

1010

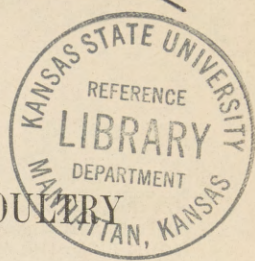
House - Agriculture

8744
Ag 8/1
M 59/15/961

Y4

**SCHOOL MILK, VETERANS', AND ARMED
SERVICES' DAIRY PROGRAMS**

GOVERNMENT
Storage



HEARINGS

BEFORE THE

SUBCOMMITTEE ON DAIRY AND POULTRY

OF THE

COMMITTEE ON AGRICULTURE

HOUSE OF REPRESENTATIVES

EIGHTY-SEVENTH CONGRESS

FIRST SESSION

ON

**H.R. 2058, H.R. 2059, H.R. 2060, H.R. 2061, H.R. 2062,
H.R. 2740, H.R. 2880, H.R. 3353, H.R. 3565, H.R. 4139,
H.R. 4438, H.R. 4517, H.R. 4536, H.R. 4577, H.R. 4889,
H.R. 4915, H.R. 5011, H.R. 5012, H.R. 6126,
H.R. 6191, H.R. 6192**

APRIL 11 AND 12, 1961

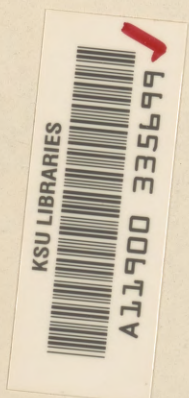
Serial D

Printed for the use of the Committee on Agriculture



U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON : 1961

69245



44
1/8 2A
21/22 M

SCHOOL MILK, VETERANS, AND ARMED
SERVICES DAIRY PROGRAM

COMMITTEE ON AGRICULTURE

HAROLD D. COOLEY, North Carolina, *Chairman*

W. R. POAGE, Texas, *Vice Chairman*

GEORGE GRANT, Alabama
E. C. GATHINGS, Arkansas
JOHN L. McMILLAN, South Carolina
THOMAS G. ABERNETHY, Mississippi
CARL ALBERT, Oklahoma
WATKINS M. ABBITT, Virginia
CLARK W. THOMPSON, Texas
PAUL C. JONES, Missouri
HARLAN HAGEN, California
LESTER R. JOHNSON, Wisconsin
ROSS BASS, Tennessee
W. PAT JENNINGS, Virginia
D. R. (BILLY) MATTHEWS, Florida
MERWIN COAD, Iowa
J. FLOYD BREEDING, Kansas
FRANK A. STUBBLEFIELD, Kentucky
HAROLD B. McSWEEN, Louisiana
DANIEL K. INOUE, Hawaii
RALPH R. HARDING, Idaho

CHARLES B. HOEVEN, Iowa
PAUL B. DAGUE, Pennsylvania
PAGE BELCHER, Oklahoma
CLIFFORD G. MCINTIRE, Maine
CHARLES M. TEAGUE, California
ALBERT H. QUIE, Minnesota
DON L. SHORT, North Dakota
CATHERINE MAY, Washington
DELBERT L. LATTA, Ohio
RALPH HARVEY, Indiana
PAUL FINDLEY, Illinois
ROBERT DOLE, Kansas
RALPH F. BEERMANN, Nebraska
BEN REIFEL, South Dakota

RESIDENT COMMISSIONER

A. FERNÓ-ISERN, Puerto Rico

Mrs. CHRISTINE S. GALLAGHER, *Clerk*

HYDE H. MURRAY, *Assistant Clerk*

JOHN J. HEIMBURGER, *Counsel*

FRANCIS M. LEMAY, *Staff Consultant*

SUBCOMMITTEE ON DAIRY AND POULTRY

LESTER R. JOHNSON, Wisconsin, *Chairman*

THOMAS G. ABERNETHY, Mississippi
CLARK W. THOMPSON, Texas
HARLAN HAGEN, California
MERWIN COAD, Iowa
J. FLOYD BREEDING, Kansas

CLIFFORD G. MCINTIRE, Maine
ALBERT H. QUIE, Minnesota
PAUL FINDLEY, Illinois
RALPH F. BEERMANN, Nebraska

CONTENTS

	Page
H.R. 2058, a bill to permanently extend the Armed Forces and veterans dairy programs and the special milk program for children and to amend the Agricultural Marketing Agreement Act of 1937, as amended.....	3
H.R. 3565, a bill to extend and increase the special milk program for children.....	4
H.R. 4438, a bill to extend and increase the special milk program for children.....	4
H.R. 5011, a bill to amend section 202 of the Agricultural Act of 1949, as amended, in order to permanently extend the veterans' and Armed Forces dairy program.....	4
H.R. 6126, a bill to amend section 202 of the Agricultural Act of 1949, as amended, relating to the veterans' and Armed Forces dairy program and for other purposes.....	5
Statement of—	
Alampi, Philip, secretary of agriculture, State of New Jersey, in behalf of the Northeast Association of State Departments of Agriculture.....	32
American Farm Bureau Federation.....	34
Breeding, Hon. J. Floyd, a Representative in Congress from the State of Kansas.....	44
Cohelan, Hon. Jeffery, a Representative in Congress from the State of California.....	37
Kastenmeier, Hon. Robert W., a Representative in Congress from the State of Wisconsin.....	39
Laird, Hon. Melvin R., a Representative in Congress from the State of Wisconsin.....	41
Lake, Glenn, president, National Milk Producers Federation, accompanied by E. M. Norton, secretary.....	33
Lewis, Robert G., Deputy Administrator for Price Support, Commodity Stabilization Service, U.S. Department of Agriculture; accompanied by Harlan J. Emery, Livestock and Dairy Division, Commodity Stabilization Service.....	5
McFall, Hon. John J., a Representative in Congress from the State of California.....	51
Marvel, Raymond, Interstate Milk Producers Cooperative.....	31
Miller, Hon. Clem, a Representative in Congress from the State of California.....	50
Pfost, Hon. Gracie, a Representative in Congress from the State of Idaho.....	49
Pirnie, Hon. Alexander, a Representative in Congress from the State of New York.....	39
Proxmire, Hon. William, a U.S. Senator from the State of Wisconsin.....	40
Quie, Hon. Albert H., a Representative in Congress from the State of Minnesota.....	30
Shipman, Richard C., assistant director of legislative services, National Farmers Union.....	33
Stratton, Hon. Samuel S., a Representative in Congress from the State of New York.....	42
Thomson, Hon. Vernon, a Representative in Congress from the State of Wisconsin.....	45
Wells, Oris V., Administrator, Agricultural Marketing Service, U.S. Department of Agriculture; accompanied by Nathan Koenig, Special Assistant to the Administrator, AMS; Martin D. Garber, Director, Food Distribution Division, AMS; and Herbert D. Rorex, Chief, School Lunch Branch, Food Distribution Division, AMS.....	11
York, John C., representing Eastern Milk Producers Cooperative Association of Syracuse, N.Y.....	51

	Page
Communications received from—	
Conway, James P., president, and Charles Speaks, secretary, American Association of Medical Milk Commissions, El Paso, Tex., telegram of April 8, 1961-----	29
Eckles, William C., general manager, Pure Milk Products Cooperative, Fond du Lac, Wis., telegrams of April 10, 1961-----	29, 30
Gautsch, W. B., supervising principal, Arcadia Public Schools, letter of April 1, 1961-----	30
Lilley, Charles W., chairman, legislative committee, American School Food Service Association, Denver, Colo., telegram of April 10, 1961-----	29
Lynn, John C., legislative director, American Farm Bureau Federation, letter of April 11, 1961-----	34
Reed, Otie M., executive director, National Creameries Association, letter of April 11, 1961-----	42

SCHOOL MILK, VETERANS', AND ARMED SERVICES' DAIRY PROGRAMS

TUESDAY, APRIL 11, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DAIRY AND POULTRY
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:10 a.m., in room 1310, New House Office Building, Hon. Lester R. Johnson (chairman of the subcommittee) presiding.

Present: Representatives Johnson (presiding), Abernethy, Hagen, Breeding, McIntire, Quie, and Beermann.

Also present: Representatives Reifel, Dague, and Nelsen.

Hyde Murray, assistant clerk.

Mr. JOHNSON. The subcommittee will please come to order.

We are meeting today to consider legislation extending the special milk program for children and the veterans' and Armed Forces dairy program.

Unless renewed by legislative action, the special milk program for children will expire on June 30, 1961, and the veterans' and Armed Forces dairy program will expire on December 31, 1961.

During the 7 years the children's milk program has been in operation, it has amply demonstrated its value. I can think of no finer investment than one which insures that this country's children continue to receive the full benefits of the special milk program. Few responsible citizens will quarrel with the idea that the schoolchildren of this country are entitled to an adequate supply of the world's most complete food—milk.

Bills which are hearing today extend the program and increase the funds to \$105 million for the next 2 fiscal years. In addition, there is the question before us as to whether we should extend the program for another 2 years or make it a permanent program. Also, we will be concerned with the amount of funds needed for its operation.

If it is the feeling of the Department of Agriculture and members of the subcommittee that the program should be put on a permanent basis, the subcommittee will certainly be glad to consider it.

Since 1954, seven bills affecting the special milk program have been passed by the Congress. The program was first authorized in the revised dairy price support provisions of the Agricultural Act of 1954, which was enacted into law in August of that year.

Section 204 of that act authorized a 2-year program to increase fluid milk consumption in schools and provided for the annual use of up to \$50 million of Commodity Credit Corporation funds.

Over 41,000 schools entered the program that first year, nearly 450 million half-pints of milk were used, and the program's expenditures totaled \$17.3 million.

During the second year, the volume of milk moved under the program increased more than threefold—from 450 million half-pints in 1955 to 1.4 billion half-pints in 1956.

Two acts affecting the special milk program were passed in 1956. The program was extended for an additional 2 years—for 1957 and 1958—with an annual maximum authorization of \$75 million for those 2 years.

In addition, because the rapid expansion of the program in its second year had resulted in some uncertainty over the adequacy of the original authorization, the 1956 funds were increased from \$50 million to \$60 million.

Summer camps, settlement houses and other child-care institutions were also made eligible for the program by legislation passed in 1956. Although the camp and institutional operations are small in relation to those in the schools, the program has helped these groups to operate an expanded milk service for their children. In 1959, about 3,500 summer camps participated, compared with less than 500 in the first year of camp operations.

In 1958, Public Law 85-478 was passed extending the program for another 3 years—through 1961—and continuing an annual authorization of \$75 million of CCC funds. Three additional bills have been passed since that time, raising the amounts of the annual authorizations.

The 1959 authorization was increased to \$78 million. The 1960 authorization was first increased to \$81 million and, later, to \$85 million. For 1961, the increase was first to \$87 million and it currently stands at \$95 million.

The program has continued to grow year by year—both in terms of the number of participating institutions and the volume of fluid milk used in the program. In 1959, over 81,000 schools and institutions were in the program and last year the number increased to over 83,000.

In 1959 nearly 2.2 billion half-pints of milk were consumed under the program and nearly 2.4 billion half-pints in 1960. For the current school year, estimates are that 24 million children in 85,500 schools and child care institutions are participating in this program, and consuming 2.5 billion half-pints of milk.

The Veterans' and Armed Forces dairy program has been in operation since 1954, providing butter, cheese and milk acquired for price support purposes to our servicemen and hospitalized veterans over and above their normal uses. These nourishing dairy foods have gone to the Army, the Navy, the Air Force, the Merchant Marine Academy and to veterans' hospitals.

Milk leads the list of preferred foods in the soldiers' diets, according to a recent survey. We should continue to provide these nutritious dairy products to our servicemen and hospitalized veterans.

The program has worked effectively and efficiently during the past 7 years. It has been extended two times by a large affirmative vote in both Houses of Congress. Unless renewed, the expiration date is December 31, 1961.

Legislation before us today calls for making this worthy program permanent.

In this connection, I might add that most of the programs for food use of this nature are now permanent. Donations of feed grains to the Fish and Wildlife Service, which started out as a 3-year program, is now permanent. Food donations to Federal penal and correctional institutions were authorized to be permanent when it was initiated. Both from the humanitarian and administrative standpoint, we should seriously consider the advisability of making the Veterans' and Armed Forces dairy program a continuing and permanent one.

We have before us the following bills today that deal with children's and veterans' and armed services' milk programs: H.R. 4438, by Mr. Johnson of Wisconsin; H.R. 5011, by Mr. Johnson of Wisconsin; H.R. 3565, by Mrs. Pfof; H.R. 4139, by Mr. McFall; H.R. 4517, by Mr. Kastenmeier; H.R. 5012, by Mr. Kastenmeier; H.R. 4536, by Mr. Stratton; H.R. 4577, by Mr. Cohelan; H.R. 4889, by Mr. Breeding; H.R. 4890, by Mr. Breeding; H.R. 4915, by Mr. Clem Miller; H.R. 2058, by Mr. Quie; H.R. 2059, by Mr. Nelsen; H.R. 2060, by Mr. Langen; H.R. 2061, by Mr. Laird; H.R. 2062, by Mr. Kyl; H.R. 2740, by Mr. Thomson of Wisconsin; H.R. 2880, by Mr. Byrnes of Wisconsin; H.R. 3353, by Mr. Van Pelt; H.R. 6126, by Mr. Breeding.

(The bills follow.)

[H.R. 2058, 87th Cong., 1st sess.]

A BILL To permanently extend the Armed Forces and veterans dairy programs and the special milk program for children and to amend the Agricultural Marketing Agreement Act of 1937, as amended

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 202 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a), is amended (1) by striking out from subsection (a) the phrases "until December 31, 1961", and "acquired under price-support programs"; (2) by striking out from subsection (b) the phrases "until December 31, 1961", and "acquired under price-support programs"; and (3) by deleting all of subsection (d).

SEC. 2. The Act of July 1, 1958, as amended (7 U.S.C. 1446 note), is amended by inserting after the second sentence thereof the following new sentence: "There are hereby authorized to be appropriated for each fiscal year beginning July 1, 1961, such sums as may be necessary to carry out the provisions of this Act."

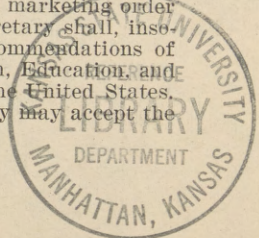
SEC. 3. The Agricultural Adjustment Act of 1933, as amended and as reenacted, amended, and supplemented by the Agricultural Marketing Agreement Act of 1937, as amended, is further amended as follows:

(1) Section 2(3) (7 U.S.C. 602(3)) is amended by striking the words "other than milk and its products,";

(2) Section 8a(5) (7 U.S.C. 608a(5)) is amended by striking the period at the end thereof and adding the following: "and any person who knowingly buys, sells, trades, exchanges, or handles any milk and its products not certified as provided by section 8c(5)(H) of this Act shall be fined not more than \$500 or imprisoned not more than one year or both.";

(3) Section 8c(5) (7 U.S.C. 608c(5)) is amended by adding at the end thereof the following new subsection (H):

"(H) Providing for the establishment of a uniform sanitation standard in every marketing order area established pursuant to this section and for the certification as sanitary of all milk and its products sold in such marketing order area. In establishing the uniform sanitation standard the Secretary shall, insofar as practicable, follow the Milk Ordinance and Code—Recommendations of the Public Health Service, United States Department of Health, Education, and Welfare and the recommendations of the Surgeon General of the United States. In certifying any milk and its products as sanitary the Secretary may accept the



certification of a State or local government: *Provided*, That the Secretary is authorized to make such inspections, investigations, and laboratory examinations as he deems necessary to meet the uniform sanitation standard or to assure the validity of the State or local government certification. Notwithstanding any other provision of law, six months after the date of enactment of this subsection (H), any milk and its products certified by the Secretary as meeting the uniform sanitation standard may be sold in any marketing order area established pursuant to this section and any milk and its products not certified by the Secretary as meeting the uniform sanitation standard shall not be sold in any marketing order area established pursuant to this section."

(H.R. 2058 was introduced by Mr. Quie. Identical bills and their authors are H.R. 2059, Mr. Nelsen; H.R. 2060, Mr. Langen; H.R. 2061, Mr. Laird; H.R. 2062, Mr. Kyl; H.R. 2740, Mr. Thomson of Wisconsin; H.R. 2880, Mr. Byrnes of Wisconsin; and H.R. 3353, Mr. Van Pelt.)

[H.R. 3565, 87th Cong., 1st sess.]

A BILL To extend and increase the special milk program for children.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of the Act entitled "An Act to continue the special milk program for children in the interest of improved nutrition by fostering the consumption of fluid milk in the schools", approved July 1, 1958, as amended (7 U.S.C. sec. 1446 note), is amended by inserting immediately after "\$95,000,000," the following: "and for the fiscal year beginning July 1, 1961, not to exceed \$105,000,000."

(H.R. 3565 was introduced by Mrs. Pfof. Identical bills and their authors are H.R. 4139, Mr. McFall; H.R. 4536, Mr. Stratton; H.R. 4577, Mr. Cohelan; H.R. 4889, Mr. Breeding; H.R. 4915, Mr. Clem Miller; and H.R. 6191, Mr. Hagen of California.)

[H.R. 4438, 87th Cong., 1st sess.]

A BILL To extend and increase the special milk program for children.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first sentence of the Act entitled "An Act to continue the special milk program for children in the interest of improved nutrition by fostering the consumption of fluid milk in the schools", approved July 1, 1958, as amended (7 U.S.C., sec. 1446 note), is amended by inserting immediately after "\$95,000,000," the following: "and for each of the fiscal years beginning July 1, 1961, and July 1, 1962, not to exceed "\$105,000,000."

(H.R. 4438 was introduced by Mr. Johnson of Wisconsin. An identical bill, H.R. 4517 was introduced by Mr. Kastenmeier.)

[H.R. 5011, 87th Cong., 1st sess.]

A BILL To amend section 202 of the Agricultural Act of 1949, as amended, in order to permanently extend the veterans' and Armed Forces dairy program.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) the first sentence of section 202(a) of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a), is amended by striking out "until December 31, 1961."

(b) The first sentence of section 202(b) of such Act is amended by striking out "until December 31, 1961."

Sec. 2. Section 202 of the Agricultural Act of 1949, as amended, is further amended by adding at the end thereof the following new subsection:

"(e) In addition to making dairy products available as provided in this section, the Commodity Credit Corporation is authorized to reimburse the Veterans' Administration and any department or agency named in subsection (b) of this section for such additional quantities of milk purchased by them (in addition to the usual quantities purchased in the normal channels of trade) as the Secretary determines will accomplish the objectives of the price support programs."

(H.R. 5011 was introduced by Mr. Johnson of Wisconsin. Identical bills and their authors are H.R. 5012, Mr. Kastenmeier; and H.R. 6192, Mr. Hagen of California.)

[H.R. 6126, 87th Cong., 1st sess.]

A BILL To amend section 202 of the Agricultural Act of 1949, as amended, relating to the veterans and armed services dairy program and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 202 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a(a)) is amended to read as follows:

"(a) The Commodity Credit Corporation shall make available to the Administrator of Veterans' Affairs, at warehouses where dairy products are stored, such dairy products acquired under price support programs as the Administrator or his duly authorized representative certifies can be utilized in order to provide additional butter and cheese and other dairy products as a part of the ration in hospitals under his jurisdiction. The Administrator shall report every six months to the Committee on Agriculture of the Senate and House of Representatives and the Secretary of Agriculture the amount of dairy products used under this subsection."

SEC. 2. The first sentence of subsection (b) of section 202 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a(b)) is amended by striking "until December 31, 1961,".

SEC. 3. Subsection (c) of section 202 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a) is amended by adding the following new sentence: "The Commodity Credit Corporation may make milk available under this section by reimbursing the Administrator of Veterans' Affairs and the agencies named above for such part of the cost of additional milk purchased and used by them as the Commodity Credit Corporation determines will accomplish the objectives of the price support programs."

Mr. McINTIRE. Could I make inquiry here as to what will be the scope of the hearings which we are beginning this morning?

Mr. JOHNSON. I think I have that in my prepared statement.

Mr. McINTIRE. Do I understand correctly that these hearings will be dealing specifically with the proposal related to the special school milk programs and, also, that which deals, also, with the Veterans' Administration?

Mr. JOHNSON. Yes.

Mr. McINTIRE. And the Armed Forces. Then, the bills you have listed as being the subject matter before this committee, are some that contain provisions which are outside of those you set forth in your statement. Other bills, then, relating to other matters will not be a matter before this committee at this time for hearing?

Mr. JOHNSON. That is right.

Mr. McINTIRE. Thank you very kindly.

Mr. JOHNSON. The first witness is Mr. Robert G. Lewis, Deputy Administrator for Price Support of the Commodity Stabilization Service; and after him comes Mr. Oris V. Wells, Administrator of the Agricultural Marketing Service.

STATEMENT OF ROBERT G. LEWIS, DEPUTY ADMINISTRATOR FOR PRICE SUPPORT, COMMODITY STABILIZATION SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY HARLAN J. EMERY, LIVESTOCK AND DAIRY DIVISION, COMMODITY STABILIZATION SERVICE

Mr. LEWIS. I am going to testify, Mr. Chairman, on the military milk program, H.R. 5011, and similar bills, which is the portion of

the program which is assigned to the responsibility of the Commodity Stabilization Service.

My name is Robert Lewis. I am the Deputy Administrator for Price Support of the Commodity Stabilization Service. I have with me Mr. Emery from the Livestock and Dairy Division of the Commodity Stabilization Service, who has worked on the program over the past several years.

Mr. JOHNSON. Do you have a prepared statement?

Mr. LEWIS. I do not have a prepared statement. We have distributed to the committee the Department's report on the bills which was just completed over the weekend.

Mr. JOHNSON. That is in the form of a letter.

Mr. LEWIS. It is in the form of a letter to Chairman Cooley.

This bill would amend section 202 of the Agricultural Act of 1949, as amended, by eliminating the expiration date of December 31, 1961, for this section and also by adding a new section which would provide that—

(e) in addition to making dairy products available as provided in this section, the Commodity Credit Corporation is authorized to reimburse the Veterans' Administration and any department or agency named in subsection (b) of this section for such additional quantities of milk purchased by them (in addition to the usual quantities purchased in the normal channels of trade) as the Secretary determines will accomplish the objectives of the price support program.

Section 202 requires CCC to donate dairy products (including milk), acquired under price support programs for increased consumption by military personnel, veterans hospital patients and personnel of the Coast Guard and Merchant Marine Academy. Transfers of dairy products under this authority have helped to reduce CCC's inventories of dairy products. Also a supplemental milk program operating under sections 201 and 202 of the act has more than doubled the consumption of fluid milk by personnel of the participating agencies. This has helped to keep down CCC purchases of manufactured dairy products. The donation of dairy products and supplemental milk program in 1960 amounted to \$32 million of CCC funds.

The supplemental milk program has been carried out under the authority in section 201 to buy milk for price support and the authority in section 202 to make dairy products, including milk, acquired under the support program available for use by the Veterans' Administration, Armed Forces and other eligible agencies named. Instead of setting up a duplicate buying and distributing system, CCC has entered into an arrangement with such agencies under which they have purchased additional fluid milk from their regular suppliers and CCC has reimbursed them for part of the cost of the additional milk. While these two sections provide authority for such a program, the proposed new subsection would clarify such legislative authority.

The Department believes that adequate supplies of fluid milk and dairy products should be made available to meet the full demands of military personnel, veterans hospital patients and personnel of the Coast Guard and Merchant Marine Academies. However, the Department considers that the agencies where the milk and dairy products are consumed should procure their supplies from their own appropriations or funds. On this basis, the costs would be reflected

as a part of the costs of these agencies and would not be included in the costs of the farm program.

If the Congress in its discretion decides such legislation is to be enacted, continuing the present arrangement whereby these costs are reflected as a charge to the farm program, it is suggested that the words "such part of the cost of" be inserted after the word "for" in the fifth line of the new subsection (e).

This would clarify the present practice wherein Commodity Credit Corporation pays such part of the cost of the fluid milk as would represent the cost to CCC of acquiring manufactured dairy products in an equivalent amount and carrying them in inventory until they are disposed of.

The agencies which use these products then pay the additional cost which represents the additional cost of providing fluid milk for consumption rather than manufactured dairy products.

To proceed: It is further suggested that section 202 (a), (b), and (d) of the Agricultural Act of 1949, as amended, be further amended to permit the Department to assure priority treatment to schools, needy persons, charitable institutions, or other claimants as listed in provision (3) of section 416 of the 1949 act over the requirements of the Veterans' Administration, military personnel, and personnel of the Coast Guard and Merchant Marine Academies (as set forth in sec. 202).

At the present time the priority is not clear and it may be interpreted that the Department is compelled to make products available to the armed services and Veterans' Administration before it can be made available to the school lunch program or needy persons or to other outlets which may have a greater real need than the outlets specified in this section.

Mr. JOHNSON. Has that question of priority come up in the past that you know of? Is that the reason for that?

Mr. LEWIS. In the past, Mr. Chairman, the Department has had such large quantities of dairy products there was substantially enough for each of the domestic claimants, plus supplies available for oversea donations.

But at the present time stocks are low. For example, we have urgent requirements for domestic donations. And we do need this clarification.

Mr. McINTIRE. Has not there been in the recent past a situation where there was a priority consideration given in the case of milk that did go to school lunch and other outlets before it went to welfare people?

Mr. LEWIS. Mr. McIntire, the priority schedule assigns first priority to sales. There is no question as to that. And distribution under section 32 is regarded as a sale by Commodity Credit Corporation to the section 32 account. But section 416 of the law pertains to donations by CCC, so that the priorities apply in that case.

Mr. McINTIRE. Thank you.

Mr. LEWIS. At the present time, section 32 funds are being used much more fully than in the recent past, and there is a question now arising as to whether the priority question will become more acute.

To proceed: Also it is recommended that the reporting requirements in the last sentences of section 202 (a) and (b) be eliminated since the

Department regularly reports to the Congress on its price support and related operations. To acquire a separate report on this phase of the work is duplication and serves no useful purpose.

We have a suggested amendment to the bills which would implement the recommended amendments which I have mentioned. I believe that copies of this amendment have been distributed to the committee. I have a copy here for the clerk. We will distribute copies of the proposed amendment.

(The suggested amendment follows:)

That section 202 of the Agricultural Act of 1949, as amended (7 U.S.C. 1446a), is amended to read as follows:

"SEC. 202. As a means of increasing the utilization of dairy products (including for purposes of this section, milk) upon the certification by the Administrator of Veterans' Affairs or by the Secretary of the Army, acting for the military departments under the Department of Defense's Service Purchase Assignment for Subsistence, or their duly authorized representatives, that the usual quantities of dairy products have been purchased in the normal channels of trade—

"(a) The Commodity Credit Corporation is authorized to make available to the Administrator of Veterans' Affairs at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Administrator certifies that he requires in order to provide butter and cheese and other dairy products as a part of the ration in hospitals under his jurisdiction.

"(b) The Commodity Credit Corporation is authorized to make available to the Secretary of the Army, at warehouses where dairy products are stored, such dairy products acquired under price-support programs as the Secretary of the Army or his duly authorized representative certifies can be utilized in order to provide additional butter and cheese and other dairy products as a part of the ration (1) of the Army, Navy, Air Force, or Coast Guard, (2) in hospitals under the jurisdiction of the Department of Defense, and (3) of cadets and midshipmen at, and other personnel assigned to, the United States Merchant Marine Academy.

"(c) Dairy products made available under this section shall be made available without charge, except that the Secretary of the Army or the Administrator of Veterans' Affairs shall pay the Commodity Credit Corporation the costs of packing incurred in making such products so available.

"(d) The authority of the Commodity Credit Corporation to make dairy products available pursuant to the above shall be limited to dairy products acquired by the Corporation through price-support operations and not disposed of under provisions (1), (2), and (3) of section 416 of this Act, as amended.

"(e) In addition to making dairy products available as provided in this section, the Commodity Credit Corporation is authorized to reimburse the Veterans' Administration and any department or agency named in subsection (b) of this section for such part of the cost of such additional quantities of milk purchased by them (in addition to the usual quantities purchased in the normal channels of trade) as the Secretary determines will accomplish the objectives of the price-support programs."

Mr. McINTIRE. I am a little bit confused about this. Your paper refers to an amendment that you are recommending in which you say in this second paragraph that:

The Commodity Credit Corporation is authorized to reimburse the Veterans' Administration and any department or agency named in subsection (b) of this section—

and then over on the next page of the statement you are referring to the fact that these should not be charged up to the farm program.

Are you referring to page 1, the second paragraph; that is, to additional uses by the Veterans' Administration and others or any particular department or agency?

Mr. LEWIS. Are you referring to—

Mr. McINTIRE. To additional uses—you seem to be referring to additional uses, and on the other hand, you are referring to the current program. Just what do you mean?

Mr. LEWIS. Are you referring to the second paragraph in the report to Chairman Cooley?

Mr. McINTIRE. Yes.

Mr. JOHNSON. Let me say, if I understand correctly, they would pay what the cost to the Government was for it, and so forth. Maybe I am incorrect.

Mr. LEWIS. Let me clarify that. The second paragraph in the report to Chairman Cooley repeats the provision in the bill which would amend the present act. And we are recommending that if Congress decides to continue financing the program on the present basis that that be amended by inserting the words "such part of the cost of" after the word "for" in the fourth line from the bottom of that paragraph, so as to clarify that CCC should not pay for the entire cost of the fluid milk but only that part of the cost which represents what it would cost CCC to take over manufactured dairy products in an equivalent quantity.

Mr. McINTIRE. I don't have the law in front of me here, but I was confused by the statement that refers to a new section, and I was interested in the new section. You say it is not a new section?

Mr. LEWIS. This is a new section that would be added by the bill H.R. 5011. H.R. 5011 would add the new section (e).

Mr. McINTIRE. I will get to that part of it later.

Mr. LEWIS. We are recommending that if Congress proceeds with the present method of financing that the new amendment proposed in the bill be further amended by adding these words to clarify the division of the cost.

Mr. JOHNSON. Under the law as it now is, we are paying them the full cost of the milk, that is, the CCC.

Mr. LEWIS. No, we are not. But this would clarify the present arrangement. The present procedure is based on a combination of sections 201 and 202, and section (e) would strengthen and clarify the authority under which we are now buying fluid milk, or participating in the purchase of fluid milk.

Mr. QUIE. Mr. Chairman, as I understand it, you would prefer that the Armed Forces and Veterans' Administration program would come from the direct appropriations, financed out of their own program?

Mr. LEWIS. That is right.

Mr. QUIE. But if the Congress does not wish to go along with that idea—you want the Department of Agriculture only to be charged with the amount equivalent to the value of manufactured milk?

Mr. LEWIS. That is right.

Mr. QUIE. And who pays the additional amount to furnish the fluid milk?

Mr. LEWIS. The services that use the milk.

Mr. QUIE. So it would be charged up to them?

Mr. LEWIS. Yes.

Mr. QUIE. A less complicated feature would be to have an amendment to the bill as proposed here.

Mr. LEWIS. No. The amendment that we have proposed is recommended as the course of procedure if Congress decides to continue the present financing arrangement. I believe that corresponds with what the intent of Congress has been; that is, in the past.

Mr. JOHNSON. This is not a new method—you are just clarifying the old one.

Mr. LEWIS. That is correct.

Mr. QUIE. One further question. And you favor the direct appropriation for financing of the milk program for the Armed Forces and Veterans' Administration? And you, also, favor direct appropriations for financing the special school milk program?

Mr. LEWIS. The special school milk program will be covered by Mr. Wells' testimony which will follow mine. That raises a special problem in view of the lateness of the season for the next fiscal year. And he will discuss that.

Mr. QUIE. We do that every year.

Mr. JOHNSON. Any further questions? Are you through with your statement?

Mr. LEWIS. Yes, sir.

Mr. QUIE. I would like to ask one other question. When can we expect the Department's report on my bill, H.R. 2058, and similar bills?

Mr. LEWIS. The Department has the milk sanitation question under study at the present time. And we have not cleared the Bureau of the Budget as to position. I could not say definitely when a report will be forthcoming.

Mr. QUIE. Can you make an estimate?

Mr. LEWIS. I could not say because it is out of my hands.

Mr. QUIE. Does it depend on the task force or what?

Mr. LEWIS. I am not sure that it will depend on their recommendation.

Mr. JOHNSON. Any further questions? Mr. Breeding?

Mr. BREEDING. No questions.

Mr. JOHNSON. As the next witness, we are calling Oris V. Wells, Administrator, Agricultural Marketing Service, accompanied by Martin D. Garber, Director, Food Distribution Division, and Herbert D. Rorex, Chief, School Lunch Branch, and Nathan Koenig, Special Assistant to the Administrator.

This amendment that the Department is recommending is the one table introduced and passed so far as the Armed Forces and Veterans' Administration program is concerned?

Mr. LEWIS. That is correct. If the committee decides to continue the present method of financing, we would propose that the bill be amended as proposed therein.

Mr. QUIE. Do you have the bill on the special school lunch program?

Mr. JOHNSON. Yes.

Mr. QUIE. What is the number of that?

Mr. JOHNSON. H.R. 5011.

Mr. QUIE. That deals with the Armed Forces and Veterans' Administration.

Mr. BREEDING. I think this H.R. 6126 introduced yesterday by myself is addressed to that measure.

Mr. QUIE. The amendment that was given to us this morning, is that it?

Mr. BREEDING. I do not think so.

Mr. Murray informs me that it has not yet come up.

Mr. JOHNSON. You may proceed.

STATEMENT OF ORIS V. WELLS, ADMINISTRATOR, AGRICULTURAL MARKETING SERVICE, U.S. DEPARTMENT OF AGRICULTURE; ACCOMPANIED BY NATHAN KOENIG, SPECIAL ASSISTANT TO THE ADMINISTRATOR, AMS; MARTIN D. GARBER, DIRECTOR, FOOD DISTRIBUTION DIVISION, AMS; AND HERBERT D. ROREX, CHIEF, SCHOOL LUNCH BRANCH, FOOD DISTRIBUTION DIVISION, AMS

Mr. WELLS. Mr. Chairman, I am Oris V. Wells, Administrator of the AMS. I have with me Mr. Garber, the Director of our Food Distribution Division; Mr. Rorex, who works with him; and Mr. Koenig, who assists me on legislative matters.

I have a statement, Mr. Chairman, which, with your permission, I will read. It applies to all of the various bills before you on special school milk, including your bill, H.R. 4438.

Mr. JOHNSON. You may proceed.

Mr. WELLS. We appreciate this opportunity to discuss the special milk program with the members of this subcommittee.

The special milk program grew out of a provision in the Agricultural Act of 1954 which authorized the use of funds of the Commodity Credit Corporation to increase fluid milk consumption by children in elementary and secondary schools. In that act, CCC funds in the amount of \$50 million were made available annually for this purpose for a 2-year period—ending June 30, 1956.

Subsequent actions by Congress extended the life of the program—first, through fiscal 1958, and later through fiscal 1961. Congress also increased the annual authorized use of CCC funds—up to \$95 million for 1961—and brought nonprofit summer camps, neighborhood houses, and other child-care institutions into the program.

Since its inception, the special milk program has been highly successful and popular. It has served to increase milk consumption by participating children and, thereby, to expand markets for fluid milk. Last year, almost 84,000 schools and child-care institutions were in the program and we estimate that about 85,500 will participate this year.

Expenditures under the program this year, excluding Federal administrative expenses, are expected to total \$85.2 million compared with \$80.5 million last year. Administrative costs will bring the total 1961 expenditure up to \$85.9 million.

The program provisions for schools—where milk is sold as a separately priced item—have continued unchanged since the second year of the program. Within maximum rates established by the Department, schools are reimbursed for reducing the selling price to children below the cost of the milk and for expenses they incur in distributing the milk within the school, such as straws, extra labor, or additional milk service equipment.

The maximum rate of reimbursement has been 4 cents per half pint for schools participating in the national school lunch program, but these schools do not receive any payment for the half pint of milk that is served as part of a type A lunch. Schools not participating in the national school lunch program can receive up to 3 cents per half pint for the milk they serve to children.

Because camps and other institutions generally do not sell milk

to children as a separate item, they participate on a different basis. The institution must develop a specific method to increase milk consumption by children—such as adding a new time of service or increasing the quantity served at mealtime. Once the plan is approved and put into effect, institutions are reimbursed at the rate of 2 cents per half pint to help cover the increased costs involved.

This year we estimate that about 2.5 billion half pints of milk will be consumed under the program. This volume represents more than 2 percent of all the fluid milk consumed by our nonfarm population and is over and above the 2.3 billion half pints of milk to be consumed under the national school lunch program.

While this is a remarkably good record, there is room for additional progress. We now estimate that, as a result of the school lunch and special milk programs, about 3 out of every 4 children have milk available during school hours. About 1 out of every 2 children—some 24 million—are actually drinking milk at school, on a daily average basis.

It is against this background that the President recommended the extension and the improvement of the special milk program—and indicated that no lapse in authority should be permitted.

The Department believes that the special milk program should now be extended beyond its June 30, 1961, expiration date under permanent legislation on the basis of appropriated funds. The concept of the program is now one of a positive measure for the nutritional betterment of our children and the expansion of farm markets—rather than one of a temporary device for helping to support the prices of milk and dairy products.

Permanent authority will provide States and localities with a sturdier base upon which to make their plans for the future and will permit Congress to review annually the status and needs of the program.

However, in view of the shortness of time before the June 30 expiration date of the special milk program, the Department proposes that the permanent legislation include a provision continuing the authorized use of CCC funds for an additional year until June 30, 1962, in an amount not to exceed \$105 million, with authorization for appropriated funds for the following years. These proposals for extending the special milk program will be included in legislation being submitted in keeping with the President's recommendations in his agricultural message to Congress.

In June of last year, this subcommittee held hearings on several bills that would have extended the milk program beyond 1961 on the basis of appropriated funds. As a result of those hearings, the subcommittee deferred action on those bills to enable the Department to explore three policy issues with the States. This has been done.

The following questions were asked of the States:

1. If the special milk program is financed on an appropriation basis, what system of allocating funds among the States should be adopted?
2. What should be the role and responsibility of State and local governments in the special milk program?
3. What should be the relationship of the special milk program to the national school lunch program?

It was clear from the replies received from the States that most of them were well satisfied with the current operation of the program

under CCC. Of those replying to the first question, most States favored the establishment of a rate of reimbursement by the Department each year which, based upon the appropriation, would assure that funds would be adequate to meet all claims.

In other words, they wanted to avoid a situation where reimbursement rates would need to be reduced in the latter part of the school year.

Replies to the second question involved primarily a reaction to the use of Federal funds to finance the cost of distributing milk within the school. The maximum amount of Federal funds now permitted to be used for such purposes was reduced from 1.9 cents to 1.5 cents per half pint at the beginning of this fiscal year.

Relatively few schools are using the maximum allowance—the national average is less than three-quarters of a cent—and most States felt that the maximum allowance could be further reduced, eventually to 1 cent per half pint.

State replies to the third question were mixed. Several flatly opposed any merger of the lunch and milk programs; some indicated it could be considered at a later date. Others proposed a merging of the programs and funds, if States were free to decide the relative emphasis to be given to the balanced lunch and to the extra servings of milk.

Based upon these replies, and upon our own review, the Department is recommending separate legislation to extend the program on the basis of appropriated funds. Rates of reimbursement will be established at the beginning of the year so as to insure that expenditures will be kept within available funds. Plans also will be made to achieve the eventual reduction of the allowable within-school distribution margin to a maximum of 1 cent per half pint.

In addition to continuing the present basic program of assistance, we feel that additional efforts should be undertaken to bring the benefits of this program to more needy schools and needy children in areas of greatest economic distress.

As in the case in the school lunch program, we have found that the regular rate of assistance—4 or 3 cents per half pint—just isn't enough for those schools where so many of the children must be served free and where there is little, if any, likelihood of outside financing from public or private community resources.

We believe the present legislative authority is broad enough for the Department to undertake such a program and we would want any new enabling legislation to continue that broad administrative flexibility. We have not yet worked out the details, but the essential features would be to authorize increased rates of reimbursement to especially needy schools where a large proportion of the children must receive free milk if they are to participate at all.

I have some tables I should like to have made a part of the record. Mr. JOHNSON. Without objection, they will be made a part of the record.

(The charts follow:)

SPECIAL MILK PROGRAM

Number of schools and child-care institutions participating, half-pints of milk reimbursed, and Federal expenditures, fiscal years 1955-61

Fiscal years	Number of outlets participating	Number of half-pints reimbursed	Federal expenditures	Average rate ¹ reimbursement per half-pint
		<i>Thousands</i>	<i>Thousands of dollars</i>	<i>Cents</i>
1955 ¹	41,094	449,810	17,150	3.81
1956 ¹	62,266	1,394,224	45,854	3.29
1957.....	71,239	1,752,680	60,473	3.45
1958.....	76,478	1,918,170	66,321	3.46
1959.....	81,587	2,176,158	74,285	3.41
1960.....	83,922	2,384,700	80,480	3.37
1961 ²	85,500	2,525,000	85,200	3.37

¹ Represents schools only. Child-care institutions not authorized for participation until fiscal year 1957.

² Estimated.

Comparison of total Federal expenditures, July-January 1961 with July-January 1960

State	July-January expenditures, fiscal year 1960	July-January expenditures, fiscal year 1961	Percent increase, 1961 over 1960
Alabama.....	\$718,159	\$710,236	-1.1
Alaska.....	15,324	13,152	-14.2
Arizona.....	272,089	293,011	7.7
Arkansas.....	358,095	398,988	2.8
California.....	4,040,453	4,142,195	2.5
Colorado.....	370,577	422,556	14.0
Connecticut.....	501,918	590,232	17.6
Delaware.....	125,657	135,587	7.9
District of Columbia.....	219,395	217,854	-.7
Florida.....	725,472	754,947	4.1
Georgia.....	587,918	575,067	-2.2
Hawaii.....	98,850	100,570	1.7
Idaho.....	114,352	120,654	5.5
Illinois.....	3,121,228	3,281,136	5.1
Indiana.....	1,052,290	1,112,646	5.7
Iowa.....	945,834	994,050	5.1
Kansas.....	507,442	553,775	9.1
Kentucky.....	751,167	784,758	4.5
Louisiana.....	291,917	288,943	-1.0
Maine.....	190,000	213,068	12.1
Maryland.....	833,407	864,298	3.7
Massachusetts.....	1,549,453	1,487,915	-4.0
Michigan.....	2,492,210	2,690,971	8.0
Minnesota.....	1,242,065	1,322,699	6.5
Mississippi.....	696,321	795,361	14.2
Missouri.....	1,253,549	1,355,546	8.1
Montana.....	83,865	92,100	9.8
Nebraska.....	268,089	301,078	12.3
Nevada.....	44,749	47,469	6.1
New Hampshire.....	127,754	157,017	22.9
New Jersey.....	1,233,232	1,243,184	1.2
New Mexico.....	348,088	383,433	11.6
New York.....	4,694,175	4,764,728	1.5
North Carolina.....	834,918	886,093	6.1
North Dakota.....	160,569	172,755	8.2
Ohio.....	2,657,128	2,809,747	5.7
Oklahoma.....	512,382	525,092	2.5
Oregon.....	276,456	308,470	11.6
Pennsylvania.....	2,120,543	2,140,564	.9
Rhode Island.....	184,857	187,403	1.4
South Carolina.....	347,282	356,346	2.6
South Dakota.....	237,361	239,821	1.0
Tennessee.....	971,280	1,005,343	3.5
Texas.....	1,490,452	1,548,656	3.9
Utah.....	135,214	158,963	17.6
Vermont.....	87,324	92,115	5.5
Virginia.....	831,754	859,937	3.4
Washington.....	703,285	774,892	10.2
West Virginia.....	235,398	229,759	-2.4
Wisconsin.....	1,595,219	1,731,762	8.6
Wyoming.....	79,872	84,650	6.0
Total.....	43,366,458	45,331,601	4.5

¹ Excludes \$47,602 expenditures in 1961 for Boy Scout Jamboree for which State agency was advanced funds.

² In July-January 1961 total, January was estimated.

Mr. QUIE. Could I ask one clarifying question. On page 5 you mention the maximum was reduced from 1.9 to 1.5 cents per half-pint and then on page 6 you say 4 or 3 cents.

Mr. WELLS. The 1.9 and 1.5 cents are the maximum handling charge which we will allow to be assessed against milk for which we pay the reimbursement rate. In other words, we pay 4 cents or 3 cents or 2 cents, but there are certain handling charges involved and we prescribe in our regulations the maximum that can be charged for handling.

Mr. QUIE. So that to the amount of 4 cents you presently will add 1.5 cents?

Mr. WELLS. No. The amount is 4 cents and they may not use more than 1.5 cents of the 4 cents for handling charges. The actual national average is three-quarter cent.

Mr. JOHNSON. The schools will be reimbursed that amount?

Mr. WELLS. Four cents is the maximum reimbursement including any handling charges.

Mr. JOHNSON. The handling charge is included?

Mr. WELLS. Yes. It is included in the 4 cents. This gives us a check on how much money is spent for the handling charges.

Mr. JOHNSON. It comes out of CCC for the coming year and after July 1, 1962, out of the appropriation?

Mr. WELLS. Yes, sir. Our proposal, Mr. Chairman, since the new program necessarily starts July 1, is that if there is to be no interruption, that the present Commodity Credit authority be extended for not to exceed \$105 million, and at the same time permanent legislation be enacted authorizing appropriations with the view of our going to the Bureau of the Budget this fall and to the appropriate congressional Appropriations Committees next January or February.

Mr. JOHNSON. Do you have that legislation with you?

Mr. WELLS. The General Counsel is drafting the legislation which we recommend in accordance with the President's message on agriculture.

Mr. BREEDING. Mr. Wells, how many of these children are now paying for the milk in this program? I am also wondering how many there are in America who are not obtaining milk?

Mr. WELLS. I do not know. We are trying to find out. We have school lunch or special milk programs in schools which now serve three out of every four children, but we also know there are areas which, because of a high degree of unemployment and economic distress, are not able to afford school lunch or special milk programs.

Mr. BREEDING. This \$105 million amount here in the bill, will that take care of the needy load?

Mr. WELLS. We believe that it will be sufficient for the coming year, Mr. Breeding.

What we propose to do within the broad authority available to us is to develop arrangements by which the State authorities will certify schools which meet certain criteria and then we will make payments at rates in excess of the 3 cents which we now make—payments sufficient to allow those areas to take care of the children who cannot pay for milk themselves.

You understand the 3 and 4 cent rates do not pay the whole cost of the milk. This is a program which, frankly, will have to be on an experimental basis for the coming year. I think the current legislation and the legislation which we will suggest will be broad enough

to allow us to cover the proposed new arrangements in our own regulations.

After we have had a year or more experience, the Congress may want to review what we have done.

I thought we ought to call attention here to what we propose. The figure which we have tentatively had in mind as a target for the coming fiscal year is as much as \$5 million for schools in acute need.

I will say, Mr. JOHNSON, we are this year spending about \$86 million under the special milk program. If we allow for a 10-percent increase in participation in 1961-62 that brings us to about \$95 million, and then we set this target figure of \$5 million for special assistance to schools in distressed areas or in acute need, which brings estimated costs to about \$100 million; and we request an authorization in the sum of \$105 million to be sure that we have enough funds to run the year out without getting into the kind of situation which we have had several times in the past.

Mr. JOHNSON. Under the school lunch program I understand you run short now. I know in Wisconsin where they have been allowing schools 5 cents for lunch, they are cut down May 1 to 1 cent. I understand there is some agitation about it. Do you think that will happen in the school program?

Mr. WELLS. We have authorization for \$95 million for the special milk program. The estimated expenditure is only \$86 million for the current year. So there is plenty of money for the special milk program.

Mr. JOHNSON. You misunderstood. It seems that the appropriation for school lunch has not been enough for the last 2 fiscal years.

Mr. WELLS. That is a problem, it seems to me, that could well happen in the future if we do not take steps to control expenditures at the beginning of the year, whether under an appropriation or an authorization. You know we have several times in the past faced this situation under the milk program and the Congress has each time come to the rescue and increased the authorization during the operating year.

One reason for our going to the States with the three questions referred to in my opening statement, which we discussed with this subcommittee last summer or early fall, was to explore the question of how on an appropriated or fixed fund basis we could handle the programs so that it would run through the year without financial trouble.

Almost without exception, the State school directors answered that they would like for us at the beginning of the year to fix a reimbursement rate which we felt certain could be held throughout the year even though it might be a lower rate than we had previously been paying, rather than to take a chance of having to change rates during the course of the year.

But this is the problem we will still face, whether you authorize so many dollars under CCC or whether you go the appropriation route.

Mr. JOHNSON. They did not know last summer how much money they would have for this year.

Mr. WELLS. Under the national school lunch program, Mr. Chairman, we apportion the funds to the States at the beginning of the school year, and they know within a few dollars how much they will

get. I say within a few dollars. If we do not spend all of the \$15 million we set aside under section 6 for food purchases—or if we save a few dollars on administration—we are allowed to reapportion that later in the year.

But the fact is that the States do know at the beginning of the school year how much Federal money they have. And the fact is that each year we have some States who set fixed reimbursement rates and who either because they set them too high or because they underestimate participation, find themselves running out of Federal funds during the year. This is not a new situation in the school lunch program.

Mr. JOHNSON. I understand that some 22 States are in that situation. Is that the information you have?

Mr. WELLS. It is difficult to be precise. Last year under the school lunch program 54 percent of the Federal reimbursement funds were spent through January.

Mr. JOHNSON. What?

Mr. WELLS. Fifty-four percent was spent through January.

If we apply that average to the record we have from all of the States and territories at the present time, 24 of them had exceeded 54 percent—some of them by only a very small margin and some by a very substantial margin—which would indicate that there is a possibility that 24 States will face problems of varying degrees of severity.

This figure is arrived at, though, Mr. Johnson, by taking the 54 percent average for all States and applying it right down the line.

Mr. JOHNSON. I understand that the State of Missouri is completely out of money.

Mr. WELLS. Well, I believe that the State of Missouri has been in the habit for a number of years of setting a rate which, at the beginning of the year, could not support the probable participation for the whole year. They prefer to pay a higher rate for a portion of the year rather than to carry it over the entire season.

Mr. GARBER. I think that is right.

Mr. JOHNSON. Any further questions?

Mr. McINTIRE. I am interested in your statement here as to the recommendation that will come to the Congress in connection with agricultural legislation. I would like to be straightened out as to whether this recommendation, if we act on this bill, is amending it to cover both the authorization for fiscal 1962, the current program and based on appropriations, or whether it is providing that a portion of it is to be handled under the broader agricultural policy—just what is your recommendation in relation to this specific bill?

Mr. WELLS. Our recommendation with respect to this specific subject is that both the 1-year extension and the permanent authority be included in the same bit of legislation.

Mr. McINTIRE. To put it another way, is it your recommendation that we handle it separately from the broader proposal—do we deal with this now, or do we wait and put it on the bill? What is the recommendation?

Mr. WELLS. That is a question I am not prepared to answer this morning on behalf of the Department.

The Secretary has asked the General Counsel to draft the necessary legislation to meet all of the points raised in the President's

special message on agriculture. This item is in that message. We have been trying to get a position cleared with the Budget Bureau on this in order to testify this morning. And, frankly, this is a section which we have oral clearance on, Mr. McIntire, and still have some legal work to do, but the question as to how the legislation will be handled to which you directed yourself is one that I am not able to answer.

Mr. McINTIRE. Assuming that we were to go ahead then and amend this bill, in fact, these two bills, together to cover both areas with respect to the milk program; and assuming that we were to provide the language here that would give authorization for 1962 and appropriated funds for the current program, well, then it would be appropriate to inquire into this emergency area to which you referred, where it would take an additional \$5 million.

My question there is, what is in the minds of those as to this need of providing additional assistance in the emergency area as to the criteria that would be used in connection with the designation of these areas?

Mr. WELLS. We are working on that at the present time, Mr. McIntire. I wish I could give you a more precise answer. Our general feeling, obviously, is that this has to be an experimental or exploratory type of approach the first year.

Second, we do want to get a substantial degree of uniformity, while at the same time giving the State agencies which must administer the program some latitude to use their discretion or judgment.

The procedure we are thinking about at the present time would require the State agency to certify to us that particular schools meet any one of two or three different criteria. First of all, because of unemployment or economic distress, which means they do not have the local funds and facilities to carry on a normal milk program, and, in some other instances, where they have limited funds and facilities, but cannot meet the needs of many children from low-income families, we will want a certification from the State agency as to the emergency character of the problem, as well as records which indicate what proportion of the product actually moves as free to children who cannot afford to pay for it. Our reimbursement rate will be tied in part, in large part, to free milk.

Mr. McINTIRE. Is there any free milk going into these schools now?

Mr. WELLS. There are some areas where either the municipality or some group within the area adds enough to our reimbursement rate so that milk is served free. There are a much larger number, I believe, where they have penny milk—that is where the children spend 1 penny for each half pint of milk.

But there are quite a few areas—and these are our worst depressed areas—where the financial resources of the community are such that they have neither the school lunch nor the milk program, because the free load is so heavy that the few who can afford to pay cannot be asked to carry the load which Federal funds are not sufficient to carry.

This is the kind of area where we propose to see if we can find an approach to using more milk. It will really mean a higher rate of reimbursement.

Mr. McINTIRE. Then do I understand correctly, since we are making a legislative record here, and I think it is important to understand it, what you are saying throughout here is that your thinking and the thinking of the Department is to explore these emergency areas on an experimental basis?

Mr. WELLS. Yes. I am going further than that; I am saying that if you extend the milk program even for 1 year, it is our feeling that the authority is broad enough for us to go forward on an exploratory basis. I do not think we want to limit this to any specific experimental area. I would hope, if we can work out some reasonable criteria, that we could offer the chance to participate to every State provided they will locate the schools and make the proper certification. What I am saying is we are looking forward to a program which might as a target use as much as \$5 million next year which is not a pilot approach. It is an exploratory or experimental approach. I hope I make the difference clear.

Mr. McINTIRE. I think so. One thing I think that we do understand is that notwithstanding how this legislation is extended, you do propose to explore the area?

Mr. WELLS. Yes. We feel that we should.

Mr. McINTIRE. For the record you are proposing that?

Mr. WELLS. We do propose to explore it.

Mr. McINTIRE. In fiscal 1962?

Mr. WELLS. And we propose to explore it in some depth if we can work out what we think is a reasonable approach and if the States care to cooperate, of course.

Mr. McINTIRE. Are you proposing to explore this on an area basis or on the basis of individual needs of the children involved in the specific schools?

Mr. WELLS. We have discussed both approaches. What I say now will have to be purely provisional.

It seems to us, although there tends to be a concentration of schools of this kind in particular areas, that probably the better course would be to offer to include any schools which can meet the criteria, whether or not they are located in a specific geographic area or not.

Mr. McINTIRE. What would be your thinking in connection with the distribution of milk to a lot of these summer camps? Would these come within the same area? If the camp is located in an area served by another agency of government, would the camp qualify for special assistance in such an area or what?

Mr. WELLS. I do not know whether we can get this worked out in time for the summer camps this summer.

We have a rather special summer camp milk program where the camp files a plan for encouraging the maximum reasonable consumption of milk. And we give them 2 cents per half pint. This is available, really, to summer camps generally, because, originally, we proposed that the special milk program only be available to needy or destitute children in summer camps. This committee decided that it should be more generally available.

We should explore the summer camp problem and see if there are camps where this would make the difference between having a camp and not having a camp; I would consider it an appropriate use of the funds. But we would have to limit it to needy children and not extend it to children generally to summer camps.

Mr. McINTIRE. Thank you.

Mr. QUIE. I want to commend you on your excellent statement. You have taken a position that many of us felt you should for a good long time. And I hope you will be able to send us the bill quite soon. In order to put milk programs on a sound footing, we should do as much as possible.

One question comes to me. One of the superintendents of schools in my congressional district who has difficulty in the fact that each year there seems to be a different reimbursement figure. One year he says that the reimbursement figure for milk under the school lunch program was 4 cents and under the special program is 3 cents. And another year it is just reversed, whether the students are getting the milk under the school lunch or the special school lunch program. If they get one glass with a meal they get a return under one reimbursement, and if they come back for another glass, it is under another reimbursement figure. And if they have a special time during the day they have a different figure.

He says, "Why can you not use a standard figure for both programs? So long as the milk is used, use the same figures."

Mr. WELLS. I do not understand part of that. Since the first year the rates of reimbursement under the special school milk program have been the same. If you have a type A school lunch program, where our school lunch regulations require that it include one half-pint milk, we pay 4 cents for every half pint served beyond the required half pint. The schools must under our school lunch regulations report to use the number of type A lunches served. So this simplifies record-keeping as much as we can possibly simplify it and still live with the Congress, the GAO, and fiscal and budget people.

We do not reimburse for the first half pint of milk in the school-lunch program. That is reimbursed for in some part, at any rate, by the Federal reimbursement under the national school-lunch program.

We have said to the schools which do not have a type A program that we will reimburse at the rate of 3 cents per half pint for every half pint served. This is as simple as I think you can get your accounting because we must require the schools to account, I think, for every half pint that they claim reimbursement for.

Mr. QUIE. This superintendent says that they served the lunch in the schools, but there is a different reimbursement figure for the milk they serve with the school lunch program than otherwise.

Mr. WELLS. With the type school lunch A, the reimbursement is for the whole program, and that figure does differ from year to year because here there has been a fixed appropriation. The participation in the program has increased, and each year the State has to estimate participation and calculate what they can afford to pay for each type school A lunch program. There are a considerable number of school-lunch directors who would like to see a fixed reimbursement figure such as they have under the special milk program. This is what you are calling attention to.

Mr. QUIE. Where the reimbursement under the program is 4 cents, he states, the special milk program is 3 cents reimbursement.

Mr. WELLS. The 3 cents is in schools that do not have a type A program. We give an extra cent to schools in the national school-lunch program.

Mr. Garber says he may have several schools under his direction. There are some places where school superintendents supervise a dozen or more schools in the district and do set the same rates for all schools. Our regulation provides that the 3 cents and 4 cents are maximums. So he could make a uniform rate of 3 cents.

Mr. QUIE. This is happening in the same school where the students who receive the half pint of milk with the meal are reimbursed 4 cents. Then he gets another glass of milk which comes under the special school milk and is reimbursed 3 cents.

Mr. WELLS. We do not reimburse for anything he gets in connection with the type A school lunch unless it is a second half pint.

Mr. QUIE. The amount that goes into the reimbursement in the school lunch program still applies to the milk?

Mr. WELLS. It applies in the type A lunch. It is not a reimbursement for milk alone. It is reimbursement for serving a lunch which actually has a value of 30 or more cents.

Mr. QUIE. Thank you.

Mr. JOHNSON. Any further questions?

Mr. ABERNETHY. I understand that the Department proposes to come up at a later date with a bill which would put this program on direct appropriation.

Mr. WELLS. Yes.

Mr. ABERNETHY. As you know, I have advocated that for a number of years.

Mr. WELLS. Yes, sir.

Mr. ABERNETHY. And I did so very strongly last year and the year before, even though certain parties, one particularly, saw fit to write certain interests in my State to the effect that those of us who proposed such were against the program.

I think such is the only sensible way to handle the program, because we are continuously depreciating the capital assets of the CCC under this particular mode of financing the program.

Do you have now the total amount of dollars that have been spent on the program by way of a depletion of the capital assets of the CCC?

Mr. WELLS. Mr. Abernethy, I have a table showing the expenditures under the special school milk program for—

Mr. ABERNETHY. What is the aggregate?

Mr. WELLS. Let me correct this in the record, but, roughly, somewhere between \$425 and \$450 million.

Mr. ABERNETHY. \$450 million?

Mr. WELLS. Yes, over a period of 7 years. And we may spend as much as \$100 million next year. Let me call your attention to the fact that we are recommending that you continue the CCC authority for fiscal year 1962 because of the lateness of the date and the fact that the school authorities want to know how the program operates in advance of July 1.

Mr. ABERNETHY. I understand that, and I appreciate the fact that may be quite necessary in order to get yourself prepared for a permanent program which will be financed out of appropriations. So at the conclusion of fiscal 1962 there will have been somewhere around \$600 million spent?

Mr. WELLS. \$550 million.

Mr. ABERNETHY. That has been charged up to our farmers, has it not?

Mr. WELLS. Yes, it certainly has been generally attributed to them.

Mr. ABERNETHY. The bookkeeping system that is used by the Department and which it is compelled to use by virtue of the manner in which the Congress has directed that the program be financed, is such that it has been charged as a loss to agriculture, has it not?

Mr. WELLS. Yes, sir.

Mr. ABERNETHY. That is right. So when we hear these people complaining about the cost of all of these farm programs, they forget about the fact that their children have consumed and drunk up \$550 million worth of milk; that is right, isn't it?

Mr. WELLS. Yes.

Mr. ABERNETHY. They got the benefit of it?

Mr. WELLS. Yes.

Mr. ABERNETHY. That is right?

Mr. WELLS. Yes.

Mr. ABERNETHY. And the farmer got cussed for it?

Mr. WELLS. Mr. Chairman, I will have to give a qualified answer to that question, because—

Mr. ABERNETHY. You do not need to qualify it, he got cussed for it—he got cussed and charged for it.

There are some of us on the committee who want to retain the jurisdiction of this program in the committee and they have been fearful—and I am fearful—that the direct appropriation method might mean that the legislation will go to another committee. So in drafting the legislation, do you intend to give some consideration to the jurisdiction to which it might be directed, that is, which committee on the Hill—or have you thought of that?

Mr. WELLS. I have had no thought but what it would come before the Committee on Agriculture. The President included it in his special message on agriculture.

Mr. ABERNETHY. How soon do you think you will have that bill up here?

Mr. WELLS. I should hope within a few days, Mr. Abernethy.

Mr. ABERNETHY. They are moving downtown. I believe that is all.

Mr. JOHNSON. Are there any further questions?

Thank you, Mr. Wells.

Mr. WELLS. Thank you.

Mr. JOHNSON. Mr. Wells, have you any limitation in the amount for authorization for permanent legislation?

Mr. WELLS. We had assumed, Mr. Chairman, that the authorization would simply be for such funds as might be necessary. And this would be a matter to be determined each year.

Mr. JOHNSON. You have no limitation then?

Mr. WELLS. No.

Mr. JOHNSON. Our next witness is Mr. Glenn Lake, president, National Milk Producers Federation.

You may proceed, Mr. Lake.

STATEMENT OF GLENN LAKE, PRESIDENT, NATIONAL MILK PRODUCERS FEDERATION, ACCOMPANIED BY E. M. NORTON, SECRETARY

Mr. LAKE. Mr. Chairman, members of the committee, my name is Glenn Lake. I am the president of the National Milk Producers Federation, located at 30 F Street NW., Washington, D.C.

I have with me Mr. E. M. Norton, secretary of the National Milk Producers Federation.

The federation is made up of over 800 dairy farmer cooperatives, whose membership produces the bulk of our national milk supply, mostly on family-type farms.

We want to thank you for this opportunity to appear before the committee and discuss with you the special milk program for children and the Armed Forces and veterans' dairy program.

The special milk program was fostered by the federation and has been vigorously supported by our membership since its beginning. In September of 1954, when the program started, CCC inventories consisted of 446 million pounds of butter, 426 million pounds of cheese, and 225 million pounds of nonfat dry milk.

At the present time the situation is entirely different. There is no cheese in inventory and all the available butter has been committed for use in the school lunch program. The inventory of nonfat dry milk now stands at only 122 million pounds. This is a very great improvement over the serious surplus situation at the start of the special milk program.

The program has continued to expand every year. Last year children in 83,922 schools and child-care institutions consumed 2.385 billion half pints of milk. The milk consumed this year estimated at 2.5 billion half pints under the program represents more than 2 percent of all the fluid milk consumed by our population. It is an increase of almost 6 percent over last year. However, some States are reporting increases from 10 to 23 percent.

In fact, it is estimated that three out of four schoolchildren in the United States are attending schools that participate in the special milk program.

We have come a long way since the first year when \$50 million was authorized for each of the fiscal years 1955 and 1956. That first year over 41,000 schools entered the program and nearly 450 million half pints were used at a cost of \$17.3 million.

Operations were expanded the second year by 167 percent and Congress raised the authorization to \$60 million and extended the program for 2 years with an annual authorization of \$75 million for the second year. Beginning in 1957, camps and child-care institutions were made eligible and although they were small in relation to the schools, these groups helped to operate an expanded milk service for children.

This year over 4,000 summer camps participated compared to about 450 when the summer camp program first started. The 1957 fiscal year authorization for the program showed an expansion of 32 percent over 1956. In 1958 the special milk program was extended for another 3 years, through the 1961 fiscal year.

The authorization was raised to take care of the increased participation. The increase in authorization was 10 percent in 1958 over 1957, 12 percent in 1959 over 1958, and 8.3 percent in 1960 over 1959. The increase for 1961 over 1960 will be about 6 percent. The authorization of \$95 million for this fiscal year expires June 30.

These figures show that the special milk program has made real progress since its beginning in 1954, which is a real tribute to congressional leadership, and cooperation among Federal, State, and local agencies, school officials, and parents.

The special milk program has shown significant increases in school participation and in milk consumption by the students. Increases this year over last year in the number of schools participating amounted to 2 percent. The year before the increase over the previous year was 2.9 percent. The number of half pints consumed by children has increased steadily in the past 3 fiscal years—from 2.2 billion in 1959, to 2.4 billion in 1960, to an estimated 2.5 billion in 1961.

Complete progress of the special milk program is shown on the attached statement for the 3 years 1959, 1960, and preliminary figures for the fiscal year ending June 30, 1961.

The figures show that the goals set by the Congress are being met. More milk is being consumed in schools and in child-care centers and summer camps and the acquisition of dairy products by the Commodity Credit Corporation has been directly decreased. This means that more children are getting more milk in school than ever before, and are developing the habit of including it in their diet, and improving the nutritional level of their diets.

Several of the bills subject to this hearing amend the Agricultural Marketing Agreement Act of 1937, as amended. The Federation, as a matter of policy, opposes the amendment of this act; therefore, we recommend to the committee that it report only those parts of bills relating to the milk utilization programs.

These bills include such as H.R. 3565 by Mrs. Pfof, H.R. 4139 by Mr. McFall, H.R. 4517 and H.R. 5012 by Mr. Kastenmeier, H.R. 4536 by Mr. Stratton, H.R. 4577 by Mr. Cohelan, and H.R. 4889 and H.R. 4090 by Mr. Breeding; and we especially support the latter two.

To proceed: We endorse and strongly support the bills under consideration of this committee to extend the special milk program for 1 year, and increase the amount of CCC funds available to not less than \$105 million for the 1962 fiscal year.

Armed Forces-Veterans' Administration dairy program: The attached statement lists the additional amounts of milk and dairy products consumed by the Armed Forces and Veterans' Administration over their normal purchases. This program has functioned very efficiently since 1954 and has provided the Army, Navy, Air Force, the Merchant Marine Academy and the veterans' hospitals. The dairy products used in this program have come from the inventories of CCC, representing price support purchases and have been supplied without cost. The dairy products acquired under the price support program are donated to these agencies. Since these foods are available as a result of price support programs, it is good management to put them to good use by donating them to the military.

We support the bill to permanently extend the Armed Forces and Veterans' Administration dairy program and to specifically authorize

the CCC to reimburse the Veterans' Administration and the Department of Defense for that part of the purchases of fluid milk which the Secretary of Agriculture determines will accomplish the objectives of the price support programs.

We wish to express to the members of this committee our appreciation for their demonstrated interest in the problems facing dairy farmers, and the efforts being made to assist in solution to those problems.

The referred-to tables are attached to the statement.

Mr. JOHNSON. Do you want them to be made a part of the record?

Mr. LAKE. Yes.

Mr. JOHNSON. With no objection it will be so ordered.

(The tables follow :)

Unit participation, milk consumption and funds expended in special milk program for children

Fiscal year	Number of outlets participating	Milk consumption	Expenditures	Increase in expenditures over last year
		<i>Million ½ pints</i>	<i>Million dollars</i>	
1955.....	41, 094	449.8	17.2	-----
1956.....	62, 266	1, 394.2	45.9	167.4
1957.....	71, 239	1, 752.7	60.5	31.9
1958.....	76, 478	1, 918.2	66.3	9.7
1959.....	81, 587	2, 176.2	74.3	12.0
1960.....	83, 922	2, 384.7	80.5	8.3
1961 ¹	85, 500	2, 525.0	85.2	5.9

¹ Preliminary.

Source: U.S. Department of Agriculture.

SPECIAL MILK PROGRAM

Summary of operations, fiscal years 1959 to 1961

	1959	1960	1961 ¹	Percent increase, 1961 over 1960
1. Funds available:				
Program (dollars).....	77, 359, 500	84, 381, 900	94, 300, 000	-----
Administrative (dollars).....	640, 500	618, 100	700, 000	-----
Total (dollars).....	78, 000, 000	85, 000, 000	95, 000, 000	-----
2. Expenditures:				
Program expenditures (dollars).....	74, 285, 000	80, 480, 000	85, 200, 000	5.9
Administrative expenditures (dollars).....	612, 000	598, 000	700, 000	-----
Total (dollars).....	74, 897, 000	81, 078, 000	85, 900, 000	5.9
3. Average rate of reimbursement per ½-pint (cents).....	3.41	3.37	3.37	-----
4. Participation and milk consumption:				
Number of outlets:				
State agency administered.....	75, 919	77, 599	79, 000	-----
Area office administered.....	5, 668	6, 323	6, 500	-----
Total.....	81, 587	83, 922	85, 500	2.0
Number of ½-pints reimbursed (million).....	2, 176.2	2, 384.7	2, 525.0	5.9
5. Total milk consumption per child enrolled:				
Special milk (½-pints).....	53.1	55.9	57.0	2.0
School lunch (½-pints).....	49.0	50.3	51.0	1.4
Total (½-pints).....	102.1	106.2	108.0	1.3
6. Total school enrollment (thousands).....	40, 950	42, 627	44, 303	-----
7. Number of summer camps.....	3, 371	4, 184	4, 300	2.8
8. Summer camp expenditures (thousands of dollars).....	1, 177	1, 275	1, 350	5.9

¹ Items 2 through 8 estimated.

Source: U.S. Department of Agriculture.

Comparison of total Federal expenditures, July-January 1961 with July-January 1960

State	July-January expenditures, fiscal year 1960	July-January expenditures, fiscal year 1961	Percent increase, 1961 over 1960
Alabama.....	\$718,159	\$710,236	-1.1
Alaska.....	15,324	13,152	-14.2
Arizona.....	272,089	293,011	7.7
Arkansas.....	388,095	398,988	2.8
California.....	4,040,453	4,142,195	2.5
Colorado.....	370,577	¹ 422,556	14.0
Connecticut.....	501,918	590,232	17.6
Delaware.....	125,657	135,587	7.9
District of Columbia.....	219,395	217,854	-.7
Florida.....	725,472	754,947	4.1
Georgia.....	587,918	575,067	-2.2
Hawaii.....	98,850	100,570	1.7
Idaho.....	114,352	120,654	5.5
Illinois.....	3,121,228	3,281,136	5.1
Indiana.....	1,052,260	1,112,646	5.7
Iowa.....	945,834	994,050	5.1
Kansas.....	507,442	553,775	9.1
Kentucky.....	751,167	784,758	4.5
Louisiana.....	291,917	² 288,943	-1.0
Maine.....	190,000	213,068	12.1
Maryland.....	833,407	864,298	3.7
Massachusetts.....	1,549,453	1,487,915	-4.0
Michigan.....	2,492,210	2,690,971	8.0
Minnesota.....	1,242,065	1,322,699	6.5
Mississippi.....	696,321	795,361	14.2
Missouri.....	1,253,649	1,355,546	8.1
Montana.....	83,865	92,100	9.8
Nebraska.....	268,089	301,078	12.3
Nevada.....	44,749	47,469	6.1
New Hampshire.....	127,754	157,017	22.9
New Jersey.....	1,233,232	1,248,184	1.2
New Mexico.....	348,088	338,433	11.6
New York.....	4,694,175	4,764,728	1.5
North Carolina.....	834,918	886,093	6.1
North Dakota.....	160,569	172,755	8.2
Ohio.....	2,657,128	2,809,747	5.7
Oklahoma.....	512,382	525,092	2.5
Oregon.....	276,456	303,479	11.6
Pennsylvania.....	2,120,543	2,140,564	.9
Rhode Island.....	184,857	187,403	1.4
South Carolina.....	347,282	356,346	2.6
South Dakota.....	237,361	239,821	1.0
Tennessee.....	971,280	1,005,343	3.5
Texas.....	1,490,452	1,548,656	3.9
Utah.....	135,214	158,963	17.6
Vermont.....	87,324	92,115	5.5
Virginia.....	831,754	859,937	3.4
Washington.....	703,285	774,892	10.2
West Virginia.....	235,398	229,759	-2.4
Wisconsin.....	1,595,219	1,731,762	8.6
Wyoming.....	79,872	84,650	6.0
Total.....	43,366,458	45,331,601	4.5

¹ Excludes \$47,602 expenditures in 1961 for Boy Scout Jamboree for which State agency was advanced funds.

² In July-January 1961 total, January was estimated.

Source: U.S. Department of Agriculture.

Additional consumption, over normal purchases, of fluid milk and dairy products in the Armed Forces and Veterans' Administration

[In thousands of pounds]

Years	Fluid milk	Butter	Cheese	Nonfat dry milk
1954.....	17,381	7,048	502	63
1955.....	182,463	36,612	1,697	142
1956.....	344,149	25,240	1,752	122
1957.....	601,290	22,811	2,016	86
1958.....	565,616	24,974	2,435	38
1959.....	564,039	24,641	2,593	73
1960.....	583,198	15,903	496	129

Mr. JOHNSON. Are there any questions?

Mr. McINTIRE. You heard Mr. Wells' testimony in relation to the provision for extending this program for fiscal 1962, that the funding be from CCC capital, and then following that from appropriated funds. Are you in a position to comment on that recommendation for your organization?

Mr. LAKE. We have two or three basic feelings here on our position of this.

No. 1, I think Mr. Wells touched, probably, on most of them.

First of all, the farmer members of our organization have felt that the program as it has developed has been most successful and that it has been most favorably considered and handled by this committee on an authorization basis.

We have felt that by and large, insofar as the school people were concerned, that the program has fit better in the way of authorization than it would in the way of an appropriation.

Mr. McINTIRE. Thank you.

Mr. JOHNSON. Any further questions?

Mr. LAKE. Mr. Chairman, Mr. Norton might like to add something.

Mr. NORTON. Might I, also, add to that, too, that we have felt, as Mr. Wells commented, that the school lunch program has suffered because of the lack of growth through the appropriated method. And I am glad to hear him say that he figured \$105 million would do it.

I would call to your attention that from the beginning of the program until now we have always had to come back to this committee to ask for a deficiency appropriation. Mr. Breeding touched on this point in his question.

Are we sure that this program has ceased growing? If it has ceased growing completely, then no one minds whether it is an appropriation when we know how much money is involved here. But up until that time we have felt that the appropriation method was the death of the program.

Certainly, curtailed expansion of it.

Mr. JOHNSON. In fact, your opinion at this time would be that you would rather have it come out of the CCC?

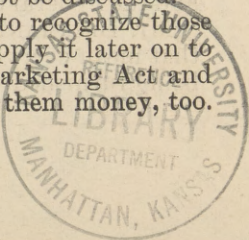
Mr. NORTON. I am sorry Mr. Abernethy is not here. I am sure he would not agree with me, either. But I do not believe his depreciated capital assets estimate is correct. If this commodity goes into storage of CCC and they pay the processing charge plus the storage charge, we haven't anything but a depreciation of capital assets in that event, also, but probably on a greater basis than if the milk goes directly from the farm to the handler to the schools.

Mr. JOHNSON. Any further questions?

If not, we thank you.

Mr. NORTON. Mr. Chairman, might I ask the chairman's indulgence here. There are a number of people brought in from our organization who have come from some distance to testify. They felt that in your notice that there would be the other subject, the opening of the Marketing Act would be discussed here, too, and it was not until your announcement this morning we found that it would not be discussed.

I wonder if the chairman would be good enough to recognize those people and let them file their statements now and apply it later on to the testimony that will be given in opening the Marketing Act and save the committee's time, and, certainly, will save them money, too.



Mr. JOHNSON. Is there any objection?

Mr. McINTIRE. I have no objection if the subject matter can be separated as you indicate.

Mr. NORTON. I am sure that it can be.

Mr. McINTIRE. In view of the announcement of the chairman this should not be encumbered by the other issues. And if these statements are filed, they could be held for the record of the committee, but not as a part of this hearing record. I would have no objection to their being filed, Mr. Chairman.

Mr. JOHNSON. They may be filed. And let the record show the people who are here from the National Milk Producers in support of this, if they will leave their names with the clerk here, they will be shown in the record.

Mr. NORTON. Thank you.

(The list follows:)

Harold Nelson, secretary, Texas Milk Producers Federation ;
W. T. Osborne, manager, Cincinnati Milk Sales Association ;
Glen W. Wagner, secretary, Ohio Milk Producers Federation ;
A. R. Marvel, director, Interstate Milk Producers Association ;
Chester Bletch, Maryland and Virginia Milk Producers Association ;
George Zieffe, president, Pure Milk Producers Association of Greater Kansas City ;

Thomas Stark, Southside Milk Producers.

Mr. BEERMANN. Just as a matter of interest, have you studied the cost of these programs—I presume you have. Let me restate it. This is a temporary program to provide milk to the school lunch programs.

Mr. NORTON. No, no; it was not designed as a part of the school lunch program at all. This is designed as a separate program, the school milk program.

Mr. JOHNSON. I think the program in the start was a program to provide milk, to make it available to schoolchildren—that was the way the program started.

Mr. BEERMANN. I see it has reduced those items of milk such as cheese and butter. Would you estimate what this would cost the schools or the individuals if the Government were not in the program at all? I have to study this type of legislation and I think I ought to know how much it is costing on this basis than if it were provided on a local basis.

Mr. LAKE. I would only answer you this way: that the school milk contracts that I know about are let on the basis by the processors-distributor in the neighborhood of 5.5 cents per half pint. So I think you could take Mr. Wells' figures and figure from there what it would cost the school people if they had to pay the full cost of the milk themselves or the children did have to pay it.

Mr. JOHNSON. I might state that the milk is bought locally. It is not costing the Federal Government any more—probably costing it less—than the local people. We buy all of the milk locally for all of the schools and they get a better price, I believe, a cent less. It is bought locally and not shipped in. And the school authorities make their reports to the States and the States to the Federal Government, and the Federal Government reimburses the States.

Mr. BEERMANN. If we have \$105 million expended each year, does that mean every schoolchild is going to be furnished milk that is not being furnished now?

Mr. LAKE. Not necessarily. As is noted in my statement, and I am sure in Mr. Wells', too, there are some number of schools that are not participating in any way. I know of a rather substantial urban area where no schools participate in this special school program.

This does not necessarily assure that all children will. It depends upon the administration of the local school people as to whether they participate.

Mr. BEERMANN. I am in favor of their having the milk.

Mr. LAKE. I am sure you are.

Mr. BEERMANN. Thank you.

Mr. MCINTIRE. Following Mr. Norton's request, and in the same context of that request, I would like to submit for that record—I think the recorder understands what I mean by "that record"—a letter under date of April 10 from the United Farmers of New England, to be made a part of the reserved testimony for future hearings.

Mr. JOHNSON. If there is no objection, it will be so received.

I also want to file for the record several telegrams in favor of a similar program which I will have made a part of the record, if there is no objection. And one letter.

And I have another letter that I would like to have made a part of the special record, and without objection that will be done.

(The telegrams and letter follow:)

FOND DU LAC, WIS., April 10, 1961.

Hon. LESTER JOHNSON,
Chairman, Dairy and Poultry Subcommittee, House Agriculture Committee,
House Office Building, Washington, D.C.:

Pure Milk Products Cooperative, the Nation's largest dairy bargaining cooperative, urges adoption of bill H.R. 5011 and similar bills to permanently extend the veterans and Armed Forces dairy program. Such action is imperative to avoid expiration of the present program December 31, 1961, and to meet high level nutritional needs of our Armed Forces and our veterans' hospitals.

WILLIAM C. ECKLES,
General Manager, Pure Milk Products Cooperative.

DENVER, COLO., April 10, 1961.

Congressman LESTER R. JOHNSON,
Old House Office Building,
Washington, D.C.:

We regret our inability to appear personally in support of your bill continuing special milk program. American School Food Service Association, representing 24,000 people in the 50 States directly associated with the feeding and nutrition training of our Nation's schoolchildren, wish to endorse the continuation of the special milk program. We respectively urge that language be included in the bill that would permit reimbursement for all milk served children, including the half pint served with the type A lunch.

CHARLES W. LILLEY,
Chairman, Legislative Committee, American School Food Service Association.

EL PASO, TEX., April 8, 1961.

Hon. LESTER JOHNSON,
Chairman, Dairy Subcommittee, Agriculture Committee, House of Representatives, Washington, D.C.:

At annual meeting of American Association of Medical Milk Commissions in El Paso, April 7-9, members representing all areas in the United States adopted unanimous resolution requesting you not to permit use of words "certified milk" or any derivation of this in special milk program bills before your com-

mittee. Certified milk is registered trademark name as used in our copyrighted methods and standards for the production of certified milk which has guided the production of the highest grade of milk available since 1893. Hon. Albert H. Quie has advised that in H.R. 2058 there is no intention to preempt the certified milk name of trademark and we trust H.R. 2740 and other similar bills will so honor this name should they be considered by your subcommittee.

AMERICAN ASSOCIATION OF MEDICAL MILK
COMMISSIONS,

JAMES P. CONWAY, M.D. (Milwaukee), *President*.
CHARLES SPEAKS, *Secretary*.

FOND DU LAC, WIS., April 10, 1961.

HON. LESTER JOHNSON,
Chairman, Dairy and Poultry Subcommittee, House Agriculture Committee,
House Office Building, Washington, D.C.:

Pure Milk Products Cooperative, the Nation's largest dairy bargaining cooperative, urges passage of bill H.R. 4438 and similar bills to extend and increase the special milk program for children. We urge adoption of the 2-year extension and the appropriation increase to \$105 million per fiscal year to provide better nutrition for America's schoolchildren. Our national defense depends upon the health of our youth. Let's maintain that health by encouraging the high level of nutrition obtainable through increased consumption of dairy products.

WILLIAM C. ECKLES,
General Manager, Pure Milk Products Cooperative.

ARCADIA PUBLIC SCHOOLS,
Arcadia, Wis., April 1, 1961.

HON. LESTER JOHNSON,
U.S. Congress,
Old House Office Building, Washington, D.C.

DEAR MR. JOHNSON: I note in a communication from your office that the House Dairy Subcommittee will on April 10 and 11 hold a hearing on a bill to extend the children's milk program.

Ever since this program was started in 1954 the school children of Arcadia have benefited from daily rations of milk. It is one of the finest health measures ever supported by the Federal Government. We have given this program our strongest support in the past and again urge you to use whatever means at your command to promote a bill to extend the children's milk program during 1962 and 1963.

You are to be commended for your efforts in promoting a program to improve the health of the Nation's children.

Very truly yours,

W. B. GAUTSCH, *Supervising Principal.*

(The other documents referred to will be found in the files of the subcommittee.)

STATEMENT OF HON. ALBERT H. QUIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

MR. QUIE. Mr. Chairman, I am pleased to note that the spokesmen who appeared before our subcommittee from the Department of Agriculture and testified on the Armed Forces and veterans' dairy programs and the special school milk program are in agreement with three basic changes which are embodied in my bill, H.R. 2058. I am pleased not so much simply because they agree with my position, but rather because of the intrinsic worth and benefit of these changes. As you know, this bill would permanently extend the Armed Forces and veterans' dairy programs and the special milk program for chil-

dren. This is desirable since the value of these programs has been amply demonstrated over the years in terms of better diets for the Nation's children and sound nutrition for our servicemen and those in veterans' hospitals. Making the programs permanent will enable the agencies concerned to program and plan with more assurance than the present temporary arrangement has allowed them to do. Second, the financing of these programs would, with the passage of this legislation, correctly be charged to the agency participating in the programs as an expense of that agency. The costs would no longer be unjustly charged as a subsidy to the American farmer.

Finally, the third change eliminates the "back-door spending" characteristic of the present programs. With the passage of this bill, the governmental agency participating in these programs will request specific appropriations from Congress for their specific needs prior to any expenditures. This will place these programs on a sound and business-like basis providing for fiscal accounting of the programs to the Congress of the United States. For these reasons, I give my full support to these proposals and urge favorable consideration by this committee.

Mr. JOHNSON. The next witness is Mr. Raymond Marvel of the Interstate Milk Producers Cooperative.

We will be glad to hear from you now.

STATEMENT OF RAYMOND MARVEL, INTERSTATE MILK PRODUCERS COOPERATIVE

Mr. MARVEL. I want to thank the honorable committee for this opportunity to appear before you, and I am testifying in opposition to any amendments to the act.

Mr. JOHNSON. We are not on the marketing act. We are not taking that matter up this morning.

Mr. MARVEL. You are not?

Mr. JOHNSON. We are holding hearings in regard to school milk and the Armed Forces legislation.

Mr. MARVEL. My testimony does not apply to that at all.

Mr. JOHNSON. You could file your statement if you wish. We will have further hearings at a later date to consider that matter.

Mr. MARVEL. Mr. Chairman, I understand now that my testimony will not apply to the hearing here today. Can I file this?

Mr. JOHNSON. You can file it with the clerk.

Mr. MARVEL. I can file it with the clerk?

Mr. JOHNSON. Yes.

Mr. MARVEL. Thank you, sir.

Mr. JOHNSON. The same as the other witnesses.

Mr. MARVEL. Thank you, sir. How many copies?

Mr. JOHNSON. One copy is sufficient.

Mr. MARVEL. Thank you very much, sir. I am sorry that I misunderstood.

Mr. JOHNSON. I understand you are in favor of the legislation we have before us.

Mr. MARVEL. Yes, sir.

Mr. JOHNSON. Do you have any comments that you wish to make while you are in the witness chair?

Mr. MARVEL. I believe that the subject has been well covered. I am in favor of it.

Mr. JOHNSON. Thank you.

Our next witness is Mr. Philip Alampi, secretary of agriculture of the State of New Jersey. You are testifying for the Northeast Association of the State Departments of Agriculture.

**STATEMENT OF PHILIP ALAMPI, SECRETARY OF AGRICULTURE,
STATE OF NEW JERSEY, IN BEHALF OF THE NORTHEAST ASSO-
CIATION OF STATE DEPARTMENTS OF AGRICULTURE**

Mr. ALAMPI. I am Philip Alampi, Secretary of Agriculture of the State of New Jersey. I appear before your honorable committee this morning as the immediate past president of the Northeast Association of State Departments of Agriculture, relative to H.R. 2058 entitled, "A bill to permanently extend the Armed Forces and veterans' dairy programs and special market programs for children and to amend the Agricultural Marketing Act of 1937, as amended."

My group is in support of the section 202 of the Agricultural Act of 1949, as amended, and the proposed amendment of the act of July 1, 1958, both amendments related to the school milk program.

After hearing what you said to previous witnesses, I would like to just change two of my paragraphs in this prepared statement. I will file the corrected testimony with the clerk.

Mr. JOHNSON. You may do so.

Mr. ALAMPI. We feel that sections 1 and 2 should be separated from section 3 in this bill. They are unrelated. And should be treated separately.

At this time I do not know when your committee will consider section 3 but we want to be on record as unalterably opposed to section 3 of this bill. And we will file that with your clerk as to the reasons for it, for we think this is a back-door entrance to the school milk and armed services program to work on the Sanitation Act.

We do not think they belong in the same bill. They should be treated differently. And we would like to register our opposition to having section 3 in this.

And with that correction, I would like to conclude my testimony with sincere appreciation, and, also, for the opportunity of appearing before your committee this morning.

Thank you very much.

Mr. JOHNSON. Any questions?

Mr. MCINTIRE. I happen to know Secretary Alampi's deep interest in this area of agriculture, and I would like to ask you, Mr. Chairman, whether it may be assumed that when consideration is to be given by a hearing of the issue that we have set aside for these hearings, that due and ample notice will be given and ample time be given to notify all interested parties by general public notice so that this broad area of interest can be fully represented.

Mr. ALAMPI. Frankly, this thing came so fast to all of us, and if this had been made clear to Mr. Marvel, the preceding witness and others would have been on guard not to have prepared testimony in that regard but we heard, as I have indicated earlier, this was a way of getting this part of the bill in on two worthwhile activities, and it is a shame that they were even thought to be considered together.

Mr. MCINTIRE. I think the position that you have taken in dividing this issue is fine and I want to commend you on that. And may I assume that ample notice will be given on the other.

Mr. JOHNSON. Ample notice will be given.

Mr. ALAMPI. I have with me Chester Schomp, deputy director, Office of Milk Industry of New Jersey. If there are any technical matters you want to discuss—and since we are in complete agreement on the first two sections and since you are not going to talk on section 3 that we will not have any technical questions at this time.

Mr. JOHNSON. Is there anyone else prepared to testify this morning?

Mr. MURRAY. The Farmers Union is here prepared to testify.

Mr. JOHNSON. We will be glad to hear them now.

STATEMENT OF RICHARD C. SHIPMAN, ASSISTANT DIRECTOR OF LEGISLATIVE SERVICES, NATIONAL FARMERS UNION

Mr. SHIPMAN. Mr. Chairman, I am sorry if there was some misunderstanding about appearing this morning. It was our understanding that we were on the schedule this morning.

Mr. Chairman and members of the subcommittee, Congress has indicated support for the school milk program on numerous occasions. As this worthy program has been expanded to meet the need of additional schoolchildren, Congress has very generously acted to make the necessary funds available. The increase in the authorization to \$105 million recommended by the administration would approximately cover expanding school enrollment and increasing participation.

The present Federal reimbursement is 4 cents per half pint of milk in schools serving type A lunches. The increase would not raise the reimbursement recommended rate but would only take care of the need for expansion to additional schoolchildren.

In the 1959-60 school year, 2.4 billion half pints of milk were consumed by the Nation's elementary and secondary school population. Assuming participation in the program each day of the 180-day school year, 13.3 million schoolchildren received milk under this program.

The total school enrollment at elementary and secondary school levels in the 1959-60 school year amounted to 43 million schoolchildren. Although this program has expanded rapidly since it began, only 30.9 percent of the total elementary and secondary school enrollment received milk during the 1959-60 school year.

In the 1959-60 school year there were 83,716 schools out of a total of 138,032 participating in the school milk program. This reflects a percentage of 60.7. The percentage of schools participating in the school milk program has increased more rapidly than the percent of children participating. This indicates to us that even small charges for milk tend to hold down student participation.

There is justification, we believe, for increasing Federal participation with the objective of further reducing the cost of milk to eligible schoolchildren.

We urge the subcommittee to continue to study the needs of schoolchildren for milk as participation increases and the ways and means this program can be expanded to reach all children in the elementary and secondary levels.

We support the enactment of H.R. 5011 and similar bills to permanently expand the veteran and armed services dairy program. We

believe that our service men and women should continue to receive health-building dairy products.

We appreciate the very fine support that the Subcommittee on Dairy and Poultry has given to the school milk program and the way the program has been received and supported by the Congress.

We commend the chairman of the subcommittee for his continued active interest in the school milk program and we appreciate the opportunity afforded us to appear in behalf of these programs to expand the consumption of dairy products.

We respectfully request that the table attached hereto showing participation in the school milk program be included in the record at this point.

Mr. JOHNSON. With no objection, it will be so included.

(The table follows:)

Participation in school milk program

HOW MANY CHILDREN?

School year	Half pints	Number of children participating ¹	Total school enrollment	Percent participation
	<i>Billions</i>	<i>Millions</i>	<i>Millions</i>	
1959-60.....	2.4	13.3	43.0	30.9
1958-59.....	2.2	12.1	39.1	30.0
1957-58.....	1.9	10.7	36.1	29.6
1956-57.....	1.8	9.7	33.4	29.0
1955-56.....	1.4	7.7	30.6	25.2
1954-55.....	.5	2.5	28.7	8.7

HOW MANY SCHOOLS?

School year	Number of outlets	Total number of schools	Percent participation
1959-60.....	83,716	138,032	60.7
1957-58.....	76,478	138,032	55.4
1955-56.....	62,266	146,732	42.4

¹ Estimate calculated by dividing 180 school days into half pints of milk consumed.

Mr. JOHNSON. Any questions?

That will conclude our hearings for the morning then.

(The following letter and statement was also submitted to the subcommittee:)

AMERICAN FARM BUREAU FEDERATION,
Washington, D.C., April 11, 1961.

Hon. LESTER R. JOHNSON,
Chairman, Dairy and Poultry Subcommittee,
House Agriculture Committee
U.S. House of Representatives, Washington, D.C.

DEAR CONGRESSMAN JOHNSON: In order to save time of your committee, we are asking that the attached statement be filed for the record with regard to the various bills dealing with the special milk program, among them being H.R. 4438.

Sincerely yours,

JOHN C. LYNN,
Legislative Director.

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION

The special school milk program first offered in the school year 1954-55 appears to have encouraged an increase in milk consumption. The veterans and

armed services dairy programs have also been beneficial to the men serving in our Armed Forces.

The increased consumption that has resulted from these programs has been of assistance in bringing about a more desirable balance in milk production with consumption.

Because pupil enrollment is increasing in schools to which the program has been available and new schools are making applications to participate, it appears desirable that the funds available be increased to meet these needs. The Farm Bureau recommends that sufficient funds be made available to provide the same amount per pupil, allowing for the increase in the number of children in the schools now in the program and the new schools coming under the program. We would also recommend that the veterans and Armed Forces dairy programs be continued on the same basis as in previous years.

We understand that last year consideration was given to obtaining the funds for these programs by the use of direct appropriations. We would urge that you give this approach serious consideration as we believe it would place these programs on a much sounder basis of operation.

Several of the bills also provide for the amending of the Agricultural Marketing Agreement Act. We believe that the question of amendments to the Agricultural Marketing Agreement Act should be considered separately at a later time.

We appreciate the opportunity to present our views on this matter.

(Whereupon, at 11 :45 a.m., the hearing was adjourned.)

...the first of these was the fact that the ...
...the second was the fact that the ...
...the third was the fact that the ...
...the fourth was the fact that the ...
...the fifth was the fact that the ...
...the sixth was the fact that the ...
...the seventh was the fact that the ...
...the eighth was the fact that the ...
...the ninth was the fact that the ...
...the tenth was the fact that the ...
...the eleventh was the fact that the ...
...the twelfth was the fact that the ...
...the thirteenth was the fact that the ...
...the fourteenth was the fact that the ...
...the fifteenth was the fact that the ...
...the sixteenth was the fact that the ...
...the seventeenth was the fact that the ...
...the eighteenth was the fact that the ...
...the nineteenth was the fact that the ...
...the twentieth was the fact that the ...
...the twenty-first was the fact that the ...
...the twenty-second was the fact that the ...
...the twenty-third was the fact that the ...
...the twenty-fourth was the fact that the ...
...the twenty-fifth was the fact that the ...
...the twenty-sixth was the fact that the ...
...the twenty-seventh was the fact that the ...
...the twenty-eighth was the fact that the ...
...the twenty-ninth was the fact that the ...
...the thirtieth was the fact that the ...
...the thirty-first was the fact that the ...
...the thirty-second was the fact that the ...
...the thirty-third was the fact that the ...
...the thirty-fourth was the fact that the ...
...the thirty-fifth was the fact that the ...
...the thirty-sixth was the fact that the ...
...the thirty-seventh was the fact that the ...
...the thirty-eighth was the fact that the ...
...the thirty-ninth was the fact that the ...
...the fortieth was the fact that the ...
...the forty-first was the fact that the ...
...the forty-second was the fact that the ...
...the forty-third was the fact that the ...
...the forty-fourth was the fact that the ...
...the forty-fifth was the fact that the ...
...the forty-sixth was the fact that the ...
...the forty-seventh was the fact that the ...
...the forty-eighth was the fact that the ...
...the forty-ninth was the fact that the ...
...the fiftieth was the fact that the ...
...the fifty-first was the fact that the ...
...the fifty-second was the fact that the ...
...the fifty-third was the fact that the ...
...the fifty-fourth was the fact that the ...
...the fifty-fifth was the fact that the ...
...the fifty-sixth was the fact that the ...
...the fifty-seventh was the fact that the ...
...the fifty-eighth was the fact that the ...
...the fifty-ninth was the fact that the ...
...the sixtieth was the fact that the ...
...the sixty-first was the fact that the ...
...the sixty-second was the fact that the ...
...the sixty-third was the fact that the ...
...the sixty-fourth was the fact that the ...
...the sixty-fifth was the fact that the ...
...the sixty-sixth was the fact that the ...
...the sixty-seventh was the fact that the ...
...the sixty-eighth was the fact that the ...
...the sixty-ninth was the fact that the ...
...the seventieth was the fact that the ...
...the seventy-first was the fact that the ...
...the seventy-second was the fact that the ...
...the seventy-third was the fact that the ...
...the seventy-fourth was the fact that the ...
...the seventy-fifth was the fact that the ...
...the seventy-sixth was the fact that the ...
...the seventy-seventh was the fact that the ...
...the seventy-eighth was the fact that the ...
...the seventy-ninth was the fact that the ...
...the eightieth was the fact that the ...
...the eighty-first was the fact that the ...
...the eighty-second was the fact that the ...
...the eighty-third was the fact that the ...
...the eighty-fourth was the fact that the ...
...the eighty-fifth was the fact that the ...
...the eighty-sixth was the fact that the ...
...the eighty-seventh was the fact that the ...
...the eighty-eighth was the fact that the ...
...the eighty-ninth was the fact that the ...
...the ninetieth was the fact that the ...
...the ninety-first was the fact that the ...
...the ninety-second was the fact that the ...
...the ninety-third was the fact that the ...
...the ninety-fourth was the fact that the ...
...the ninety-fifth was the fact that the ...
...the ninety-sixth was the fact that the ...
...the ninety-seventh was the fact that the ...
...the ninety-eighth was the fact that the ...
...the ninety-ninth was the fact that the ...
...the hundredth was the fact that the ...

SCHOOL MILK, VETERANS', AND ARMED SERVICES' DAIRY PROGRAMS

WEDNESDAY, APRIL 12, 1961

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON DAIRY AND POULTRY
OF THE COMMITTEE ON AGRICULTURE,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10 a.m., in room 1310, New House Office Building, Hon. Lester R. Johnson (chairman of the subcommittee) presiding.

Present: Representatives Johnson (presiding), Hagen, Breeding, McIntire, and Findley.

Also present: Representatives Reifel and Dague; Hyde Murray, assistant clerk.

Mr. JOHNSON. The subcommittee will come to order.

I will place in the record two additional bills offered by Mr. Hagen.

(H.R. 6191 is identical to H.R. 3565 on p. 4. H.R. 6192 is identical to H.R. 5011 on p. 4.)

Mr. JOHNSON. You may proceed, Mr. Cohelan.

STATEMENT OF HON. JEFFERY COHELAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. COHELAN. Mr. Chairman and members of the committee, thank you for the opportunity to appear today in support of H.R. 4577 which would continue the special milk program for children and increase its maximum authorization to \$105 million.

I have no desired to duplicate other statements which have been made on this subject. I would, however, briefly like to emphasize the value and growth of the school milk program.

As you know, when this program was enacted in 1954, it was intended basically as a price-support measure for the milk industry. While it has continued to serve this valuable function, it has now taken on more of the aspects of a program devoted to the general welfare of our Nation's children. This concept has come about largely through the wide and enthusiastic response of parents, school officials, and nutritionists. Most important, the school milk program has made fresh milk available to thousands of children in every State where it was not previously available.

The school milk program has expanded rapidly since it was initiated in 1954. At the end of its first year, the total number of half pints reimbursed with Federal funds was less than half a million. How-

ever, at a growth rate of over 200,000 half pints per year, this figure has risen rapidly and last year exceeded 2 million.

An outstanding example of this growth is found in my own State of California where over 6,000 schools are now participating in the school milk program. The number of half pints of milk reimbursed with Federal funds has increased significantly each year. In 1955 only 15,000 half pints were used. By 1960, however, the figure had mushroomed to over 260,000.

At the present time a little over 50 percent of the schoolchildren in our country are participating in this valuable program. In the school year 1959-60 alone over 1 million new children entered the primary and secondary schools and this trend promises to continue for at least the next 5 years.

Therefore, merely to maintain the present level of program coverage we will need a substantial increase in the appropriation. This does not even begin, however, to include the additional thousands of schoolchildren who could substantially benefit from this program.

Mr. Chairman and members of the committee, H.R. 4577 and similar bills are essential if this worthwhile program is to be continued at its present level of operation. I urge you to report it favorably. Thank you.

Mr. JOHNSON. Yesterday we heard from the Department and they have come out with a recommendation that we keep the program for fiscal 1962 under the Commodity Credit Corporation, where the funds are used from that Corporation, and that for fiscal 1963 we start making it a permanent program with appropriations.

Do you want to make any comment on that?

Mr. COHELAN. I do not think I should, Mr. Chairman, because I have not had a chance to study the details.

I would freely admit that I rely on you gentlemen for counsel and advice in regard to these questions.

I am familiar vaguely with what the difference is. My general feeling and reaction, however, is that I think we should make it a permanent program.

Mr. JOHNSON. In the summer of 1960 the committee went into the question of a permanent program. And the Department at that time suggested we give them time to study the matter. And they came back with a recommendation now.

Mr. COHELAN. They have come back with a recommendation that the matter be——

Mr. JOHNSON. They figure it is too late for fiscal 1962 to make the appropriation—that for 1962 we take the money out of the CCC.

Mr. COHELAN. Well, as I say——

Mr. JOHNSON. And from 1963 on we would make it a direct appropriation.

Mr. COHELAN. I would only say I am rather surprised because my statement is based on data and information which I received from the Department of Agriculture. And they, certainly, are aware of the nature of the problem.

It seems to me that it might very well be possible to accelerate this principle. If it is good next fiscal year, it ought to be sound this fiscal year.

But again, I would not want to get deeply involved in that argument because I would yield to my distinguished colleagues on this committee for advice and counsel on that particular topic.

Mr. McINTIRE. We are very happy to have your views, and your report to the committee.

I notice that your bill refers to the special milk program for children, and before the committee there are other bills that have other features incorporated in them, that is as relating to the Veterans' Administration and armed services programs. Do I understand that your position would be in support of those aspects of the total program, also?

Mr. COHELAN. My distinguished colleague is quite correct. I would, certainly, endorse any enhancement of the program on the basis of this kind. I am familiar with it. I haven't commented on that because I did not feel that that was my special area of competence.

Mr. McINTIRE. Thank you.

Mr. JOHNSON. Thank you.

Mr. COHELAN. Thank you very much.

STATEMENT OF HON. ALEXANDER PIRNIE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. PIRNIE. Mr. Chairman, as a former member of the House Committee on Agriculture, as well as this distinguished subcommittee, I am glad to have this opportunity to testify in behalf of the special milk program for children and the veterans' and armed services dairy programs.

Legislation of this nature has had my continued interest and support. Representing one of the largest milk producing areas in our Nation I am concerned with the effective utilization of our dairy farm production. Few Federal agricultural programs are as beneficial in meeting the national need for better nutrition, while at the same time assuring proper disposition of commodities in surplus. I am hopeful that the Congress will continue to support and, when necessary, to expand such operations.

At this time, I would like to request an opportunity to be heard in opposition to a proposed national sanitation code, whenever the committee should decide to hold hearings on this subject.

Mr. JOHNSON. I might state that Congressman Kastenmeier wishes to file a statement and Senator Proxmire also wishes to file a statement. They will be granted that privilege.

(The statements follow:)

STATEMENT OF ROBERT W. KASTENMEIER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. Chairman and members of the Subcommittee on Dairy, I thank you for this opportunity to appear here today in behalf of two of my bills. These are identical with bills introduced by my colleague from Wisconsin, the chairman of this subcommittee.

One bill would extend and increase the special children's milk program and the other would make permanent the dairy program for the Armed Forces and for veterans in Veterans' Administration hospitals.

My first bill, H.R. 4517, is designed only to meet a growing need for funds to provide nutritious milk to our Nation's boys and girls. The spectacular in-

crease in the number of youngsters benefiting from this program during the 7 years it has been in operation is the best proof of its worth. In its first year some 450 million half pints of milk were consumed by the children who attended schools participating in the program. Seven years later an estimated 2.5 billion half pints of milk are being drunk by school-age youngsters covered under the program.

Gentlemen, the special children's milk program is a deserving one, and the Department of Agriculture and members of this subcommittee willing, I would suggest that steps be taken to make this program permanent.

My other bill, H.R. 5012, before you today would make permanent the veterans and Armed Forces dairy program which has been in operation since 1954. Under this program, servicemen and hospitalized veterans have consumed greatly increased amounts of milk, cheese, and butter acquired through the price support program.

A recent survey among our service personnel showed that milk ranked highest among the list of "preferred foods." Since dairy products always have been popular among our service personnel as well as those former servicemen who are now in Veterans' Administration hospitals I would strongly recommend that we make the veterans and Armed Forces dairy program permanent.

Gentlemen I wholeheartedly request that you take favorable action not only on the bill to provide fresh milk to our children but on the proposal to make permanent the dairy program for veterans and the personnel in our Armed Forces.

STATEMENT OF WILLIAM PROXMIRE, A U.S. SENATOR FROM THE STATE OF WISCONSIN

Thank you very much for giving me this opportunity to present my testimony in support of the bills which would extend the special milk program for children and would make permanent the veterans and Armed Forces dairy program. I have a very close and special interest in these programs, and am the principal sponsor in the Senate of the two bills which provide for their renewal and continuation. Each of my bills is identical to several of the bills sponsored by Members of this house, which are being considered at these hearings today.

I would like to compliment the chairman of this subcommittee, the Honorable Lester Johnson, for the splendid job he has been doing for the family-size dairy farmer. His efforts have earned him the sincere gratitude of Wisconsin farmers. He is to be especially commended for calling and conducting these important hearings today.

Over the years, the special milk program for children, commonly known as the school milk program, has established an excellent record of growth and development. Accompanied by a fine educational campaign, it has encouraged children throughout the country to drink milk each day at school and at summer camps and other child-care institutions.

The program is administered locally, with financial support from the Commodity Credit Corporation. Operating with a minimum of redtape and bureaucratic overhead, it has brought the benefits of fresh, whole milk to children at an age when they most need it to promote healthy growth.

The popularity of the program has been so great that it has developed an unfortunate tendency to exhaust its funds. This occurred a year ago, and I am glad to say that the Congress enacted legislation which increased and extended it in time to prevent the expected deficit. Certainly it should be our aim to promote broad participation in a program of such undoubted benefit. To force a cutback in the rate of reimbursement because more children were drinking more milk would have been a serious mistake.

The further increase in participation expected in this program in the coming fiscal year makes it advisable to raise the authorization from the present figure of \$95 to \$105 million. This increase of \$10 million for the fiscal year beginning July 1, 1961, is provided by my bill, S. 146. It is based on the historical record of growth which this program has experienced, as well as on the estimates of the experts in charge of its administration.

I might add that the popularity of this program is reflected by the fact that no less than 26 of my Senate colleagues have joined me as cosponsors. Because of its undoubted nutritional value and its predicted growth in the coming year, I urge that it be extended and increased.

I also wish to testify in support of the bills which would permanently extend the veterans and Armed Forces dairy program. My bill in the Senate which would accomplish this is S. 835, in which five of my colleagues joined me as cosponsors.

This is the program under which the Commodity Credit Corporation donates surplus butter, cheese, and milk to the military services and the Veterans' Administration. Dairy products acquired to accomplish the objectives of the price support programs are thus put to fine use to enrich the diets of our soldiers, sailors, airmen, and our veterans who through illness or injury are in veterans hospitals.

In 1960 the following quantities were made available under this program: 15.9 million pounds of butter, 500,000 pounds of cheese, 100,000 pounds of dried milk, and 280 million quarts of fluid milk.

A recent survey of soldiers' food preferences showed that milk topped the list, and other dairy products ranked high. These foods are available as a result of our price support programs. It is commonsense to put them to good use by donating them to the military services and the veterans hospitals.

My bill and several of the House bills before this subcommittee today contain language which specifically authorizes the Commodity Credit Corporation to reimburse the Veterans' Administration and the Department of Defense for purchases of fluid milk which the Secretary of Agriculture determines will accomplish the objectives of the price support program. The CCC has provided such reimbursement since the program started because utilization of fluid milk directly offsets the purchase of other dairy products to support prices. It is recommended that the text of my bill and of the corresponding House bills be revised to make it clear that this reimbursement may be made for such part of the cost of additional milk as the Secretary of Agriculture determines will accomplish the objectives of the price support program, because the CCC normally reimburses part of the cost of the additional fluid milk utilized by the Veterans' Administration and the armed services.

This entire program has operated successfully and efficiently since 1954. During these 7 years it has twice been extended by heavy affirmative votes of Congress. Unless renewed, it will expire December 31, 1961. It is time to make it permanent.

Mr. JOHNSON. Congressman Laird wants to file a statement, and he will be granted that privilege.
(The statement follows.)

STATEMENT OF MELVIN R. LAIRD, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF WISCONSIN

Mr. Chairman, I certainly appreciate this opportunity to go on record vigorously supporting the legislation presently being considered by this committee. I am the author of one of the bills (H.R. 2061) to permanently extend the special milk program for children, as well as for the Armed Forces and veterans' dairy programs.

The record shows that the school milk program has made real progress since its beginning in 1954, with significant increases in school participation and milk consumption by schoolchildren. I understand that a milk service is now available to about three out of every four children in school and that about half the children in school are regularly drinking milk through the school lunch or under the special milk program. That is a fine record, but it also means that we have not yet exhausted the full potential of the program. It is no time to be trying to reduce or even stabilize it. As long as the Department needs to buy surplus dairy products, we should continue full efforts to move that milk in fluid form to our young children. That is much better for children and much better for dairy producers.

The 2 billion half pints of milk served under this program last year had a healthy influence on children, helped reduce Government purchases of manufactured dairy products, widened fluid markets, and helped form the milk-drinking habit among our young people.

The Congress needs to take early action to see that these benefits are continued in full effectiveness on a permanent basis.

It is my hope that the bills presently under consideration will receive early and favorable action and that consideration in the very near future will be given to the milk sanitation provisions of the bill which I have submitted.

It is my understanding after visits with the chairman of this committee, as well as with the ranking minority member, Mr. Quie, that the sanitary provisions of my bill will be discussed at an early meeting of the committee. It is my sincere hope that these hearings will be called by the chairman at an early date.

Mr. JOHNSON. Is there anybody further that wishes to address the committee at this time?

Does Mrs. Pfost wish to file a statement?

Mr. MURRAY (assistant clerk). She said she would like to appear about 12 o'clock. She has another meeting.

Mr. JOHNSON. I have a letter which I wish to file for the record. And without objection it will be made a part of the record at this point.

(The letter follows:)

NATIONAL CREAMERIES ASSOCIATION,
Washington, D.C., April 11, 1961.

HON. LESTER JOHNSON,
Chairman, Dairy Subcommittee, House Committee on Agriculture,
Washington, D.C.

DEAR MR. JOHNSON: In reference to proposals to continue and improve the operation of the special school milk and military milk programs now being considered by the Dairy Subcommittee, please be advised that these proposals meet with the approval of the National Creameries Association.

Inasmuch as these programs, particularly the special school milk program, seem to be very well received by both producers and consumers alike throughout this country, and since this program is a desirable feature in assuring good nutrition by our Nation's children, we suggest that the costs of this program should not be allocated, certainly, in any event not in their entirety, to the agricultural program. It is our opinion that this program would be continued on a general welfare basis even though in years to come it might not be needed as a surplus removal device, and we think recognition of this position should be given in allocating the costs of the program.

Please insert this letter in the hearing record at the point you consider appropriate.

Sincerely yours,

OTIE M. REED,
Executive Director.

Mr. JOHNSON. Congressman Stratton, do you wish to speak to us at this time? We will be glad to hear from you.

STATEMENT OF HON. SAMUEL S. STRATTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK

Mr. STRATTON. Mr. Chairman and members; I have no prepared statement, but I appreciate the opportunity to appear before the committee briefly and to register my support for the pending legislation concerning the special milk program for children as well as the veterans and armed services dairy programs.

I am the author of one of the companion bills with respect to the school lunch program, H.R. 4536. I supported the extension in the last Congress very vigorously and of course, I support it very vigorously today in this Congress.

There are two major reasons, Mr. Chairman, behind my support of this legislation.

One is that, in my judgment, this kind of a program is extremely beneficial to our children. As a father of five children, I realize the opportunities that are presented to children today to drink beverages

which are highly advertised but which are not always the most healthful beverages for them. One of our major health problems today is to create the opportunity for children to drink milk, which certainly is much more beneficial for them than the kind of thing if left to their own devices they might prefer to drink.

I don't know of a program that is in a better position to create this appreciation for milk than the special milk program for children in our schools, and in terms of what this will do for the health of our youngsters, this legislation is extremely valuable.

Secondly—and this would apply to both of the pending pieces of legislation—as the representative of a dairy district, indeed one of the most important dairy areas in the State of New York, I am aware of the fact that our dairy farmers in New York, as well as elsewhere, are faced with the problem of creating an increasing demand for fluid milk to meet increased production. Again, these programs are most helpful in building up a demand for milk in a way that will also be beneficial.

I think it was Governor Dewey who some years ago said that as far as New York State was concerned the surplus of fluid milk could be taken care of and all of our dairy problems solved if everybody would just drink one glass more of milk a day.

I think this indicates in a fairly dramatic way the extent of the problem. Yes, it is a problem, but one that is within our grasp to solve. And I for one have always felt that the real solution to these surpluses is not to limit and restrict the production that we are able to make but rather to create a greater demand for this increased production.

The school milk program over the years has created a demand for milk in which, in the case of children, we build up a recognition of the importance of this commodity which will carry over into later life and will, therefore, be more helpful in creating continuing demand for fluid milk.

So for both of these reasons, Mr. Chairman, I fully support the legislation. And I hope that the committee will promptly report the bill to the floor. I am certain that when it does reach the floor it will receive the same substantial and overwhelming support that it did in the last Congress.

Mr. JOHNSON. Thank you, Congressman Stratton. Are there any questions?

Mr. McINTIRE. Mr. Chairman, I certainly wish to express to our colleague our appreciation of his statement before the committee this morning.

There is one point that I should like to mention because I think you will be interested; and it is the recommendation on the part of the Department on this pending legislation, a point that you should, I think, be aware of, as the bills come up for consideration on the floor. The Department's recommendation is that we continue for fiscal year 1962 by funding this program through CCC. This has been the practice all along. They are recommending that following fiscal 1962 this program be funded by direct appropriations handled through the Appropriations Committee.

This is a matter which has been discussed from time to time. If you were not aware of the Department's recommendation, I thought

this should be a point to call to your attention, which is the recommendation of the Department. There are, probably, pros and cons, and I thought you should be aware of the recommendation this morning.

Mr. STRATTON. I would like to say to the gentleman from Maine that I was aware of this dispute or difference of opinion, at least, on the part of some individuals who are supporting the program. I have not taken any particular position on it myself because I did not feel that I had had an adequate opportunity to study the background and I realize that the financing may be a matter of some debate and concern when the bill comes out on the floor.

Personally, I would be willing to leave this matter up to this able committee in the course of its own discussions.

So far as I am concerned, we should continue the program utilizing whatever is the most satisfactory and feasible method of financial support.

Mr. JOHNSON. The way the program is now financed, the CCC is charged with the losses and the schoolchildren of the country drink the milk. With direct appropriation, it is thought that would not be charged as a loss.

Mr. STRATTON. This, of course—

Mr. JOHNSON. If it is still left with the Department of Agriculture, it will be part of our cost of running the Department of Agriculture.

Mr. STRATTON. Of course, we have a lot of programs that are technically charged up to the farmer which really should not properly be charged to him. And I know this is a matter of concern to farmers in my district as it is elsewhere with farm groups and organizations.

If we can, of course, do something to point out the fact that the budget of the Department does not represent in toto a subsidy to the farmer, I think we will have accomplished a great deal.

Mr. JOHNSON. Does anyone else have any questions?

Thank you very much.

Mr. STRATTON. Thank you very much, Mr. Chairman. I appreciate this opportunity.

Mr. JOHNSON. Mr. Breeding, you are one of the authors of this legislation. Do you care to file a statement?

Mr. BREEDING. I would like to file a statement. I do not have it with me this morning.

Mr. JOHNSON. Without objection, Congressman Breeding will have that opportunity.

(The statement follows:)

STATEMENT OF J. FLOYD BREEDING, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF KANSAS

The special milk program has expanded every year since its beginning in September of 1954, and has made tremendous gain due to vigorous congressional leadership and the cooperation of Federal and State and local agencies, with school officials and parents.

When the program was initiated, CCC inventories listed 225 million pounds of nonfat dry milk, 446 million pounds of butter, and 426 million pounds of cheese. Through the employment of the special milk program, these large surpluses have been lessened and improved. Now only 122 million pounds of nonfat dry milk are on inventory, while all available butter has been committed to the school lunch program, and cheese has been dropped altogether from the inventory.

Children drank 2.385 billion half pints of milk last year in 83,922 schools and child-care institutions. The estimated 2.5 billion half pints consumed this year under the program represents in excess of 2 percent of all fluid milk consumed by the people of this country, and it is an increase of 6 percent from last year. Increases from 10 to 23 percent are reported by some States. And it is estimated that three-quarters of the schoolchild population attend schools participating in the special milk program.

More than 41,000 schools participated in the program, and nearly 450 million half pints of milk were used, costing \$17.3 million, during the first year of the program. Congress authorized \$50 million for each of the fiscal years, 1955 and 1956. But the program increased by 167 percent the second year with authorization raised to \$60 million with extension for 2 years with a yearly authorization of \$75 million for the second year. Camps and child-care institutions were made eligible for the program in 1957. Although they numbered far less than schools under the program, with only 450 such institutions covered they contributed to expansion of the special milk program. This year, 4,000 such camps and institutions were active participants. The program authorization expanded in 1957, by 32 percent over 1956. Extension for 3 years was made in 1958, running through the fiscal year 1961, with further authorization made in line with wider participation. Authorized increases were 10 percent in 1958 over 1957, 12 percent in 1959 over 1958, and 8.3 percent in 1960 over 1959. This year, 1961, will show an increase of about 6 percent above 1960.

Actual increases in the amount of milk consumed by schoolchildren mean the development and improvement of their diets, and the acquisition of the good health habit of wanting and liking milk. It also means that CCC is acquiring less dairy products, and current inventories are being reduced. This is Congress' goal.

Every year, more schools participate in the special milk program, and more youngsters are drinking milk. An addition of 2 percent in the number of participating schools has been made over last year. The previous year showed a 2.9 percent gain. Over the past 3 years, the consumption of milk contained in half pints rose from 2.2 billion in 1959, through 2.4 billion in 1960, to an estimated 2.5 billion for 1961.

I have introduced legislation on this well-accepted program and urge favorable action on the measure to extend the special milk program for 1 year and increase CCC funds to a minimum \$105 million for the 1962 fiscal year.

Since 1954, the Army, Navy, Air Force, the Merchant Marine Academy and veterans' hospitals have been supplied with milk and dairy products under provisions outlined in the Armed Forces—Veterans' Administration dairy program. The dairy products thus employed represent price-support purchases supplied without cost, and are drawn from CCC inventories through donation. Therefore, good use of these dairy commodities is achieved through donation to the military because of their availability as a result of price-support programs. I advocate extension of the Armed Forces and Veterans' Administration dairy program on a permanent basis and ask that authorization be directed to CCC for reimbursement of the Veterans' Administration and the Department of Defense for the portion of fluid milk purchases which the Secretary of Agriculture decides will produce the price-support program objectives as provided for in the bill which I introduced recently.

Mr. JOHNSON. We have with us Congressman Thomson from Wisconsin. I imagine you are here to testify today with regard to school milk.

STATEMENT OF HON. VERNON THOMSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WISCONSIN

Mr. THOMSON. Mr. Chairman, members of the committee, I certainly am anxious to get on the record in favor of the school milk program.

I had anticipated when I came up here to devote some of my time to the sanitation and a number of milk provisions of the bill which I

have submitted with others, but I have been informed that that matter has been deferred to some other later hearing.

I cannot understand why anyone would oppose a program such as is sought in the measures that are before this committee.

I understand that the question of financing it is the principal concern at this time. And I cannot understand in that area why there would be a fear that the Congress would not vote adequate funds both for the school lunch program and the school milk program because of the tremendous amount of good in nutrition and health of the young people of this country which comes from these two coordinated programs.

At the present time there is great concern, I am certain, in many States about the inadequate appropriations for the school lunch program that use milk. And I know in my district they have received notice that as of the first of May the Federal contribution will be dropped to 1.5 cents per meal, whereas they have budgeted their school program on the basis of 5 cents per meal.

I offered a bill yesterday to provide for supplemental funds in that field. But milk is used in the school lunch program as well as in the school milk program.

I just want to go on record this morning as vigorously supporting the continuation of this school milk program.

Mr. JOHNSON. That is why many of the school people are against direct appropriations. They feel that when it comes out of the CCC, they will get it, but if they have to go to the Appropriations Committee, they figure they will get less. I have had it expressed to me that way.

Mr. THOMSON. I have heard that fear expressed also, but I think that Congress should be honest with the people and let the people know where the benefits are going and who is paying the bill. I do not think it should be charged to the dairy program. I think the Congress should specifically say that it is for education and nutrition and we want adequate funds for that purpose, and have the courage to insist on passing the bills that would provide it.

Mr. JOHNSON. The way we are financing it now will probably mean they will say it is back-door spending.

Mr. THOMSON. Probably, it is back-door spending, and I am against that. I am against charging it to agriculture. I think it is time that we take some of the mystery away from where the money comes from and where it goes and be honest with the people, and we will be better off in agriculture and better off in education and better off financially, and we will have a clear conscience about the matter.

Mr. MCINTIRE. May I express, as one member of the committee, our pleasure, Congressman Thomson, in your presenting your views to the committee this morning.

Coming back to the point that you mentioned relative to a shortage of funds under the school lunch program, this was a point of some discussion with the Department people yesterday. If I got the picture correctly—I may be misunderstanding them—it has been and is their practice to notify the several States, and they, in turn, possibly notify each of the school units or districts or whatever it may be, of the amount of funds available.

Then it is somewhat within their jurisdiction as to how they apportion this amount of money through the school year.

It was pointed out to us yesterday there are some districts or perhaps maybe some States, I do not know, which choose to use the maximum figure as long as it lasts, rather than to set this figure at the beginning of the school year or calendar year or fiscal year, whichever they use, on a prorated basis to make the fund spread out throughout the whole of their school year.

This was a rather interesting point I thought I would mention to you as it was reported to us yesterday.

Mr. THOMSON. I have observed in some instances a State would apportion 9 cents per meal, for instance, in the school lunch program and others apportion between 3.5 cents a meal and 5 cents a meal. But I think it is an impossible budgetary problem for a school district, if they pay or at least have reason to believe that the amount that is allotted to them will be adequate for the school year.

In your schools and in ours the money to operate the school that is not supplied by the State aid comes from the real estate taxpayer. And in Wisconsin they have always apportioned the money to last through the school year. That was 5 cents per school lunch in the past program.

It came as quite a shock to the administrative officials of these small districts to learn that they were going to be allowed only 1.5 cents a meal. Some of them thought of even giving up the school lunch program and staying only with the school milk program. They get 4.5 cents per half pint of milk in that program, and they thought, why try to provide these nutritious meals at 1.5 cents.

I think that actually these schools had reason to believe that the amount of money that was allotted to them would last during the school year, until the money was used up.

Mr. McINTIRE. I am not as well informed as I might be on this but you speak about these funds lasting through the school year. Has there been any change or any withdrawal of allocation of funds from the State of Wisconsin?

Mr. THOMSON. No; but there has been a tremendous increase in participation, both in the number of schoolchildren and the number of schools that have participated.

Mr. JOHNSON. I was told by the Department of Agriculture that in the last 2 years there has been no increase in the amount that has been appropriated for the school lunch program. So there is probably a shortage in the States where you have an increased attendance.

Mr. McINTIRE. What I am trying to get at is—there is \$100 million appropriated for the school lunch program, I believe. I think that is the figure. Do you know?

Mr. MURRAY (assistant clerk). I do not know offhand.

Mr. JOHNSON. There was an appropriation last year for the school lunch program.

Mr. McINTIRE. Up to now it has been withdrawn from the capital item of the CCC. It looks to me the Appropriations Committee has not had anything to say about this matter. And the school lunch is an appropriation item.

What I am trying to get at is this—on which perhaps others are better informed than I—the money that was allocated to the State of Wisconsin at the beginning of the school year has not changed, has it, during the school year?

Mr. THOMSON. No.

Mr. McINTIRE. The money provided, for all practical purposes, is available. If, however, there is an increase in the number of children eligible, and more children participate, then the amount of money available at the beginning of the school year as a fixed figure is not going to go as far as it did before, because there are more people participating.

So is this a matter of determination made at the local administrative level as to what this rate would be? Is it a determination which although made on the high side is not sufficient to accommodate an increased number of people? Is that it?

Mr. THOMSON. No; I think the determination is made at the State level. The administrator of the program at the State level apportions that money and notifies the district that they will get 7 cents or 3 cents or 5 cents a meal and the local authorities have the understanding that they are going to get that during the school year.

You will find in the Congressional Record a statement entered by Senator Wiley on the 6th of April—I do not know what page you will find it on—but you will find communications from a good many States in the Union about their plight so far as the school lunch program is concerned. So the problem is not just one in Wisconsin. It is widespread.

Mr. McINTIRE. Thank you.

Mr. JOHNSON. I understand that there are 22 States running short of money.

Mr. THOMSON. Incidentally, most of them are in worse condition than Wisconsin. Some have been cut off entirely.

Being producers of milk, we are very much concerned in seeing that a product that is so available in such great volume be made available to these children who need it, particularly in this period of time when maybe some of the diets have been restricted because of unemployment and other conditions.

And we think it is more essential than ever that these children have a good hot meal with milk in it at noon at their schools.

Mr. McINTIRE. On the basis of your review of the situation, this supplemental appropriation bill which is now up, does it or does it not carry financial support for this?

Mr. THOMSON. It carries an item of \$10 million which I was advised would be adequate for the remainder of the fiscal year.

Mr. McINTIRE. Is this on the supplemental bill which is now before the House or one that is coming up?

Mr. THOMSON. This is a bill that I introduced yesterday. There may be others, I do not know. I know there is one on the Senate side, Senator Wiley has introduced one, and I am sure there will be others.

Mr. McINTIRE. Thank you.

Mr. JOHNSON. Thank you.

Mr. THOMSON. Thank you.

Mr. JOHNSON. Is there anyone further who wishes to testify?

Mr. McINTIRE. In view of the discussion we have had on this appropriation for the school lunch, Mr. Murray has given me a memorandum, and I request that it be made a part of the record so we will have it for reference in the record of this hearing.

And I might just mention that the 1961 appropriation is \$110 million, plus the authorization of \$45 million to be withdrawn from the section 32 funds, making a total of \$155 million.

For the previous year it was \$110 million, plus \$43.6 million from section 32 funds. There is an increase of almost \$2 million from 1960 to 1961.

In 1960 there was the authorization to withdraw from section 32 funds a total of \$153.6 million. In 1961, a total of \$155 million. And the request for 1962 is a total of \$165 million, an increase of \$10 million.

I think it would be wise to have that in the record so that we have that in the record.

Mr. JOHNSON. If there is no objection, that will be made a part of the record.

(The table follows.)

School lunch appropriations

<i>Fiscal year:</i>	<i>Amount</i>
1960-----	\$110,000,000, plus \$43,600,000 transferred from sec. 32; total \$153,600,000.
1961-----	\$110,000,000, plus \$45,000,000 transferred from sec. 32; total \$155,000,000.
1962-----	\$110,000,000 (original request), \$120,000,000 (revised request), plus \$45,000,000 transferred from sec. 32; total \$165,000,000.

Mr. McINTIRE. It is my understanding from the testimony of yesterday that the Department will be submitting a draft of a bill?

Mr. JOHNSON. That is what I understand.

Mr. McINTIRE. Is it your plan that as soon as we receive that, this subcommittee will, perhaps, meet in executive session so that we can see how to handle the bills or, perhaps, consider a clean bill?

Mr. JOHNSON. That is my intention at this time. I do not know otherwise.

Mr. McINTIRE. May I say for the record that I understand the chairman has granted permission on the part of each of the parties to file a statement for the record.

Mr. JOHNSON. Yes.

(The statements follow:)

STATEMENT OF GRACIE PFOST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. Chairman and members of the subcommittee, I appreciate the opportunity you have given me to appear today on behalf of my bill, H.R. 3565, and companion bills designed to extend and increase the special school milk program for children.

Chairman Johnson, I wish to commend you for your leadership and your able and consistent work in guiding legislation through the House in the past which has expanded the school milk program materially. You and the members of your subcommittee have truly proven to be good friends of our American youth.

My bill would extend this worthy program for 1 year beginning with the fiscal year starting July 1, 1961, and it would increase funds available under the program from its present \$95 million level to \$105 million.

The school milk program has deservedly won wide popular acclaim since it was put into operation in 1955. I remember describing it at that time as an investment in the health of America and I have solidly backed it ever since. Its operation has brought rich, nutritional milk into the diets of millions of children at a time when they need it to promote healthy growth. The contribution in this regard can hardly be measured in terms of dollars expended, but it has been vast, indeed.

The record chalked up by the program since its inception has been most impressive in showing both the increased use of milk and the increased number of schools and child-care institutions taking part in it.

The operation was launched with a modest \$17.1 million expenditure. It was an experiment but, as time has shown, it caught on quickly and more and more States came into the program. By 1957, there were 71,239 participating schools and institutions, and 1.75 billion half pints of milk were consumed by the children. In 1958, there were 76,478 units taking part and 1.9 billion half pints of milk were consumed. In 1959, there were 81,587 participating units and 2.18 billion half pints of milk were consumed by children. During the last fiscal year of 1960, children from 84,000 schools and child-care institutions consumed 2.4 billion half pints of milk.

In my own State of Idaho, there are now 443 schools and child-care institutions enrolled in the program. Last year, children in the State consumed 6.1 million half pints of milk under the program. The Federal expenditure to Idaho under the program amounted to \$209,362 last year.

Now, what will expanding the school milk program mean to the Nation and to my State of Idaho? It will mean, in the simplest terms, that more and more children will be given the healthful benefits of milk as part of their regular diets.

Dairy experts at the Department of Agriculture, Mr. Chairman, inform me that there are at the present time depressed areas in the Nation—both urban and rural—which are not yet sharing in the program. It certainly should be extended to these areas as quickly as possible. There are, at the same time, school districts which plan to increase their participation in the program, through serving milk two or three times a day rather than at just the customary luncheon period.

For Idaho, the Department of Agriculture dairymen said they anticipated an increase of from 6 to 10 percent in the school milk program during the fiscal year covered by this legislation. This is good news for me and it will also be good news for the families of those hundreds, possibly thousands, of additional Idaho youngsters who will be brought under the plan in the future. As one who grew up on a farm, who milked cows from the time I was hardly higher than this table, I can only commend such increases in milk consumption most highly.

Another factor to keep in mind about the school milk operation is that it is administered locally, with a minimum of redtape. Idaho is a prime dairy State and therefore the program has had special meaning for our dairy farmers and to our economy. In effect, it has proved to be a two-way street—the children being helped by the farmer who provides the milk on the one hand, and the farmer in turn being helped economically by having a steady market for his product.

Mr. Chairman, and members of this subcommittee, I urge that you vote favorably on this legislation. It truly represents an investment in America's future. Thank you.

STATEMENT OF CLEM MILLER, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, and members of the committee, I welcome the opportunity to again express my strong support for legislation to extend and expand the special school milk program for children.

I am pleased to be included among the cosponsors of this legislation.

The best evidence that this program is doing a job that needs to be done is its wide acceptance to the extent that extension and expansion are needed just to keep the program operating at its present level.

In California, for example, in 1955—shortly after the program began—some 15,000 half pints of milk were distributed to schoolchildren. Last year more than 260,000 half pints were distributed to California schoolchildren under the program. Around the country, the program grew by 6 percent last year over the preceding year. Each year more than 1 million additional children are entering our schools across the country.

I would like to emphasize that the school milk program is a health program, for the general welfare, rather than solely a "farm" program to be charged solely to agriculture.

Although the program pays an added dividend by helping stabilize the milk market, it confers multiple benefits to the Nation as do such other agriculture-related programs as the school-lunch program, poultry inspection, food distribution programs related to public welfare, foreign relations and defense, and

long-range research programs for improvement of agricultural, soil, and water resources.

I join the other sponsors in urging a favorable report from this committee and prompt enactment of the increased authorization so that our schools and other participating agencies may plan in confidence for this most beneficial program.

STATEMENT OF JOHN J. McFALL, A REPRESENTATIVE IN CONGRESS FROM THE
STATE OF CALIFORNIA

Mr. Chairman, I appreciate the opportunity of testifying in support of legislation to increase the authorization for extension and expansion of the school milk program.

This program is one of the most worthwhile of the many farm support programs, since it enhances the health of children who otherwise might not get enough milk to drink, and it does not affect the price that consumers pay in the marketplace.

I am the author of H.R. 4139, which is similar to a number of other bills on the subject being considered by your committee. My legislation would authorize expenditure of \$105 million for the school milk program during the 1962 fiscal year which begins July 1.

As your committee well knows, we had to enact emergency legislation last year in order to forestall the curtailment of this program in the last 2 months of the school year.

Nationally some 83,000 schools and institutions participated in the program last year, 6,061 of them in California where 266 million half pints of milk were distributed.

I urge your favorable action on this legislation which is extremely modest when measured against the health benefits afforded so many small children, and the economic benefits for our dairymen who are in such dire straits.

STATEMENT OF JOHN C. YORK, REPRESENTING EASTERN MILK PRODUCERS
COOPERATIVE ASSOCIATION OF SYRACUSE, N.Y.

My name is John C. York and I am representing Eastern Milk Producers Cooperative Association, Inc., Kinne Road, East Syracuse, N.Y. I am presenting in the Northeast Dairy Bloc include Eastern Milk Producers Cooperative; and also as secretary of the Northeast Dairy Bloc. The organizations represented in the Northeast Dairy Bloc include Eastern Milk Producers Cooperative, Northern Farms Cooperative, Montpelier, Vt.; Local Dairymen's Association of Providence, R.I.; Maine Dairymen's Association, Fryeburg, Maine; Fall River Milk Producers Association, Fall River, Mass.; and the United Milk Producers of New Jersey, Trenton, N.J. The dairy bloc represents a total of approximately 15,000 dairy farmers. Also attending the January 17 meeting in Albany was William Berghold, editor of the Rural New Yorker, for whom I am also making this statement.

This group favors legislation that would permanently extend the Armed Forces and veterans dairy program and the special milk program for children.

Eastern Milk Producers supported the adoption of these programs in 1954 in testimony before the Senate and House Agriculture Committees. We have consistently and vigorously endorsed the accomplishments of the program and have supported their expansion in testimony during subsequent years.

We feel these programs have aided immeasurably in the expansion of markets for dairy products. The special milk program alone now accounts for annual sales of approximately 2.5 billion half pints of fluid milk—more than 2 percent of our total national nonfarm consumption. It is evident from a study of the mechanics of the program itself that the consumption is an additional outlet for fluid milk that otherwise would be added to our surplus supply.

The cost-price squeeze that dairy farmers are faced with today makes it imperative that every means possible be utilized to maintain and expand our markets for dairy products, particularly fluid milk.

We cannot stress enough the importance of the special milk program from the point of view of its impact on the health habits of our Nation's children.

Schoolchildren, through the program, now have a definite incentive and opportunity to develop proper and sound health habits through milk drinking that they could well carry with them throughout their lives. Thus the program not only aids in improving the physical health of the Nation's children but also serves to lay the groundwork for a stronger dairy product market in the years to come.

Placing these programs on a permanent basis would help remove any possible reluctance to participate on the part of cooperating agencies. They would have a more definite assurance of the availability of funds and the mechanics of the programs on which to base their future plans for participation. The majority of our schools have come to appreciate the value of the special milk program and would undoubtedly be willing to encourage its expansion if it were placed on a more permanent basis.

While the special milk program has made tremendous strides since its inception, we would encourage any effort directed toward achieving an even greater participation. As stated above we feel that making the programs permanent will be a step in this direction. However, it could very well be true that some upward adjustment in the rate of reimbursement will be necessary in order to encourage participation in certain areas of the country. We have in mind areas that have been hard hit by economic depression, where children find it difficult or even impossible to take part in the program at present.

The Armed Forces and veterans dairy program also provides valuable outlets for milk and dairy products that otherwise would be an addition to our surplus supply. These products are donated from the CCC inventories and supplied to the Armed Forces and Veterans' Administration without cost. The milk and dairy products involved, of course, are a result of the dairy price support program. Military outlets are an excellent and obvious means of disposing of such products. Here, too, these programs achieve the twofold objective of assisting in stabilizing markets for dairy farmers and in improving the nutrition and dietary habits of our population.

We would like to express our appreciation to the chairman and other members of this committee for the opportunity to bring our views to your attention.

Mr. JOHNSON. The subcommittee stands adjourned.

(Whereupon, at 10:45 a.m., the hearing was adjourned.)

