

*The additional amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), entered into after September 30, 1976, shall not exceed \$615,400,000 including not less than \$45,000,000 for the modernization of existing low-income housing projects, which amounts shall be in addition to balances of authorization heretofore made available for such contracts: Provided, That the total new budget authority obligated under such contracts entered into after September 30, 1976, shall not exceed \$14,870,400,000, which amount shall not include budget authority obligated under balances of authorization heretofore made available: Provided further, That of the total for contracts provided by this Act not less than \$150,000,000 shall be used only for contracts to make assistance payments pursuant to section 8 of the above Act with respect to new or substantially rehabilitated housing: Provided further, That of the total for contracts provided by this Act, excluding funds for modernization, not less than \$150,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act and on which construction or substantial rehabilitation is commenced after the effective date of this Act except in the case of amendments to existing contracts: Provided further, That of the amount set forth in the third proviso, not less than 15 per centum shall be used only with respect to new construction in non-metropolitan areas.*

On page 5, line 2:

*Provided further, That the Secretary may borrow from the Secretary of the Treasury in accordance with and up to the amounts authorized by said section, in such amounts as are necessary to provide the loans authorized herein.*

On page 6, line 24:

*For payment to cover losses, not otherwise provided for, sustained by the Special Risk Insurance Fund and the General Insurance Fund, \$135,000,000, to remain available until expended, as authorized by the National Housing Act, as amended.*

On page 14, line 4:

*for obligation until September 30, 1978.*

On page 14, line 15:

*for obligation until September 30, 1978.*

On page 21, line 13:

*Provided further, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: Provided further, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies.*

On page 22, line 10:

*Provided further, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: Provided further, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies.*

On page 37, line 23:

*SEC. 406. None of the funds provided in this Act to any department or agency may be expended for the transportation of any officer or employee of such department or agency between his domicile and his place of employment, with the exception of the Secretary of the Department of Housing and Urban Development, who, under title 5 United States Code, section 101, is exempted from such limitations.*



BUDGETARY IMPACT OF H.R. 14233<sup>1</sup>  
(Dollars in millions)

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
I. Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1977:				
SUBCOMMITTEE ON DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT AND INDEPENDENT AGENCIES	\$53,200	\$43,332 (under target)	2\$37,200	2\$34,600 (under target)
II. Summary by functional category of 1977 budget amounts recommended in the bill:				
050 - National Defense		7		28
250 - General Science, Space, and Technology		4,131		24,069
300 - Natural Resources, Environment, and Energy		968		24,702
400 - Commerce and Transportation		511		2929
450 - Community and Regional Development		3,784		23,681
500 - Education, Training, Employment, and Social Services		2		22
550 - Health		37		239
600 - Income Security		15,494		23,037
700 - Veterans Benefits and Services		18,380		218,114
750 - Law Enforcement and Justice		12		12
800 - General Government		5		25
850 - Revenue Sharing and General Purpose Fiscal Assistance		1		1
III. Financial assistance to state and local governments for 1977 in the bill		14,983		3872
IV. Projections of outlays associated with budget authority recommended in the bill:				
1977				321,143
1978				4,882
1979				2,414
1980				1,017
1981				684
Future year				13,191

<sup>1</sup> Prepared by the Congressional Budget Office pursuant to Section 308a, Public Law 93-344.

<sup>2</sup> Includes outlays from prior year budget authority.

<sup>3</sup> Excludes outlays from prior year budget authority.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL)  
AUTHORITY FOR 1976 AND THE BUDGET ESTIMATES FOR 1977  
PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY—  
FEDERAL FUNDS

[Becomes available automatically under earlier, or "permanent" law without further, or annual action by the Congress. Thus, these amounts are not included in the accompanying bill.]

Item	1976 appropriation	Budget estimate	Increase (+) or decrease (-)
PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY FEDERAL FUNDS			
Department of Housing and Urban Development:			
Annual contributions for assisted housing (contract authority).....	\$1,033,511,000	\$5,500,000	-\$1,028,011,000
Homeownership and Rental Housing Assistance.....	23,000	68,000	45,000
College housing—loans and other expenses (indefinite).....	363,000	—	-363,000
Federal Housing Administration fund (authority to spend public debt receipts, indefinite).....	1,129,408,000	149,761,000	-979,647,000
Government National Mortgage Association: Special assistance functions fund:			
Indefinite.....	3,482,000	3,500,000	18,000
Authority to spend public debt receipts.....	4,750,000,000	—	-4,750,000,000
Revolving fund (liquidating programs, indefinite).....	1,003,000	1,335,000	332,000
Interstate land sales (indefinite, special).....	400,000	450,000	50,000
Public facility loans (indefinite).....	—	—	—
Environmental Protection Agency: Abatement and control (contract authority).....	—	—	—
Department of the Treasury: Subsidy payment to Environmental Financing Authority (indefinite).....	—	—	—
Total, FEDERAL FUNDS.....	6,918,190,000	160,614,000	-6,757,576,000
PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY TRUST FUNDS			
American Battle Monuments Commission: Contributions (indefinite).....	34,000	34,000	—
Environmental Protection Agency: Miscellaneous trust funds (indefinite).....	9,000	—	-9,000
National Aeronautics and Space Administration: Miscellaneous trust funds (indefinite).....	735,000	100,000	-635,000
National Science Foundation: Donations (indefinite).....	3,000,000	3,000,000	—
Veterans Administration: General post fund, national homes (indefinite).....	4,250,000	4,500,000	250,000
National service life insurance fund (indefinite).....	865,700,000	933,700,000	68,000,000
U.S. Government life insurance fund (indefinite).....	37,900,000	36,600,000	-1,300,000
Total, TRUST FUNDS.....	911,628,000	977,934,000	66,306,000
Total, NB(O)A.....	7,829,818,000	1,138,548,000	-6,691,270,000

NOTE: Amounts as estimated and shown in the January 1977 budget document. Some items are indefinite in amount, and thus are subject to later reestimation.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATION) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977**

Item	1976 Appropriation	Budget estimate
<b>TITLE I</b>		
<b>DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>		
<b>HOUSING PROGRAMS</b>		
Annual contributions for assisted housing (contract authority).....	\$17,000,000,000	\$16,572,900,000
Increased limitation for annual contract authority.....	( 662,300,000)	( 850,000,000)
Housing for the elderly or handicapped (limitation on loans).....	( 750,000,000)	( 375,000,000)
Housing payments (appropriation to liquidate contract authority).....	( 2,245,000,000)	( 3,070,000,000)
Payments for operation of low-income housing projects (contract authority).....	535,000,000	463,600,000
Appropriation to liquidate contract authority.....	( 535,000,000)	( 463,600,000)
Mobile home standards program.....	1,000,000	1,000,000
Federal Housing Administration Fund.....	147,500,000	825,698,000
Housing counseling assistance.....	---	---
Salaries and expenses, Housing programs.....	41,316,000	---
By transfer, FHA funds.....	( 163,503,000)	( ---)
Emergency homeowners relief fund.....	35,000,000	---
State housing finance and development agencies (contract authority).....	600,000,000	---
Limitation for annual contract authority.....	( 15,000,000)	( ---)
Appropriation to liquidate contract authority.....	( 15,000,000)	( ---)
Rent supplement program (contract authority).....	800,000,000	---
Increased limitation for annual contract authority.....	( 20,000,000)	( ---)
<b>GOVERNMENT NATIONAL MORTGAGE ASSOCIATION</b>		
Payment of participation sales insufficiencies.....	20,935,000	21,265,000
Emergency mortgage purchase assistance (borrowing authority).....	5,000,000,000	---
Subtotal.....	24,180,751,000	17,884,463,000
<b>COMMUNITY PLANNING AND DEVELOPMENT</b>		
Community development grants.....	102,000,000	100,000,000
Contract authority.....	1,736,000,000	3,148,000,000
(By transfer from the College housing loan fund (borrowing authority).....)	( 964,000,000)	( ---)
Appropriation to liquidate contract authority.....	( 2,700,000,000)	( 3,148,000,000)
Comprehensive planning grants.....	75,000,000	25,000,000
Rehabilitation loan fund.....	50,000,000	---
Salaries and expenses, Community planning and development programs.....	43,020,000	---
Subtotal.....	2,006,020,000	3,273,000,000
<b>FEDERAL INSURANCE ADMINISTRATION</b>		
Flood insurance.....	75,000,000	100,000,000
<b>OFFICE OF INTERSTATE LAND SALES REGISTRATION</b>		
Interstate land sales.....	2,797,000	---

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATION) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977**

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$14,608,390,000	\$14,870,400,000	-\$2,129,600,000	-\$1,702,500,000	\$262,010,000
( 675,000,000)	( 615,400,000)	( -46,900,000)	( -234,600,000)	( -59,600,000)
( 750,000,000)	( 750,000,000)	( ---)	( 375,000,000)	( ---)
( 2,975,000,000)	( 2,975,000,000)	( 730,000,000)	( -95,000,000)	( ---)
575,600,000	575,600,000	40,600,000	112,000,000	---
( 575,600,000)	( 575,600,000)	( 40,600,000)	( 112,000,000)	( ---)
1,000,000	1,000,000	---	---	---
135,000,000	135,000,000	-12,500,000	-690,698,000	---
5,000,000	---	---	---	-5,000,000
( ---)	( ---)	( -41,316,000)	( ---)	( ---)
( ---)	( ---)	( -163,503,000)	( ---)	( ---)
( ---)	( ---)	( -35,000,000)	( ---)	( ---)
( ---)	( ---)	( -600,000,000)	( ---)	( ---)
( ---)	( ---)	( -15,000,000)	( ---)	( ---)
( ---)	( ---)	( -15,000,000)	( ---)	( ---)
( ---)	( ---)	( -800,000,000)	( ---)	( ---)
( ---)	( ---)	( -20,000,000)	( ---)	( ---)
21,265,000	21,265,000	330,000	---	---
---	---	-5,000,000,000	---	---
15,346,255,000	15,603,265,000	-8,577,486,000	-2,281,198,000	257,010,000
200,000,000	100,000,000	-2,000,000	---	-100,000,000
3,048,000,000	3,148,000,000	1,412,000,000	---	100,000,000
( ---)	( ---)	( -964,000,000)	( ---)	( ---)
( 3,048,000,000)	( 3,148,000,000)	( 448,000,000)	( ---)	( 100,000,000)
50,000,000	75,000,000	---	50,000,000	25,000,000
25,000,000	75,000,000	25,000,000	75,000,000	50,000,000
---	---	-43,020,000	---	---
3,323,000,000	3,398,000,000	1,391,980,000	125,000,000	75,000,000
75,000,000	75,000,000	---	-25,000,000	---
---	---	-2,797,000	---	---

\*No sign indicates an increase.



**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

Item	1976 Appropriation	Budget estimate	Increase (+) or decrease (-) compared with—				
			House allowance	Committee recommendation	House allowance		
<b>DEPARTMENT OF DEFENSE—CIVIL</b>							
<b>CEMETRIAL EXPENSES, ARMY</b>							
Salaries and expenses.....	\$5,785,000	\$6,161,000	\$6,161,000	\$6,161,000	\$376,000	---	---
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Agency and regional management.....	65,374,000	67,538,000	73,000,000	73,000,000	7,626,000	\$5,462,000	---
Energy research and development.....	100,000,000	96,973,000	---	---	-100,000,000	-96,973,000	---
Research and development.....	170,674,000	159,476,000	265,000,000	259,900,000	89,226,000	100,424,000	-\$5,100,000
Abatement and control.....	375,766,000	340,844,000	398,044,000	371,844,000	-3,922,000	31,000,000	-26,200,000
Appropriation to liquidate contract authority.....	(65,000,000)	(49,181,431)	(49,182,000)	(49,182,000)	(-15,818,000)	(569)	(---
Enforcement.....	53,606,000	56,561,000	56,561,000	56,561,000	2,955,000	---	---
Buildings and facilities.....	2,100,000	2,100,000	2,100,000	2,100,000	---	---	---
Construction grants.....	---	---	200,000,000	200,000,000	200,000,000	200,000,000	---
Appropriation to liquidate contract authority.....	(800,000,000)	(3,800,000,000)	(3,800,000,000)	(3,800,000,000)	(3,000,000,000)	(---	(---
Transition period.....	---	200,000,000	200,000,000	200,000,000	---	---	---
Scientific activities overseas (Special foreign currency program).....	4,000,000	6,000,000	6,000,000	5,000,000	1,000,000	-1,000,000	-1,000,000
<b>Total.....</b>	<b>771,520,000</b>	<b>929,492,000</b>	<b>1,200,705,000</b>	<b>1,168,405,000</b>	<b>396,885,000</b>	<b>238,913,000</b>	<b>-32,300,000</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>							
Council on Environmental Quality and Office of Environmental Quality.....	2,736,000	2,915,000	2,915,000	2,800,000	64,000	-115,000	-115,000
Office of Science and Technology Policy.....	500,000	3,300,000	---	2,300,000	1,800,000	-1,000,000	2,300,000
<b>Total.....</b>	<b>3,236,000</b>	<b>6,215,000</b>	<b>2,915,000</b>	<b>5,100,000</b>	<b>1,864,000</b>	<b>-1,115,000</b>	<b>2,185,000</b>
<b>GENERAL SERVICES ADMINISTRATION</b>							
Consumer Information Center.....	1,054,000	1,073,000	1,073,000	1,073,000	19,000	---	---
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE</b>							
Office of Consumer Affairs.....	1,534,000	1,581,000	1,581,000	1,645,000	111,000	64,000	64,000
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Research and development.....	2,677,380,000	2,758,925,000	2,767,425,000	2,761,425,000	84,045,000	2,500,000	-6,000,000
Construction of facilities.....	82,130,000	124,020,000	118,090,000	120,290,000	38,160,000	-3,730,000	2,200,000
Research and program management.....	792,312,000	814,055,000	809,000,000	813,455,000	21,143,000	-600,000	4,455,000
<b>Total.....</b>	<b>3,551,822,000</b>	<b>3,697,000,000</b>	<b>3,694,515,000</b>	<b>3,695,170,000</b>	<b>143,348,000</b>	<b>-1,830,000</b>	<b>655,000</b>
<b>NATIONAL COMMISSION ON WATER QUALITY</b>							
Salaries and expenses.....	175,000	---	---	---	-175,000	---	---
<b>NATIONAL SCIENCE FOUNDATION</b>							
Salaries and expenses.....	711,250,000	796,000,000	---	---	-711,250,000	-796,000,000	---
Research and related activities.....	---	---	681,400,000	738,000,000	738,000,000	738,000,000	56,600,000
Science education activities.....	---	---	64,000,000	59,000,000	59,000,000	59,000,000	-5,000,000
Scientific activities (special foreign currency program).....	4,000,000	6,000,000	4,600,000	4,600,000	600,000	-1,400,000	---
<b>Total.....</b>	<b>715,250,000</b>	<b>802,000,000</b>	<b>750,000,000</b>	<b>801,600,000</b>	<b>86,350,000</b>	<b>-400,000</b>	<b>51,600,000</b>

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

Item	1976 Appropriation	Budget estimate	Increase (+) or decrease (-) compared with—				
			House allowance	Committee recommendation	House allowance		
<b>DEPARTMENT OF DEFENSE—CIVIL</b>							
<b>CEMETRIAL EXPENSES, ARMY</b>							
Salaries and expenses.....	\$5,785,000	\$6,161,000	\$6,161,000	\$6,161,000	\$376,000	---	---
<b>ENVIRONMENTAL PROTECTION AGENCY</b>							
Agency and regional management.....	65,374,000	67,538,000	73,000,000	73,000,000	7,626,000	\$5,462,000	---
Energy research and development.....	100,000,000	96,973,000	---	---	-100,000,000	-96,973,000	---
Research and development.....	170,674,000	159,476,000	265,000,000	259,900,000	89,226,000	100,424,000	-\$5,100,000
Abatement and control.....	375,766,000	340,844,000	398,044,000	371,844,000	-3,922,000	31,000,000	-26,200,000
Appropriation to liquidate contract authority.....	(65,000,000)	(49,181,431)	(49,182,000)	(49,182,000)	(-15,818,000)	(569)	(---
Enforcement.....	53,606,000	56,561,000	56,561,000	56,561,000	2,955,000	---	---
Buildings and facilities.....	2,100,000	2,100,000	2,100,000	2,100,000	---	---	---
Construction grants.....	---	---	200,000,000	200,000,000	200,000,000	200,000,000	---
Appropriation to liquidate contract authority.....	(800,000,000)	(3,800,000,000)	(3,800,000,000)	(3,800,000,000)	(3,000,000,000)	(---	(---
Transition period.....	---	200,000,000	200,000,000	200,000,000	---	---	---
Scientific activities overseas (Special foreign currency program).....	4,000,000	6,000,000	6,000,000	5,000,000	1,000,000	-1,000,000	-1,000,000
<b>Total.....</b>	<b>771,520,000</b>	<b>929,492,000</b>	<b>1,200,705,000</b>	<b>1,168,405,000</b>	<b>396,885,000</b>	<b>238,913,000</b>	<b>-32,300,000</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>							
Council on Environmental Quality and Office of Environmental Quality.....	2,736,000	2,915,000	2,915,000	2,800,000	64,000	-115,000	-115,000
Office of Science and Technology Policy.....	500,000	3,300,000	---	2,300,000	1,800,000	-1,000,000	2,300,000
<b>Total.....</b>	<b>3,236,000</b>	<b>6,215,000</b>	<b>2,915,000</b>	<b>5,100,000</b>	<b>1,864,000</b>	<b>-1,115,000</b>	<b>2,185,000</b>
<b>GENERAL SERVICES ADMINISTRATION</b>							
Consumer Information Center.....	1,054,000	1,073,000	1,073,000	1,073,000	19,000	---	---
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE</b>							
Office of Consumer Affairs.....	1,534,000	1,581,000	1,581,000	1,645,000	111,000	64,000	64,000
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>							
Research and development.....	2,677,380,000	2,758,925,000	2,767,425,000	2,761,425,000	84,045,000	2,500,000	-6,000,000
Construction of facilities.....	82,130,000	124,020,000	118,090,000	120,290,000	38,160,000	-3,730,000	2,200,000
Research and program management.....	792,312,000	814,055,000	809,000,000	813,455,000	21,143,000	-600,000	4,455,000
<b>Total.....</b>	<b>3,551,822,000</b>	<b>3,697,000,000</b>	<b>3,694,515,000</b>	<b>3,695,170,000</b>	<b>143,348,000</b>	<b>-1,830,000</b>	<b>655,000</b>
<b>NATIONAL COMMISSION ON WATER QUALITY</b>							
Salaries and expenses.....	175,000	---	---	---	-175,000	---	---
<b>NATIONAL SCIENCE FOUNDATION</b>							
Salaries and expenses.....	711,250,000	796,000,000	---	---	-711,250,000	-796,000,000	---
Research and related activities.....	---	---	681,400,000	738,000,000	738,000,000	738,000,000	56,600,000
Science education activities.....	---	---	64,000,000	59,000,000	59,000,000	59,000,000	-5,000,000
Scientific activities (special foreign currency program).....	4,000,000	6,000,000	4,600,000	4,600,000	600,000	-1,400,000	---
<b>Total.....</b>	<b>715,250,000</b>	<b>802,000,000</b>	<b>750,000,000</b>	<b>801,600,000</b>	<b>86,350,000</b>	<b>-400,000</b>	<b>51,600,000</b>

\*No sign indicates an increase.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATION) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

Item	1976 Appropriation	Budget estimate
<b>SELECTIVE SERVICE SYSTEM</b>		
Salaries and expenses.....	\$37,500,000	\$6,800,000
<b>DEPARTMENT OF THE TREASURY</b>		
New York City Seasonal Financing Fund.....	2,300,000,000	---
New York City Seasonal Financing Fund, administrative expenses.....	1,000,000	1,250,000
<b>Total.....</b>	<b>2,301,000,000</b>	<b>1,250,000</b>
<b>VETERANS ADMINISTRATION</b>		
Compensation and pensions.....	8,249,200,000	8,153,400,000
Readjustment benefits.....	6,014,475,000	4,873,000,000
Veterans insurance and indemnities.....	6,600,000	7,000,000
Medical care.....	3,854,456,000	4,172,232,000
Medical and prosthetic research.....	97,309,000	97,433,000
Medical administration and miscellaneous operating expenses.....	38,528,000	39,941,000
General operating expenses.....	483,300,000	512,883,000
Construction, major projects.....	297,464,000	385,847,000
Construction, minor projects.....	106,426,000	93,061,000
Grants for construction of State extended care facilities.....	10,000,000	10,000,000
Assistance for health manpower training institutions.....	30,000,000	35,000,000
Grants to the Republic of the Philippines.....	2,100,000	2,100,000
Loan guaranty revolving fund (limitation on obligations).....	( 550,000,000)	( 550,000,000)
Vocational rehabilitation revolving fund.....	100,000	---
Supply fund.....	29,001,000	---
Appropriation to liquidate contract authority.....	( 80,999,000)	( ---)
<b>Total.....</b>	<b>19,218,959,000</b>	<b>18,381,897,000</b>
<b>Total, Title II:</b>		
New budget (obligational) authority.....	26,652,773,000	23,676,293,000
Appropriations to liquidate contract authority.....	945,999,000	3,849,181,431
Transition period.....	---	200,000,000
<b>TITLE III</b>		
<b>CORPORATIONS</b>		
<b>Federal Home Loan Bank Board:</b>		
Limitation on administrative expenses.....	( 14,665,000)	( 17,100,000)
Limitation on nonadministrative expenses.....	( 20,860,000)	( 23,620,000)
<b>Federal Savings and Loan Insurance Corporation:</b>		
Limitation on administrative expenses.....	( 826,000)	( 875,000)
<b>Department of Housing and Urban Development:</b>		
Government National Mortgage Association: Limitation on administrative expenses.....	( 1,273,000)	( ---)
<b>Total.....</b>	<b>( 37,624,000)</b>	<b>( 41,595,000)</b>

**TIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$6,800,000	\$6,800,000	-\$30,700,000	---	---
---	---	-2,300,000,000	---	---
1,250,000	1,250,000	250,000	---	---
1,250,000	1,250,000	-2,299,750,000	---	---
8,153,400,000	8,153,400,000	-95,800,000	---	---
4,813,000,000	4,813,000,000	-1,201,475,000	-\$60,000,000	---
7,000,000	7,000,000	400,000	---	---
4,222,232,000	4,222,232,000	367,776,000	50,000,000	---
97,433,000	97,433,000	124,000	---	---
39,941,000	39,941,000	1,413,000	---	---
508,383,000	508,383,000	25,083,000	-4,500,000	---
399,131,000	388,847,000	91,383,000	3,000,000	-\$10,284,000
92,561,000	92,501,000	-13,925,000	-560,000	-60,000
10,000,000	10,000,000	---	---	---
35,000,000	35,000,000	5,000,000	---	---
2,100,000	500,000	-1,600,000	-1,600,000	-1,600,000
( 550,000,000)	( 550,000,000)	( ---)	( ---)	( ---)
---	---	-100,000	---	---
---	---	-29,001,000	---	---
( ---)	( ---)	( -80,999,000)	( ---)	( ---)
18,380,181,000	18,368,237,000	-850,722,000	-13,660,000	-11,944,000
23,892,105,000	23,898,265,000	-2,754,508,000	221,972,000	6,160,000
3,849,182,000	3,849,182,000	2,903,183,000	569	---
200,000,000	200,000,000	200,000,000	---	---
( 17,100,000)	( 17,100,000)	( 2,435,000)	( ---)	( ---)
( 23,620,000)	( 23,620,000)	( 2,760,000)	( ---)	( ---)
( 875,000)	( 875,000)	( 49,000)	( ---)	( ---)
( ---)	( ---)	( -1,273,000)	( ---)	( ---)
( 41,595,000)	( 41,595,000)	( 3,971,000)	( ---)	( ---)

\*No sign indicates an increase.

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

Item	Increase (+) or decrease (-) compared with—	
	1976 Appropriation	Budget estimate
Grand total, Titles I, II, and III:		
New budget (obligational) authority.....	\$53,205,140,000	\$45,306,198,000
Appropriations.....	27,534,140,000	25,121,698,000
Contract authority.....	20,671,000,000	20,184,500,000
Borrowing authority.....	5,000,000,000	---
By transfer.....	964,000,000	---
Appropriations to liquidate contract authority....	6,440,999,000	10,530,781,431
Increased limitation for annual contract authority.	697,300,000	850,000,000
Limitation on corporate funds to be expended.....	253,426,000	265,225,000
Transition period.....	---	200,000,000

**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1976 AND IN THE BILL FOR FISCAL YEAR 1977—Continued**

House allowance	Committee recommendation	Increase (+) or decrease (-) compared with—		
		1976 Appropriation	Budget estimate	House allowance
\$42,982,730,000	\$43,331,900,000	-\$9,873,240,000	-\$1,974,298,000	\$349,170,000
24,750,740,000	24,737,900,000	-2,796,240,000	-383,798,000	-12,840,000
18,231,990,000	18,594,000,000	-2,077,000,000	-1,590,500,000	362,010,000
---	---	-5,000,000,000	---	---
---	---	-964,000,000	---	---
10,447,782,000	10,547,782,000	4,106,783,000	17,000,569	100,000,000
675,000,000	615,400,000	-81,900,000	-234,600,000	-59,600,000
265,225,000	265,225,000	11,799,000	---	---
200,000,000	200,000,000	200,000,000	---	---

\*No sign indicates an increase.



[FULL COMMITTEE PRINT]

NOTICE.—This report is subject to change pending action by the full Committee.

94TH CONGRESS } HOUSE OF REPRESENTATIVES { REPORT  
 2d Session } No. 94-126

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT—INDEPENDENT AGENCIES APPROPRIATION BILL, 1977

JUNE 1, 1976.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. BOLAND, 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 the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending June 30, 1977, and for other purposes.

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## SUMMARY OF THE BILL

The Committee recommends \$42,993,930,000 in new budget (obligational) authority for the Department of Housing and Urban Development, and thirteen independent agencies and offices. This is \$2,297,668,000 below the budget requests for these activities.

The bill is \$12,944,489,000 below the allocation in the first concurrent budget resolution of new budget authority for these activities. It is \$2,586,649,000 less than the total in projected budget outlays.

Substantial amounts of new budget authority have been reserved and will be required later in the year when pending legislation for new or extended programs is enacted. For example, this includes funding for wastewater treatment grants administered by the Environmental Protection Agency, the Government National Mortgage Association's mortgage purchase assistance program, and cost of living adjustments for veterans' benefits in programs of the Veterans Administration. A meaningful comparison of the total in the bill with funds provided for the current fiscal year is therefore difficult to project. The current comparison of 1976 totals with the amounts in the pending bill reflects a decrease of \$10,211,210,000 in new budget authority at this time.

The following table summarizes the amounts recommended in the bill as they compare with the budget estimates.

SUMMARY OF ESTIMATES AND NEW BUDGET (OBLIGATIONAL) AUTHORITY IN BILL

Department or agency	Appropriations, 1976	Budget esti- mates, 1977	Recommended in bill	Bill compared with—	
				Appropriations, 1976	Budget esti- mates, 1977
(1)	(2)	(3)	(4)	(5)	(6)
American Battle Monu- ments Commission.....	\$5 374,000	\$5 824,000	\$5 824,000	+\$450,000	-----
Cemeterial expenses, Army- Consumer Information Center.....	5 785,000	6 161,000	6 161,000	+376,000	-----
Consumer Product Safety Commission.....	1 054,000	1 073,000	1 073,000	+19,000	-----
Council on Environmental Quality.....	39 564,000	37 000,000	41 100,000	+1 536,000	+\$4 100,000
Department of Housing and Urban Development.....	2 736,000	2 915,000	2 915,000	+179,000	-----
Disaster relief.....	26 402 367,000	21 529 905,000	18 990 625,000	-7 411 742,000	-2 539 280,000
Environmental Protection Agency.....	150 000,000	100 000,000	100 000,000	-50 000,000	-----
Federal Home Loan Bank Board <sup>1</sup> .....	771 520,000	718 192,000	1 000 705,000	+229 185,000	+282 513,000
National Aeronautics and Space Administration.....	(37 624,000)	(41 595,000)	(41 595,000)	(+3 971,000)	-----
National Commission on Water Quality.....	3 551 822,000	3 697 000,000	3 694 515,000	+142 693,000	-2 485,000
National Science Foundation.....	175,000	-----	-----	-175,000	-----
New York City seasonal financing fund.....	715 250,000	802 000,000	750 000,000	+34 750,000	-52 000,000
Office of Consumer Affairs.....	2 301 000,000	1 250,000	1 250,000	-2 299 750,000	-----
Office of Science and Technology Policy.....	1 534,000	1 581,000	1 581,000	+47,000	-----
Selective Service System.....	500,000	-----	-----	-500,000	-----
Veterans Administration.....	37 500,000	6 800,000	18 000,000	-19 500,000	+11 200,000
Total.....	19 218 959,000	18 381 897,000	18 380 181,000	-838 778,000	-1 716,000
Total.....	53 205 140,000	45 291 598,000	42 993 930,000	-10 211 210,000	-2 297 668,000

<sup>1</sup> Limitation on corporate funds to be expended.

## TITLE I

## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

## HUD AND THE ASSISTED HOUSING PROGRAMS

During the past few months a great deal of discussion has been generated in the press and in the Congress about the failure of the assisted housing programs. Even under perfect conditions there is no doubt that many of the pre-1973 subsidized programs were high-risk ventures. But conditions were not perfect. No subsidized housing program, regardless of how well conceived or good intentioned, can survive economic recession and a pervasive atmosphere of speculation, mismanagement, and fraud. It is clear that the Section 221, Section 235 and Section 236 programs were faulted from the start. Each contained defects that invited abuses by FHA inspectors, brokers, appraisers, mortgagers and builders. On the other hand, it is just as clear that HUD must share much of the blame for the failure of these programs. Warnings from the field were too often ignored. Corrective proposals were shelved, and Departmental policies often compounded rather than resolved problems. But these disappointments have not been solely related to poor management or fraud. All involved with the assisted housing programs must recognize the need to blend these programs with the attitudes of people. Given our limited resources, there are undoubtedly many people who want housing, who are conscientious, and who would make good tenants and good buyers. But regrettably, the housing programs have also been the victim of people who are not good tenants or good buyers. So, in the last analysis, people and localities must accept partial credit or blame for the success or failure of any assisted housing program.

Whatever the cause, the results have been disastrous for many of the nation's large cities. Thousands of abandoned homes plague Detroit, Philadelphia, Chicago and elsewhere. HUD clearly has a responsibility to work with local officials to find new and sound approaches to the problem. There are no quick fix formulas readily available and it is not helpful to endlessly "point the finger"—but some solution must be found. The Committee has provided resources in this bill to help HUD get on top of the problem and it expects the Department to cut through the red tape and begin to show some positive results in the next 12 months.

The Committee will also undertake a comprehensive investigation of alternate methods for reducing the inventory of HUD-owned properties in Detroit and other metropolitan areas. The study will look toward suggestions for new approaches to inventory reduction, as well as an evaluation of how the acquisition of massive and unmanageable inventories by HUD can be avoided in the future.

## HOUSING PROGRAMS

## ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

	Contract authority	Budget authority
1976 limitation.....	\$662,300,000	\$17,000,000,000
Estimate, 1977.....	850,000,000	16,572,900,000
Recommended in bill.....	675,000,000	14,608,390,000
Decrease below estimate.....	-175,000,000	-1,964,510,000

The Housing and Community Development Act of 1974 authorized a new program of assisted housing for low and moderate income families. The new program, known as Section 8, authorizes the Department to make payments to local public housing agencies. The local housing authority, in turn, enters into contracts to make housing assistance payments to owners of existing housing, or owners who agree to rehabilitate units or propose new construction. The payments made to the local housing authority provide a subsidy equal to the difference between the fair market rents of standard housing units and the amount of rent paid by eligible families.

The Committee has recommended the release of an additional \$675,000,000 of annual contract authority and \$14,608,390,000 of budget authority for the assisted housing programs in fiscal year 1977. This is a decrease of \$175,000,000 and \$1,964,510,000 below the budget estimate, respectively.

The approximate availability and use of contract authority is displayed as follows:

	Committee recommendation	Units
<b>Authority available:</b>		
Authority available start of year.....	\$459,400,000	
(New).....	(260,300,000)	
(Existing).....	(199,100,000)	
New annual contract authority proposed.....	675,000,000	
(Modernization).....	(25,000,000)	
Lease adjustments.....	5,500,000	
<b>Total authority available.....</b>	<b>1,139,900,000</b>	
<b>Use of contract authority:</b>		
<b>Production:</b>		
Section 8 lower-income housing assistance:		
New and rehabilitation.....	422,800,000	98,555
Existing, property disposition and loan management.....	549,800,000	229,570
Public housing.....	120,000,000	40,545
<b>Total, production.....</b>	<b>1,092,600,000</b>	<b>368,670</b>
<b>Management:</b>		
Modernization.....	25,000,000	
Lease adjustments.....	22,300,000	
<b>Total, Management.....</b>	<b>47,300,000</b>	
<b>Total use of authority.....</b>	<b>1,139,900,000</b>	<b>368,670</b>

As the foregoing table indicates, the Committee estimates that \$459,400,000 of unused annual contract authority will be carried forward from fiscal year 1976. This assumes an additional \$100,000,000 carryover above the budget estimate, and it assumes that the entire additional amount will be earmarked for new or substantially rehabilitated construction under the Section 8 program. The anticipated larger carryover is based on the fact that through the third quarter of fiscal year 1976 only 100,000 units of the Department's 400,000 unit goal had been reserved.

However, the Committee recognizes that HUD will make a maximum effort to reserve the balance of the 300,000 units during the last three months of fiscal year 1976 and during the transition period. Therefore, while it is possible that no additional carryover may be available in fiscal year 1977, it is also clear that a substantial part of the 400,000 unit goal will be reserved late in the fiscal year or the

transition period causing a backlog of units to accumulate in the pipeline. This is illustrated by the fact that although HUD reserved 92,000 units during the last two months of fiscal year 1975, only 2,500 of the units reserved for new construction were actual starts through the following February.

Within the \$675,000,000 of new annual contract authority recommended, the following limitations are included:

(1) A *maximum* of 25 percentum is earmarked for new and substantially rehabilitated construction under the Section 8 program. The Committee believes that any limitation requiring that a *minimum* of new contract authority be devoted to new construction is both unrealistic and contrary to the original concept of the Section 8 program, which was conceived to allow communities flexibility to decide whether new or existing housing units were necessary, depending on actual *local* economic conditions.

For example, a minimum of 50 per centum reserved only for new construction would decrease the Section 8 authority available to communities that primarily rely on existing housing. Of course, if the demand for new Section 8 construction should exceed current trends, the Committee will consider an adjustment of the limitation for that purpose.

(2) Within the \$675,000,000 of new annual contract authority, a *maximum* of \$25,000,000 is earmarked for modernization of public housing projects. This is \$5,000,000 above the level proposed in the budget. The Committee is holding it at this level because it has received evidence that many local housing authorities find it difficult to utilize the current level of assistance. In fact, as of June 30, 1974, HUD had approved over one billion dollars in capital costs for modernization, but only \$675,500,000 had been disbursed by local public housing authorities.

(3) A *minimum* of \$120,000,000, including not less than 15 percent for *new* construction in non-metropolitan areas, is earmarked for the Low-Rent Public Housing Program. The Committee is recommending this approach because it believes public housing can fill an important role in meeting housing needs not reached by the Section 8 program. Within this amount, an appropriate level of annual contract authority should be reserved for Indian housing.

Also, the Committee notes that the \$50,000,000 of 1976 contract authority allocated for development of new traditional public housing was channelled exclusively to the acquisition of HUD-owned, or financially troubled *existing* projects. This was not the intent of Congress. Therefore, the bill requires that a minimum of fifteen percent of the \$120,000,000 earmarked for public housing be used only for new construction in non-metropolitan areas. Without this language, rural America would be allocated little or none of the public housing contract authority because there are virtually no HUD-insured or HUD-held properties available for purchase in those areas. In fact, these areas generally have a very limited supply of vacant, decent housing units of the size and type necessary today. Because of this fact, the Committee believes that the reopening of the public housing program should be initiated in rural areas.

Finally, last year the Committee pointed out that the key factor affecting the level of Section 8 subsidies was the fair-market rent. These are established to provide equity and uniform national standards, with adjustments based on rentals for housing units of various sizes and types in local market areas. HUD is required to make an annual review of fair market rents, and is authorized to make adjustments in the rents due to increases in real property taxes, utility rates, or similar costs not adequately compensated for in the annual review.

Because the Committee was concerned with the uncontrollable nature of the fair-market rents, it placed a ten percent limitation in the aggregate and twenty percent in specific market areas on any increase in fair market rents above those published in the Federal Register by September 8, 1975. The Committee recognizes that this requirement may generate administrative problems for the Department. Therefore, the contract authority recommended for fiscal year 1977 does not continue the limitation carried in the 1976 Act. However, the Committee remains concerned that Section 8 program subsidies are highly sensitive to fair market rent levels. If it becomes evident that fair market rent increases are seriously eroding the number of units that can be produced under the contract authority provided, the Committee may again consider limiting such increases to a fixed percentage.

#### HOMEOWNERSHIP ASSISTANCE PROGRAM

The original Section 235 program provided a homeownership subsidy for lower-income families. Eligible recipients contributed 20 percent of their adjusted monthly income toward the mortgage payment. The balance was made up of a subsidy which could not exceed the difference between the required mortgage payment and the amount that would be required on a mortgage bearing an interest rate of one percent. This program was suspended by HUD on January 5, 1973.

Last October, the Secretary activated a revised Homeownership Assistance Program. The new program requires a substantially higher down payment which typically ranges from \$1500-\$2000. It also subsidizes the interest on the mortgage—but down to five percent rather than one percent.

The Department plans to reserve 50,000 units in 1976, 25,000 in the transition quarter, and 100,000 units in 1977. The Committee directs HUD to allocate funds for an additional 50,000 units above the 100,000 allotted in fiscal year 1977. These added units will require *no new* annual contract authority above the \$264,000,000 currently available.

Because the new program's down payment requirements are intended to assure that the participants have a significant cash investment in their home, the Committee believes that a greater commitment to the upkeep of the property is possible and likely. The new program, therefore, has distinct advantages over the old program and should be actively pursued.

#### HOUSING FOR THE ELDERLY OR HANDICAPPED (LIMITATION ON LOANS)

1976 limitation.....	\$750,000,000
Estimate, 1977.....	375,000,000
Recommended in bill.....	750,000,000
Increase above estimate.....	+375,000,000

The Section 202 Housing for the Elderly or Handicapped program, as amended by Section 210 of the Housing and Community Development Act of 1974, provides a borrowing authorization from the Treasury of \$800,000,000. This is in addition to the availability of loan repayments and other income accruing to the Housing for the Elderly or Handicapped Fund. The Act provides that the total amount of loans authorized for any one fiscal year shall not exceed the limits on such lending authority established in appropriation acts.

The Committee recommends a limitation of \$750,000,000 to finance the housing for the elderly or handicapped loan program in 1977. This is identical to the 1976 level of effort and should provide approximately 30,000 additional units of elderly housing.

The Committee also recommends continuation of language limiting the program to qualified nonprofit sponsors and providing long-term permanent financing. Retaining these provisions will ensure that the funds will be available to those organizations that can best meet the needs of elderly and handicapped people.

Finally, the Committee urges the Department to recommend that the Section 202 program be placed back on budget beginning in fiscal year 1978. Clearly, any program of a three quarter billion dollar magnitude should be weighed against other programs under the new budget process.

#### HOUSING PAYMENTS

1976 appropriation.....	\$2,245,000,000
Estimate, 1977.....	3,070,000,000
Recommended in bill.....	2,975,000,000
Decrease below estimate.....	-95,000,000

This appropriation provides for payments required by annual contribution contracts for subsidized housing programs. These include the new Section 8 lower-income housing assistance program authorized by the Housing and Community Development Act of 1974, the rent supplement, homeownership assistance (Sec. 235), rental housing assistance (Sec. 236), low-rent public housing, college housing and State housing finance and development agencies programs.

The Committee recommends an annual appropriation of \$2,975,000,000 for these payments in 1977, which is \$95,000,000 less than the budget request. The reduction is based on re-estimates of the Section 235 and Section 8 payments required in 1977. In addition, the Committee recommends that excess rental payments occurring under the Section 236 program be made available for payments under this account. It is estimated that this will reduce the 1977 requirement by approximately \$50,000,000.

#### PAYMENT FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

1976 appropriation.....	\$535,000,000
Estimate, 1977.....	463,600,000
Recommended in bill.....	575,600,000
Increase above estimate.....	+112,000,000

The Committee recommends \$575,600,000 for the payment of operating subsidies, which is an increase of \$40,600,000 above the level provided in 1976.

The Department proposed legislation to revise the definition of "income" under the public housing program so that it would conform to the definition used under the Section 8 lower-income housing assistance program. If enacted, the change would require approximately

\$112,000,000 less to satisfy the assistance formula implemented with the performance funding system. However, it is the consensus of the Committee that the proposal may not become law, and the additional \$112,000,000 is added to meet actual performance funding system requirements in 1977.

#### MOBILE HOME STANDARDS PROGRAM

1976 appropriation.....	\$1,000,000
Estimate, 1977.....	1,000,000
Recommended in bill.....	1,000,000

The Committee recommends the budget estimate of \$1,000,000 to continue the enforcement and related activities under the Mobile Home Standards Program authorized by Title VI of the Housing and Community Development Act of 1974.

The appropriation will fund contracts with independent private firms to monitor third party inspection agencies in those cases where States are unwilling or currently unable to provide for the enforcement of Federal mobile homes standards.

In addition to the funds provided here, appropriations for research and technology will be used to perform testing and technical studies authorized by Title VI of the Act.

#### FEDERAL HOUSING ADMINISTRATION FUND

1976 appropriation.....	\$147,500,000
Estimate, 1977.....	825,698,000
Recommended in bill.....	135,000,000
Decrease below estimate.....	-690,698,000

The Committee recommends \$135,000,000 to reimburse the General Insurance and Special Risk Insurance Funds of the Federal Housing Administration. This is \$690,698,000 less than the budget request.

The appropriation was requested to restore actual losses incurred by both funds in handling property acquired through foreclosure or assignment. As such, it is essentially a bookkeeping proposition designed to reimburse the Treasury. While reimbursement is entitled under the law, only those funds necessary to meet administrative cash flow demands are being provided at this time. The Committee is advised that the minimum requirement for that purpose is \$135,000,000. Of that amount, \$35,000,000 is set aside for the General Insurance Fund, and \$100,000,000 is allocated to the Special Risk Insurance Fund. Since the request represents the reimbursement of funds already spent, no outlay savings are realized from the proposed reduction.

#### HOUSING COUNSELING ASSISTANCE

1976 appropriation.....	
Estimate, 1977.....	
Recommended in bill.....	\$5,000,000
Increase above estimate.....	+5,000,000

Both the 1968 and 1974 housing acts provide broad authorization for housing counseling that should be extremely valuable and helpful in serving low and moderate income families. While the Department

noted that through the third quarter of 1976 only \$14,000,000 had been obligated, leaving an unobligated balance of \$47,000,000. While substantial obligations are normally made in the fourth quarter, the 1976 balance is unusually high.

In addition, the Committee is also recommending a reduction in an effort to assure that only projects of the highest priority and merit are funded. An examination of research grants made during the past two years reveals a number of projects of questionable value. The demand for Federal research dollars is highly competitive. No agency can afford to squander those dollars on marginal activities. The Committee intends to look carefully at how these funds are used and urges HUD to allocate research dollars to get the most effective return of limited resources.

#### MANAGEMENT AND ADMINISTRATION

##### SALARIES AND EXPENSES, DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

1976 appropriation.....	\$392,695,000
Estimate, 1977.....	425,072,000
Recommended in bill.....	417,000,000
Decrease below estimate.....	-8,072,000

<sup>1</sup>This is a comparable amount. In fiscal year 1976, the salary and expense activities of the Department were funded in various accounts.

The Committee is recommending \$417,000,000, including transfers from various funds of the Federal Housing Administration, for the salary and expense activities of the Department of Housing and Urban Development. This is \$8,072,000 and 98 positions less than the budget request.

The \$417,000,000 level also includes a reduction for within-grade promotions; a general reduction based on the view that the lapse rate should be higher than is anticipated in the budget; and a \$1,000,000 reduction for automated data processing equipment. The Department may also apply a part of the reduction to other object classes as may be necessary.

HUD proposed with the transmittal of the budget estimate a new single account for all salaries and expenses incurred by the Department. In agreeing with this request, the Committee is attempting to simplify the existing complex appropriation account structure. The Committee is allocating the recommended 15,552 positions as follows:

Housing production and mortgage credit .....	4,757
Housing management.....	3,592
Government National Mortgage Association.....	39
Community planning and development.....	1,440
New communities.....	80
Federal Insurance Administration.....	272
Interstate land sales.....	115
Policy development and research.....	182
Fair housing and equal opportunity.....	464
Federal Disaster Administration.....	168
Office of General Counsel.....	200
Departmental management.....	156
Field legal services.....	315
Office of Inspector General.....	491
Administration and staff services.....	1,611
Field direction.....	555
Field administration.....	1,115

Total.....	15,552
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Within the above allocation, the following additions and deductions apply:

(1) A net increase of 46 positions above the budget request for Housing Production and Mortgage Credit. This reflects increases for the Section 202, 235 and Low-Rent Public Housing programs and a concomitant reduction for Section 8 activities.

(2) An increase of 75 positions for the Flood Insurance Program, which is 74 positions less than the budget request. The Committee believes it would be very unlikely that 149 new positions could be efficiently added for this activity.

(3) A five position reduction to be applied to the Executive Secretariat.

(4) A thirteen position reduction in Administration and Staff Services to be applied generally.

(5) A fifteen position reduction in Field Direction to be taken principally from the Regional Office Planning Staff.

(6) A twenty position decrease for ADP personnel in the field.

In addition, the following limitations and directives apply to the salaries and expenses account:

The Department may shift personnel, up to five percent, between *major* budget activities. Because the Committee recognizes that the Department's programs are fluid by nature, additional flexibility among budget activities will be considered upon written request to the Committee.

Senior level grades (GS-13, GS-14 and GS-15) at HUD central office should be reduced by ten percent. This action is recommended in view of the fact that the management study commissioned by HUD suggested that central office was top heavy with senior grade positions while field offices suffered from too low a grade structure.

The Committee is denying the request for funds for an additional computer. There are several reasons for taking this action.

First, the Committee recommended, and Congress approved funding for new computers in the fiscal year 1974 budget after HUD indicated a critical need to install additional data processing equipment. At that time, it had completed studies that demonstrated that the then current workload of 400 central processor hours per month would grow to 764 central processor hours per month by fiscal year 1981. The additional computer capacity provided for in the 1974 budget made 761 hours per month available. The Committee agreed with the Department's opinion that, over a period of seven years of workload management, the additional capacity would comfortably satisfy the data processing requirements. Now, only three years later, HUD is claiming the systems are saturated and that a new computer is needed. Additionally, it continues to operate some data systems on a commercial time-sharing service—although one of the major factors that led the Committee to recommend the upgrading was to gain the substantial savings afforded by operating those systems on in-house equipment. In fact, the Department gave assurance that such would be the case—an objective not met three years later.

Secondly, there is some evidence that not all alternatives to acquiring another machine have been examined. One of the major problems

encountered is a limitation in input/output processing, which suggests that more efficient use of tape or disc storage and processing may be a faster, less expensive answer to the capacity problems. Furthermore, studies have not disclosed to the Committee's satisfaction that the software has been designed to take maximum advantage of the very powerful equipment already installed. For example, several large systems have no check points or restarts built in the software so that, when a processing failure occurs, large jobs that take hours to run have to be restarted again.

The Committee suggests several alternatives to the Department's current dilemma. HUD can reexamine its inventory of over 100 data systems. Clearly, it should be able to identify marginal systems that can be eliminated, thereby relieving some demand on the present configuration. Also, another government agency may provide some excess computer time as several agencies operate similar systems. Perhaps some software redesign can provide relief. Another possibility would be to exchange some of the equipment for faster and more current peripheral devices.

Whatever other alternatives may be pursued, the Committee believes that data processing requirements should be reevaluated and a comprehensive review of the needs should be made available to the Department's management, OMB, GSA and the Congress.

## FUNDS APPROPRIATED TO THE PRESIDENT

### FEDERAL DISASTER ASSISTANCE ADMINISTRATION

#### DISASTER RELIEF

1976 appropriation.....	\$150,000,000
Estimate, 1977.....	100,000,000
Recommended in bill.....	100,000,000

The Committee has approved the full budget estimate of \$100,000,000 for the disaster assistance program in 1977. The Federal Disaster Assistance Administration testified that the availability of carryover funds correspondingly reduces the need for 1977 appropriations to meet the average yearly requirement. However, because the level of funds for national disasters is difficult to predict, additional resources may be required for this activity.

## TITLE II

### INDEPENDENT AGENCIES

#### AMERICAN BATTLE MONUMENTS COMMISSION

#### SALARIES AND EXPENSES

1976 appropriation.....	\$5,374,000
Estimate, 1977.....	5,824,000
Recommended in bill.....	5,824,000

The Commission is responsible for the design, construction, and maintenance of all cemeteries and war memorials outside of the United States to commemorate the services of the American Armed Forces in hostilities occurring since 1917, and certain war memorials in the United States.



There are a total of 23 cemeteries with memorials maintained on foreign soil. Eleven additional monuments and memorials are maintained outside this country that are not part of cemeteries, and there are bronze tablets maintained at two other locations. The three large memorials maintained in the United States are the East Coast Memorial in the City of New York, the West Coast Memorial at the Presidio in San Francisco, and the Honolulu Memorial in the National Memorial Cemetery of the Pacific.

The Committee considers it of utmost importance that these memorials be maintained in a manner that is a credit to our Nation. The full budget estimate of \$5,824,000 is therefore recommended for 1977.

#### CONSUMER PRODUCT SAFETY COMMISSION

SALARIES AND EXPENSES	
1976 appropriation.....	\$39,564,000
Estimate, 1977.....	37,000,000
Recommended in bill.....	41,100,000
Increase above estimate.....	+4,100,000

The Consumer Product Safety Commission is an independent regulatory agency established for the purpose of reducing the unreasonable risk of injury associated with consumer products.

The administration of four Acts previously handled by three other Federal agencies was transferred to the Commission. Those Acts are: The Federal Hazardous Substances Act as amended to include child protection and toy safety provisions, the Poison Prevention Packaging Act, the Flammable Fabrics Act, and the Federal Refrigerator Safety Act.

The primary responsibilities and overall goals of the Consumer Product Safety Commission set forth by the Consumer Product Safety Act are:

- (1) to protect the public against unreasonable risks of injury associated with consumer products;
- (2) to assist consumers in evaluating the comparative safety of consumer products;
- (3) to develop uniform safety standards for consumer products and to minimize conflicting State and local regulations; and
- (4) to promote research and investigation into the causes and prevention of product-related deaths, illnesses, and injuries.

The Committee recommends \$41,100,000 for the Commission's activities in 1977. This is an increase of \$4,100,000 above the President's budget estimate and is \$1,536,000 above the 1976 level. It will provide sufficient resources, including mandatory increases, to continue the Commission's activities at approximately the same level of effort as in 1976.

While the Committee supports the Commission's difficult mission, it believes that it should carefully examine the staff and dollar resources committed to administrative functions. A comparison of the percentage of the budget used for this function with that of other regulatory commissions suggests that the CPSC could be out of line. Given the limited position ceiling allocated by the Office of Management and

Budget, the Committee strongly urges the Commission to adjust priorities to ensure that a minimum number of positions are committed to administrative functions.

#### DEPARTMENT OF DEFENSE—CIVIL

##### CEMETERIAL EXPENSES, ARMY

SALARIES AND EXPENSES	
1976 appropriation.....	\$5,785,000
Estimate, 1977.....	6,161,000
Recommended in bill.....	6,161,000

The Committee recommends the budget estimate of \$6,161,000 for the U.S. Army Personal Affairs Directorate in fiscal year 1977. These funds provide for the operation and maintenance of the Arlington National Cemetery and the cemetery at the Soldiers' and Airmen's Home.

The budget estimate includes \$1,575,000 for two special construction projects, including \$1,275,000 for a 10,000 niche modular columbarium at Arlington, and \$300,000 for land development costs. The total amount requested in 1977 is \$127,000 less than the amount available for the current fiscal year.

#### ENVIRONMENTAL PROTECTION AGENCY

The Environmental Protection Agency was created by Reorganization Plan No. 3 of 1970 which was designed to consolidate certain Federal Government environmental activities into a single agency. Water quality responsibilities were transferred from the Interior Department's Federal Water Quality Administration and the Department of Health, Education, and Welfare's Bureau of Water Hygiene. Other activities transferred included the National Air Pollution Control Administration and the Bureau of Solid Waste Management. In addition, the Environmental Protection Agency acquired the Department of Agriculture's authority to register pesticides and to regulate their use; the Food and Drug Administration's authority to set tolerance levels for pesticides which occur in or on food and to monitor compliance with those limits; and a portion of the Department of Interior's pesticides research program. EPA assumed some authority of the Atomic Energy Commission, HEW, and the Federal Radiation Council concerning environmental radiation protection.

The following summarizes the programs of the Agency by media.

##### AIR

The Clean Air Act of 1970, as amended, is the authority for air pollution research, regulation and enforcement activities. The objective of the air pollution control program is to meet the National Ambient Air Quality Standards which are the allowable level of pollutants necessary to protect public health (primary standards) and welfare (secondary standards). Standards have been set for total suspended particulates, sulfur dioxide, nitrogen dioxide, carbon mon-

oxide, photochemical oxidants and hydrocarbons. The first three pollutants are emitted primarily from stationary sources such as power plants and industrial operations while the remaining pollutants are associated with motor vehicles.

Controlling emissions to meet the standards is handled through two major types of activities. (1) States carry out State Implementation Plans which control pollution primarily by prescribing specific emission limitations for types of polluters, (2) The Federal Government controls, by regulation, pollutants from new motor vehicles, newly constructed industrial sources and sources emitting hazardous pollutants such as mercury. The Agency's stationary source enforcement activities are designed to assist and stimulate State enforcement programs. Mobile source enforcement includes testing and certification of prototype motor vehicles for conformance with Federal emission standards, recall of vehicles in use that do not conform to emission standards, and the monitoring and enforcement of the availability of unleaded gasoline.

Included in the research and development program are health and ecological effects studies, monitoring method improvement and air pollution control technology improvement.

#### WATER QUALITY

Under the authority of the Federal Water Pollution Control Act, as amended, the emphasis of the water quality program has been on controlling the discharge of pollutants into the waterways from specific industrial and municipal sources. Three major methods are utilized: issuing wastewater discharge permits, promulgating effluent guidelines and improving the coverage and efficiency of public owned waste treatment works.

The primary responsibility for monitoring and enforcing discharge permits and effluent guidelines is with the States; they also establish priorities for the award of wastewater treatment construction grants. Grants assistance and technical planning and training assistance are provided to State and community agencies.

The Federal enforcement program supplements State efforts and includes discharge permit issuance and compliance activities, and enforcement actions to achieve compliance with ocean dumping, oil and hazardous materials discharge regulations.

Included in the research and development program are developing more effective wastewater treatment technology, determining health effects, improving water quality monitoring and developing improved methods of controlling pollution from non-point sources such as farming, mining and construction activities.

#### WATER SUPPLY

Under the Safe Drinking Water Act of 1974 primary and secondary drinking water standards are established and enforced. The Federal government establishes the standards; States will bear the primary responsibility for enforcing them.

The States will be assisted in developing water supply enforcement programs and controlling the underground injection of contaminants through technical assistance provided by EPA and through grant

assistance. Other activities that will be undertaken include a survey of the quality and availability of rural drinking water supplies. Water supply research includes studies of the health effects of contaminants and the development of new methods to treat raw water.

#### SOLID WASTES

The solid waste activities are carried out under the authorities of the Solid Waste Disposal Act as amended by the Resource Recovery Act of 1970. The strategy for dealing with the solid waste management problem focuses on (1) achieving acceptable and safe waste management practices protective of public health and the environment and (2) conserving natural resources through the institution of resource recovery programs.

To implement this strategy, EPA provides technical assistance to State and local governments to help them find solutions to solid waste management problems, issues guidelines and recommended procedures, and undertakes demonstrations of advanced technology. The program areas emphasized included hazardous waste disposal, resource recovery and the disposal of sludge resulting from air and water pollution control.

The solid waste research program includes investigations to determine the potential for migration through soils of hazardous wastes, studies to evaluate the environmental effects of sanitary landfills, and the development of resource recovery systems.

#### PESTICIDES

The Federal Environmental Pesticide Control Act which amended the Federal Insecticide, Fungicide and Rodenticide Act is the authority for EPA's pesticide program.

Pesticides products are registered to prevent harmful products from entering the market and to require labeling to assure proper use. Products are registered only if they perform their intended functions without unreasonable adverse effects on humans or the environment.

The control of pesticide use is effected through the State certification of applicators of restricted use pesticides; applicator training is provided through a joint State, EPA and Department of Agriculture program. Research and monitoring activities are designed to provide prompt alerts on environmental and human effect problems and to develop data on the long-term human health effects of exposure to pesticides.

The pesticides enforcement program includes the inspection of pesticides producing establishments, market surveillance and the monitoring of experimental use permits. Enforcement may include civil actions, stop sales, criminal prosecutions and injunctive actions.

#### RADIATION

The activities of this program are carried out under the authorities of the Public Health Service Act, the Atomic Energy Act and authorities of the Federal Radiation Council transferred to EPA at the time of its establishment.

The Environmental Protection Agency radiation program is directed toward preventing avoidable contamination of the environment from ionizing and non-ionizing radiation. The Agency pursues this goal through three interdependent roles: (1) the development of standards and criteria, (2) assessment of the environmental impact of technology employed by other Federal agencies, and (3) surveillance of radiation levels in the environment. EPA is responsible for issuing generally applicable standards for the protection of the environment from all sources of radiation, including ambient standards for the total amount of radiation from all facilities in the uranium fuel cycle. The Environmental Protection Agency also develops guidance for other Federal agencies. This guidance, in the form of standards, is then implemented by these agencies through regulations that they promulgate and enforce.

In the area of technology assessment, EPA performs independent environmental analyses of radiation technologies proposed for use by other Federal agencies. Environmental Impact Statements, prepared by other agencies whenever nuclear power plants are authorized or whenever new technologies are proposed for introduction, are analyzed by EPA. The radiation surveillance function performed by EPA provides an assessment of the overall condition of the radiological quality of the environment. An air monitoring network measures ambient radioactivity. Water analysis and sampling programs are carried on to measure levels of tritium and other radionuclides near specific radioactive material sources and at drinking water sites.

#### NOISE

The Noise Control Act of 1972 provides the basis for the environmental noise control program. For products that have been identified as major sources of noise, noise emission standards are set. Noise regulations for aircraft are proposed to the Federal Aviation Administration and labeling regulations are developed to advise prospective buyers of products' noise generating characteristics or their effectiveness in reducing noise. Enforcement activities will center largely around new product noise standards.

#### TOXIC SUBSTANCES

EPA's major legislation—the Clean Air Act, the Federal Water Pollution Control Act and the Solid Waste Disposal Act—provide the authority for this program.

Major program activities include the development of predictive techniques for early identification of hazardous materials and monitoring for selected toxic chemicals. Research is being conducted into the health effects of selected toxic substances to provide data to support future regulatory efforts.

#### COMMITTEE RECOMMENDATIONS BY APPROPRIATION

Of the amounts approved in the following appropriation accounts, the Agency must limit transfers of funds between media to not more than 10 percent of the budget plan without first obtaining approval of the Committee.

#### AGENCY AND REGIONAL MANAGEMENT

1976 appropriation.....	\$65,374,000
Estimate, 1977.....	67,538,000
Recommend in bill.....	73,000,000
Increase above estimate.....	+5,462,000

This activity includes executive direction and leadership for all programs and support to such areas as public affairs, legislative liaison, international affairs, equal employment opportunity, environmental impact statement reviews, Federal agency pollution control activities, program planning and economic analysis, budgeting, accounting auditing, personnel management, organizational analysis, ADP operations, grant and contract policy, and other housekeeping activities.

The bill includes \$73,000,000 for agency and regional management activities in 1977. This is an increase of \$5,462,000 above the budget estimate. The added funds are being made available to offset costs generated by the October, 1975, pay increase for Federal employees. The 1977 share of this pay raise is estimated at \$9,600,000. Of this amount, the budget assumed that \$7,600,000 would be absorbed by EPA. While the Committee agrees that some pay costs can normally be absorbed, it felt that the level assumed in the budget would cause unnecessary delays in funding positions and could impact heavily on cooperative programs with states and localities.

#### RESEARCH AND DEVELOPMENT

The Committee recommends combining the Energy Research and Development account with the Research and Development account in fiscal year 1977. A total of \$265,000,000 is provided for both activities. This is \$8,551,000 above the budget request.

The research and development programs produce the scientific information and technical tools on which to base national policy and effective control strategies in the regulation, prevention, and abatement of environmental pollution.

The energy research activity provides for development of a scientific basis to ensure (1) protection of human health, (2) environmental protection necessary to facilitate the use of domestic energy supplies, (3) implementation of energy systems initiatives without delays caused by inadequate and insufficient environmental impact data, and (4) the concurrent development of appropriate control technologies and emerging energy systems to minimize control costs and environmental impact.

#### ABATEMENT AND CONTROL

1976 appropriation.....	\$375,766,000
Estimate, 1977.....	329,544,000
Recommended in bill.....	398,044,000
Increase above estimate.....	+68,500,000

This activity provides for planning grants and control agency support grants to State, regional, and local agencies for planning, establishing, and improving environmental quality programs. Monitoring and surveillance are performed to determine baseline quality conditions, to measure pollutants, and to evaluate the performance of control devices. Pollution prevention, control, and abatement

standards are generally established in cooperation with State and local agencies. Technical assistance is provided to Federal agencies, States, interstate regions, local communities, and industry. Environmental impact statements by Federal agencies are reviewed and evaluated. Education and training are supported through grants and other forms of assistance and in-house training programs are conducted for personnel of Federal, State and local governments, industry, and educational institutions.

The bill includes increases above the budget plan for the following activities:

\$15,000,000 to continue the "Clean Lakes" program at the 1976 level.

\$35,000,000 for the Section 208 Planning Grant program.

\$4,000,000 for academic training.

\$500,000 to restore ten positions and provide continued technical assistance to the states covering work on sensitive environmental radiation problems such as uranium mine tailings and radiation exposure.

\$4,000,000 to restore state grants for air quality to the 1976 level of \$55,000,000.

\$10,000,000 to restore Water Quality Agency Grants to the 1976 level of \$50,000,000

The Committee has also included \$49,182,000 for 1977 to complete liquidation of contract authority provided under the Section 208 Area-wide Waste Treatment Management Grants.

#### ENFORCEMENT

1976 appropriation.....	\$53,606,000
Estimate, 1977.....	56,561,000
Recommended in bill.....	56,561,000

This activity includes the certification and permit programs; the enforcement of environmental pollution standards, including the gathering and preparation of evidential data and the conduct of enforcement proceedings; and legal services for the agency.

The \$56,561,000 recommended for enforcement will provide for a continuation of program activity at approximately the same level as 1976.

#### BUILDINGS AND FACILITIES

1976 appropriation.....	\$ 2,100,000
Estimate, 1977.....	2,100,000
Recommended in bill.....	2,100,000

This activity provides for the design and construction of EPA owned facilities as well as for the repair and improvement to facilities utilized by the agency. The funds are used primarily for such things as repairing plumbing, painting of buildings and for safety modifications.

The bill contains the full budget estimate for 1977. The Committee also directs that repair and improvement projects be limited to \$100,000 per individual project. Repair and improvement projects exceeding \$100,000 should not be undertaken by the agency without the specific approval of the House and Senate Appropriations Committees.

#### CONSTRUCTION GRANTS

	Appropriation	Liquidating cash
1976 appropriation.....	0	\$800,000,000
Estimate, 1977.....	0	3,800,000,000
Recommended in bill.....	\$200,000,000	3,800,000,000
Increase above estimate.....	+200,000,000	

Construction grants are made to local public agencies for construction of municipal wastewater treatment facilities to assist States and localities in attaining and maintaining water quality standards. The Federal Water Pollution Control Act Amendments of 1972 authorized \$18 billion for this purpose. The full authorization is available for obligation and through March 31, 1976, approximately \$9 billion had been obligated.

Amounts approved from authorizations for contract authority are allotted to each State on the basis of formulas set forth in the Federal Water Pollution Control Act Amendments of 1972 and subsequent legislation. Within these allotments, grants are awarded on a priority basis for individual projects. Each project is eligible for 75 percent in Federal assistance. The Committee recommends the budget estimate of \$3.8 billion in liquidating cash for fiscal year 1977.

The bill also includes \$200,000,000 to reimburse those cities which began construction of wastewater treatment facilities between June 30, 1966 and July 1, 1972 and received less than the full statutory share of reimbursement authorized by Section 206(a) of the Federal Water Pollution Control Act.

A total of \$2,600,000,000 has been authorized for this activity. To date, \$1,900,000,000 has been appropriated. In order to bring all communities up to their full grant entitlement, the most recent estimate is that an additional \$865,000,000 is required. Although the \$200,000,000 provided by this legislation will not fully reimburse these communities, it will provide additional support within the constraints of budget priorities. These funds will provide needed assistance to those communities in which wastewater treatment works are currently under construction as well as those on which construction has already been completed. Communities will be reimbursed at a rate of 50% of funds required for a project. Where comprehensive metropolitan planning has been undertaken, reimbursement is at a 55% rate.

#### SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1976 appropriation.....	\$4,000,000
Estimate, 1977.....	6,000,000
Recommended in bill.....	6,000,000

This appropriation covers the support of research and research related activities in foreign countries. Appropriated funds are used to purchase the currencies which accrue to the United States primarily through sale of surplus agricultural commodities. The purchased currencies are often used to support collaborative research to supplement and/or complement EPA's domestic programs.

The bill includes \$6,000,000 for this activity in 1977. This level will restore the program to its previous operating level and allow participation in a special cooperative energy related environmental studies program with Poland.

## EXECUTIVE OFFICE OF THE PRESIDENT

## COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF ENVIRONMENTAL QUALITY

1976 appropriation-----	\$2, 736, 000
Estimate, 1977-----	2, 915, 000
Recommended in bill-----	2, 915, 000

The National Environmental Policy Act of 1969 created the Council on Environmental Quality to provide assistance and advice to the President in matters relating to the quality of national environment in the United States. Shortly thereafter, the Environmental Quality Improvement Act of 1970 established an office to provide similar, but somewhat different undertakings, including how the quality of the environment could be improved. The functions of both Acts have always been administered by a single organization to provide an integrated mechanism to effectively undertake policy review and implement environmental considerations on the national scene.

A significant activity of the Council is to prepare the annual environmental quality report of the President and to summarize major developments for the last year. It is continually concerned with review and policy direction of environmental considerations in Federal programs and is actively involved in recommending policies to protect and improve the quality of our human surroundings in a broad spectrum of activities.

The Committee recommends an appropriation of \$2,915,000 for these activities in the next fiscal year. This is an increase of \$179,000 above the current funding level to cover increased salary costs provided by law. An additional \$500,000 is expected to be transferred from the Energy Research and Development Administration.

## GENERAL SERVICES ADMINISTRATION

## CONSUMER INFORMATION CENTER

1976 appropriation-----	\$1, 054, 000
Estimate, 1977-----	1, 073, 000
Recommended in bill-----	1, 073, 000

The Consumer Information Center is responsible for encouraging the development of relevant and meaningful consumer information from the major Federal departments and agencies as a by-product of the Government's research, development and procurement activities. In addition, the Center promotes greater public awareness of existing Federal publications through distribution of the Consumer Information Index and through various media programs.

The bill provides \$1,073,000 for the Consumer Information Center. The recommended increase of \$19,000 above the 1976 appropriation of \$1,054,000 is for paycosts associated with the October, 1975 general pay increase.

## DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

## OFFICE OF CONSUMER AFFAIRS

1976 appropriation-----	\$1, 534, 000
Estimate, 1977-----	1, 581, 000
Recommended in bill-----	1, 581, 000

The Office of Consumer Affairs serves as the principal advisor to the Secretary of the Department of Health, Education, and Welfare on

consumer related policy and programs and constitute the staff of the Special Assistant to the President for Consumer Affairs.

The budget estimate of \$1,581,000 recommended for the Office of Consumer Affairs in fiscal year 1977 will provide for a continuation of program activities at the 1976 level.

## NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

## RESEARCH AND DEVELOPMENT

1976 appropriation-----	\$2, 677, 380, 000
Estimate, 1977-----	2, 758, 925, 000
Recommended in bill-----	2, 767, 425, 000
Increase above estimate-----	+8, 500, 000

The Committee has consistently supported development of a space shuttle. In past reports, the shuttle has been characterized as opening a new transportation era that will make space flight routine. The shuttle can provide this Nation with an economical and efficient space vehicle that will carry a variety of payloads—including commercial, applications, scientific and military—into both low and high earth orbit.

But while the Committee has backed the shuttle concept, it continues to question user charges for commercial customers; the commitment of DOD to the shuttle; and the cost-effectiveness of a shuttle-tug mission. For example, clearly a primary consideration in the evolution of the shuttle program must be the accommodation of projected U.S. and international commercial payloads. The economic, technical and operational significance of commercial applications must not be relegated to a secondary role. Every effort should be made at this time to define and ultimately provide a continuing and economically attractive launch capability—particularly to synchronous orbit. Unless the commercial sector accepts the shuttle as an economically viable alternative to conventional boosters, the space transportation system will not be viewed as a success. Therefore, the Committee urges NASA to provide maximum payload flexibility to all potential shuttle users.

The Committee recommends an appropriation of \$2,767,425,000 for 1977. This is an increase of \$8,500,000 above the budget estimate. Within the total recommended, the following changes are made from the amounts requested in the current budget plan:

- (1) An additional \$3,000,000 has been provided for aeronautics for accelerated work on variable cycle engine components technology.
- (2) The Committee has recommended an additional \$10,100,000 for Space Research and Technology, including \$1,600,000 for advanced propulsion technology, \$3,500,000 for energy technology and \$5,000,000 for a Solar Satellite Power System.

The Committee believes that the development of a solar satellite power generating system could provide substantial amounts of clean, competitive electric power in the next century. While ERDA has the principal responsibility for energy research and development, the Committee is concerned that such a system is not presently assigned within the jurisdiction of either ERDA or NASA. Clearly, NASA has the pre-eminent technological and management capability to launch and maintain this massive structure in space. Therefore, the Committee directs NASA to proceed with design studies leading to a demonstration satellite that could be placed in orbit on the space shuttle.



(3) Within the funds recommended, the Committee directs that an appropriate memorial to the late Dr. Robert H. Goddard be provided, as authorized in Public Law 89-320.

(4) A \$4,600,000 reduction is recommended and should be applied generally at NASA's discretion.

In addition, the Committee addressed the Large Space Telescope issue. The 1976 HUD-Independent Agencies Appropriation Conference Report prohibits NASA from proceeding with any LST work beyond the Phase "B" stage. NASA informally requested clarifying language in the 1977 report which would permit the agency to issue request for proposals, select prime contractors, and sign a contract *prior* to and *contingent* upon congressional approval of LST funding in fiscal year 1978.

Although the Committee recognizes that this course of action would release losing contractor teams and resources for other projects, it felt that such a procedure established an unacceptable and highly unusual precedent. Therefore, NASA is specifically prohibited from issuing any request for proposal, selecting a prime contractor or signing a contingent contract before a budget estimate for LST development funds is formally approved by the Committee and the Congress. The Agency may, however, within the funds provided, continue Phase B analysis and associated work.

#### CONSTRUCTION OF FACILITIES

1976 appropriation.....	\$82, 130, 000
Estimate, 1977.....	124, 020, 000
Recommended in bill.....	118, 090, 000
Decrease below estimate.....	-5, 930, 000

The Committee recommends \$118,090,000 for construction of facilities in 1977. This is a decrease of \$5,930,000 below the budget request.

The funds provided are the same as those requested with the following exceptions:

A \$2,800,000 reduction for the Lunar Curatorial Facility at the Johnson Space Center.

A \$1,000,000 reduction from the \$9,700,000 request for the Shuttle Solid Rocket Booster Processing Facility at the Kennedy Space Center.

A \$350,000 reduction from the \$2,050,000 request for Shuttle Carrier Aircraft Mating Facilities.

A \$780,000 reduction for construction of a water immersion facility for shuttle pilot training at the Johnson Spacecraft Center.

The above decreases are all consistent with similar reductions made in the 1977 House authorization bill.

In addition, the Committee has reduced by \$11,000,000 the request of \$14,855,000 for refurbishment of a *second* shuttle mobile launcher. In taking this action, the Committee notes two factors:

(1) NASA's justifications indicated that the second mobile launcher was required by the fall of 1980 when the second orbiter was scheduled for delivery at the Kennedy Space Center. However, NASA admitted that because of budget restrictions, the second orbiter would not reach KSC until the Spring of 1981—*or as much as six months later*.

(2) The anticipated shuttle launch rate in 1980 and 1981 is within the capabilities of a single launcher.

Therefore, total funding of the second mobile launcher can be delayed.

Finally, the Committee has added \$10,000,000 to begin construction modifications on the 40 x 80 subsonic wind tunnel at the Ames Research Center. In the 1976 report, the Committee directed that no funds be used to begin this work until it had had an opportunity to review the necessary funding requirements. Although the Office of Management and Budget denied NASA's request to proceed with this project in the 1977 budget, the Committee heard convincing testimony that the modification of the 40 x 80 wind tunnel is essential in keeping the United States competitive in the world helicopter market. The total cost of the project is currently estimated at approximately \$90,000,000.

#### RESEARCH AND PROGRAM MANAGEMENT

1976 appropriation.....	\$792, 312, 000
Estimate, 1977.....	814, 055, 000
Recommended in bill.....	809, 000, 000
Decrease below estimate.....	-5, 055, 000

The Committee recommends \$809,000,000 for research and program management in 1977. This is a decrease of \$5,055,000 below the budget estimate.

The House authorization reduced the request by \$3,600,000 for object classes *other* than personnel and related costs. The Committee is recommending an additional \$1,455,000 reduction. This action is based on the fact that funds requested for annualization of 1975 paycosts appear to be overstated. Also, NASA plans on reducing permanent positions by 500 in 1977. Savings resulting from the associated man-year lapse could be higher than is assumed in the budget request.

#### NATIONAL SCIENCE FOUNDATION

1976 appropriation.....	\$715, 250, 000
Estimate, 1977.....	802, 000, 000
Recommended in bill.....	750, 000, 000
Decrease below estimate.....	-52, 000, 000

The last quarter century has seen the support of science in programs of the National Science Foundation grow from the initial \$225,000 in 1951 to \$715,250,000 in the current fiscal year. An increase to \$750,000,000 is recommended for fiscal year 1977. This is \$34,750,000 above the current year.

The National Science Foundation's total support for basic research has grown steadily over the past several years, with a 12 percent increase in obligations in fiscal year 1975 above the level of obligations reported for fiscal year 1974, and an expected 11.5 percent increase in obligations for fiscal year 1976 over the amount obligated in 1975. These increases have been necessary to keep pace with inflation and are reasonable in the context of competing financial needs in the economy and the lack of growth of science faculties in colleges and universities.

The latest annual report of the National Science Board, entitled *Science Indicators, 1974*, analyzes our national research and development effort. One of the significant findings is that the Nation's total expenditures for basic research increased continuously during the 1960 to 1974 period, rising from \$1.2 billion to \$4 billion in current dollars.



The actual level of basic research support continues to rise, but the report notes that national expenditures for basic research in terms of constant dollars peaked in 1968, and by 1974 had declined to the 1965 level. In using the concept of evaluating research in constant dollars the report attempts to judge the adequacy of funds in terms of inflation factors. Though the argument has appeal, the Congress has carefully avoided adopting such an approach in other important areas of legislation.

The Committee notes that there may be problems of interpretation of the data in the report. Though there was a tendency among Federal agencies in the 1960s to maximize their reported support of basic research, the recent trend has been to classify research as applied wherever possible. But perhaps the most significant problem in relying on constant dollar data is what economic projections are made and what they imply. This is unclear, and as a measure for evaluating total need and quality of research and development, a constant dollar indicator is subject to serious question. While the presentation of science indicators in terms of constant 1967 dollars makes a strong case for expanded science support, it ignores the rapid escalation of funding for science that led to attaining the high level of Federal support that was reached in the mid-1960's. This base has continued for the last decade, and has expanded in terms of actual or current dollars. It also overlooks the relative absolute strength of our country, which Dr. Stever described in the 1977 hearings as "still the strongest in the world in research and development."

After carefully considering all factors relating to NSF's research support programs, the Committee feels that the Foundation should be given the budgetary resources needed to continue its current level of research support. In some instances, the Committee has recommended funds above the budget for specific science initiatives in other agencies. These include high energy accelerator programs in ERDA, solar and energy technology research in NASA, and critical research and development requirements in EPA. The ERDA and NASA funds are in the same functional budget category as is NSF.

Transfers of research support responsibility between agencies, such as could be implied in this case, ought to be considered in terms of broad policy implications. With the pending reconstitution of an Office of Science and Technology Policy in the Executive Office of the President, this may be an inopportune time to recommend actions that could preempt proper consideration at the highest policy level. To meet certain specific research needs developed in the hearings of the Committee, however, the recommended appropriations should serve to complement the NSF's research support budget in demonstrated areas of need, and therefore to reduce substantially the effects that might seem to be implied by less than the full request for the Foundation.

The Committee recognizes that a balanced program of scientific research is of tremendous importance to the Nation's future. The responsibility for education in the sciences is similarly vital to future progress. The problems which the United States now faces in developing new sources of energy, in finding new approaches to the conquest of disease, in creating new products for commerce and ultimately in creating greater employment, can only be solved by new applications of man's knowledge. Much of that knowledge will be of a scientific or

technical nature, and the continued support of Foundation programs is in recognition of its unique responsibility for supporting and strengthening such capabilities.

#### RESEARCH AND RELATED ACTIVITIES

1976 appropriation.....	\$661, 250, 000
Estimate, 1977.....	741, 000, 000
Recommended in bill.....	681, 400, 000
Decrease below estimate.....	-59, 600, 000

The appropriation for research and related activities covers all programs of the Foundation, except for science education and activities financed with excess foreign currencies. These are provided for in other accounts in the bill.

The Committee recommends an appropriation of \$681,400,000 for these activities in 1977. This is an increase of \$20,150,000 above the current level and \$59,600,000 less than the budget estimate. It includes an increase in support for basic research from the current level of \$523,000,000 to a total of \$554,000,000, or about a six percent increase for inflationary costs. Funds for the Research Applied to National Needs Program, Program Development and Management, and Science, Technological and International Affairs activities are all included in this account at essentially the requested or authorized levels.

The National Science Foundation is currently in the process of a major overhaul of its internal management structure. At the beginning of fiscal year 1976 it announced a major reorganization which restructured the former Research Directorate and the Directorate for National and International Programs into three new directorates. These are Mathematical and Physical Sciences and Engineering; Astronomical, Atmospheric, Earth and Ocean Sciences; and Biological, Behavioral and Social Sciences. The support of research activities in national and special research programs and the National Research Centers formerly budgeted as separate activities and managed by the Directorate for National and International Programs are now included in the new Astronomical, Atmospheric, Earth and Ocean Sciences Directorate.

Examinations in recent years have revealed major concerns in management and administration of NSF programs. These have been identified in studies by the Congress, the General Accounting Office and others, including the National Science Foundation itself. To the credit of the Director, Dr. Stever, he and some of the National Science Board Members have taken forthright steps to respond to these concerns, but this has been done only after the fact and in response to vigorous prodding by the Congress and strong public objections to certain grant awards and program thrusts.

It is essential that the National Science Foundation have time to consolidate and implement its newly adopted management procedures, as well as to complete its senior level staffing where a number of key positions are yet to be filled. The corrective measures remain largely unproven, and further reorganization is expected in the Science, Technological and International Affairs activities to interface with the new Office of Science and Technology Policy in the Executive Office of the President. The value of the new Action Review Boards, in the judgment of the Committee, is still open to question. At best it seems to represent only a temporary stopgap solution.

It would be inappropriate at this juncture to encourage a further expansion of programs until management questions are fully resolved and new directorates are operating smoothly.

## SCIENCE EDUCATION ACTIVITIES

	Appropriations	Program level (including carryover)
1976 appropriation-----	\$50,000,000	\$64,800,000
Estimate, 1977-----	55,000,000	65,000,000
Recommended in bill-----	64,000,000	74,000,000
Increase above estimate-----	+9,000,000	+9,000,000

The original National Science Foundation Act recognized the importance of science education. It authorized and directed the NSF to develop and encourage the pursuit of a national policy for the promotion of education in the sciences. On one occasion, eleven members of the National Science Board testified before the Committee. They fully endorsed the pre-college education efforts of NSF to improve science education in the schools. The relative level of resources devoted to education support and improvement reached 46.7 percent of NSF obligations in 1959.

Today, the level of science education programs has declined to about nine percent of the Foundation's budget—down from a high of \$125,000,000 in 1968 to the current estimate of \$64,815,000 in 1976.

The Committee recommends that the amount for science education programs be increased above the request by \$9,000,000. This is designed to reverse the current trend and imbalance in NSF programs. It will provide a program level of about \$74,000,000 in 1977, including the use of \$10,000,000 deferred and carried forward from science education programs in 1976. It is also recommended that these activities be made an annual account to make them more responsive to the concerns of the Congress and less subject to deferral actions as has been the practice in recent years.

The Committee also urges the Foundation to consider the establishment of minority centers for graduate education in science and engineering in minority institutions. This should help diffuse technical expertise in surrounding minority communities where its application could prove useful in solving specific local problems and providing a foundation for technologically based industries in these communities.

*Pre-College Science Education.*—The National Science Foundation's programs in science education were initiated in the 1950's with the recognition that the quality and vigor of the Nation's activities in science and mathematics are directly dependent on the quality of science education available to students from their first years in school to the highest levels of academic achievement. These NSF programs have met with considerable success because they were properly predicated on the principle that the quality of science education at every level depends upon the character of training that students have had at lower levels.

At the pre-college level, NSF sought to improve science and mathematics instruction in the classroom, and subsequently to maintain the higher quality standards that had been reached, by developing curricula and by supporting a system of institutes in which college and university faculty in science and mathematics provided discipline-oriented training to pre-college teachers. These institutes not only

provided instruction for teachers, but they also became the vehicle for a cooperative effort between pre-college teachers and research scientists to improve the instruction of science in the Nation's schools.

In recent years, OMB and the Foundation have sought ways to reduce NSF's continuing commitments to pre-college science and mathematics education. The Foundation phased out the discipline-oriented courses that had been created to meet the problem of inadequate teacher training, and began to use the institutes as a vehicle for specific projects to aid schools and school systems in the adoption of new curricula. Early in 1975, the Foundation came under severe criticism for the development and promotion of a curriculum entitled *Man: A Course of Study*. The potentially serious issue raised by this criticism and by other concerns prompted the Committee to recommend that the National Science Foundation be appropriated no funds in fiscal year 1976 for *curriculum implementation*, as the program had come to be called. This recommendation was adopted by the Congress in order to provide a year in which NSF's education programs might be reviewed.

During the past year, NSF has adopted a number of new policies and practices designed to overcome problems that were discovered in its pre-college education programs. Though further measures may still be necessary, a beginning appears in sight for dealing with major problems. The Committee urges the Foundation to continue development of a level of objectivity which should be helpful in avoiding similar problems in the future.

The budget estimate proposes to delay a resumption of pre-college teacher instruction efforts for at least another year in order to determine the need for such instruction and to design "cost-effective" programs to meet whatever need is discovered. The Committee does not concur in this regard, and deems it essential that NSF reconstitute programs for discipline-oriented teacher instruction in fiscal year 1977. Recent statistics indicate a high rate of turnover among pre-college teachers: it would appear that the average career lifetime of a high school teacher may only be 8 years, with even shorter career lifetimes for teachers at lower levels. Several years have now passed since discipline-oriented instruction was terminated, with the result that many new and inadequately trained teachers are now in the classroom. The Committee feels that a further interruption of teacher instruction is not reasonable in light of the national need and the wealth of information available from the past 20 years of NSF activity.

In order to ensure the resumption of pre-college teacher instruction in science during fiscal year 1977, the Committee has included funding in Science Education for this purpose. This activity might be titled *Teacher Training Programs*, although it is immaterial to the Committee what title or category may be selected for such basic support. The Committee considers broad-based science teacher training support a continuing and basic responsibility of the Foundation, vital to the development of scientific manpower that will undertake research projects in the future, and to the enhancement of all students in the educational system. The funds are being provided for new programs to replace the curriculum emphasis that has prevailed in NSF promotions of recent years.

The Committee recommends that the new emphasis include two program sub-elements. The first might be titled *Science Teacher*

*Training Seminars*, and is intended for the instruction of teachers at all pre-college levels. Instruction would be provided by institutions of higher learning to teachers within commuting distance range. The suggested format for teachers of the first four grades would consist of regular lectures to teachers during the school year to acquaint them with general concepts of science and mathematics and to illustrate appropriate science projects for the classroom. For teachers of the fifth grade and above, the Seminars should use a different format to help those teachers who have relatively little training for the courses which they must teach. The suggested format at this level would consist of two weeks of intensive instruction immediately prior to the opening of the school year, focusing on basic elements and concepts of a particular discipline. Teachers would then attend bi-weekly instructional sessions during the school year to discuss instructional problems and to receive instruction on the material which they will be teaching in the coming two weeks.

The other sub-element might be titled *Advanced Teacher Workshops*, and is intended to provide more advanced and more intensive training in specific disciplines. The format would consist of four weeks of study during the summer at a regionally located college or university that could offer the quality of faculty and facilities needed for effective instruction at this more advanced level. Workshops would be designed for teachers having more background and experience than those attending Seminars, and subject matter would differ from that of standard university science and mathematics courses by including material of particular usefulness to teachers.

The emphasis upon local instruction for the Science Teacher Training Seminars, and upon regional instruction for the Advanced Teacher Workshops, is intended to encourage continuing informal communication among teachers who attend the Seminars or Workshops, as well as between all teachers in a locality or region and the faculty members of the Workshops and Seminars to provide an advisory service to teachers and schools in their respective areas.

It is not intended to provide funds for teachers to attend more than one Seminar or more than one Workshop except in cases where there has been a substantial change in teaching assignment. However, it would seem appropriate for the Foundation to encourage, and to provide for: (1) periodic "refresher" meetings once or twice a year and lasting a day or two for former attendees of Seminars; and (2) periodic "refresher" meetings of perhaps a week in duration which former attendees of a Workshop might attend once every three years or so.

It is not intended that the attendees of either the Seminars or the Workshops receive stipends to cover tuition or expenses. Rather, it is intended that the National Science Foundation supply the host institution with grant funds sufficient to cover up to 100 percent of the tuition and up to 80 percent of the host-supplied room and board expenses of the attendees, who are to share the remaining costs as an appropriate contribution. Local school systems could contribute this other 20 percent of such costs.

The Committee recommends that \$4,000,000 in the Science Education activities be used in the next fiscal year for such teacher training programs, including \$3,000,000 for pre-college science teacher training seminars and \$1,000,000 for advanced teacher workshops. Considera-

tion should also be given to increasing this to a continuing level of \$12,500,000 by fiscal year 1979 for each activity.

These projections are based on considerations of the need for an appropriate geographic distribution of the workshops and seminars to reflect the regional and local aspects of these programs, as well as of the fraction of teachers that must be trained in order for all science and mathematics teachers to receive substantial benefit.

The Committee feels that such amounts would represent a fully developed state of the Teacher Training Programs. If sustained in subsequent years, these amounts should be sufficient to ensure the maintenance of high quality pre-college science and mathematics instruction in the United States.

#### SCIENTIFIC ACTIVITIES (SPECIAL FOREIGN CURRENCY PROGRAM)

1976 appropriation.....	\$4, 000, 000
Estimate, 1977.....	6, 000, 000
Recommended in bill.....	4, 600, 000
Decrease below estimate.....	-1, 400, 000

For a number of years the National Science Foundation has been able to utilize government-owned excess foreign currencies of certain countries to support cooperative scientific projects for our mutual benefit. This has included the collecting, translating, abstracting and disseminating of foreign scientific and technical information as well as travel of U.S. and foreign scientists involved in mutually beneficial efforts. The Committee recommends \$4,600,000 for these purposes in fiscal year 1977. This is an increase of \$600,000 to provide a reasonable adjustment for inflation.

#### SELECTIVE SERVICE SYSTEM

##### SALARIES AND EXPENSES

1976 appropriation.....	\$37, 500, 000
Estimate, 1977.....	6, 800, 000
Recommended in bill.....	18, 000, 000
Increase above estimate.....	+11, 200, 000

The 1977 budget request of \$6,800,000 proposes to place the Selective Service System in a "deep standby" posture. The President's budget would also reduce permanent positions to approximately 100 in fiscal year 1977. No registration or lottery would be held, and the System would be essentially reduced to a planning organization similar to that existing prior to the adoption of the draft in 1940. At this budget level, the mobilization reaction time would be stretched from the present 30 days to approximately 120 days.

The Committee recommends \$18,000,000 for the Selective Service System in 1977. The increase of \$11,200,000 would maintain an employment level of approximately 500 to 600 positions. It also provides for an annual registration conducted by volunteer registrars. The mobilization reaction time would be reduced to about 50 days from the 120 days proposed in the President's budget.

Last year the Committee asked the Armed Services Committee to make a general review of the program and future plans of the Selective Service System. After holding extensive hearings in January, the Armed Services Committee reported its conclusions on future budget requirements for the Selective Service System. In short, it indicated

that the President's proposed budget was an unacceptable risk—particularly in view of the uncertain nature of the reserve force. This position was also supported by Dr. Curtis W. Tarr, Chairman of the Defense Manpower Commission, who stressed the continuing need for a Selective Service System that would provide for annual registration.

In summary, the Committee believes that for a small additional investment of \$11,200,000, the reaction time can be cut to less than half of that proposed in the 1977 budget request. This could provide a critical margin of difference in any national emergency.

#### DEPARTMENT OF THE TREASURY

##### NEW YORK CITY SEASONAL FINANCING FUND, ADMINISTRATIVE EXPENSES

1976 appropriation.....	\$1,000,000
Estimate, 1977 .....	1,250,000
Recommended in bill .....	1,250,000

Last fall the Congress made \$2,300,000,000 available to the City of New York for seasonal financing loans to meet an immediate financial crisis and to assure the continuation of essential services. This sum is available through June of 1978 and an appropriation of \$1,000,000 has previously been provided to the Department of the Treasury to administer such loans in the first fiscal year. This is increased to \$1,250,000 in the budget estimate, and is the amount recommended by the Committee for 1977.

The Department of the Treasury, the General Accounting Office, the State of New York, and others are all carefully monitoring and assisting in different ways the efforts of the City to regain financial integrity. The Emergency Financial Control Board has been given virtually unlimited powers over its fiscal and financial affairs. With the help of the seasonal financing loans, the City of New York to date has been able to solve its immediate financial crisis. It is now developing and implementing comprehensive plans of long-term economic reform designed to permit its economic viability to be restored by 1978.

It is too early to determine whether the goals can or will be met. To date the seasonal loans and measures appear to be serving their intended purpose of providing New York City with time and opportunity to solve the fiscal and financial problems that previously had been ignored.

The Committee expects the Department to continue its forthright administration of this loan program and to keep the Congress fully advised as progress is made.

#### VETERANS ADMINISTRATION

The Veterans Administration is the third largest Federal agency. It employs more than 220,000 people, administers benefits for almost 29.5 million veterans, 63 million family members of living veterans, and 3.8 million survivors of deceased veterans. More than 96 million people, comprising about 46 percent of the total population of the United States are potential recipients of veterans benefits provided by the Federal government.

The President to date has submitted budget estimates for veteran programs in the amount of \$18,381,897,000 for the fiscal year 1977. The Committee notes that this request includes no funds for an extension of the eight percent pension increase which became effective on January 1, 1976 and is scheduled to expire on September 30, 1976. Also, the budget anticipates no cost-of-living increases for compensation or education payments. The Committee anticipates that these contingencies could require more than one billion dollars in supplemental appropriations in 1977.

The programs recommended by the Committee in the bill are among the most, if not the most comprehensive and generous any nation of the world provides for its veterans. The 171 hospitals and other medical facilities in the VA system comprise the Nation's largest organization for health care delivery. Direct and guaranteed housing loans have been issued to date aggregating in excess of \$110 billion to more than 9,000,000 veterans and servicemen. The life insurance programs administered or supervised for the benefit of servicemen, veterans, and their beneficiaries provide coverage exceeding \$99 billion to some 8.2 million policy holders.

The total recommended by the Committee for these programs in 1977 is \$18,380,181,000. This is \$838,778,000 less than the amounts appropriated in 1976. The decrease is caused primarily by the cut-off of the ten-year delimiting period, which is scheduled to end on May 31, 1976.

The specific recommendations for individual programs are described below:

COMPENSATION AND PENSIONS	
1976 appropriation.....	\$8,249,200,000
Estimate, 1977.....	8,153,400,000
Recommended in bill.....	8,153,400,000

This appropriation provides funds for service-connected compensation to an estimate 2,583,700 beneficiaries, and pension payments to another 2,202,631 beneficiaries for non-service connected disabilities.

The Committee recommends the full request of \$8,153,400,000 for fiscal year 1977. Further funding may be necessary as more precise estimates of caseload increases develop, and as final disposition is made of legislation to extend and increase pension and compensation rates.

The Committee also concurs with the VA's request for language transferring the Soldiers' and Sailors' Civil Relief function to the appropriation for Compensation and Pensions. The VA advised the Committee that only 31 accounts were currently being serviced under this program. Therefore, it does not appear necessary to continue the fund as a separate entity.

READJUSTMENT BENEFITS	
1976 appropriation.....	\$6,014,475,000
Estimate, 1977.....	4,873,000,000
Recommended in bill.....	4,813,000,000
Decrease below estimate.....	-60,000,000

The Committee recommends reducing the budget request of \$4,873,000,000 on June 1, 1977, by \$60,000,000 and, after that date, making



the funds provided in this appropriation available for payment only at the end of a month in which entitlement is earned. This action has the effect of ending the prepayment of readjustment benefits. The advance payment procedure is retained in the proposed language in the bill.

By way of background, the Committee pointed out in last year's report that the overpayment of educational and training benefits had begun to reach substantial levels. To better understand the extent and contributing causes of the problem, the Committee undertook a thorough investigation which was released on March 5, 1976. That investigation revealed a spectacular growth of education overpayments during the past five years. In fiscal year 1972, overpayments established were \$51,000,000. In fiscal year 1976, overpayments will reach an estimated \$823,000,000—or a 1,521 percent increase above the level in 1972. Contributing to the increase in the growth of overpayments during this period was a 75 percent jump in the number of trainees and a 212 percent increase in training costs. However, those factors alone can not account for the extraordinary growth of such unwarranted costs.

*The primary cause for such a sharp increase was the implementation of the prepayment and advance payment of educational assistance benefits.* Advance and prepayment of educational assistance allowances became effective on August 1, 1973, and November 1, 1972, respectively. Prior to this veterans were paid at the end of the month for attendance at institutions. Under the advance payment provision, educational assistance payments of up to two months of benefits could be paid thirty days in advance of the date training commences. Prepayment requires that benefits be paid monthly in advance. Although both advance and prepayment of these benefits have been the primary cause of the phenomenal increase in overpayments, the Committee believes that the prepayment provision is a more significant problem.

In addition to the Committee's investigation, the General Accounting Office released a report on March 19, 1976. It also identified the advance and/or prepayment as a significant cause of overpayments. The GAO suggested that the Congress should reconsider the merits of prepaying veterans for training and return to a post-payment system for educational benefits.

To illustrate the difference between a pre and post payment system the following example is cited. If a veteran receives an advance payment check at registration on September 15 covering the allowances he would earn for the rest of September and all of October, under a postpayment system, he would not receive another assistance check until the end of November. Under the prepayment provision, his second check would arrive at the end of October or the beginning of November. If a student drops out of school or reduces his semester hour load within the first semester month, the change may not be picked up by the VA until up to two months after the student has acted. Obviously, with this gap, the *prepayment* of benefits will generate substantially larger overpayments than a post-payment provision.

The Committee also recommends ending the prepayment of benefits because it does not believe that such a policy can be justified on merit. To begin with, no other major Federal entitlement program prepays monthly benefits. Social Security, for example, is paid at the end of

each month. Also, the current system of continuing to pay benefits after an overpayment has been established is not healthy for the individual veteran. Clearly, any veteran who continues to receive benefit checks long after those checks should be reduced or discontinued is put in a situation where misunderstandings or abuses of the program are consciously or unconsciously more likely. The Committee believes that such a burden is not in the best interest of the veteran.

In addition to problems associated with the advance and prepayment of veterans benefits, the Committee's investigative report revealed a number of other problems that have contributed to the spectacular growth of overpayments of educational benefits. Among these are:

1. Elimination of the requirement for true "hardship" for the payment of "special pay" advance educational benefits.
2. Abuses caused by institutions of higher learning that curtailed the taking of attendance or establishing liberal withdrawal policies.
3. The VA policy of *automatically* authorizing advance payments rather than only upon the specific request from individual veterans.

In connection with the question of advance payments, while the Committee has retained language in the bill permitting the use of this device *where necessary*, it strongly urges the Veterans Administration to use these payments only upon the specific request of individual veterans. The routine issuance of large numbers of advance payments without ascertaining the student's desire or financial need for these payments is, in the opinion of the Committee, contributing to the growing number of overpayments. The Committee's position on this point is substantiated by the GAO report which suggests that "individuals desiring advance payments should be required to provide a brief statement of their financial need for the advance." The Committee believes that this procedure would significantly reduce the number of advance payments that result in overpayments, but still provide assistance to those individuals with a bona-fide financial need.

#### VETERANS INSURANCE AND INDEMNITIES

1976 appropriation.....	\$6, 600, 000
Estimate, 1977.....	7, 000, 000
Recommended in the bill.....	7, 000, 000

The budget estimate of \$7,000,000 for fiscal year 1977 is recommended for the cost to various insurance funds for claims traceable to the extra hazards of service and death claims on policies under waiver of premium while the insured were on active duty.

#### MEDICAL CARE

1976 appropriation.....	\$3, 854, 456, 000
Estimate, 1977.....	4, 172, 232, 000
Recommended in bill.....	4, 222, 232, 000
Increase above estimate.....	+50, 000, 000

The Committee recommends \$4,222,232,000 for 1977 to provide for medical care and treatment of eligible beneficiaries in VA hospital, nursing home care, domiciliary and outpatient clinic facilities; contract hospitals; state domiciliaries, nursing homes and hospitals;

contract community nursing homes; and outpatient programs on a fee basis. Hospital and outpatient care is also provided by the private sector for certain dependents and survivors of veterans under the civilian health and medical program of the Veterans Administration. Funds are also used to train medical residents and other professional, paramedical and administrative personnel in health-science fields to support the VA's medical care programs and the nation's manpower demand in these shortage categories.

The bill includes an increase of \$367,776,000 above that provided in 1976. This will provide the necessary support for an anticipated increase of both inpatient and outpatient beneficiary treatment. Included in this amount are additional funds to provide staff and funding for the remaining requirements identified in the Veterans Administration Quality of Care Survey. Average employment will increase by 4,340 above 1976 including 1,757 in hospital core staffing to help correct the deficiencies noted at the time of the Quality Survey.

The Committee recommends \$50,000,000 above the budget request for the following activities:

(1) \$30,000,000 for outpatient ambulatory care to meet increased workload projected above the 1976 level. The VA's 1977 budget request assumed no increase in staff outpatient caseload from 1976 to 1977. In view of the fact that the caseload level for the current fiscal year is now running ahead of plan, the Committee believes it is unlikely that outpatient visits could be maintained at the same level in 1977 as originally projected in 1976. Included within this amount are funds for a new outpatient clinic in southwest Florida.

(2) \$20,000,000 for additional staff required to activate new hospitals at Phoenix, Arizona, and San Francisco, California, and for increased inpatient workloads to maintain the ratio of patients treated to average employment at a constant level.

The additional funds provided by the Committee all relate to direct patient care. They will ensure that the quality of care achieved in the past years will not be compromised.

#### MEDICAL AND PROSTHETIC RESEARCH

1976 appropriation.....	\$97,309,000
Estimate, 1977.....	97,433,000
Recommended in bill.....	97,433,000

The bill provides the budget estimate of \$97,433,000 in 1977 for Medical and Prosthetic Research. This maintains the medical research program at about the same level of effort as provided in 1976.

The medical research program is an important aspect of VA programs for providing complete medical and hospital service for veterans. The prosthetic research program is also essential in the development and testing of prosthetic, orthopedic and sensory aids for the purpose of improving the care and rehabilitation of disabled eligible veterans, including amputees, paraplegics, and the blind. The health services research and development projects at VA hospitals provide unique opportunities to improve the economy of delivery of health services, and also the accessibility of such services.

#### MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

1976 appropriation.....	\$38,528,000
Estimate, 1977.....	39,941,000
Recommended in bill.....	39,941,000

This bill provides the budget estimate of \$39,941,000 for fiscal year 1977 for executive direction of all agency medical programs. It also includes planning and management of the department-wide program of research and development in health services delivery systems, continuing education programs for professional, medical and administrative staff, and the exchange of medical information. The amount in the bill will provide for mandatory increases occasioned by the pay raise effective in October, 1975 and will maintain the employment level provided in fiscal year 1976.

#### GENERAL OPERATING EXPENSES

1976 appropriation.....	\$483,300,000
Estimate, 1977.....	512,883,000
Recommended in bill.....	508,383,000
Decrease below estimate.....	-4,500,000

The Committee recommends \$508,383,000 for 1977 for the administration of non-medical veterans benefits through the Department of Veteran's Benefits; operation and maintenance of 103 national cemeteries in the National Cemetery System; data processing and communication systems in the Department of Data Management; and top management direction and support through agency-level staff offices.

The amount included in the bill is \$4,500,000 and 280 man-years below the 25,329 man-years requested in 1977. The average employment reduction is applied as follows:

(1) an increase of 71 positions above the transition quarter was requested for general administration in 1977. The increase includes 21 positions for the General Counsel's Office; 12 positions for the Board of Veteran's Appeals; 30 positions for Auditing and Controller functions; and eight positions for Contract Compliance. The Committee directs that a 25 position reduction be applied proportionately among the requested increases in this area.

(2) the VA has requested an average employment of 1,155 for the National Cemetery System in 1977. The Committee notes that interments in national cemeteries from 1975 to 1977 are up only 1.9% as compared with an average employment increase during the same period of 10.7%. Therefore, the Committee directs that average employment for the National Cemetery System be held at the 1976 level of 1,100 positions.

(3) average employment for the Department of Veterans Benefits totalled 19,716 in fiscal year 1975. Workload requirements for 1977 will be nearly identical to 1975 levels—except that adjustment of compensation and pension claims are expected to increase by approximately five percent. The 1977 average employment request of 20,124 for this activity is 408 above the 1975 level of 19,716. Given anticipated workload requirements, the Committee feels that a reduction of 200 positions is warranted



in this function. This action is supported by a special Committee investigation which indicates that much of the additional personnel requested in 1976 and the transition quarter was not justified. The report indicates that overall staffing requirements carried under the general operating expense appropriation are less than supportable when considered in view of the immediate projected workloads. The Committee also notes that as a consequence of the reduced claims for educational assistance, the veterans representatives currently on campus should begin to be available to fill positions within the regional offices.

Finally, the Committee believes, as do several regional office officials, that personnel requirements are not adequately stated until positions stabilize; that is, when positions are occupied by trained and experienced employees. Therefore, some other method of projecting future personnel needs for the Veterans Administration is required during this period of transition to more stabilized and predictably lower workloads.

#### THE TARGET SYSTEM

The Veterans Administration is approaching a crucial point in committing the Government to its proposed procurement of the Target System. This concept is designed to use computers to store, control, and transfer data needed in adjudicating claims under the compensation, pension, and education programs, and in maintaining master records of awards under those programs. A total of \$21,489,000 is included in the bill to begin implementing a new system.

The justification for Target should principally rest on a demonstration that the internal efficiency of the agency can be measurably improved over the best performance obtainable under the current system. In short, Target should be measurably cost-effective when compared to an efficient manual system. The new system should not be considered a substitute for management, or a panacea for correcting deficiencies that exist in the system.

While service to veterans is expected to improve markedly when Target is made available, it is not necessary if it is primarily designed to provide relief to the current system. The compensation, pension and education workload is peaking and all indications point to a downward trend in future claims under current legislation. The regional offices are presently able to handle the volume of claims and the current system is getting benefit checks to veterans in a timely, although too often inefficient manner. Some of the current inefficiencies result in self-generated workload, such as errors made in inputting data, correction of system rejects, and lack of systematic integration of awards with benefit checks.

The reorganization of regional office adjudication activities into claims units brings together most functional activities related to claims into a single organizational entity. Some activities of the administrative and finance units (files and input activities and computing the amount of awards), for example, were brought into the adjudication unit. To date the impact of this change in workflow and responsibility on the overall processing of claims has not been thoroughly evaluated. There is currently no plan to measure comprehensively the impact of the revised organizational alignment until all regional offices have been reorganized.

A Target Pilot Program has been programed to test and demonstrate the practicality of using computers to assist in adjudicating claims. However, it would seem that the demonstration has not been conducted in a manner to simulate the workflow associated with the hard-copy claims records, commonly referred to as "C-files". Nor has an attempt been made to take extensive measures of future increased productivity and adjudicator efficiencies in comparison to the reorganized claims units to determine whether the proposed system is workable and cost-justified. Moreover, the pilot program has not demonstrated whether the Target Central System concept of massive, on-line storage of veterans records will operate as designed.

After carefully evaluating diverse considerations relating to the Target proposal, the Committee recommends that a revised request for proposals be advertised for the new system whenever feasible, but on the basis of three instead of a configuration of four regional data processing centers as proposed in the budget estimate. The reduction of one center should result in measurable cost savings, and provide for a more manageable system.

It is further recommended that a detailed step-by-step conversion plan for the design and development of the Target Central System should be completed. This plan should receive priority attention from the Department of Veterans Benefits and the Department of Data Management. Since the Department of Data Management is expected to operate the Target Central System, its approval or concurrence in the plan should be clearly expressed. Obviously, the plan should be comprehensive enough to allow the agency, the General Services Administration (the latter has government-wide responsibilities for ADP procurement), and the Congress to make technical, timing, manpower and cost assessments of its feasibility.

In revising the request for proposals the Veterans Administration should allow prospective vendors to propose the type of equipment that can best perform the functions that will be required of Target. That is, more up-to-date ADP gear, such as higher density tape drives and disc devices, are now available than was the case when VA first designed the Target technical specifications. The RFP should take advantage of the possible cost or service advantages of these recent developments. The VA is properly concerned with the possibility of system failures and is taking steps to avoid a tremendous workload backlog in that event. However, instead of specifying dual multi-processors or triplex systems, the VA may want to consider requiring a high degree of guaranteed system reliability from the vendors. Finally, the benchmarking in the planned VA proposal evaluation process needs an overhaul. System backup, data handling speeds and reliability, and several other mandatory items are not now included in the benchmarks, and clearly these should be included.

Before any irrevocable commitment is made to a total Target System, a better measure of the internal cost-effectiveness needs to be developed. The total costs of the system need to be addressed comprehensively, and not solely the hardware procurement.

The Committee urges the Administrator to aggressively address the management opportunities outlined above, and to assure that the medical, insurance, construction and other data processing needs are planned other than on a piecemeal basis. This should be commenced immediately and should be made available to the Committee before a decision is made awarding a new Target procurement.

The Committee recommends that \$10,000,000 be included in the construction appropriation for a new Target Central facility at the site of the Hines Hospital where supporting facilities are available. Suitable leased space has not developed as a feasible alternative, whereas the cost-effectiveness of such a special-purpose building has been clearly demonstrated. Funds for any leased space or improvements for computer centers are to be used only with the agreement of the Committee. This is to assure that the most efficient and cost-effective option will be accepted, and not necessarily the most expedient.

#### CONSTRUCTION, MAJOR PROJECTS

1976 appropriation-----	\$297,464,000
Estimate, 1977-----	385,847,000
Recommended in bill-----	399,131,000
Increase above estimate-----	+13,284,000

This appropriation for the construction of major projects includes those estimated to cost \$1,000,000 or more. It finances the construction of new facilities, and the modernization, alteration and improvement of others. The bill provides \$399,131,000 in 1977. This is an increase of \$13,284,000 above the budget request.

In May, the President transmitted a budget amendment providing initial funding to construct eight new veterans hospitals. Funding for this program will cover a four year period, from 1977 through 1980. The 1977 request will provide additional design and site funds for the eight projects and will provide complete funding for the hospitals at Richmond, Virginia, and Bay Pines, Florida. The total 1977 request for the eight hospitals is \$268,316,000. In addition to the Richmond and Bay Pines hospitals, the remaining six facilities are proposed for Martinsburg, West Virginia; Portland, Oregon; Seattle, Washington; Little Rock, Arkansas; Baltimore, Maryland; and Camden, New Jersey.

The Committee is recommending in the bill the full request for these eight hospital projects. Also, within the total appropriation for major construction, the following changes have been made:

1. A reduction of \$500,000 for the Atlanta data processing center. This project is not required because of the Committee's decision to reduce the Target computer system from four to three centers.

2. An addition of \$10,000,000 to construct a new computer facility for the Target central operation at Hines, Illinois.

3. An addition of \$534,000 for a nursing home care facility at Wilkes-Barre, Pennsylvania.

4. An addition of \$5,800,000 to construct a research and education facility at Dallas, Texas, to relieve overcrowded conditions for direct patient care.

5. An addition of \$500,000 for the planning and development of a new blind center and eye, ear, nose and throat clinic at Birmingham, Alabama. The Committee notes that there is currently no blind center available to treat service-connected veterans in the South. These funds will provide for the necessary planning of this facility.

6. The deletion of \$3,050,000 for a proposed columbarium/mausoleum at the National Memorial Cemetery of the Pacific in Hawaii. The Committee felt that this project was of a sufficiently lower priority to warrant delay at this time. It should be coordinated with plans of the American Battle Monuments Commission to construct a memorial for Viet Nam servicemen at the same location.

A listing of the projects reviewed and amounts approved and recommended by the Committee this year is as follows:

#### CONSTRUCTION OF FACILITIES—MAJOR PROJECTS, FISCAL YEAR 1977

Item and location	Appropriation		
	Available through 1976	Recommended for 1977	Future requirement
<b>Replacement and modernization:</b>			
Bronx, N.Y., replacement hospital.....	\$96,000,000	\$19,242,000	-----
Chillicothe, Ohio, modernization of buildings Nos. 7, 26, 27, 30, and 31.....	-----	10,751,000	-----
Hampton, Va., modernization, phase IV.....	7,828,000	1,467,000	-----
Richmond, Va., replacement hospital.....	2,930,000	113,070,000	-----
Bay Pines, Fla., replacement hospital.....	1,780,000	108,220,000	-----
Martinsburg, W. Va., replacement hospital.....	1,625,000	5,975,000	\$68,400,000
Portland, Oreg., replacement hospital.....	2,350,000	13,150,000	139,100,000
Seattle, Wash., replacement hospital.....	2,200,000	6,800,000	81,000,000
Little Rock, Ark., replacement hospital.....	4,575,000	8,925,000	102,100,000
Baltimore, Md., replacement hospital.....	5,224,000	8,476,000	73,300,000
Camden, N.J., new hospital.....	3,800,000	3,700,000	67,800,000
Total, replacement and modernization.....	128,312,000	299,776,000	531,700,000
<b>Nursing home care facilities:</b>			
Atlanta, Ga., 120 beds.....	-----	520,000	4,681,000
Columbia, S.C., 120 beds.....	-----	4,927,000	-----
Gainesville, Fla., 120 beds.....	238,000	4,452,000	-----
Perry Point, Md., 80 beds.....	-----	290,000	2,629,000
Phoenix, Ariz., 120 beds and canteen.....	305,000	5,004,000	-----
Wilkes-Barre, Pa., 120 beds.....	-----	534,000	4,806,000
Total, nursing home care facilities.....	543,000	15,727,000	12,116,000
<b>Domiciliaries:</b>			
Dayton, Ohio, 200 domiciliary beds.....	-----	735,000	6,610,000
Hampton, Va., 200 domiciliary beds.....	-----	710,000	6,395,000
Wood, Wis., 200 domiciliary beds.....	-----	8,401,000	-----
Total, domiciliaries.....	-----	9,846,000	13,005,000
Research and education facilities: Dallas, Tex.....	326,000	5,800,000	-----
<b>Cemeteries:</b>			
District of Columbia area, develop 20 acres, administration/service buildings.....	200,000	1,800,000	-----
New York area, master plan and develop 50 acres for gravesites.....	-----	604,000	2,740,000
New York area, administration and service building.....	-----	160,000	1,722,000
Pennsylvania area, master plan and develop 50 acres for gravesites.....	1,628,000	622,000	-----
Total, cemeteries.....	1,828,000	3,186,000	4,462,000
<b>Improvements to outpatient clinics:</b>			
Buffalo, N.Y.....	368,000	6,628,000	-----
Fresno, Calif.....	-----	260,000	2,325,000
Jackson, Miss.....	-----	570,000	5,149,000
San Juan, P.R.....	-----	845,000	7,624,000
Total, improvements to outpatient clinics.....	368,000	8,303,000	15,098,000

## CONSTRUCTION OF FACILITIES—MAJOR PROJECTS, FISCAL YEAR 1977—Continued

Item and location	Appropriation		
	Available through 1976	Recommended for 1977	Future requirement
<b>Other general projects:</b>			
Atlanta, Ga., warehouse and engineering offices.....		\$110,000	\$996,000
Augusta, Ga., dining hall, kitchen, and warehouse.....		350,000	3,120,000
Augusta (LD), Ga., new boiler plant and steam distribution system.....		400,000	3,568,000
Birmingham, Ala., blind center and EENT clinic.....		500,000	4,870,000
Canandaigua, N.Y., renovate patient building.....		300,000	2,700,000
Chicago (LS), Ill., remodel surgical area.....	\$413,000	2,017,000	
Chicago (LS), Ill., correction of electrical deficiencies.....		1,245,000	
Cincinnati, Ohio, deadend corridor stairs.....		1,288,000	
Dayton, Ohio, new clinical building.....	960,000	8,672,000	
Durham, N.C., correction of electrical deficiencies.....		183,000	1,642,000
East Orange, N.J., 6 additional elevators.....		510,000	4,596,000
Gainesville, Fla., clinical improvements and research and education, phase II.....		1,090,000	9,803,000
Iowa City, Iowa, new boiler plant.....	92,000	2,645,000	
Indianapolis, Ind., clinical improvements.....	11,000	11,334,000	
Knoxville, Iowa, deadend corridor stairs.....		117,000	1,057,000
Lebanon, Pa., deadend corridor stairs.....		1,574,000	
Marion, Ind., correction of electrical deficiencies.....		170,000	1,533,000
Murfreesboro, Tenn., additional exits.....		240,000	2,165,000
Murfreesboro, Tenn., remodel wards 5A and 5B.....		275,000	2,455,000
Nashville, Tenn., outpatient clinic addition and research and education.....		1,135,000	10,215,000
Omaha, Nebr., 2 additional elevators.....		1,554,000	
Philadelphia, Pa., clinical improvement.....		180,000	1,640,000
Salem, Va., new clinical building.....	157,000	3,399,000	
Salem, Va., renovate building No. 77.....	105,000	1,395,000	
Salem, Va., renovate building No. 76.....		390,000	3,509,000
Salt Lake City, Utah, correction of seismic deficiencies, buildings 6, 7, 9-11, 13, 27, and 28.....		2,200,000	
Salt Lake City, Utah, clinical and ambulatory care addition; laboratory addition and research and education.....	84,000	1,410,000	13,457,000
San Francisco, Calif., remodel old hospital building for new functions.....		1,350,000	12,150,000
Seattle, Wash., laboratory expansion and research.....		460,000	4,146,000
<b>Total, other general projects.....</b>	<b>1,822,000</b>	<b>46,493,000</b>	<b>83,622,000</b>
<b>Data Processing Centers: Hines, Ill., new ADP building.....</b>		<b>10,000,000</b>	
<b>Total, construction—major.....</b>	<b>133,199,000</b>	<b>399,131,000</b>	<b>660,003,000</b>

## CONSTRUCTION, MINOR PROJECTS

1976 appropriation.....	\$106,426,000
Estimate, 1977.....	93,061,000
Recommended in bill.....	92,561,000
Decrease below estimate.....	-500,000

This appropriation provides for constructing, altering, extending and improving any of the facilities under the jurisdiction of the VA, including planning, architectural engineering services, and site acquisition where the estimated cost per project is less than \$1,000,000. Also included are the costs of the Office of the Assistant Administrator for Construction.

The Committee recommends the budget estimate with the exception of a \$500,000 reduction for a leased facility relating to a new Target computer center at Chicago, Illinois. These funds are no longer required in view of the Committee's decision to construct a new computer facility at Hines, Illinois.

## GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

1976 appropriation.....	\$10,000,000
Estimate, 1977.....	10,000,000
Recommended in bill.....	10,000,000

The bill provides a requested \$10,000,000 for this account, including \$5,000,000 for grants to assist States in the construction of facilities for furnishing nursing home care to war veterans. These grants may not exceed 65% of the total cost of the total project and may not provide for more than two and one half beds per thousand war veteran population in any state.

Another \$5,000,000 provides grants to assist States in remodeling, modifying or altering existing hospital and domiciliary facilities in State homes. Such grants may not exceed 65% of the total cost of the project, nor may any one state receive in any fiscal year more than 20 percentum of the amount appropriated for that fiscal year.

## ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

1976 appropriation.....	\$30,000,000
Estimate, 1977.....	35,000,000
Recommended in bill.....	35,000,000

This program provides grants to assist in the establishment of new State medical schools at colleges or universities primarily supported by the State and operated in conjunction with VA medical facilities. Grants are provided to existing affiliated medical schools and other health manpower institutions to expand and improve medical training. Funds are also provided for the expansion of education and training capacity in VA hospitals.

The Committee recommends the budget estimate of \$35,000,000 for fiscal year 1977. There is an anticipated unobligated balance of \$6,640,000, which will provide for a total program of \$41,640,000 in 1977.

## GRANTS TO THE REPUBLIC OF THE PHILIPPINES

1976 appropriation.....	\$2,100,000
Estimate, 1977.....	2,100,000
Recommended in bill.....	2,100,000

The Committee recommends the budget estimate of \$2,100,000 in 1977 to provide grants to the Republic of the Philippines.

This program, which started in 1948, provides grants for medical care and treatment of eligible Philippine Commonwealth Army Veterans and New Philippine Scouts, and for programs of medical education and training of health services personnel. Medical care and treatment is provided by the Republic of the Philippines at the Veterans Memorial Hospital in Manila, or at other facilities by contract.

## LOAN GUARANTY REVOLVING FUND (LIMITATION ON OBLIGATIONS)

1976 limitation.....	\$550,000,000
Estimate, 1977.....	550,000,000
Recommended in bill.....	550,000,000

The Committee recommends a limitation of \$550,000,000 in fiscal year 1977 to finance costs, other than administrative, for the loan guaranty program.

The assistance normally provided consists of the guaranty or the insurance of loans made by private lenders to veterans. The VA may make loans directly to veterans for homes and farm residences from the direct loan revolving fund under certain conditions.

### TITLE III CORPORATIONS

#### FEDERAL HOME LOAN BANK BOARD

##### LIMITATION ON ADMINISTRATIVE AND NONADMINISTRATIVE EXPENSES

	Administrative expenses	Nonadministrative expenses
1976 limitation-----	\$14,665,000	\$20,860,000
Estimate, 1977-----	17,100,000	23,620,000
Recommended in bill-----	17,100,000	23,620,000

The Federal Home Loan Bank Board is responsible for regulating and supervising the savings and home-financing industry. The costs of the Federal Home Loan Bank Board operation—including the examinations of insured savings and loan associations—are met by assessing the twelve Federal Home Loan Banks and the Federal Savings and Loan Insurance Corporation for services rendered, and by direct examination charges to savings and loan associations for the services of the Office of Examinations and Supervision.

The Committee recommends limitations of \$17,100,000 for administrative expenses and \$23,620,000 for nonadministrative expenses in fiscal 1977 as proposed in the budget estimate.

##### FEDERAL SAVINGS AND LOAN INSURANCE CORPORATION, LIMITATION ON ADMINISTRATIVE EXPENSES

1976 limitation-----	\$826,000
Estimate, 1977-----	875,000
Recommended in bill-----	875,000

The bill provides for a limitation of \$875,000 on administrative expenses of the Federal Savings and Loan Insurance Corporation in fiscal year 1977 as proposed in the budget estimate. This is an increase of \$49,000 above the limitation for the current fiscal year.

The Federal Savings and Loan Insurance Corporation insures savings accounts up to \$40,000 for each saver in Federal savings and loan associations, and in approved State-chartered savings and loan or building and loan associations. The Corporation must act with dispatch in its various insurance activities to assure public confidence and protect the savings of people who invest in the insured associations.

#### GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

The limitation previously carried for administrative expenses of the Government National Mortgage Association is not carried in the bill this year. With the consolidation of all administrative expenses of the Department of Housing and Urban Development into one account, it is recommended that this specific limitation be dropped at this time.

### TITLE IV GENERAL PROVISIONS

The Committee recommends that the general provisions applicable to the Department and agencies carried in the current year be continued in 1977, except for the general provision relating to payments to the General Services Administration for space and services. This

has been deleted as a general provision in another bill addresses this matter on a government-wide basis.

#### LIMITATIONS AND LEGISLATIVE PROVISIONS

The following limitations and legislative provisions not heretofore carried in connection with any appropriation bill are recommended:

On pages 2 and 3 in connection with Annual Contributions for Assisted Housing:

*Provided further, That of the total for contracts other than for modernization provided by this Act, not more than 25 per centum shall be allocated to contracts to make assistance payments with respect to new or substantially rehabilitated housing: Provided further, That of the total described in the preceding proviso, not less than \$120,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: Provided further, That of the amount set forth in the third proviso, not less than 15 per centum shall be used only with respect to new construction in nonmetropolitan areas.*

[NOTE.—An explanation of these provisions is found on page 5 of the report.]

On page 4 in connection with Housing Payments:

*Provided, That excess rental charges credited to the Secretary in accordance with section 236(g) of the National Housing Act, as amended, shall be available, in addition to amounts appropriated herein, for the payments on contracts entered into pursuant to the authorities enumerated above.*

[NOTE.—An explanation of this provision is found on page 7 of the report.]

On page 7, in connection with the Rehabilitation Loan Fund:

*which amount shall be augmented by any previously appropriated funds which would otherwise become unavailable after August 22, 1976: Provided, That the aggregate amount of commitments for loans made from the fund for the fiscal year 1977 shall not exceed the total of loan repayments and other income available during such period, less operating costs, plus the aggregate amount provided herein.*

[NOTE.—An explanation of this provision is found on page 12 of the report.]

On page 19, in connection with Science Education Activities:

*including \$3,000,000 for pre-college science teacher training seminars and \$1,000,000 for advanced teacher workshops,*

[NOTE.—An explanation of this provision is found on pages 30 to 33 of the report.]

On page 21, in connection with Readjustment Benefits:

*and on June 1, 1977, the foregoing amount shall be reduced by \$60,000,000 and funds under this appropriation shall be*

*available for payment only at the end or after the end of a month in which entitlement for payment is earned, but advance payments may be provided when requested.*

[NOTE.—An explanation of this provision is found on pages 35, 36, and 37 of the report.]

On page 24, in connection with Construction, Major Projects:

*Provided, That \$5,800,000 shall be available for construction of a research and education facility at Dallas, Texas, \$10,000,000 for construction of facilities on government-owned land for a TARGET data processing center, \$534,000 for design of nursing home care facilities at Wilkes-Barre, Pennsylvania, and \$500,000 for design of a new blind rehabilitation center and eye, ear, nose and throat clinic at Birmingham, Alabama*

[NOTE.—An explanation of this provision is found on pages 42 and 43 of the report.]

#### PERMANENT OBLIGATIONAL AUTHORITY—FEDERAL FUNDS AND TRUST FUNDS

Substantial sums of new budget (obligational) authority are made available by permanent legislation for the continuation of certain Government activities that are not subject to the annual appropriation process. Details of these activities for the agencies covered in this bill are reflected in appropriate tables appearing on pages 52 and 53 of this report. The most significant are the public debt transactions of the Department of Housing and Urban Development in its mortgage financing and insurance activities, and the life insurance programs of the Veterans Administration. The Budget estimates that such permanent authorities will aggregate \$1,138,548,000 in fiscal year 1977.

#### EFFECT OF COMMITTEE ACTION ON PROJECTED BUDGET EXPENDITURES (OUTLAYS)

The budget outlays (expenditures) for the Department of Housing and Urban Development and other agencies covered in the bill are estimated at \$34.8 billion in fiscal year 1977. The actions recommended by the Committee are estimated to decrease this total by an estimated \$240 million.

#### TRANSFERS OF UNEXPENDED BALANCES

The following transfer provisions are recommended and submitted in compliance with Clause 1(b), Rule X of the House of Representatives:

On page 21, in connection with Compensation and Pensions:

#### TRANSFER OF UNEXPENDED BALANCES

*The unexpended balances remaining in the Soldiers' and Sailors' Civil Relief Fund on September 30, 1976, shall be transferred to the "Compensation and pensions" account.*

[NOTE.—The foregoing authorizes the transfer of this small, specialized account from the appropriation for Veterans Insurance and Indemnities to Compensation and Pensions. There are currently only

31 accounts under this program. The guaranty is in essence a benefit, and VA advises that this change will reduce paperwork.]

On page 23, in connection with the Veterans Administration:

#### CONSTRUCTION OF HOSPITAL AND DOMICILIARY FACILITIES TRANSFER OF UNEXPENDED BALANCES

*The unexpended balances in this account are transferred to the accounts under the heads "Construction, major projects" and "Construction, minor projects" as appropriate.*

[NOTE.—The foregoing language authorizes the transfer of remaining funds to liquidate this expiring account. Funds for construction projects have been provided under two new appropriations since 1973, one for major and the other for minor projects, and the transfers will be made to the current accounts as appropriate.]

#### INFLATIONARY IMPACT STATEMENT

The amount proposed for appropriation totals \$42,993,390,000. This is \$2,297,668,000 below the President's request. Pursuant to Clause 2(1) (4), Rule XI of the House of Representatives, the Committee notes that some of these funds will be used for veterans benefits and housing assistance payments of up to forty years. Other funds will support advanced technology and science that directly and indirectly increase productivity.

Critics of government spending suggest that practically any spending by the government is inflationary. If this view were true, then the funds proposed in this bill would be inflationary. However, Federal spending per se is not necessarily inflationary. It should be analyzed against the economic situation in which it is occurring, the deficit and surplus condition of the government at the time, and on the sectors of the economy which the spending may impact.

Further information on the purpose of the spending proposed in this bill can be obtained in other parts of this report. In addition, a large amount of detailed statistical and financial information can be obtained in the hearings conducted in developing this bill.

#### CHANGES IN THE APPLICATION OF EXISTING LAW

The Committee submits the following statements in compliance with Clause 3, Rule XXI of the House of Representatives, describing the effects of provisions proposed in the accompanying bill which may be considered, under certain circumstances, to change the application of existing law, either directly or indirectly:

1. The Committee, in a number of instances, has found it necessary to recommend funding for ongoing activities and programs where authorizations have not been enacted to date. This includes some or all of the programs under the Department of Housing and Urban Development, the Council and Office of Environmental Quality, the Environmental Protection Agency, the National Aeronautics and Space Administration, the National Science Foundation and the Veterans Administration.

2. The bill provides that appropriations shall remain available until expended for a number of programs for which the basic authorizing legislation does not presently authorize such extended availability,

and in other instances where funds are authorized to remain available until expended the funds are limited to a shorter period of time.

3. Sections 401 through 408 of Title IV of the bill contain a number of general provisions, all of which are essentially as carried in previous appropriation acts, which place limitations on the use of funds in the bill and which might, under some circumstances, be construed as changing the application of existing law.

4. Provisions on page 2 earmarking funds in connection with annual contributions for assisted housing for certain purposes could be construed as indirectly changing the application of existing law.

5. A provision on page 4, in connection with housing payments, makes available excess rental charges credited to the Secretary in accordance with section 236(g) of the National Housing Act, as amended, for payments on contracts of various housing programs.

6. The appropriation language for the community development grants program on pages 6 and 7 earmarks funds for States and units of local government that could be construed as changing the application of existing law.

7. The appropriation language for readjustment benefits on page 21 provides for a retrenchment of funds by providing for availability for payment only at the end or after the end of a month in which entitlement for payment is earned.

#### 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	Amounts in concurrent resolution	Committee recommendations	Difference
050 National defense.....	\$6,800,000	\$18,000,000	-\$11,200,000
250 General science, space, and technology.....	4,116,100,000	4,067,265,000	+48,835,000
300 Natural resources, environment, and energy.....	5,016,318,000	1,000,705,000	+4,015,613,000
400 Commerce and transportation.....	4,199,469,000	521,771,000	+3,677,698,000
450 Community and regional development.....	3,835,655,000	3,698,822,000	+136,833,000
500 Education, training, employment, and social services.....	1,581,000	1,581,000	-----
550 Health.....	37,000,000	41,100,000	-4,100,000
600 Income security.....	19,086,168,000	15,236,419,000	+3,849,749,000
700 Veterans benefits and services.....	19,621,627,000	18,392,166,000	+1,229,461,000
750 Law enforcement and justice.....	11,936,000	11,936,000	-----
800 General government.....	4,515,000	2,915,000	+1,600,000
850 Revenue sharing and general purpose fiscal assistance.....	1,250,000	1,250,000	-----
Total.....	55,938,419,000	42,993,930,000	+12,944,489,000

#### 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, \$42,993,930,000.

Outlays:	
1977.....	\$21,117,918,000
1978.....	4,835,953,000
1979.....	2,411,952,000
1980.....	1,016,844,000
1981.....	682,837,000

#### 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 follows:

Fiscal year 1977 new budget authority: \$14,630,101,000.

Fiscal year 1977 outlays resulting therefrom: \$842,714,000.



**COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR  
1976 AND THE BUDGET ESTIMATES FOR FISCAL YEAR 1977**

[Becomes available automatically under earlier, or "permanent" law without further, or annual, action by the Congress. Thus, these amounts are not included in the accompanying bill.]

Agency and item  (1)	New budget (obligational) authority, 1976  (2)	Budget estimates of new (obligational) authority, 1977  (3)	Increase or decrease  (4)
<b>PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY FEDERAL FUNDS</b>			
Department of Housing and Urban Development:			
Annual contributions for assisted housing (contract authority).....	\$ 1,033,511,000	\$ 5,500,000	\$ -1,028,011,000
Homeownership and Rental Housing Assistance.....	23,000	68,000	45,000
College housing--loans and other expenses (indefinite).....	363,000	---	-363,000
Federal Housing Administration fund (authority to spend public debt receipts, indefinite).....	1,129,408,000	149,761,000	-979,647,000
Government National Mortgage Association:			
Special assistance functions fund:			
Indefinite.....	3,482,000	3,500,000	18,000
Authority to spend public debt receipts.....	4,750,000,000	---	-4,750,000,000
Revolving fund (liquidating programs, indefinite).....	1,003,000	1,335,000	332,000
Interstate land sales (indefinite, special).....	400,000	450,000	50,000
<b>Total, FEDERAL FUNDS.....</b>	<b>6,918,190,000</b>	<b>160,614,000</b>	<b>-6,757,576,000</b>

<b>PERMANENT NEW BUDGET (OBLIGATIONAL) AUTHORITY TRUST FUNDS</b>			
American Battle Monuments Commission:			
Contributions (indefinite).....	34,000	34,000	---
Environmental Protection Agency:			
Miscellaneous trust funds (indefinite).....	9,000	---	-9,000
National Aeronautics and Space Administration:			
Miscellaneous trust funds (indefinite).....	735,000	100,000	-635,000
National Science Foundation: Donations (indefinite).....			
	3,000,000	3,000,000	---
Veterans Administration:			
General post fund, national homes (indefinite).....	4,250,000	4,500,000	250,000
National service life insurance fund (indefinite).....	865,700,000	933,700,000	68,000,000
U.S. Government life insurance fund (indefinite).....	37,900,000	36,600,000	-1,300,000
<b>Total, TRUST FUNDS.....</b>	<b>911,628,000</b>	<b>977,934,000</b>	<b>66,306,000</b>
<b>Total, NB(O)A.....</b>	<b>7,829,818,000</b>	<b>1,138,548,000</b>	<b>-6,691,270,000</b>

NOTE: Amounts as estimated and shown in the January 1977 budget document. Some items are indefinite in amount, and thus are subject to later reestimation.

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**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 <sup>1</sup>  (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					
DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
HOUSING PROGRAMS					
Annual contributions for assisted housing (contract authority).....	\$17,000,000,000	\$16,572,900,000	\$14,608,390,000	\$-2,391,610,000	\$-1,964,510,000
Increased limitation for annual contract authority(	662,300,000)(	850,000,000)(	675,000,000)(	12,700,000)(	-175,000,000)
Housing for the elderly or handicapped (limitation on loans).....(	750,000,000)(	375,000,000)(	750,000,000)(	----	375,000,000)
Housing payments (appropriation to liquidate contract authority).....	2,245,000,000)(	3,070,000,000)(	2,975,000,000)(	730,000,000)(	-95,000,000)
Payments for operation of low-income housing projects (contract authority).....	535,000,000	463,600,000	575,600,000	40,600,000	112,000,000
Appropriation to liquidate contract authority.....(	535,000,000)(	463,600,000)(	575,600,000)(	40,600,000)(	112,000,000)
Mobile home standards program.....	1,000,000	1,000,000	1,000,000	----	----
Federal Housing Administration Fund.....	147,500,000	825,698,000	135,000,000	-12,500,000	-690,698,000
Housing counseling assistance.....	----	----	5,000,000	5,000,000	5,000,000
Salaries and expenses, Housing programs.....	41,316,000	----	----	-41,316,000	----
By transfer, FHA funds.....(	163,503,000)(	----	----	-163,503,000)(	----
Emergency homeowners relief fund.....	35,000,000	----	----	-35,000,000	----
State housing finance and development agencies (con- tract authority).....	600,000,000	----	----	-600,000,000	----
Limitation for annual contract authority.....(	15,000,000)(	----	----	-15,000,000)(	----
Appropriation to liquidate contract authority.....(	15,000,000)(	----	----	-15,000,000)(	----
Rent supplement program (contract authority).....	800,000,000	----	----	-800,000,000	----
Increased limitation for annual contract authority(	20,000,000)(	----	----	-20,000,000)(	----
GOVERNMENT NATIONAL MORTGAGE ASSOCIATION					
Payment of participation sales insufficiencies.....	20,935,000	21,265,000	21,265,000	330,000	----
Emergency mortgage purchase assistance (borrowing authority).....	5,000,000,000	----	----	-5,000,000,000	----
Subtotal.....	24,180,751,000	17,884,463,000	15,346,255,000	-8,834,496,000	-2,538,208,000
COMMUNITY PLANNING AND DEVELOPMENT					
Community development grants.....	102,000,000	100,000,000	200,000,000	98,000,000	100,000,000
Contract authority.....	1,736,000,000	3,148,000,000	3,048,000,000	1,312,000,000	-100,000,000
(By transfer from the College housing loan fund (borrowing authority)).....(	964,000,000)(	----	----	-964,000,000)(	----
Appropriation to liquidate contract authority.....(	2,700,000,000)(	3,148,000,000)(	3,048,000,000)(	348,000,000)(	-100,000,000)
Comprehensive planning grants.....	75,000,000	25,000,000	50,000,000	-25,000,000	25,000,000
Rehabilitation loan fund.....	50,000,000	----	25,000,000	-25,000,000	25,000,000
Salaries and expenses, Community planning and development programs.....	43,020,000	----	----	-43,020,000	----
Subtotal.....	2,006,020,000	3,273,000,000	3,323,000,000	1,316,980,000	50,000,000
FEDERAL INSURANCE ADMINISTRATION					
Flood insurance.....	75,000,000	100,000,000	75,000,000	----	-25,000,000
OFFICE OF INTERSTATE LAND SALES REGISTRATION					
Interstate land sales.....	2,797,000	----	----	-2,797,000	----
POLICY DEVELOPMENT AND RESEARCH					
Research and technology.....	53,000,000	71,000,000	53,000,000	----	-18,000,000
Salaries and expenses, Policy development and research	6,955,000	----	----	-6,955,000	----
Subtotal.....	59,955,000	71,000,000	53,000,000	-6,955,000	-18,000,000

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**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 <sup>1</sup>  (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)
FAIR HOUSING AND EQUAL OPPORTUNITY					
Fair housing and equal opportunity.....	13,107,000	---	---	-13,107,000	---
MANAGEMENT AND ADMINISTRATION					
Salaries and expenses, Department of Housing and Urban Development.....	---	201,442,000	193,370,000	193,370,000	-8,072,000
By transfer, FHA funds.....(	---)(	223,630,000)(	223,630,000)(	223,630,000)(	---
General departmental management.....	6,038,000	---	---	-6,038,000	---
Salaries and expenses, Office of general counsel.....	3,441,000	---	---	-3,441,000	---
By transfer, FHA funds.....(	1,800,000)(	---)(	---)(	-1,800,000)(	---
Salaries and expenses, Office of inspector general....	7,462,000	---	---	-7,462,000	---
By transfer, FHA funds.....(	3,132,000)(	---)(	---)(	-3,132,000)(	---
Administration and staff services.....	22,344,000	---	---	-22,344,000	---
By transfer, FHA funds.....(	31,725,000)(	---)(	---)(	-31,725,000)(	---
Regional management and services.....	25,452,000	---	---	-25,452,000	---
By transfer, FHA funds.....(	15,642,000)(	---)(	---)(	-15,642,000)(	---
Subtotal.....	64,737,000	201,442,000	193,370,000	128,633,000	-8,072,000
Total.....	26,402,367,000	21,529,905,000	18,990,625,000	-7,411,742,000	-2,539,280,000

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FUNDS APPROPRIATED TO THE PRESIDENT

FEDERAL DISASTER ASSISTANCE ADMINISTRATION

Disaster relief.....	150,000,000	100,000,000	100,000,000	-50,000,000	---
Total, Title I:					
New budget (obligational) authority.....	26,552,367,000	21,629,905,000	19,090,625,000	-7,461,742,000	-2,539,280,000
Appropriations.....	881,367,000	1,445,405,000	858,635,000	-22,732,000	-586,770,000
Contract authority.....	20,671,000,000	20,184,500,000	18,231,990,000	-2,439,010,000	-1,952,510,000
Borrowing authority.....	5,000,000,000	---	---	-5,000,000,000	---
By transfer.....	964,000,000	---	---	-964,000,000	---
Appropriations to liquidate contract authority....	5,495,000,000	6,681,600,000	6,598,600,000	1,103,600,000	-83,000,000
Increased limitation for annual contract authority.	697,300,000	850,000,000	675,000,000	-22,300,000	-175,000,000
Limitation on corporate funds to be expended.....	215,802,000	223,630,000	223,630,000	7,828,000	---

TITLE II

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

Salaries and expenses.....	5,374,000	5,824,000	5,824,000	450,000	---
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CONSUMER PRODUCT SAFETY COMMISSION

Salaries and expenses.....	39,564,000	37,000,000	41,100,000	1,536,000	4,100,000
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DEPARTMENT OF DEFENSE—CIVIL

CEMETERIAL EXPENSES, ARMY

Salaries and expenses.....	5,785,000	6,161,000	6,161,000	376,000	---
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ENVIRONMENTAL PROTECTION AGENCY

Agency and regional management.....	65,374,000	67,538,000	73,000,000	7,626,000	5,462,000
Energy research and development.....	100,000,000	96,973,000	---	-100,000,000	-96,973,000

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**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 <sup>1</sup>  (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)
Research and development.....	170,674,000	159,476,000	265,000,000	94,326,000	105,524,000
Abatement and control.....	375,766,000	329,544,000	398,044,000	22,278,000	68,500,000
Appropriation to liquidate contract authority....(	65,000,000)(	49,181,431)(	49,182,000)(	-15,813,000)(	569)
Enforcement.....	53,606,000	56,561,000	56,561,000	2,955,000	-----
Buildings and facilities.....	2,100,000	2,100,000	2,100,000	-----	-----
Construction grants.....	-----	-----	200,000,000	200,000,000	200,000,000
Appropriation to liquidate contract authority....(	800,000,000)(	3,800,000,000)(	3,800,000,000)(	3,000,000,000)(	-----)
Scientific activities overseas (Special foreign currency program).....	4,000,000	6,000,000	6,000,000	2,000,000	-----
<b>Total.....</b>	<b>771,520,000</b>	<b>718,192,000</b>	<b>1,000,705,000</b>	<b>229,185,000</b>	<b>282,513,000</b>
<b>EXECUTIVE OFFICE OF THE PRESIDENT</b>					
Council on Environmental Quality and Office of Environmental Quality.....	2,736,000	2,915,000	2,915,000	179,000	-----
Office of Science and Technology Policy.....	500,000	-----	-----	-500,000	-----
<b>Total.....</b>	<b>3,236,000</b>	<b>2,915,000</b>	<b>2,915,000</b>	<b>-321,000</b>	<b>-----</b>
<b>GENERAL SERVICES ADMINISTRATION</b>					
Consumer Information Center.....	1,054,000	1,073,000	1,073,000	19,000	-----
<b>DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE</b>					
Office of Consumer Affairs.....	1,534,000	1,581,000	1,581,000	47,000	-----
<b>NATIONAL AERONAUTICS AND SPACE ADMINISTRATION</b>					
Research and development.....	2,677,380,000	2,758,925,000	2,767,425,000	90,045,000	8,500,000
Construction of facilities.....	82,130,000	124,020,000	118,090,000	35,960,000	-5,930,000
Research and program management.....	792,312,000	314,055,000	809,000,000	16,688,000	-5,055,000
<b>Total.....</b>	<b>3,551,822,000</b>	<b>3,697,000,000</b>	<b>3,694,515,000</b>	<b>142,693,000</b>	<b>-2,485,000</b>
<b>NATIONAL COMMISSION ON WATER QUALITY</b>					
Salaries and expenses.....	175,000	-----	-----	-175,000	-----
<b>NATIONAL SCIENCE FOUNDATION</b>					
Salaries and expenses.....	711,250,000	796,000,000	-----	-711,250,000	-796,000,000
Research and related activities.....	-----	-----	681,400,000	681,400,000	681,400,000
Science education activities.....	-----	-----	64,000,000	64,000,000	64,000,000
Scientific activities (special foreign currency program).....	4,000,000	6,000,000	4,600,000	600,000	-1,400,000
<b>Total.....</b>	<b>715,250,000</b>	<b>802,000,000</b>	<b>750,000,000</b>	<b>34,750,000</b>	<b>-52,000,000</b>
<b>SELECTIVE SERVICE SYSTEM</b>					
Salaries and expenses.....	37,500,000	6,800,000	18,000,000	-19,500,000	11,200,000
<b>DEPARTMENT OF THE TREASURY</b>					
New York City Seasonal Financing Fund.....	2,300,000,000	-----	-----	-2,300,000,000	-----
New York City Seasonal Financing Fund, administrative expenses.....	1,000,000	1,250,000	1,250,000	250,000	-----
<b>Total.....</b>	<b>2,301,000,000</b>	<b>1,250,000</b>	<b>1,250,000</b>	<b>-2,299,750,000</b>	<b>-----</b>

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**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 <sup>1</sup>  (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)
<b>VETERANS ADMINISTRATION</b>					
Compensation and pensions.....	8,249,200,000	8,153,400,000	8,153,400,000	-95,800,000	---
Readjustment benefits.....	6,014,475,000	4,873,000,000	4,813,000,000	-1,201,475,000	-60,000,000
Veterans insurance and indemnities.....	6,600,000	7,000,000	7,000,000	400,000	---
Medical care.....	3,854,456,000	4,172,232,000	4,222,232,000	367,776,000	50,000,000
Medical and prosthetic research.....	97,309,000	97,433,000	97,433,000	124,000	---
Medical administration and miscellaneous operating expenses.....	38,528,000	39,941,000	39,941,000	2,413,000	---
General operating expenses.....	483,300,000	512,883,000	508,383,000	25,083,000	-4,500,000
Construction, major projects.....	297,464,000	2/ 385,847,000	399,131,000	101,667,000	13,284,000
Construction, minor projects.....	106,426,000	93,061,000	92,561,000	-13,865,000	-500,000
Grants for construction of State extended care facilities.....	10,000,000	10,000,000	10,000,000	---	---
Assistance for health manpower training institutions..	30,000,000	35,000,000	35,000,000	5,000,000	---
Grants to the Republic of the Philippines.....	2,100,000	2,100,000	2,100,000	---	---
Loan guaranty revolving fund (limitation on obligations).....	( 550,000,000)	( 550,000,000)	( 550,000,000)	( ---)	( ---)
Vocational rehabilitation revolving fund.....	100,000	---	---	-100,000	---
Supply fund.....	29,001,000	---	---	-29,001,000	---
Appropriation to liquidate contract authority....	( 80,999,000)	( ---)	( ---)	( -80,999,000)	( ---)
<b>Total.....</b>	<b>19,218,959,000</b>	<b>18,381,897,000</b>	<b>18,380,181,000</b>	<b>-838,778,000</b>	<b>-1,716,000</b>

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<b>Total, Title II:</b>					
New budget (obligational) authority.....	26,652,773,000	23,661,693,000	23,903,305,000	-2,749,468,000	241,612,000
Appropriations to liquidate contract authority.....	945,999,000	3,849,181,431	3,849,182,000	2,903,183,000	569

**TITLE III**

**CORPORATIONS**

<b>Federal Home Loan Bank Board:</b>					
Limitation on administrative expenses.....	( 14,665,000)	( 17,100,000)	( 17,100,000)	( 2,435,000)	( ---)
Limitation on nonadministrative expenses.....	( 20,860,000)	( 23,620,000)	( 23,620,000)	( 2,760,000)	( ---)
<b>Federal Savings and Loan Insurance Corporation:</b>					
Limitation on administrative expenses.....	( 826,000)	( 875,000)	( 875,000)	( 49,000)	( ---)
<b>Department of Housing and Urban Development:</b>					
<b>Government National Mortgage Association:</b>					
Limitation on administrative expenses.....	( 1,273,000)	( ---)	( ---)	( -1,273,000)	( ---)
<b>Total.....</b>	<b>( 37,624,000)</b>	<b>( 41,595,000)</b>	<b>( 41,595,000)</b>	<b>( 3,971,000)</b>	<b>( ---)</b>

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<b>Grand total, Titles I, II, and III:</b>					
New budget (obligational) authority.....	53,205,140,000	45,291,598,000	42,993,930,000	-10,211,210,000	-2,297,668,000
Appropriations.....	27,534,140,000	25,107,098,000	24,761,940,000	-2,772,200,000	-345,158,000
Contract authority.....	20,671,000,000	20,184,500,000	18,231,990,000	-2,439,010,000	-1,952,510,000
Borrowing authority.....	5,000,000,000	---	---	-5,000,000,000	---
By transfer.....	964,000,000	---	---	-964,000,000	---
Appropriations to liquidate contract authority....	6,440,999,000	10,530,781,431	10,447,782,000	4,006,783,000	-82,999,431
Increased limitation for annual contract authority.	697,300,000	850,000,000	675,000,000	-22,300,000	-175,000,000
Limitation on corporate funds to be expended.....	253,426,000	265,225,000	265,225,000	11,799,000	---

1/ Includes amounts in Second Supplemental Appropriation B111 (H.R. 13172) as approved in Conference.

2/ Includes budget amendment of \$268,316,000 contained in S. Doc. 94-199.

# 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 the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices 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 the Department of Housing and Urban Development, and for sundry independent executive agencies, boards, bureaus, commissions, corporations, and offices for the fiscal year ending September 30, 1977, and for other purposes, namely:

#### TITLE I

#### DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

##### HOUSING PROGRAMS

###### ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING

The additional amount of contracts for annual contributions, not otherwise provided for, as authorized by section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c), entered into after September 30, 1976, shall not exceed \$675,000,000 including not more than \$35,000,000 for the modernization of existing low-income housing projects, which amounts shall be in addition to balances of authorization heretofore made available for such contracts: *Provided*, That the total new budget authority obligated under such contracts entered into after September 30, 1976, shall not exceed \$14,870,400,000, which amount shall not include budget authority obligated under balances of authorization heretofore made available: *Provided further*, That of the total herein provided, excluding funds for modernization, not more than \$120,000,000 shall be used only for contracts for annual contributions to assist in financing the development or acquisition of low-income housing projects to be owned by public housing agencies other than under section 8 of the above Act: *Provided further*, That of the amount set forth in the second proviso, not more than \$85,000,000 shall be used only for projects on which construction or substantial rehabilitation is commenced after the effective date of this Act except in the case of amendments to existing contracts: *Provided further*, That of the amount set forth in the second proviso, not less than 15 per centum shall be used only with respect to new construction in non-metropolitan areas.

###### HOUSING FOR THE ELDERLY OR HANDICAPPED

The limitation on the aggregate loans that may be made under section 202 of the Housing Act of 1959, as amended, from the fund authorized by subsection (a) (4) of such section, is hereby established for the fiscal year 1977 at \$750,000,000 in accordance with paragraph (C) of such subsection, which funds shall be available only to qualified nonprofit sponsors for the purpose of providing 100 per centum loans for the development of housing for the elderly or handicapped, with



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any cash equity or other financial commitments imposed as a condition of loan approval to be returned to the sponsor if sustaining occupancy is achieved in a reasonable period of time: *Provided*, That the full amount shall be available for permanent financing (including construction financing) for housing projects for the elderly or handicapped: *Provided further*, That the Secretary may borrow from the Secretary of the Treasury in such amounts as are necessary to provide the loans authorized herein.

HOUSING PAYMENTS

For the payment of annual contributions, not otherwise provided for, in accordance with section 5 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437c); for payments authorized by title IV of the Housing Act of 1950, as amended (12 U.S.C. 1749 et seq.); for rent supplement payments authorized by section 101 of the Housing and Urban Development Act of 1965, as amended (12 U.S.C. 1701s); for payments as authorized by sections 235 and 236, of the National Housing Act, as amended (12 U.S.C. 1715z, 1715z-1); and for payments as authorized by section 802 of the Housing and Community Development Act of 1974 (88 Stat. 633), \$2,975,000,000: *Provided*, That excess rental charges credited to the Secretary in accordance with section 236(g) of the National Housing Act, as amended, shall be available, in addition to amounts appropriated herein, for the payments on contracts entered into pursuant to the authorities enumerated above.

PAYMENTS FOR OPERATION OF LOW-INCOME HOUSING PROJECTS

For annual contributions to public housing agencies for the payment of operating subsidies for low-income housing projects as authorized by section 9 of the United States Housing Act of 1937, as amended (42 U.S.C. 1437g), \$575,600,000: *Provided*, That the aggregate amount of contracts for annual contributions entered into for such payments shall not exceed \$575,600,000.

MOBILE HOME STANDARDS PROGRAM

For necessary expenses, not otherwise provided for, to carry out the National Mobile Home Construction and Safety Standards Act of 1974 (42 U.S.C. 5401-5426), \$1,000,000.

FEDERAL HOUSING ADMINISTRATION FUND

For payment to cover losses, not otherwise provided for, sustained by the Special Risk Insurance Fund and the General Insurance Fund, \$135,000,000, to remain available until expended, as authorized by the National Housing Act, as amended.

HOUSING COUNSELING ASSISTANCE

For contracts, grants, and other assistance, not otherwise provided for, of providing counseling and advice to tenants and homeowners—both current and prospective—with respect to property maintenance, financial management, and such other matters as may be appropriate to assist them in improving their housing conditions and meeting the responsibilities of tenancy or homeownership, including provisions for training and for support of voluntary agencies and services as author-

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ized by section 106(a)(1)(iii) and section 106(a)(2) of the Housing and Urban Development Act of 1968, as amended, \$3,000,000.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION

PAYMENT OF PARTICIPATION SALES INSUFFICIENCIES

For the payment of such insufficiencies as may be required by the Government National Mortgage Association, as trustee, on account of outstanding beneficial interests or participations in assets of the Department of Housing and Urban Development (including the Government National Mortgage Association) authorized by the Independent Offices and Department of Housing and Urban Development Appropriation Act, 1968, to be issued pursuant to section 302 (c) of the Federal National Mortgage Association Charter Act, as amended, \$21,265,000.

COMMUNITY PLANNING AND DEVELOPMENT

COMMUNITY DEVELOPMENT GRANTS

For contracts with and payments to States and units of general local government and for related expenses, not otherwise provided for, necessary for carrying out a community development grant program as authorized by Title I of the Housing and Community Development Act of 1974 (P.L. 93-383, 88 Stat. 633), \$3,148,000,000 of which \$200,000,000 shall be used for the purposes stated in section 103(a)(2) of said Act except that not more than \$100,000,000 of the amount so provided may be used for the purposes of section 106(d)(1), to remain available until September 30, 1979.

For grants to units of general local government for urgent community development needs pursuant to section 103(b) of Title I of the Housing and Community Development Act of 1974, \$100,000,000, to remain available until September 30, 1979.

COMPREHENSIVE PLANNING GRANTS

For comprehensive planning grants as authorized by section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461), \$62,500,000, to remain available until expended.

REHABILITATION LOAN FUND

For the revolving fund established pursuant to section 312 of the Housing Act of 1964, as amended (42 U.S.C. 1452b), \$50,000,000, which amount shall be augmented by any previously appropriated funds which would otherwise become unavailable after August 22, 1976: *Provided*, That the aggregate amount of commitments for loans made from the fund for the fiscal year 1977 shall not exceed the total of loan repayments and other income available during such period, less operating costs, plus the aggregate amount provided herein.

FEDERAL INSURANCE ADMINISTRATION

FLOOD INSURANCE

For necessary expenses, not otherwise provided for in carrying out the National Flood Insurance Act of 1968, as amended (42 U.S.C. Chap. 50), \$75,000,000.

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POLICY DEVELOPMENT AND RESEARCH

RESEARCH AND TECHNOLOGY

For contracts, grants, and necessary expenses of programs of research and studies relating to housing and urban problems, not otherwise provided for, as authorized by title V of the Housing and Urban Development Act of 1970, as amended (12 U.S.C. 1701z-1 et seq.), including carrying out the functions of the Secretary under section 1(a)(1)(i) of Reorganization Plan No. 2 of 1968, \$55,000,000, to remain available until September 30, 1978.

MANAGEMENT AND ADMINISTRATION

SALARIES AND EXPENSES, DEPARTMENT OF HOUSING AND URBAN  
DEVELOPMENT

For necessary administrative and nonadministrative expenses of the Department of Housing and Urban Development, not otherwise provided for, including not to exceed \$2,500 for official reception and representation expenses, \$419,000,000, of which \$223,630,000 shall be provided from the various funds of the Federal Housing Administration.

FUNDS APPROPRIATED TO THE PRESIDENT

FEDERAL DISASTER ASSISTANCE ADMINISTRATION

DISASTER RELIEF

For expenses necessary to carry out the functions of the Department of Housing and Urban Development under the Disaster Relief Act of 1970, as amended, the Disaster Relief Act of 1974, and Reorganization Plan No. 1 of 1973, authorizing assistance to States and local governments, \$100,000,000, to remain available until expended: *Provided*, That not to exceed 3 per centum of the foregoing amount shall be available for administrative expenses.

TITLE II

INDEPENDENT AGENCIES

AMERICAN BATTLE MONUMENTS COMMISSION

SALARIES AND EXPENSES

For necessary expenses, not otherwise provided for, of the American Battle Monuments Commission, including the acquisition of land or interest in land in foreign countries; purchase and repair of uniforms for caretakers of national cemeteries and monuments, outside of the United States and its territories and possessions; not to exceed \$70,000 for expenses of travel; rent of office and garage space in foreign countries; purchase (two for replacement only) and hire of passenger motor vehicles; and insurance of official motor vehicles in foreign countries when required by law of such countries; \$5,824,000: *Provided*, That where station allowance has been authorized by the Department of the Army for officers of the Army serving the Army at certain foreign stations, the same allowance shall be authorized for officers of the Armed Forces assigned to the Commission while serving at the same foreign stations, and this appropriation is hereby

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made available for the payment of such allowance: *Provided further*, That when traveling on business of the Commission, officers of the Armed Forces serving as members or as secretary of the Commission may be reimbursed for expenses as provided for civilian members of the Commission: *Provided further*, That the Commission shall reimburse other Government agencies, including the Armed Forces, for salary, pay, and allowances of personnel assigned to it.

## CONSUMER PRODUCT SAFETY COMMISSION

## SALARIES AND EXPENSES

For necessary expenses of the Consumer Product Safety Commission, including rent in the District of Columbia and hire of passenger motor vehicles, 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, and not to exceed \$500 for official reception and representation, \$39,000,000: *Provided*, That funds provided by this appropriation for laboratories shall be available only for the acquisition or conversion of existing laboratories.

## DEPARTMENT OF DEFENSE—CIVIL

## CEMETERIAL EXPENSES, ARMY

## SALARIES AND EXPENSES

For necessary expenses, as authorized by law, of maintenance, operation, and improvement of the cemetery at the Soldiers' and Airmen's Home and Arlington National Cemetery, \$6,161,000, to remain available until expended: *Provided*, That reimbursement shall be made to the applicable military appropriation for the pay and allowances of any military personnel performing services primarily for the purposes of this appropriation.

## ENVIRONMENTAL PROTECTION AGENCY

## AGENCY AND REGIONAL MANAGEMENT

For agency and regional management expenses, including official reception and representation expenses (not to exceed \$2,500); hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; 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; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; \$73,000,000.

## RESEARCH AND DEVELOPMENT

For research and development activities, including hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; 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 of GS-18; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; \$259,900,000, to remain available for obligation until September 30, 1978.

ABATEMENT AND CONTROL

For abatement and control activities, including hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; 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; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; to remain available for obligation until September 30, 1978, \$376,844,000 and for liquidation of obligations incurred in carrying out section 208 of the Federal Water Pollution Control Act, as amended, \$49,182,000, to remain available until expended.

ENFORCEMENT

For enforcement activities, including hire of passenger motor vehicles; hire, maintenance, and operation of aircraft; uniforms, or allowances therefor, as authorized by 5 U.S.C. 5901-5902; 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; purchase of reprints; library memberships in societies or associations which issue publications to members only or at a price to members lower than to subscribers who are not members; \$56,561,000.

BUILDINGS AND FACILITIES

For construction, repair, improvement, extension, alteration, and purchase of fixed equipment of facilities of or used by the Environmental Protection Agency, \$2,100,000, to remain available until expended.

CONSTRUCTION GRANTS

For liquidation of obligations incurred pursuant to authority contained in section 203 of the Federal Water Pollution Control Act, as amended, \$3,800,000,000, to remain available until expended.

For an additional amount for liquidation of obligations, "Construction grants", for the period July 1, through September 30, 1976, \$200,000,000, to remain available until expended.

For payment of reimbursement claims pursuant to section 206(a) of the Federal Water Pollution Control Act, as amended, \$200,000,000, to remain available until expended.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for necessary expenses of the Environmental Protection Agency in the conduct of scientific activities overseas in connection with environmental pollution, as authorized by law, \$5,000,000, to remain available until expended: *Provided*, That this appropriation shall be available in addition to other appropriations to such Agency, for payments in the foregoing currencies.

GENERAL PROVISIONS

Not to exceed 7 per centum of any appropriation made available to the Environmental Protection Agency by this Act (except appropria-

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tions for "Construction Grants") may be transferred to any other such appropriation.

No part of any budget authority made available to the Environmental Protection Agency by this Act or for the fiscal year 1976 and the period ending September 30, 1976, shall be used for any grant to cover in excess of 75 per centum of the total cost of the purposes to be carried out by such grant made pursuant to the authority contained in section 208 of the Federal Water Pollution Control Act (P.L. 92-500).

EXECUTIVE OFFICE OF THE PRESIDENT

COUNCIL ON ENVIRONMENTAL QUALITY AND OFFICE OF  
ENVIRONMENTAL QUALITY

For expenses necessary for the Council on Environmental Quality and the Office of Environmental Quality, in carrying out their functions under the National Environmental Policy Act of 1969 (Public Law 91-190) and the National Environmental Improvement Act of 1970 (Public Law 91-224), including official reception and representation expenses (not to exceed \$1,000), hire of passenger vehicles, and support of the Citizens' Advisory Committee on Environmental Quality, \$2,800,000.

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

SALARIES AND EXPENSES

For expenses necessary for the Office of Science and Technology Policy, including hire of passenger motor vehicles and services as authorized by 5 U.S.C. 3109, \$2,300,000.

GENERAL SERVICES ADMINISTRATION

CONSUMER INFORMATION CENTER

For necessary expenses of the Consumer Information Center, including services authorized by 5 U.S.C. 3109, \$1,073,000.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

OFFICE OF CONSUMER AFFAIRS

For necessary expenses of the Office of Consumer Affairs, including services authorized by 5 U.S.C. 3109, \$1,581,000.

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

RESEARCH AND DEVELOPMENT

For necessary expenses, not otherwise provided for, including research, development, operations, services, minor construction, maintenance, repair, rehabilitation and modification of real and personal property; tracking and data relay satellite services as authorized by law; and purchase, hire, maintenance, and operation of other than administrative aircraft, necessary for the conduct and support of aeronautical and space research and development activities of the National Aeronautics and Space Administration, \$2,761,425,000, to remain available until expended.



## CONSTRUCTION OF FACILITIES

For construction, rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and for facility planning and design not otherwise provided, for the National Aeronautics and Space Administration, and for the acquisition or condemnation of real property, as authorized by law, \$118,090,000, to remain available for obligation until September 30, 1979: *Provided*, That, notwithstanding the limitation on the availability of funds appropriated under this head by this appropriation Act, when any activity has been initiated by the incurrence of obligations therefor, the amount available for such activity shall remain available until expended, except that this provision shall not apply to the amounts appropriated pursuant to the authorization for rehabilitation and modification of facilities, minor construction of new facilities and additions to existing facilities, and facility planning and design.

## RESEARCH AND PROGRAM MANAGEMENT

For necessary expenses of research in Government laboratories, management of programs and other activities of the National Aeronautics and Space Administration, not otherwise provided for, including uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); awards; hire, maintenance and operation of administrative aircraft; purchase (not to exceed nineteen for replacement only) and hire of passenger motor vehicles; and maintenance and repair of real and personal property, and not in excess of \$25,000 per project for construction of new facilities and additions to existing facilities, and not in excess of \$50,000 per project for rehabilitation and modification of facilities; \$813,000,000: *Provided*, That contracts may be entered into under this appropriation for maintenance and operation of facilities, and for other services, to be provided during the next fiscal year: *Provided further*, That not to exceed \$35,000 of the foregoing amount shall be available for scientific consultations or extraordinary expense, to be expended upon the approval or authority of the Administrator and his determination shall be final and conclusive.

## NATIONAL SCIENCE FOUNDATION

## RESEARCH AND RELATED ACTIVITIES

For expenses necessary to carry out the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), title IX of the National Defense Education Act of 1958 (42 U.S.C. 1876-1879), and the Act to establish a National Medal of Science (42 U.S.C. 1880-1881); services as authorized by 5 U.S.C. 3109; maintenance and operation of aircraft and purchase of flight services for research support; hire of passenger motor vehicles; not to exceed \$5,000 for official reception and representation expenses; not to exceed \$43,500,000 for program development and management; uniforms or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); rental of conference rooms in the District of Columbia; and reimbursement of the General Services Administration for security guard services; \$710,000,000, to remain available until September 30, 1978: *Provided*, That receipts for scientific support services and materials furnished by the National Research Centers may be credited to this appropriation: *Provided further*, That if an institution of higher edu-

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cation receiving funds hereunder determines after affording notice and opportunity for hearing to an individual attending, or employed by, such institution, that such individual has, after the date of enactment of this Act, willfully refused to obey a lawful regulation or order of such institution and that such refusal was of a serious nature and contributed to the disruption of the administration of such institution, then the institution shall deny any further payment to, or for the benefit of, such individual: *Provided further*, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: *Provided further*, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies.

SCIENCE EDUCATION ACTIVITIES

For expenses necessary to carry out science education programs and activities pursuant to the purposes of the National Science Foundation Act of 1950, as amended (42 U.S.C. 1861-1875), including award of graduate fellowships, services as authorized by 5 U.S.C. 3109, rental of conference rooms in the District of Columbia, and including \$3,000,000 for pre-college science teacher training seminars and \$1,000,000 for advanced teacher workshops, \$59,000,000: *Provided further*, That of the foregoing amounts, funds available to meet minima authorized by any other Act shall be available only to the extent such funds are not in excess of amounts provided herein: *Provided further*, That unless otherwise specified by this appropriation, the ratio of amounts made available under this Act for a program or minima to the amounts specified for a program or minima in any other Act, for the activity for which the limitation applies, shall not exceed the ratio that the total funds appropriated in this Act bear to the total funds authorized in such Act, for the activity for which the limitation applies.

SCIENTIFIC ACTIVITIES (SPECIAL FOREIGN CURRENCY PROGRAM)

For payments in foreign currencies which the Treasury Department determines to be excess to the normal requirements of the United States, for scientific activities, as authorized by law, \$4,600,000, to remain available until September 30, 1978: *Provided*, That this appropriation shall be available in addition to other appropriations to the National Science Foundation, for payments in the foregoing currencies.

SELECTIVE SERVICE SYSTEM

SALARIES AND EXPENSES

For expenses necessary for the Selective Service System, including expenses of attendance at meetings and of training for uniformed personnel assigned to the Selective Service System, as authorized by law (5 U.S.C. 4101-4118) for civilian employees; and not to exceed \$1,000 for official reception and representation expenses; \$6,800,000: *Provided*, That during the current fiscal year, the President may

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exempt this appropriation from the provisions of subsection (c) of section 3679 of the Revised Statutes, as amended, whenever he deems such action to be necessary in the interest of national defense: *Provided further*, That none of the funds appropriated by this Act may be expended for or in connection with the induction of any person into the Armed Forces of the United States.

DEPARTMENT OF THE TREASURY

NEW YORK CITY SEASONAL FINANCING FUND, ADMINISTRATIVE EXPENSES

For necessary expenses in carrying out the administration of Public Law 94-143, \$1,250,000.

VETERANS ADMINISTRATION

COMPENSATION AND PENSIONS

For the payment of compensation, pensions, gratuities, and allowances, including burial awards, plot allowances, burial flags, headstones and grave markers, emergency and other officers' retirement pay, adjusted-service credits and certificates, and other benefits as authorized by law; and for payment of amounts of compromises or settlements under 28 U.S.C. 2677 of tort claims potentially subject to the offset provisions of 38 U.S.C. 351, and for payment of premiums due on commercial life insurance policies guaranteed under the provisions of article IV of the Soldiers' and Sailors' Civil Relief Act of 1940, as amended, \$8,153,400,000, to remain available until expended.

TRANSFER OF UNEXPENDED BALANCES

The unexpended balances remaining in the Soldiers' and Sailors' Civil Relief Fund on September 30, 1976, shall be transferred to the "Compensation and pensions" account.

READJUSTMENT BENEFITS

For the payment of readjustment and rehabilitation benefits to or on behalf of veterans as authorized by law (38 U.S.C. chapters 21, 31, and 33-39), \$4,873,000,000, to remain available until expended, and on June 1, 1977, the foregoing amount shall be reduced by \$60,000,000 and funds under this appropriation shall be available for payment only at the end or after the end of a month in which entitlement for payment is earned, but advance payments may be provided when requested.

VETERANS INSURANCE AND INDEMNITIES

For military and naval insurance, national service life insurance, servicemen's indemnities, and service-disabled veterans insurance, \$7,000,000, to remain available until expended.

MEDICAL CARE

For expenses necessary for the maintenance and operation of hospitals, nursing homes, and domiciliary facilities; for furnishing, as authorized by law, inpatient and outpatient care and treatment to beneficiaries of the Veterans Administration, including care and treatment in facilities not under the jurisdiction of the Veterans Administration, and furnishing recreational facilities, supplies and

equipment; funeral, burial and other expenses incidental thereto for beneficiaries receiving care in Veterans Administration facilities; repairing, altering, improving or providing facilities in the several hospitals and homes under the jurisdiction of the Veterans Administration, not otherwise provided for, either by contract or by the hire of temporary employees and purchase of materials; uniforms or allowance therefor as authorized by law (5 U.S.C. 5901-5902); and aid to State homes as authorized by law (38 U.S.C. 641); \$4,218,032,000, plus reimbursements: *Provided*, That allotments and transfers may be made from this appropriation to the Public Health Service of the Department of Health, Education, and Welfare, and the Army, Navy, and Air Force of the Department of Defense, for disbursements by them under the various headings of their applicable appropriations, of such amounts as are necessary for the care and treatment of beneficiaries of the Veterans Administration.

MEDICAL AND PROSTHETIC RESEARCH

For expenses necessary for carrying out programs of medical and prosthetic research and development, as authorized by law, to remain available until expended, \$101,633,000, plus reimbursements.

MEDICAL ADMINISTRATION AND MISCELLANEOUS OPERATING EXPENSES

For expenses necessary for administration of the medical, hospital, domiciliary, construction and supply, research, employee education and training activities, as authorized by law, and for carrying out the provisions of section 5055, title 38, United States Code, relating to pilot programs and grants for exchange of medical information, \$39,941,000, plus reimbursements.

GENERAL OPERATING EXPENSES

For necessary operating expenses of the Veterans Administration, not otherwise provided for, including uniforms or allowances therefor, as authorized by law; not to exceed \$2,500 for official reception and representation expenses; cemeterial expenses as authorized by law, purchase of ten passenger motor vehicles, for use in cemeterial operations, and hire of passenger motor vehicles; and reimbursement of the General Services Administration for security guard services; \$508,383,000.

CONSTRUCTION OF HOSPITAL AND DOMICILIARY FACILITIES  
TRANSFER OF UNEXPENDED BALANCES

The unexpended balances in this account are transferred to the accounts under the heads "Construction, major projects" and "Construction, minor projects" as appropriate.

CONSTRUCTION, MAJOR PROJECTS

For constructing, altering, extending and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, or for any of the purposes set forth in sections 1004, 1006, 5001, 5002 and 5004 of title 38, United States Code, including planning, architectural and engineering services, and site acquisition, where the estimated cost of a project is \$1,000,000 or more, \$405,681,000, to remain available until expended: *Provided*, That \$5,800,000 shall be available

for construction of a research and education facility at Dallas, Texas; \$10,000,000 for construction of facilities on government-owned land for a TARGET data processing center; \$534,000 for design of nursing home care facilities at Wilkes-Barre, Pennsylvania; \$500,000 for design of a new blind rehabilitation center and eye, ear, nose and throat clinic at Birmingham, Alabama; \$3,500,000 for the design of a clinical and ambulatory care addition and renovation of existing areas at the Oklahoma City, Oklahoma, Veterans Administration Hospital; and \$460,000 for the design of a new clinical building at the Mountain Home, Tennessee, Veterans Administration Hospital: *Provided further*, That none of these funds shall be used for any project which has not been considered and approved by the Congress in the budgetary process.

CONSTRUCTION, MINOR PROJECTS

For constructing, altering, extending, and improving any of the facilities under the jurisdiction or for the use of the Veterans Administration, including planning, architectural and engineering services, and site acquisition, or for any of the purposes set forth in sections 1004, 1006, 5001, 5002 and 5004 of title 38, United States Code, where the estimated cost of a project is less than \$1,000,000, and for necessary expenses of the Office of Construction, \$92,001,000, to remain available until expended.

GRANTS FOR CONSTRUCTION OF STATE EXTENDED CARE FACILITIES

For grants to assist the several States to construct State nursing home facilities and to remodel, modify or alter existing hospital and domiciliary facilities in State homes, for furnishing care to veterans, as authorized by law (38 U.S.C. 644 and 5031-5037), \$10,000,000, to remain available until September 30, 1979.

ASSISTANCE FOR HEALTH MANPOWER TRAINING INSTITUTIONS

For pilot programs for assistance in the establishment of new State medical schools, grants to affiliated medical schools, assistance to public and nonprofit institutions of higher learning, hospitals and other health manpower institutions affiliated with the Veterans Administration to increase the production of professional and other health personnel, and for expansion of Veterans Administration hospital education and training capacity as authorized by 38 U.S.C. chapter 82, \$35,000,000, to remain available until September 30, 1983.

GRANTS TO THE REPUBLIC OF THE PHILIPPINES

For payment to the Republic of the Philippines of grants as authorized by law (38 U.S.C. 631-634), \$2,100,000, of which \$50,000 for hospital equipment, plant, and facilities rehabilitation grants shall remain available until expended.

LOAN GUARANTY REVOLVING FUND

During the current fiscal year, the Loan guaranty revolving fund shall be available for expenses, but not to exceed \$550,000,000, for property acquisitions, payment of participation sales insufficiencies, and other loan guaranty and insurance operations under chapter 37, title 38, United States Code, except administrative expenses, as authorized by section 1824 of such title: *Provided*, That the unobligated balances including retained earnings of the Direct loan revolving fund

shall be available, during the current fiscal year, for transfer to the Loan guaranty revolving fund in such amounts as may be necessary to provide for the timely payment of obligations of such fund and the Administrator of Veterans Affairs shall not be required to pay interest on amounts so transferred after the time of such transfer.

ADMINISTRATIVE PROVISIONS

Not to exceed 5 per centum of any appropriation for the current fiscal year for "Compensation and pensions", "Readjustment benefits", and "Veterans insurance and indemnities" may be transferred to any other of the mentioned appropriations, but not to exceed 10 per centum of the appropriations so augmented.

Appropriations available to the Veterans Administration for the current fiscal year for salaries and expenses shall be available for services as authorized by 5 U.S.C. 3109.

No part of the appropriations in this Act for the Veterans Administration (except the appropriations for "Construction, major projects" and "Construction, minor projects") shall be available for the purchase of any site for or toward the construction of any new hospital or home.

No part of the foregoing appropriations shall be available for hospitalization or examination of any persons except beneficiaries entitled under the laws bestowing such benefits to veterans, unless reimbursement of cost is made to the appropriation at such rates as may be fixed by the Administrator of Veterans Affairs.

TITLE III

CORPORATIONS

The following corporations and agencies, respectively, 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 HOME LOAN BANK BOARD

LIMITATION ON ADMINISTRATIVE AND NONADMINISTRATIVE EXPENSES,  
FEDERAL HOME LOAN BANK BOARD

Not to exceed a total of \$17,100,000 shall be available for administrative expenses of the Federal Home Loan Bank Board, which may procure services as authorized by 5 U.S.C. 3109, and contracts for such services with one organization may be renewed annually, and uniforms or allowances therefor in accordance with law (5 U.S.C. 5901-5902), and said amount shall be derived from funds available to the Federal Home Loan Bank Board, including those in the Federal Home Loan Bank Board, revolving fund and receipts of the Board for the current fiscal year and prior fiscal years, and the Board may utilize and may make payment for services and facilities of the Federal home loan banks, the Federal Reserve banks, the Federal Savings and Loan Insurance Corporation, the Federal Home Loan



Mortgage Corporation, and other agencies of the Government (including payment for office space): *Provided*, That all necessary expenses in connection with the conservatorship or liquidation of institutions insured by the Federal Savings and Loan Insurance Corporation, liquidation or handling of assets of or derived from such insured institutions, payment of insurance, and action for or toward the avoidance, termination, or minimizing of losses in the case of such insured institutions, or activities relating to section 5A (f) or 6(i) of the Federal Home Loan Bank Act, section 5(d) of the Home Owners' Loan Act of 1933, section 12(i) of the Securities Exchange Act of 1934, or section 406(c), 407, or 408 of the National Housing Act and all necessary expenses (including services performed on a contract or fee basis, but not including other personal services) in connection with the handling, including the purchase, sale, and exchange, of securities on behalf of Federal home loan banks, and the sale, issuance, and retirement of, or payment of interest on, debentures or bonds, under the Federal Home Loan Bank Act, as amended, shall be considered as non-administrative expenses for the purposes hereof: *Provided further*, That members and alternates of the Federal Savings and Loan Advisory Council shall be entitled to reimbursement from the Board as approved by the Board for transportation expenses incurred in attendance at meetings of or concerned with the work of such Council and may be paid in lieu of subsistence per diem not to exceed the dollar amount set forth in 5 U.S.C. 5703(d) (1): *Provided further*, That expenses of any functions of supervision (except of Federal home loan banks) vested in or exercisable by the Board shall be considered as nonadministrative expenses: *Provided further*, That not to exceed \$1,000 shall be available for official reception and representation expenses: *Provided further*, That, notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of the Board shall be incurred, allowed, and paid in accordance with the provisions of the Federal Home Loan Bank Act of July 22, 1932, as amended (12 U.S.C. 1421-1449): *Provided further*, That the nonadministrative expenses (except such part as the Board determines not to be field expense, which part shall be treated as if expenses of supervision and examination were not as such excluded from administrative expense, and except those included in the first proviso hereof) for the supervision and examination of Federal and State chartered institutions (other than special examinations determined by the Board to be necessary) shall not exceed \$23,620,000.

LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL SAVINGS AND LOAN  
INSURANCE CORPORATION

Not to exceed \$875,000 shall be available for administrative expenses, which shall be on an accrual basis and shall be exclusive of interest paid, depreciation, properly capitalized expenditures, expenses in connection with liquidation of insured institutions or activities relating to section 406(c), 407, or 408 of the National Housing Act, liquidation or handling of assets of or derived from insured institutions, payment of insurance, and action for or toward the avoidance, termination, or minimizing of losses in the case of insured institutions, legal fees and expenses and payments for expenses of the Federal Home Loan Bank Board determined by said Board to be properly allocable to said Corporation, and said Corporation may utilize and may make payments for services and facilities of the Fed-

eral home loan banks, the Federal Reserve banks, the Federal Home Loan Bank Board, the Federal Home Loan Mortgage Corporation, and other agencies of the Government: *Provided*, That notwithstanding any other provisions of this Act, except for the limitation in amount hereinbefore specified, the administrative expenses and other obligations of said Corporation shall be incurred, allowed, and paid in accordance with title IV of the Act of June 27, 1934, as amended (12 U.S.C. 1724-1730b).

## TITLE IV

## GENERAL PROVISIONS

SEC. 401. Where appropriations in titles I and II of this Act are expendable for travel expenses of employees and no specific limitation has been placed thereon, the expenditures for such travel expenses may not exceed ten per centum above the amounts set forth therefor in the budget estimates submitted for the appropriations: *Provided*, That this section shall not apply to travel performed by uncompensated officials of local boards and appeal boards of the Selective Service System; to travel performed directly in connection with care and treatment of medical beneficiaries of the Veterans Administration; or to payments to interagency motor pools where separately set forth in the budget schedules: *Provided further*, That the limitations may be increased by the Secretary when necessary to allow for travel performed by employees of the Department of Housing and Urban Development as a result of increased Federal Housing Administration inspection and appraisal workload.

SEC. 402. Appropriations and funds available for the administrative expenses of the Department of Housing and Urban Development and the Selective Service System shall be available in the current fiscal year for purchase of uniforms, or allowances therefor, as authorized by law (5 U.S.C. 5901-5902); hire of passenger motor vehicles; and services as authorized by 5 U.S.C. 3109.

SEC. 403. Funds of the Department of Housing and Urban Development subject to the Government Corporation Control Act or section 402 of the Housing Act of 1950 shall be available, without regard to the limitations on administrative expenses, for legal services on a contract or fee basis, and for utilizing and making payment for services and facilities of Federal National Mortgage Association, Government National Mortgage Association, Federal Home Loan Mortgage Corporation, Federal Financing Bank, Federal Reserve banks or any member thereof, Federal home loan banks, and any insured bank within the meaning of the Federal Deposit Insurance Corporation Act, as amended (12 U.S.C. 1811-1831).

SEC. 404. None of the funds provided in this Act may be used for payment, through grants or contracts, to recipients that do not share in the cost of conducting research resulting from proposals for projects not specifically solicited by the Government: *Provided*, That the extent of cost sharing by the recipient shall reflect the mutuality of interest of the grantee or contractor and the Government in the research.

SEC. 405. No part of any appropriation contained in this Act shall remain available for obligation beyond the current fiscal year unless expressly so provided herein.

SEC. 406. No part of the funds appropriated under this Act may be used by the Environmental Protection Agency to administer or promulgate, directly or indirectly, any program to tax, limit or otherwise regulate parking that is not specifically required pursuant to subsequent legislation.

SEC. 407. None of the funds provided by this Act shall be used to deny or fail to act upon, on the basis of noise contours set forth in an Air Installation Compatible Use Zone Map, an otherwise acceptable application for Federal Housing Administration mortgage insurance in connection with construction in an area zoned for residential use in Merced County, California.

SEC. 408. No funds appropriated by this Act may be expended—

(1) pursuant to a certification of an officer or employee of the United States unless—

(A) such certification is accompanied by, or is part of, a voucher or abstract which describes the payee or payees and the items or services for which such expenditure is being made, or

(B) the expenditure of funds pursuant to such certification, and without such a voucher or abstract, is specifically authorized by law; and

(2) unless such expenditure is subject to audit by the General Accounting Office or is specifically exempt by law from such an audit.

This Act may be cited as the "Department of Housing and Urban Development—Independent Agencies Appropriation Act, 1977".

*Speaker of the House of Representatives.*

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