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APPROVED
NOV 14 1975

Signed
11/14

THE WHITE HOUSE
WASHINGTON
November 13, 1975

ACTION

Last Day: November 18

Posted
11/14
To Arch
11/14

MEMORANDUM FOR THE PRESIDENT
FROM: JIM CANNON *[Signature]*
SUBJECT: Enrolled Bill H.R. 6334 - Peace Corps Authorization for Fiscal Year 1976 and the Transition Quarter

Attached for your consideration is H.R. 6334, sponsored by Representative Morgan, which:

- Authorizes appropriations for the Peace Corps of \$88,468,000 for fiscal year 1976 and \$27,887,800 for the transition quarter;
- Increases the maximum monthly allowances for Peace Corps and VISTA volunteers; and
- Makes other amendments to the Peace Corps Act.

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

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

RECOMMENDATION

That you sign H.R. 6334 at Tab B.



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

NOV 12 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6334 - Peace Corps Authorization
for Fiscal Year 1976 and the transition quarter
Sponsor - Rep. Morgan (D) Pennsylvania

Last Day for Action

November 18, 1975 - Tuesday

Purpose

Authorizes appropriations for the Peace Corps for fiscal year 1976 and the transition quarter; increases the maximum monthly allowances for Peace Corps and VISTA volunteers; and makes other amendments to the Peace Corps Act.

Agency Recommendations

Office of Management and Budget

Approval

ACTION

Approval

Department of State

No objection

Department of the Treasury

No objection

Discussion

H.R. 6334 would amend the Peace Corps Act to authorize appropriations for the Peace Corps of \$88,468,000 for fiscal year 1976 and \$27,887,800 for July 1, 1976 - September 30, 1976 (the fiscal year transition quarter).

ACTION submitted draft legislation to the Congress on April 21, 1975 that would have authorized appropriations of \$80,826,000 for the Peace Corps for fiscal year 1976 and \$25,729,000 for the transition quarter--the amounts requested in the 1976 Budget. The higher authorizations in the enrolled bill are designed to finance an increase in readjustment allowances for Peace Corps volunteers, which was not recommended by the Administration.

Other amendments to the Peace Corps Act in H.R. 6334 are similar or identical to the Administration's bill. They would:

-- authorize appropriations for the Peace Corps of \$1,000,000 for fiscal year 1976 and the transition quarter for increases in salary, pay, retirement, or other employee benefits authorized by law. The Administration's draft bill proposed "such sums as may be necessary" for these purposes, but ACTION indicates that the specific limitation appears acceptable.

-- require the Director of ACTION to transfer \$315,000 by December 31, 1975 to the ACTION readjustment allowance account at the Treasury Department to rectify the present imbalance in the account. This is a 6-month extension of authority provided last year and is identical to the Administration's proposal.

-- prohibit sex discrimination with respect to enrollment and terms and conditions of service of Peace Corps volunteers, as recommended in the Administration's bill.

The major difference between H.R. 6334 and the Administration's proposal is provision in the enrolled bill for increased readjustment allowances for Peace Corps and VISTA (Volunteers in Service to America) volunteers.

H.R. 6334 would raise from \$75 to \$125 the maximum monthly rate of the readjustment allowance for Peace Corps volunteers. The purpose of these allowances is to provide volunteers with a lump-sum payment at the completion of their volunteer service to assist them in readjusting to life in the United States after service abroad. The present maximum rate of \$75 for each month of satisfactory service was set in 1961 and has never been increased.

H.R. 6334 would also amend the Domestic Volunteer Service Act of 1973 to increase from \$50 to \$75 the maximum rate of the monthly stipend set by the Director of ACTION for VISTA volunteers, which is the counterpart of the Peace Corps readjustment allowance. The bill would authorize "such additional sums as may be necessary" to carry out this amendment, effective only if specifically provided for in appropriation acts.

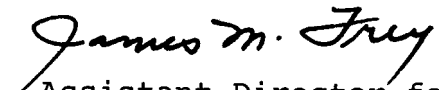
The legislative history of the Peace Corps readjustment allowance provision indicates the congressional intent that "the Peace Corps appropriation for fiscal year 1976 should not be used to provide for any increase in the Peace Corps readjustment allowance unless funds are appropriated above the \$80,826,000 figure which the Administration requested, and both committees approved, to maintain program strength."

To provide for the increased readjustment allowances for Peace Corps volunteers, the authorizations in the enrolled bill are \$7,642,000 higher for fiscal year 1976 and \$2,158,800 higher for the transition quarter than had been recommended in the Administration's bill. These figures were provided by ACTION in response to inquiries by the congressional committees. The agency also provided estimates that the increased VISTA stipends would require \$1,778,000 for fiscal year 1976 and \$426,300 for the transition quarter.

These estimates were based on ACTION's premise that readjustment allowances and stipends would be increased immediately to the new maximum and would be applied retroactively to the accounts of all volunteers currently on board. The enrolled bill, however, does not provide for retroactive application of increased allowance rates.

Estimates provided informally by ACTION indicate that if increases are provided only prospectively for the remaining six months of fiscal year 1976, additional costs in this year would be \$2 million for Peace Corps volunteers and \$658,000 for VISTA volunteers. The additional transition quarter costs on this basis would be \$1 million for Peace Corps volunteers and \$318,000 for VISTA volunteers.

The 1976 budget made no provision for increases in either the Peace Corps readjustment allowances or the VISTA stipends. ACTION has indicated informally that it does not propose to raise the present rates at this time if H.R. 6334 is approved, but rather will await action by the appropriations committees. We concur in this approach and intend to work with the agency to maintain support for the original budget requests for fiscal year 1976 and the transition quarter.


Assistant Director for
Legislative Reference

Enclosures



DEPARTMENT OF STATE

Washington, D.C. 20520

NOV 7 - 1975

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

Dear Mr. Lynn:

I refer to the Enrolled Bill Request, dated November 6, 1975, on H.R. 6334, a bill "To amend further the Peace Corps Act, and for other purposes."

The bill would provide authorization for appropriations for the Peace Corps for the lengthened fiscal year 1976, with provision for supplementary appropriations up to \$1 million for required salary increases and the like. It also requires correction of the readjustment account; prohibits discrimination on the basis of sex with respect to Volunteers; and increases Volunteer readjustment allowances to \$125 per month. Finally it amends the Domestic Volunteer Service Act to increase allowances and authorize consequential appropriations.

The Department of State has no objection to enactment of H.R. 6334.

Sincerely,

Robert J. McCloskey
Robert J. McCloskey
Assistant Secretary

for Congressional Relations



THE GENERAL COUNSEL OF THE TREASURY
WASHINGTON, D.C. 20220

NOV 10 1975

Director, Office of Management and Budget
Executive Office of the President
Washington, D. C. 20503

Attention: Assistant Director for Legislative
Reference

Sir:

Reference is made to your request for the views of this Department on the enrolled enactment of H.R. 6334, "To amend further the Peace Corps Act, and for other purposes."

Only section 3 of the enrolled enactment is of interest to this Department. It would amend section 3(d) of the Peace Corps Act to require the Director of ACTION to transfer to the readjustment allowance, ACTION, account at the Treasury Department, no later than December 31, 1975, not to exceed \$315,000 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973. The enrolled bill adds the December 31, 1975 due date to the existing section.

The Department would have no objection to a recommendation that the enrolled enactment be approved by the President insofar as section 3 is concerned.

Sincerely yours,



Richard R. Albrecht
General Counsel

Richard R. Albrecht



OFFICE OF
THE DIRECTOR

ACTION

WASHINGTON, D.C. 20525

November 10, 1975

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

Attention:

Mr. James M. Frey
Assistant Director for Legislative Reference

Dear Mr. Lynn:

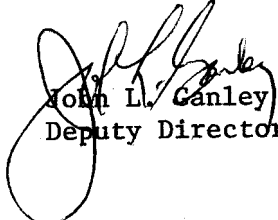
Basically the enrolled bill H.R. 6334 is in accordance with the Administration's request.

However, there are three significant changes that should be noted:

- a. A limitation of \$1,000,000 was set for the Peace Corps for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976, for increases in salary, pay, retirement, or other employee benefits authorized by law. This limitation appears acceptable, since it is doubtful that more than this amount will be required by ACTION for these fiscal periods.
- b. Language has been added to increase the Peace Corps readjustment allowance by \$7,642,000 from \$80,826,000 to \$88,468,000 for fiscal year 1976 and by \$2,159,000 from \$25,729,000 to \$27,888,000 for the period July 1, 1976, through September 30, 1976. While this amount exceeds the President's request, it requires action by the appropriation committee before implementation.
- c. The VISTA stipend is increased by the Bill from \$50 to \$75 per month of volunteer service. This increase is also dependent upon an appropriation for that purpose.

Although the enrolled bill is above the President's guidelines, failure to approve the bill could result in lack of authorization for the Peace Corps for the remainder of the fiscal year. Therefore, ACTION recommends the President's signature on the enrolled bill H.R. 6334.

Sincerely,


John L. Canley
Deputy Director



EXECUTIVE OFFICE OF THE PRESIDENT

OFFICE OF MANAGEMENT AND BUDGET

WASHINGTON, D.C. 20503

NOV 12 1975

MEMORANDUM FOR THE PRESIDENT

Subject: Enrolled Bill H.R. 6334 - Peace Corps Authorization
for Fiscal Year 1976 and the transition quarter
Sponsor - Rep. Morgan (D) Pennsylvania

Last Day for Action

November 18, 1975 - Tuesday

Purpose

Authorizes appropriations for the Peace Corps for fiscal year 1976 and the transition quarter; increases the maximum monthly allowances for Peace Corps and VISTA volunteers; and makes other amendments to the Peace Corps Act.

Agency Recommendations

Office of Management and Budget

Approval

ACTION

Approval

Department of State

No objection

Department of the Treasury

No objection

Discussion

H.R. 6334 would amend the Peace Corps Act to authorize appropriations for the Peace Corps of \$88,468,000 for fiscal year 1976 and \$27,887,800 for July 1, 1976 - September 30, 1976 (the fiscal year transition quarter).

ACTION submitted draft legislation to the Congress on April 21, 1975 that would have authorized appropriations of \$80,826,000 for the Peace Corps for fiscal year 1976 and \$25,729,000 for the transition quarter--the amounts requested in the 1976 Budget. The higher authorizations in the enrolled bill are designed to finance an increase in readjustment allowances for Peace Corps volunteers, which was not recommended by the Administration.

Other amendments to the Peace Corps Act in H.R. 6334 are similar or identical to the Administration's bill. They would:

-- authorize appropriations for the Peace Corps of \$1,000,000 for fiscal year 1976 and the transition quarter for increases in salary, pay, retirement, or other employee benefits authorized by law. The Administration's draft bill proposed "such sums as may be necessary" for these purposes, but ACTION indicates that the specific limitation appears acceptable.

-- require the Director of ACTION to transfer \$315,000 by December 31, 1975 to the ACTION readjustment allowance account at the Treasury Department to rectify the present imbalance in the account. This is a 6-month extension of authority provided last year and is identical to the Administration's proposal.

-- prohibit sex discrimination with respect to enrollment and terms and conditions of service of Peace Corps volunteers, as recommended in the Administration's bill.

The major difference between H.R. 6334 and the Administration's proposal is provision in the enrolled bill for increased readjustment allowances for Peace Corps and VISTA (Volunteers in Service to America) volunteers.

H.R. 6334 would raise from \$75 to \$125 the maximum monthly rate of the readjustment allowance for Peace Corps volunteers. The purpose of these allowances is to provide volunteers with a lump-sum payment at the completion of their volunteer service to assist them in readjusting to life in the United States after service abroad. The present maximum rate of \$75 for each month of satisfactory service was set in 1961 and has never been increased.

H.R. 6334 would also amend the Domestic Volunteer Service Act of 1973 to increase from \$50 to \$75 the maximum rate of the monthly stipend set by the Director of ACTION for VISTA volunteers, which is the counterpart of the Peace Corps readjustment allowance. The bill would authorize "such additional sums as may be necessary" to carry out this amendment, effective only if specifically provided for in appropriation acts.

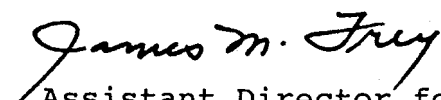
The legislative history of the Peace Corps readjustment allowance provision indicates the congressional intent that "the Peace Corps appropriation for fiscal year 1976 should not be used to provide for any increase in the Peace Corps readjustment allowance unless funds are appropriated above the \$80,826,000 figure which the Administration requested, and both committees approved, to maintain program strength."

To provide for the increased readjustment allowances for Peace Corps volunteers, the authorizations in the enrolled bill are \$7,642,000 higher for fiscal year 1976 and \$2,158,800 higher for the transition quarter than had been recommended in the Administration's bill. These figures were provided by ACTION in response to inquiries by the congressional committees. The agency also provided estimates that the increased VISTA stipends would require \$1,778,000 for fiscal year 1976 and \$426,300 for the transition quarter.

These estimates were based on ACTION's premise that readjustment allowances and stipends would be increased immediately to the new maximum and would be applied retroactively to the accounts of all volunteers currently on board. The enrolled bill, however, does not provide for retroactive application of increased allowance rates.

Estimates provided informally by ACTION indicate that if increases are provided only prospectively for the remaining six months of fiscal year 1976, additional costs in this year would be \$2 million for Peace Corps volunteers and \$658,000 for VISTA volunteers. The additional transition quarter costs on this basis would be \$1 million for Peace Corps volunteers and \$318,000 for VISTA volunteers.

The 1976 budget made no provision for increases in either the Peace Corps readjustment allowances or the VISTA stipends. ACTION has indicated informally that it does not propose to raise the present rates at this time if H.R. 6334 is approved, but rather will await action by the appropriations committees. We concur in this approach and intend to work with the agency to maintain support for the original budget requests for fiscal year 1976 and the transition quarter.


Assistant Director for
Legislative Reference

Enclosures

THE WHITE HOUSE

ACTION MEMORANDUM

WASHINGTON

LOG NO.: 956

Date: November 12

Time: 600pm

FOR ACTION: David Lissy *ML*
Max Friedersdorf
NSC
Ken Lazarus *ok*

cc (for information): Jack Marsh
Jim Cavanaugh
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: November 13

Time: noon

SUBJECT:

Enrolled Bill H.R. 633- Peace Corps Authorization

ACTION REQUESTED:

For Necessary Action

For Your Recommendations

Prepare Agenda and Brief

Draft Reply

For Your Comments

Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

I. R. COLE, JR.
For the President

Date: November 12

Time: 600pm

FOR ACTION: David Lissy
Max Friedersdorf
NSC
Ken Lazarus

cc (for information): Jack Marsh
Jim Cavanaugh
Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: November 13

Time: noon

SUBJECT:

Enrolled Bill H.R. 633- Peace Corps Authorization

ACTION REQUESTED:

- For Necessary Action
- For Your Recommendations
- Prepare Agenda and Brief
- For Your Comments
- Draft Reply
- Draft Remarks

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

11/13
*Recommend
 Approval.*
[Signature]

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James H. Cavanaugh
For the President

Date: November 12

Time: 600pm

FOR ACTION: David Lissy
 Max Friedersdorf
 NSC
 Ken Lazarus

cc (for information): Jack Marsh
 Jim Cavanaugh
 Warren Hendriks

FROM THE STAFF SECRETARY

DUE: Date: November 13

Time: ~~noon~~ ^{COB} 6pm

SUBJECT:

Enrolled Bill H.R. 633- Peace Corps Authorization

ACTION REQUESTED:

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

REMARKS:

Please return to Judy Johnston, Ground Floor West Wing

No objection. -- Ken Lazarus 11/13/75

PLEASE ATTACH THIS COPY TO MATERIAL SUBMITTED.

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

James H. Cavanaugh
 For the President

AUTHORIZING ADDITIONAL APPROPRIATIONS TO
CARRY OUT THE PEACE CORPS ACT

June 9, 1975.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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

REPORT

together with

MINORITY VIEWS

[To accompany H.R. 6334]

The Committee on International Relations, to whom was referred the bill (H.R. 6334) to authorize additional appropriations to carry out the Peace Corps Act, and for other purposes, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments are as follows:

On page 1, in line 4, strike out "provision" and insert in lieu thereof "proviso".

On page 1, in line 6, strike out "\$80,826,000" and insert in lieu thereof "\$88,468,000" and in line 8, strike out "\$25,729,000" and insert in lieu thereof "\$27,887,800".

On page 2, beginning in line 4, strike out "such sums as may be necessary" and insert in lieu thereof "not in excess of \$1,000,000".

On page 2, immediately after line 19, add the following new section:

SEC. 5. Section 5 (c) of the Peace Corps Act (22 U.S.C. 2504 (c)) is amended by striking out "\$75" and inserting in lieu thereof "\$125".

COMMITTEE ACTION

Executive Communication No. 851, dated April 21, 1975, proposing authorization of appropriations for the Peace Corps for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976, was referred to the Committee on International Relations.

The proposed legislation (H.R. 6334) was introduced (by request) on April 23, 1975, by Hon. Thomas E. Morgan, chairman of the Committee on International Relations. The committee held a public hearing on May 13, 1975, at which the following officials testified in support of the legislation: Hon. Michael P. Balzano, Jr., Director of ACTION, Hon. John Dallenback, Associate Director of ACTION for International Operations (Peace Corps), Hon. John L. Ganley, Deputy Director of ACTION, Hon. Alfredo Perez, Deputy Associate Director of ACTION for International Operations, Mr. Phillip Bourbon, Director of Personnel, ACTION, and Mr. Emerson Markham, Director of the Budget, ACTION.

On May 15, 1975, the Committee on International Relations met in open session and heard further testimony on the bill from Hon. Christopher J. Dodd, a Member of Congress from Connecticut and Hon. Paul E. Tsongas, a Member of Congress from Massachusetts. Both Members had served overseas as Peace Corps volunteers and spoke in favor of the legislation.

On June 3, 1975, the committee met in open session to consider the bill, H.R. 6334, and ordered the bill favorably reported with amendments by voice vote.

COMMITTEE AMENDMENTS

The first amendment is clerical in nature, designed to correct a typographical error.

The second amendment adopted by the committee is a conforming amendment—authorizing an additional amount of \$7,642,000 for fiscal year 1976 and \$2,158,000 for the transition quarter (July 1, 1976, through September 30, 1976) to finance the readjustment allowance increase provided for under the fourth amendment described below.

The third committee amendment sets a \$1 million ceiling on the authorization of additional funds for increases in salary, pay, retirement, or other employee benefits authorized by law for fiscal year 1976 and the transition quarter. This provision is identical to that included in the fiscal year 1975 Peace Corps authorizing legislation.

The fourth committee amendment provides for an increase in the readjustment allowance for all regular volunteers (including spouse volunteers) from \$75 to \$125 per month of service.

PURPOSE

The main purpose of H.R. 6334, as reported, is to authorize an appropriation of \$88,468,000 to finance the operation of the Peace Corps during fiscal year 1976 and \$27,887,800 for the period July 1, 1976, through September 30, 1976. The bill as amended by the committee also contains the following provisions:

(1) It authorizes up to but not to exceed \$1 million for increases in salary, pay, retirement or other employee benefits that may be authorized by law between July 1, 1975, and September 30, 1976.

(2) It directs the transfer no later than December 31, 1975, of up to \$315,000 from the sums appropriated to the Peace Corps for fiscal year 1976 to ACTION's readjustment allowance account at the Treasury Department. This provision constitutes a 6-month extension of

the authority previously granted in the fiscal year 1975 authorizing legislation.

(3) It raises the readjustment allowance for all regular volunteers from \$75 to \$125 per month of service and authorizes additional funds (\$7,642,000 for fiscal year 1976 and \$2,158,000 for the transitional period) for this purpose.

(4) It adds a prohibition against sex discrimination with respect to the enrollment and terms and conditions of service of volunteers.

PEACE CORPS VOLUNTEER AND TRAINEE LEVELS

The proposed authorization will enable the Peace Corps to train an estimated 3,750 volunteer applicants in the coming year and 1,400 in the transition quarter. The estimated number of volunteer man-years in the field for fiscal year 1976 will be approximately 6,052 and in the transition quarter approximately 1,434. The following table compares these estimates with figures available for the preceding 2 fiscal years:

	Fiscal year 1974 actual	Fiscal year estimate—	
		1975	1976
Volunteer man-years.....	6,489	6,670	6,052
Trainees.....	4,886	3,429	3,750

The projected decrease in volunteer man-years for fiscal year 1976 reflects in part the emphasis ACTION has placed upon the recruitment of more highly qualified and professionally skilled volunteers and the difficulties encountered by the agency in its efforts to recruit, train and place enough volunteers to meet host country requests. This trend toward greater selectivity is, however, consistent with the committee's recommendations of the past several years.

At the same time, the committee observed in last year's report on the Peace Corps authorization legislation that "significant improvements in the cycle of application, screening, selection, training and placement must be made."

IMPROVEMENT IN PROCESSING OF VOLUNTEERS

During fiscal year 1975, an agency task force spent 6 months reviewing the processing of volunteer delivery activities within the Office of Recruitment and Communications. This review and the initial implementation of the task force recommendations has led to some significant improvements. For instance, ACTION officials point out that Peace Corps applicants are processed 36 percent faster today than they were a year ago. This represents a reduction of 53 working days—from 148 down to 95. Moreover, it is expected that total processing time will decrease another 12 percent—or 19 working days—with the implementation of ACTION's Regional Service Centers structure, which began in April of this year.

Although these statistical claims appear encouraging, the committee has also received some well-documented evidence of processing errors and deficiencies in individual cases. Consequently, it is the consensus of the committee that ACTION should continue to focus primary at-

tention upon this aspect of its operations. The success or failure of the Peace Corps program is largely dependent upon its ability to recruit, select and train high-quality volunteers.

THE PEACE CORPS' ROLE WITHIN ACTION

As a consequence of the executive branch's Reorganization Plan No. 1 of 1971, the Peace Corps was merged with a number of domestic voluntary action programs to form a single agency called ACTION. The desirability of effecting certain administrative economies, a closer degree of cooperation between domestic and international volunteer service efforts, and more efficient recruitment of volunteers were cited as justifications for the merger.

From the standpoint of the ACTION agency as a whole, it is apparent that certain overall economies of scale have been realized as a result of the merger. Moreover, it should be noted that Peace Corps Washington staff positions have been reduced from 151 in fiscal year 1974 to 129 in fiscal year 1975—leading to a projected saving of \$184,000 in fiscal year 1976.

On the other hand, charges have been widely circulated in recent years that the Peace Corps has been paying more than its proper share of Agency-wide support costs and related administrative expenses.

DISTRIBUTION COSTS BETWEEN DOMESTIC AND INTERNATIONAL PROGRAMS OF ACTION

During fiscal year 1975, the committee has accorded considerable attention to the distribution of administrative costs between domestic and international operations, respectively. Despite an extensive exchange of correspondence between ACTION and the committee on the subject, the results of this inquiry are as yet, inconclusive.

The so-called "allocation formula" which has been used by ACTION to distribute costs between international and domestic operations is based on the ratio of full-time staff employed exclusively for international operations (799) to staff employed for domestic programs (433). This produces a ratio of 65.8 percent allocated to international operations and 34.2 percent to domestic operations.

This ratio, in turn, is used to distribute the cost of the Agency-wide support centers—such as the Office of Recruitment and Communications, management and administration, policy and planning, and the National Advisory Council. These centers support *both* domestic and international operations and accounted for a total cost of \$21,396,000 in fiscal year 1975. There is, however, a notable lack of specific information or statistical data currently available—indicating *what work* is being performed by these centers and/or *for whom* (i.e. Peace Corps or domestic agencies).

ACTION officials concede this point—claiming that work-measurement studies are time-consuming, expensive and soon become dated owing to the cyclical nature of the work being performed in the support offices. The limited studies which have been undertaken by the Agency apparently are of little value. Nevertheless ACTION contends that no superior formula has yet been devised and that the one currently in use is equitable, easily understood and administered.

The committee remains skeptical that the present 65–35 distribution formula is as accurate and equitable as claimed. It was noted, for instance, during the hearings that volunteer man-year levels, trainee inputs, and relative appropriations figure overwhelmingly support the thesis that domestic volunteer programs are much larger than international programs—yet the allocation formula being used has the international operation carrying two-thirds of the cost.

In response to this observation, ACTION contends that: (1) volunteer man-year levels are not comparable between domestic and international operations because many of the domestic operations are funded through grants rather than supported directly (and include many part-time volunteers not found in international operations); (2) the cost of a trainee fluctuates greatly monthly and quarterly and is not correlated to workload; and (3) relative appropriations levels are similarly unreflective of the workload factor.

In view of the complexity of these issues, the conflicting claims which have been made, and the apparent lack of more definitive information, the committee believes it would be premature to recommend a change in the cost distribution formula at this time. The committee intends, however, to pursue this inquiry during the coming fiscal year in an attempt to determine what legislative remedy might be justified.

TURNOVER AND ATTRITION OF TOP ACTION PERSONNEL

The committee again registered its concern over the high turnover and attrition of key ACTION personnel. During last year's authorization hearing it was noted, for instance, that there had been a particular lack of continuity in the position of the Associate Director of ACTION for International Operations (Peace Corps). Since the ACTION merger was announced in January 1971, four individuals have occupied this position. Moreover, following the resignation of Mr. Nicholas Crow, effective August 30, 1974, the position was vacant for a period of almost 8 months.

Finally, just 1 month prior to this year's authorization hearings the White House announced the appointment of former Representative John Dellenback to the Associate Director position. While the committee welcomes this appointment and was favorably impressed by Mr. Dellenback's testimony in support of the pending legislation, it is apparent that this is a problem requiring continuous review and congressional oversight. As was brought out in the hearings, high turnover of top staff personnel is by no means limited to the Peace Corps Director position, but is characteristic of a number of key leadership positions throughout the ACTION Agency. Consequently, a concerted effort should be made to correct this apparent management deficiency.

READJUSTMENT ALLOWANCE INCREASE

In response to mail from Peace Corps volunteers calling for an increase in the readjustment allowance, the committee addressed this issue during its consideration of last year's authorization request. It was noted that the allowance had not been increased from its rate of \$75 per month for each regular volunteer and \$125 per month for each volunteer leader and head of household since the Peace Corps inception in 1961.

In this connection, the committee's report on the fiscal year 1975 Peace Corps authorization bill (Rept. No. 93-875) contained the following language:

* * * The committee was told that ACTION officials were cognizant of this issue but were unable to study the problem sufficiently to propose an increase in the allowance for fiscal year 1975. The committee was assured however, that the issue is under investigation and if it is found that an increase is justified, a proposal to that effect will be included in the executive branch's fiscal year 1976 request.

Pursuant to the above mandate, Peace Corps officials undertook an internal "Readjustment Allowance Study," which resulted in the following principal recommendations:

1. Raise the readjustment allowance to \$125 per month of service for all volunteers.
2. Eliminate the legislative ceiling.
3. Establish a uniform rate. (This means dropping the distinction for pay purposes between volunteer and volunteer "leader" and treating all volunteers on an equal basis.)

The results of this study have not been made public and the executive branch request for fiscal year 1976 did not contain any of the above-recommended provisions. Failure to incorporate the above-cited proposals in the pending legislation was defended primarily on budgetary grounds. In his testimony before the committee, ACTION Director Balzano stated:

* * * We are not requesting funds for fiscal year 1976 to provide payment of higher allowances. Given the need for strict budgetary restraint in the coming year, increases in the readjustment allowance would require us to substantially reduce the number of volunteer man-years we could support. We believe we have to give first priority to maintaining the maximum number of volunteers overseas to fulfill out on-going commitments.

A majority of the committee was not persuaded by the validity of this argument. It was noted, for instance, that the Consumer Price Index of January 1975, was 74.8 percent over that of March 1961. Moreover, the Peace Corps study referred to above concluded that at current inflation rates—11 percent—the first volunteers to serve at the \$125 rate would find their readjustment allowance "sufficient to provide support at only the poverty level". Since all other program costs have been adjusted to reflect the effects of inflation since 1961, it was the consensus of committee members that a modest increase in the readjustment rate was clearly overdue.

The amendment adopted by the committee will achieve three basic objectives:

First, it will raise the readjustment allowance for regular volunteers from \$75 to \$125 per month—as recommended in the Peace Corps study;

Second, it will establish a uniform rate by removing the distinction between regular volunteers on the one hand and volunteer leaders and heads of households, on the other; and

Third, it will preserve the level of operational funds requested by providing additional funding for the readjustment allowance increase (an increase of \$7,642,000 for fiscal year 1976 and \$2,158,000 for the transitional quarter). In authorizing this additional funding for the specific purpose of financing a readjustment allowance increase, the committee wishes to make clear its intention that such financing not be made at the expense of funds authorized and appropriated for training and volunteer support.

PEACE CORPS PROGRAMING IN RELATIVELY AFFLUENT DEVELOPING NATIONS

During the authorization hearings and in markup of the pending legislation, criticism was expressed of the assignment of Peace Corps volunteers to relatively prosperous countries in the developing world—especially those countries which have amassed considerable wealth through oil production and increases in the price of various raw materials during the past 2 years.

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

In this connection, the committee took note of testimony which indicated that Peace Corps volunteers may not have been needed or fully utilized in Venezuela, a country with substantial oil revenues and a growing skilled population. Iran was also cited as another example of a questionable recipient of Peace Corps assistance.

Other examples are equally relevant, and it is not the intention of the committee to single out specific countries or country programs for criticism. It is, however, the consensus of the committee that Peace Corps programs should be phased out in those countries which are clearly in a position to finance their own technical assistance programs from other sources.

The committee therefore recommends that ACTION undertake a thorough review of all Peace Corps programs on a country-by-country basis with a view toward compliance with this general principle.

COST ESTIMATE

The bill, as reported, authorizes appropriations of \$88,468,000 for fiscal year 1976 and \$27,887,800 for the transition quarter. It also authorizes up to \$1 million to cover possible increases in salary, pay, retirement, or other employee benefits established by law from July 1, 1975, through September 30, 1976. Thus, assuming that the entire \$1 million will be required to cover the latter cost, the total cost of the Peace Corps in fiscal year 1976 and the transition quarter should not exceed \$117,355,800.

The basic authorization for the Peace Corps in fiscal year 1976 (minus the additional projected funding for salary/benefits and readjustment allowance increases) is \$1,430,000 less than was authorized by Congress for fiscal year 1975. This decrease reflects a small reduction in the program from a 6,670 volunteer man-year level in fiscal year 1975 to 6,052 for fiscal year 1976. No significant expansion of the program is contemplated over the next 5 years.

The costs of the program may, in fact, decline as the Peace Corps endeavors to reduce its overhead expenses, encourages increased host country contributions, and continues to emphasize greater selectivity in the recruitment of highly skilled volunteers.

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

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

(A) *Oversight findings and recommendations.*—The recently constituted Subcommittee on Oversight of the Committee on International Relations has begun an in-depth study of Peace Corps programs and activities and the administration of the program under ACTION. This study will continue during fiscal year 1976.

To date, the subcommittee's attention has focused upon questions relating to the distribution of administrative costs between domestic and international operations of ACTION, respectively, and to charges that the Peace Corps has been paying more than its fair share of Agency-wide support costs and related administrative expenses. Upon completion of this inquiry, the subcommittee will propose changes in the present allocation formula, if warranted.

In addition, the subcommittee will continue its current review of questions relating to the high turnover and attrition of key ACTION personnel, the implementation of the recommended readjustment allowance increase for returning volunteers and general programing policy—with a view toward phasing out Peace Corps programs in countries which are in a position to finance their own technical assistance needs.

(B) *Congressional Budget Act section 308(a) requirement.*—This measure provides for no new budget authority or increased tax expenditures.

(C) *Congressional Budget Office estimate and comparisons.*—No estimate and comparison prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974 has been received by the committee.

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

INFLATIONARY IMPACT STATEMENT

The measure would not have any identifiable inflationary impact. Peace Corps authorization requests have been leveling off in recent years. This leveling off process, which is anticipated to continue over the next 5 years (see section on Cost Estimate), actually amounts to a sharp cutback in Peace Corps operations, owing to the effects of worldwide inflation. The average inflation rate in host countries now serviced by the Peace Corps amounts to 20–30 percent and affects such costs as rents, utilities, supplies, salaries of host country nationals and volunteer allowances. Since 36.7 percent of Peace Corps expenditures are paid in foreign currencies, increased costs resulting from the devaluation of the dollar also constitute an important factor, which is

reflected in the projected increase of \$1,440,000 in Shared Administrative Support (SAS) payments the Peace Corps will be required to make to the Department of State in fiscal year 1976.

Given the retrenchment taking place in the program as a whole and the fact that the proposed Peace Corps authorization accounts for 26/1000ths of 1 percent of the administration's total budget, this authorization is not likely to have any identifiable inflationary impact.

CHANGES IN EXISTING LAW MADE BY THE BILL, AS REPORTED

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

PEACE CORPS ACT

* * * * *

AUTHORIZATION

SEC. 3. (a) The President is authorized to carry out programs in furtherance of the purposes of this Act, on such terms and conditions as he may determine.

(b) There are authorized to be appropriated for fiscal year [1975 not to exceed \$82,256,000] 1976 not to exceed \$88,468,000, and for the period July 1, 1976, through September 30, 1976, not to exceed \$27,887,800, to carry out the purposes of this Act: *Provided, however*, That not to exceed \$500,000 of funds made available hereunder for fiscal year 1976 shall be obligated under contracts or agreements to carry out research: *Provided further*, That no such contracts or agreements shall be executed unless the research in question relates to the basic responsibilities of the Peace Corps. Unobligated balances of funds made available hereunder are hereby authorized to be continued available for the general purposes for which appropriated and may at any time be consolidated with appropriations hereunder. None of the funds authorized to carry out the purposes of this Act shall be used to carry out the Volunteers to America Program conducted under the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), or any similar program involving the service or training of foreign nationals in the United States.

(c) In addition to the amounts authorized for fiscal year [1975] 1976 and for the period July 1, 1976, through September 30, 1976, there are authorized to be appropriated for the Peace Corps for [fiscal year 1975] such year not in excess of \$1,000,000 for increases in salary, pay, retirement, or other employee benefits authorized by law.

[(d) The Director of ACTION is authorized to transfer to the readjustment allowance, ACTION, account at the Treasury Department from any sums appropriated to carry out the purposes of this Act in fiscal year 1975 not to exceed \$315,000 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973.]

(d) The Director of ACTION shall transfer to the readjustment allowance, ACTION, account at the Treasury Department, no later than December 31, 1976, not to exceed \$315,000 from any sums available to carry out the purposes of this Act in fiscal year 1976 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973.

* * * * *

PEACE CORPS VOLUNTEERS

SEC. 5. (a) The President may enroll in the Peace Corps for service abroad qualified citizens and nationals of the United States (referred to in this Act as "volunteers"). The terms and conditions of the enrollment, training, compensation, hours of work, benefits, leave, termination, and all other terms and conditions of the service of volunteers shall be exclusively those set forth in this Act and those consistent therewith which the President may prescribe; and, except as provided in this Act, volunteers shall not be deemed officers or employees or otherwise in the service or employment of, or holding office under, the United States for any purpose. In carrying out this subsection no political test shall be required to be taken into consideration, nor shall there be any discrimination against any person on account of race, sex, creed, or color.

* * * * *

(c) Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed ~~[\$75]~~ \$125 for each month of satisfactory service as determined by the President; except that, in the cases of volunteers who have one or more minor children at the time of their entering a period of pre-enrollment training, one parent shall be entitled to receive a readjustment allowance at a rate not to exceed \$125 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however,* That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582(b) of title 5, United States Code. For purposes of the Internal Revenue Code of 1954 (26 U.S.C.), a volunteer shall be deemed to be paid and to receive each amount of a readjustment allowance to which he is entitled after December 31, 1964, when such amount is transferred from funds made available under this Act to the fund from which such readjustment allowance is payable.

MINORITY VIEWS OF HON. MICHAEL J. HARRINGTON

The funding levels in this bill basically reflect the tapering off of administration interest in the Peace Corps that began in 1969. I think this trend is regrettable, both for what it indicates about U.S. foreign policy priorities and for what it means to thousands of young Americans who are desperate for jobs and anxious to make a real contribution to global peace and development. The program's emphasis on more experienced, and generally older, technical experts is fine as far as it goes; but this nucleus could be profitably augmented by thousands of dedicated young people. Some 32,000 are expected to apply for work with ACTION this year—a major increase over applications in the early 1970's.

I therefore intend to offer a floor amendment to H.R. 6334 that would substantially increase the funding authorizations for the purpose of expanding participation.

MICHAEL J. HARRINGTON.

(11)

MINORITY VIEWS OF HON. J. HERBERT BURKE

Once again the Congress is being called upon to renew one of our bureaucracy's biggest boondoggles—the so-called "Peace Corps."

The bill this year exceeds even last year's outrages extravagance. Last year I objected when the committee approved the incredible sum of \$82,256,000. Now, this year the International Relations Committee has decided to be even more generous with the taxpayers' money and has increased the authorization by approving the sum of \$88,468,000 for fiscal year 1976. This display of support for the Peace Corps program is ridiculous in view of its failure to accomplish what it was set up to do. The committee also voted to further assist the "readjustment" of returning volunteers by raising the readjustment allowance from \$75 to \$125 per month of service.

How can we justify doling out the money for these programs when some of the nations we are supposed to be helping through the Peace Corps, such as Iran and Venezuela, have so much money from exorbitant oil revenues that they can invest in everything from sophisticated military equipment to ailing U.S. airlines? Surely they can afford to hire technical help and no longer have a need for the Peace Corps, if they ever did.

The Peace Corps like to talk about how it helps promote a better understanding between Americans and people in other parts of the world. Unfortunately, judging by the declining popularity of the United States throughout the world, the Peace Corps efforts since its beginning in 1961 have fallen somewhat short of success.

We also hear a lot about the skills the Peace Corps volunteers acquire during their service abroad. One of their principal skills appears to be the ability to find jobs in the governmental bureaucracy after they return home.

Unfortunately, with all the concern over preserving the "enlightened" programs of the Peace Corps, no one seems to worry about where the money is coming from. Yet, we are expecting a budget deficit estimated at \$70 billion or more this year. This bill presents an opportunity to save \$88.4 million, which could be used to reduce the expected deficit. The time to start practicing economy is now!

J. HERBERT BURKE.

(13)

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PEACE CORPS AUTHORIZATION FOR FISCAL YEAR 1976 AND THE TRANSITION QUARTER

OCTOBER 7 (legislative day, SEPTEMBER 11), 1975.—Ordered to be printed

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

REPORT

[To accompany H.R. 6334]

The Committee on Foreign Relations to which was referred the bill (H.R. 6334) to amend further the Peace Corps Act, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

PURPOSE

The basic purpose of H.R. 6334, as amended, is to authorize: (a) an appropriation of \$80,826,000 to finance the operations of the Peace Corps during the fiscal year 1976; and (b) an appropriation of \$26,729,000 for the transition quarter (July 1, 1976 through September 30, 1976). Other provisions of this legislation are designed: (a) to authorize an additional appropriation of up to \$1 million for increases in salary, pay, retirement, or other employee benefits that may be authorized in fiscal year 1976 or the transition period; (b) to authorize the transfer of \$315,000 from any sums appropriated to the Peace Corps for fiscal year 1976 to ACTION's readjustment allowance account at the Department of the Treasury in order to rectify an existing imbalance in that account for the period March 1, 1961 to February 28, 1973; (c) to forbid sex discrimination with respect to the enrollment and terms and conditions of service of volunteers; (d) to increase the readjustment allowance for all regular Peace Corps volunteers from \$75 to \$125 per month of service; and (e) to increase the stipend of the regular VISTA volunteer from \$50 to \$75 per month.

PEACE CORPS PROGRAM

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

Recent requests, authorizations, appropriations and obligations follow:

(Dollar amounts in thousands)

Fiscal year—	Request	Authorization	Appropriation	Obligation
1974	\$77,000	\$77,000	\$77,000	\$76,986
1975	82,256	82,256	177,000	
1976	80,826			
Transition	25,726			

* Total does not include \$687,000 supplemental request for Government-wide January and October, 1974 Federal pay raises.

The following table gives the highlights of the Peace Corps programs for fiscal year 1976 and the transition period, together with the comparable estimates for fiscal year 1975 and the actual figures for fiscal year 1974:

PEACE CORPS PROGRAM HIGHLIGHTS—FISCAL YEAR 1976

(Dollar amounts in thousands)

Funds:	Estimate—		Increase or decrease	
	1974 actual	1975		1976
I. Funds:				
A. Training and specialized recruiting:				
(1) Preservice training	\$9,447	\$8,188	\$7,526	-\$662
(2) Inservice training		360	743	+383
(3) Intern programs	241	403	625	+222
(4) Preinvitational stagings (PRIST)	565	165	165	
Subtotal	10,253	9,116	9,059	-57
B. Volunteer costs:				
(1) International travel	6,670	6,264	7,599	+1,335
(2) Allowances	21,702	23,201	22,502	-699
(3) Other volunteer support	4,206	4,713	4,596	-117
(4) Dependent support	476	595	522	-73
(5) Multilateral volunteers	23	20	30	+10
Subtotal	33,077	34,793	35,249	+456
C. Peace Corps program support:				
(1) Staff	16,283	15,775	16,822	+1,047
(2) State Department services	4,320	3,885	5,325	+1,440
(3) Multilateral grants	66	20	70	+50
(4) Evaluation	78	20	318	+288
Subtotal	20,747	19,700	22,535	+2,835
D. Peace Corps share of agency-wide support	12,909	14,078	13,983	-95
E. Readjustment allowance increase contained in House Bill (H.R. 6334)			7,642	+7,642
Total	76,986	77,687	88,468	+10,781

PEACE CORPS PROGRAM HIGHLIGHTS, FISCAL YEAR 1976

	1974 actual	1975 estimate
II. Volunteer and trainee:		
A. Onboard strength at end of calendar year (Dec. 31):		
1. Latin America	2,182	1,689
2. North Africa, Near East, Asia, and Pacific	2,951	2,386
3. Africa	2,571	2,512
Total	7,704	6,587
B. End strength at end of program year (June 30):		
1. Trainees	1,393	666
2. Volunteers	6,424	6,437
Total	7,817	7,103
Number of host countries	68	69
Average cost per volunteer	\$9,883	\$10,180

PEACE CORPS PROGRAM HIGHLIGHTS, TRANSITION PERIOD (JULY 1, TO SEPT. 30, 1976)

	Amount (thousands)
4. Funds:	
A. Training and specialized recruiting:	
1. Training	\$4,278,000
2. Specialized recruiting	458,000
Subtotal	4,737,000
B. Volunteer costs:	
1. International travel	2,837,000
2. Allowances	5,975,000
3. Other volunteer support	2,218,000
4. Dependent support	148,000
5. Multilateral volunteers	55,000
Subtotal	11,228,000
C. Program support:	
1. International operations staff	4,584,000
2. Evaluation	161,000
3. State Department services	1,506,000
Subtotal	6,251,000
D. Peace Corps share of agency-wide support costs	3,572,000
E. Readjustment allowance increase contained in House Bill (H.R. 6334)	2,158,100
Total	2,158,800

The funds requested for the Peace Corps reflect a decrease in the anticipated volunteer strength for fiscal year 1976 and an intensification of efforts to solicit and utilize host country contributors. However, this decrease is offset by unavoidable overseas cost increases anticipated in fiscal year 1976 because of inflation.

Funds requested for the transition period maintain, with minor exceptions, the fiscal year 1976 program level request. However, the Peace Corps obtains a large portion of its volunteers from the graduating classes of colleges and universities throughout the United States. The trainee input, therefore, takes place primarily during the June-July-August period. In addition, a large proportion of trainees are teachers who must begin Peace Corps training in June-July in order to be in the host country, ready to teach, in September.

The abnormally large trainee input and the higher costs associated with the July-August-September quarter have been a historical fact of Peace Corps operations. The transition period request is therefore more than one-fourth of the fiscal year 1976 request because it happens to occur when the Peace Corps has its maximum trainee input and associated costs.

AUTHORIZATION TO FUND EMPLOYEE SALARY AND BENEFIT INCREASES

In its original authorization request, the executive branch requested the appropriation of "such sums as may be necessary" for employee salary and benefit increases during fiscal year 1976 and the transition period. Rather than granting the agency an open-ended authorization the House limited this authorization to \$1 million. The Foreign Relations Committee, in considering this bill, adopted the House version of this provision (Section 2 of H.R. 6334).

READJUSTMENT ALLOWANCE IMBALANCE

As provided in the Peace Corps Act (22 U.S.C. §§ 2504-2505), each regular volunteer receives a readjustment allowance of \$75 for each month of service while leader volunteers and heads of households receive \$125 for each month. These amounts are deposited in a Treasury account and accumulated for payment to the volunteer on completion of service. In addition, the Peace Corps contributes payments as prescribed under the Federal Insurance Contribution Act (FICA). This allowance provides the returning volunteer with living costs until he secures a job or returns to school.

Overpayments to volunteers and accounting errors during the years 1961 through February 28, 1973, have resulted in a \$315,000 imbalance in the Treasury Fund Readjustment Allowance. Last year, ACTION was authorized to use its fiscal year 1975 Peace Corps appropriation to rectify this imbalance. Because of budgetary constraints on the Peace Corps for 1975, ACTION was unable to complete the transfer. Section 3 of H.R. 6334 provides a six-month extension of this transfer authority.

PEACE CORPS READJUSTMENT ALLOWANCE AND VISTA STIPEND INCREASE

The general purpose of the Peace Corps readjustment allowance is to provide former Peace Corps volunteers with a lump sum payment at the end of their volunteer service in order to enable them to readjust at life in the United States following two years of service abroad. The allowance was not intended to be compensation for work performed but was designed to assist volunteers in their transition from Peace Corps service to other endeavors.

Because the cost of living in the United States has increased more than 75 percent since the maximum rate of \$75 was established for the readjustment allowance for regular volunteers in the Peace Corps Act of 1961, many volunteers and former volunteers have written both to the Peace Corps and Members of Congress in recent years urging that the level of readjustment allowance be raised.

The House-passed bill increased the maximum amount of the Peace Corps readjustment allowance for regular volunteers from \$75 per month to \$125 per month. In so doing, the House chose to lump together the authorization of appropriations needed to grant a readjustment allowance increase and the general authorization of appropriations to carry out the Peace Corps program.

The Foreign Relations Committee approved the increase, but separated the authorization of appropriations (\$7,642 million for fiscal year 1976 and \$2,158 million for the three-month transition budget period) for it from the authorization for the general Peace Corps program (Sec. 6). The reasons for this separate treatment are (a) to prohibit the use for program expenses of additional sums which may be appropriated for a readjustment allowance increase should the Director decide not to grant volunteers any increase; and (b) to prohibit the use of program funds to finance an increase (thereby bringing about a reduction in overall volunteer and trainee strength) should additional funds to provide for a readjustment allowance increase not be appropriated.

To accomplish these purposes, the bill provides that the increase in the readjustment allowance will be effective only to the extent of, and in the amount of, funds specifically provided (preferably through earmarking) in Appropriations Acts.

The bill also provides (sec. 5) for an increase in the maximum amount of the VISTA volunteer's stipend (from the present \$50 to \$75 per month). The VISTA stipend, established in the Economic Opportunity Act of 1964, is the counterpart of the Peace Corps readjustment allowance. The Committee has received two letters (see Appendix) from eight members, including the Chairman and Ranking Minority Member, of the Committee on Labor and Public Welfare, which has jurisdiction over the domestic volunteer programs of the ACTION Agency, indicating there is no jurisdictional objection, and urging the Foreign Relations Committee to approve this provision.

As with the Peace Corps readjustment allowance increase, the amendment to the law authorizing an increase in the VISTA stipend would be effective only upon enactment of an appropriation specifically earmarked for the purpose of providing a stipend increase over the present \$50 a month level. Such sums as are necessary to meet the costs of providing for such an increase would be authorized to be appropriated. (The estimated first full-year cost is \$1,778,000 for fiscal year 1976 and \$426,300 for the three-month transition budget).

COST ESTIMATE

The bill, as reported, authorizes: (a) appropriations of \$80,826,000 for fiscal year 1976 and \$25,729,000 for the transition quarter; (b) appropriations of \$7,642,000 for fiscal year 1976 and \$2,158,800 for the transition quarter to fund the readjustment allowance increase of the Peace Corps volunteers; and (c) an appropriation of up to \$1 million to cover possible increases in salary, pay, retirement or other employee benefits established by law during fiscal year 1976 and the transition quarter. In addition, the bill authorizes "such additional sums as may be necessary" to finance the increase in the VISTA volunteer's stipend from \$50 to \$75 per month. It is estimated by the ACTION agency that this increase will amount to \$1,779,561 for fiscal year 1976 and

\$426,000 for the transition quarter. Therefore, the total cost of this legislation in the fiscal year 1976 and the transition period should not exceed \$119,561,361.

COMMITTEE ACTION AND RECOMMENDATIONS

A public hearing on H.R. 6334 was conducted by the Subcommittee on Foreign Assistance on July 11, 1975. The principal witness was Michael P. Balzano, Director, ACTION, accompanied by John Dellenback, Associate Director for International Operations; John Ganley, Deputy Director; Harry Hogan, Assistant Director for Policy and Planning; Alfredo Perez, Deputy Associate Director for International Operations; Emerson Markham, Director of Budget; and William Prendergast, Assistant Director for Congressional Affairs.

H.R. 6334 was considered by the Subcommittee in an open mark-up session on September 23, 1975, and was ordered to be reported to the full Committee with amendments by unanimous consent.

The full Committee considered H.R. 6334 on October 1, 1975, and ordered it reported with amendments by a voice vote.

The Committee recommends that the Senate pass H.R. 6334 with amendments.

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., June 25, 1975.

HON. JOHN SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: You will recall that last year during Senate floor consideration of the Peace Corps Authorization Act of 1975 (H.R. 12920), Senators Mondale and Cranston introduced an amendment which would have provided a 50 percent cost-of-living increase in the readjustment allowances of Peace Corps volunteers and volunteer leaders and in the stipends of VISTA volunteers and volunteer leaders. These allowances remain at levels enacted fourteen years ago with respect to the Peace Corps—during which time the Consumer Price Index has risen over 75%—and eleven years ago with respect to VISTA.

In our amendment, these increases were made expressly contingent upon, and only to the extent of, the inclusion of specific funding for such purposes in subsequent appropriations acts. Thus, the rate increases would not cause a reduction in the number of volunteers in either program.

Although our amendment was agreed to by the Senate, it was not acceptable to the House of Representatives. In Senate floor debate of May 21, 1974, on the disagreement of the House to the amendment of the Senate on H.R. 12920 (daily Record S8779), you indicated, in justification of the Senate receding from the Mondale-Cranston amendment, that your Committee would reconsider the measure this year; specifically, you stated:

"The Foreign Relations Committee, as it indicated in its report on the bill, is most interested in this matter and seeing to it that a reason-

able and equitable adjustment is made in these allowances next year, taking into consideration the results of the Agency study and whatever recommendations may be forthcoming, based upon it, from the administration."

It is to this end that we are writing today.

We are hopeful that you will include the text of last year's Senate amendment—which we have reintroduced as S. 1789—in this year's Peace Corps authorization legislation. We reiterate that our amendment specifically made any increase, up to the new maximum dollar amounts, contingent on inclusion of additional sums in Appropriations Acts explicitly earmarked to pay for such allowance increases.

We feel, again, that Peace Corps and VISTA volunteers should be treated in an equitable manner at the same time with respect to allowances. Since the reauthorization of the Domestic Volunteer Service Act (P.L. 93-113) will not be considered until 1976, we are hopeful that you will agree once more to accept the amendment in full so that such equitable treatment will be ensured. If you, on the other hand, would prefer that we offer the measure as a floor amendment, we will be glad to do so.

You are aware, we know, of the previous cooperation between the Senate Labor and Public Welfare Committee, which has jurisdiction over the domestic programs of the ACTION Agency, and the Foreign Relations Committee, on matters affecting that Agency. The precedent for such cooperation is perhaps most clearly illustrated by the provisions in the aforementioned Act to establish an agencywide National Advisory Council to replace the former statutory Peace Corps Council repealed by Congress in 1972, and to establish an Associate Director for International Operations in the Agency, as a counterpart to the Domestic Operations Associate Director. We are hopeful that this cooperation will continue, and that it will be manifested this year by the inclusion of our amendment in the Peace Corps Authorization bill now before your Committee.

Finally, we enclose a copy of a May 6, 1974, letter to Congressman Thomas Morgan, Chairman of the then House Committee on Foreign Affairs, from Congressmen Carl D. Perkins and Augustus F. Hawkins, Chairmen, respectively, of the full Committee on Education and Labor and its Subcommittee on Equal Opportunities, which have responsibility for the domestic volunteer programs of the ACTION Agency, in support of the full Senate amendment and urging its acceptance by the House. We are thus hopeful that this provision would be acceptable to the House of Representatives at this time.

We thank you for your attention to this matter.

Sincerely,

ALAN CRANSTON.
HARRISON A. WILLIAMS, Jr.
JENNINGS RANDOLPH.
JOHN TUNNEY.
WALTER F. MONDALE.
JACOB K. JAVITS.
CHARLES H. PERCY.
BARRY GOLDWATER.

UNITED STATES SENATE,
COMMITTEE ON LABOR AND PUBLIC WELFARE,
Washington, D.C., September 8, 1975.

Hon. JOHN SPARKMAN,
Chairman, Committee on Foreign Relations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: We are writing to follow-up on the June 25, 1975, letter to you in which we joined with six other Senators proposing that the Committee on Foreign Relations amend the Peace Corps Authorization Act of 1976 (H.R. 6334) along the lines proposed in the bill we joined in introducing with Senator Cranston, S. 1789. The purpose of this bill and the amendment we are proposing is to provide for contingent increases in the readjustment allowances of Peace Corps volunteers and in the stipends of VISTA volunteers. We stress the contingency aspect because under our amendment such increases over amounts presently authorized in the enabling legislation for the respective programs would be authorized only to the extent of the inclusion of specific funding for such purposes in subsequent appropriation acts. Thus the provision for rate increases would not under any circumstances bring about a reduction in the numbers of volunteers in either program.

We are writing today as the Chairman and Ranking Minority Member of the Committee on Labor and Public Welfare, which has jurisdiction over the domestic volunteer programs of the ACTION Agency, as authorized in the Domestic Volunteer Service Act of 1973 (P.L. 93-113). We strongly desire that any increase provided for in the Peace Corps readjustment allowance be accompanied by provision for a comparable increase in the amount of the VISTA stipend. We strongly prefer that this be accomplished in Committee rather than on the floor, as last year.

As specified in the June 25 letter to you, our two Committees have had a mutually productive history of cooperation on matters affecting the ACTION Agency, and we wish to build further upon that cooperative relationship through the inclusion in the Committee bill of the VISTA stipend amendment we are sponsoring. It is also our belief, as explained in the June 25 letter, that there would be no jurisdictional objection whatsoever in the House of Representatives to proceeding along these lines in the Peace Corps authorization legislation.

We very much hope that you will be able to honor our request.

Sincerely,

HARRISON A. WILLIAM, JR.,
Chairman.

JACOB K. JAVITS,
Ranking Minority Member.

CHANGES IN EXISTING LAW

In compliance with paragraph 4 of Rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted

is enclosed in black brackets, new matter is printed in italic, existing law in which no changes is proposed is shown in roman):

The Peace Corps Act, as amended:

* * * * *

AUTHORIZATION

SEC. 3. (a) The President is authorized to carry out programs in furtherance of the purposes of this Act, on such terms and conditions as he may determine.

(b) There are authorized to be appropriated for fiscal year [1975 not to exceed \$82,256,000] 1976 not to exceed \$80,326,000, and for the period July 1, 1976, through September 30, 1976, not to exceed \$25,729,000, to carry out the purposes of this Act: *Provided, however,* That not to exceed \$500,000 of funds made available hereunder for fiscal year 1976 shall be obligated under contracts or agreements to carry out research: *Provided further,* That no such contracts or agreements shall be executed unless the research in question relates to the basic responsibilities of the Peace Corps. Unobligated balances of funds made available hereunder are hereby authorized to be continued available for the general purposes for which appropriated and may at any time be consolidated with appropriations hereunder. None of the funds authorized to carry out the purposes of this Act shall be used to carry out the Volunteers to America Program conducted under the Mutual Educational and Cultural Exchange Act of 1961, as amended (22 U.S.C. 2451 et seq.), or any similar program involving the service or training of foreign nationals in the United States.

(c) In addition to the amounts authorized for fiscal year [1975], 1976 and for the period July 1, 1976, through September 30, 1976, there are authorized to be appropriated for the Peace Corps for [fiscal year 1975] such year not in excess of \$1,000,000 for increases in salary, pay, retirement, or other employee benefits authorized by law.

[(d) The Director of ACTION is authorized to transfer to the readjustment allowance, ACTION, account at the Treasury Department from any sums appropriated to carry out the purposes of this Act in fiscal year 1975 not to exceed \$315,000 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973.]

(d) *The Director of ACTION shall transfer to the readjustment allowance, ACTION, account at the Treasury Department, no later than December 31, 1975, not to exceed \$315,000 from any sums available to carry out the purposes of this Act in fiscal year 1976 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973.*

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PEACE CORPS VOLUNTEERS

SEC. 5. (a) The President may enroll in the Peace Corps for service abroad qualified citizens and nationals of the United States (referred to in this Act as "volunteers"). The terms and conditions of the

enrollment, training, compensation, hours of work, benefits, leave, termination, and all other terms and conditions of the service of volunteers shall be exclusively those set forth in this Act and those consistent therewith which the President may prescribe; and, except as provided in this Act, volunteers shall not be deemed officers or employees or otherwise in the service or employment of, or holding office under, the United States for any purpose. In carrying out this subsection no political test shall be required to be taken into consideration, nor shall there be any discrimination against any person on account of race, sex, creed, or color.

* * * * *

(c) Volunteers shall be entitled to receive a readjustment allowance at a rate not to exceed ~~[\$75]~~ \$125 for each month of satisfactory service as determined by the President; except that, in the cases of volunteers who have one or more minor children at the time of their entering a period of preenrollment training, one parent shall be entitled to receive a readjustment allowance at a rate not to exceed \$125 for each month of satisfactory service as determined by the President. The readjustment allowance of each volunteer shall be payable on his return to the United States: *Provided, however,* That, under such circumstances as the President may determine, the accrued readjustment allowance, or any part thereof, may be paid to the volunteer, members of his family or others, during the period of his service, or prior to his return to the United States. In the event of the volunteer's death during the period of his service, the amount of any unpaid readjustment allowance shall be paid in accordance with the provisions of section 5582(b) of title 5, United States Code. For purposes of the Internal Revenue Code of 1954 (26 U.S.C.), a volunteer shall be deemed to be paid and to receive each amount of a readjustment allowance to which he is entitled after December 31, 1964, when such amount is transferred from funds made available under this Act to the fund from which such readjustment allowance is payable.

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DOMESTIC VOLUNTEER SERVICE ACT

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SUPPORT SERVICES

SEC. 105. (a) (1) The Director may provide a stipend to volunteers while they are in training and during their assignments, enrolled for periods of service of not less than one year under this part, except that the Director may, on an individual basis, make an exception to provide a stipend to a volunteer enrolled under this part for an extended period of service not totaling one year. Such stipend shall not exceed ~~[\$50]~~ \$75 per month in the case of persons who have served for at least one year and who, in accordance with standards established in regulations which the Director shall prescribe, have been designated volunteer leaders on the basis of experience and special skills and a demonstrated leadership among volunteers.

Ninety-fourth Congress of the United States of America

AT THE FIRST SESSION

*Begun and held at the City of Washington on Tuesday, the fourteenth day of January,
one thousand nine hundred and seventy-five*

An Act

To amend further the Peace Corps Act, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That so much of section 3(b) of the Peace Corps Act (22 U.S.C. 2502(b)) as precedes the first proviso thereof is amended to read as follows: "There are authorized to be appropriated for fiscal year 1976 not to exceed \$88,468,000, and for the period July 1, 1976, through September 30, 1976, not to exceed \$27,887,800, to carry out the purposes of this Act:"

SEC. 2. Section 3(c) of the Peace Corps Act (22 U.S.C. 2502(c)) is amended to read as follows: "In addition to the amounts authorized for fiscal year 1976 and for the period July 1, 1976, through September 30, 1976, there are authorized to be appropriated for the Peace Corps for such year not in excess of \$1,000,000 for increases in salary, pay, retirement, or other employee benefits authorized by law."

SEC. 3. Section 3(d) of the Peace Corps Act (22 U.S.C. 2502(d)) is amended to read as follows: "The Director of ACTION shall transfer to the readjustment allowance, ACTION, account at the Treasury Department, no later than December 31, 1975, not to exceed \$315,000 from any sums available to carry out the purposes of this Act in fiscal year 1976 to rectify the imbalance in the Peace Corps readjustment allowance account for the period March 1, 1961, to February 28, 1973."

SEC. 4. Section 5(a) of the Peace Corps Act, as amended, which relates to conditions of enrollment for volunteer service is amended by adding "~~sex~~" after the word "race" in the last sentence thereof.

SEC. 5. (a) Section 105(a)(1) of the Domestic Volunteer Service Act of 1973 (42 U.S.C. 4955(a)(1)) is amended by striking out "\$50" and inserting in lieu thereof "\$75".

(b) There are authorized to be appropriated, in addition to the sums authorized to be appropriated pursuant to section 501 of such Act, such additional sums as may be necessary to carry out the amendments made by subsection (a) of this section. Such amendments are to be effective for each fiscal year only to such extent and for such amounts as are specifically provided for such purpose in such appropriation Acts.

SEC. 6. Section 5(c) of the Peace Corps Act (22 U.S.C. 2504(c)) is amended by striking out "\$75" and inserting in lieu thereof "\$125".

Speaker of the House of Representatives.

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

November 6, 1975

Dear Mr. Director:

The following bill was received at the White House on November 6th:

H.R. 6334

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

Sincerely,

Robert D. Linder
Chief Executive Clerk

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