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SUPPLEMENTAL APPROPRIATION BILL, 1967

GOVERNMENT

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HEARINGS
BEFORE
SUBCOMMITTEES OF THE
COMMITTEE ON APPROPRIATIONS
HOUSE OF REPRESENTATIVES
EIGHTY-NINTH CONGRESS
SECOND SESSION

PART 2

Department of Agriculture
Department of Housing and Urban Development
Department of the Interior
Executive Office of the President
Federal Coal Mine Safety Board of Review
Legislative Branch
Public Health Service
Select Commission on Western Hemisphere Immigration
Veterans' Administration

DEC 17
1966

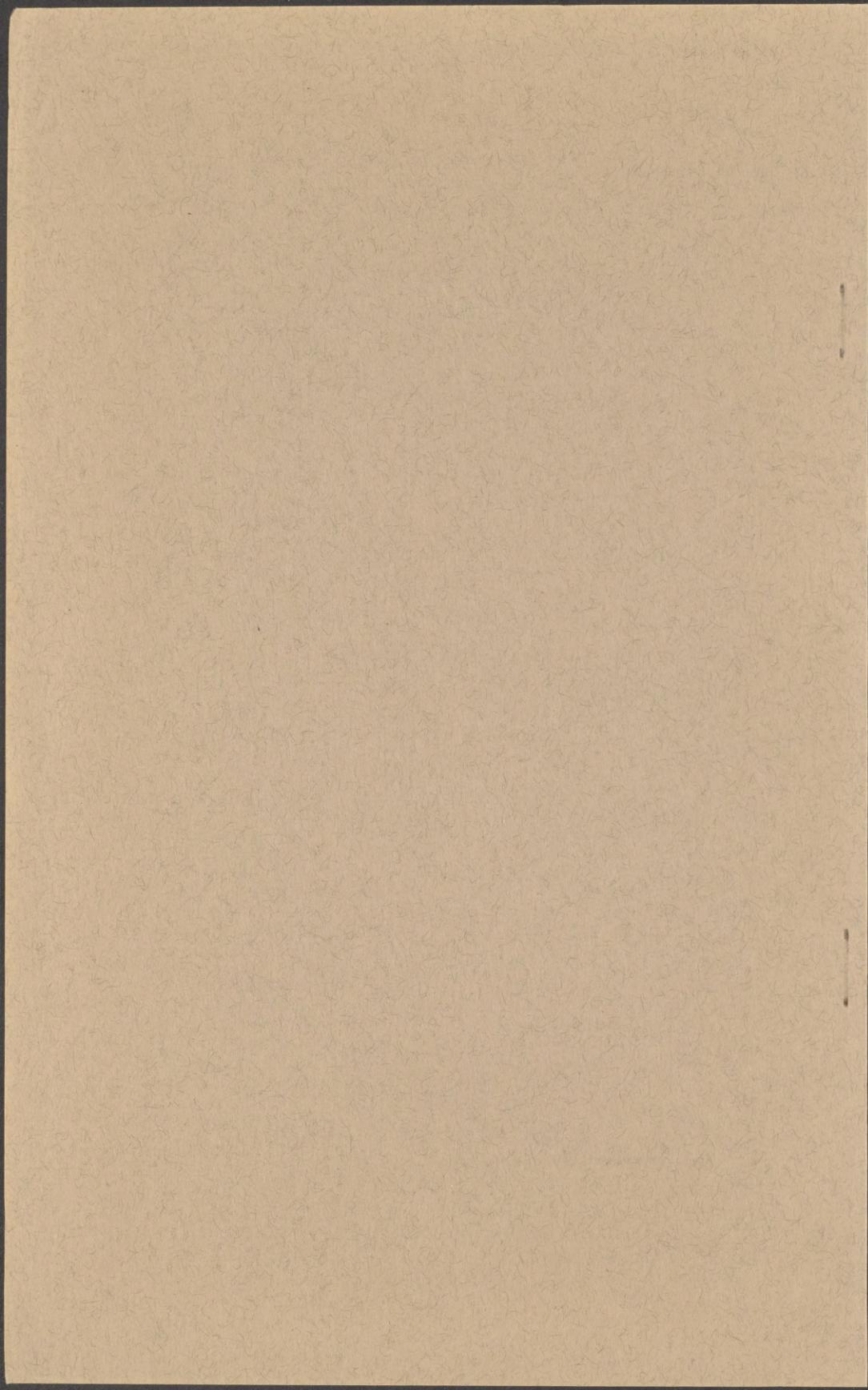
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SUPPLEMENTAL APPROPRIATION BILL, 1967

COMMITTEE ON APPROPRIATIONS

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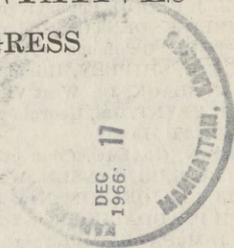
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WASHINGTON : 1966

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SUPPLEMENTAL APPROPRIATION BILL, 1967

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FRIDAY, OCTOBER 7, 1966.

VETERANS' ADMINISTRATION

WITNESSES

W. J. DRIVER, ADMINISTRATOR

A. H. MONK, ASSOCIATE DEPUTY ADMINISTRATOR

D. C. KNAPP, ACTING GENERAL COUNSEL

J. D. SHYTLER, CONTROLLER

V. P. MILLER, DIRECTOR, BUDGET SERVICE

A. W. STRATTON, CHIEF BENEFITS DIRECTOR

L. A. TOWNSEND, DEPUTY DIRECTOR, COMPENSATION PENSION AND EDUCATION SERVICE

J. M. DERVAN, DIRECTOR, LOAN GUARANTY SERVICE

E. R. SILBERMAN, DIRECTOR, PROGRAM PLANNING AND BUDGETING SERVICE

Mr. EVINS. The committee will be in order.

We have with us this morning our friends from the Veterans' Administration on a supplemental funding request in connection with the new GI bill of rights passed by Congress in March but which has not yet been funded. We have before us today a request for \$19,320,000 for general operating expenses and \$327 million for readjustment benefits. These requests are contained in House Document 505.

We anticipated, Mr. Administrator, that you would be coming back to see us because of this new and important law. The committee will be pleased to hear you.

GENERAL STATEMENT

Mr. DRIVER. Mr. Chairman and gentlemen of the committee, I appreciate this opportunity to appear before you today to explain our 1967 supplemental appropriations request for readjustment benefits (\$327 million) and general operating expenses (\$19.3 million), transmitted to the Congress by the President on October 5, 1966. These additional requirements relate entirely to the enactment of the Veterans' Readjustment Benefits Act of 1966 (Public Law 89-358, approved March 3, 1966). The new law provides for readjustment edu-

cation and training benefits to eligible veterans who served on active duty after January 31, 1955. It also provides for payment of tuition for on-duty servicemen with over 2 years of service. There is no cutoff date in the law, and therefore, we have a continuing program. In addition, the law extends direct and guaranteed home and farm loan benefits to post-Korean veterans. A summary of the principal provisions of the new law is attached for your ready reference.

READJUSTMENT BENEFITS

Additional funds in the amount of \$327 million, required under this title, are to support an estimated average monthly number of veterans in training in fiscal year 1967 of 240,000. The law provides payments of \$100 monthly for single veterans, \$125 monthly for a married veteran with one dependent, and \$150 monthly for a veteran with two or dependents, providing he is pursuing full-time institutional training. Our estimates contemplate an average monthly payment per trainee of \$113.50.

The estimate of \$327 million for 1967 was predicated on the receipt of 770,000 applications for training this year. Through September 30, we have received 434,000 applications, which substantiates our original estimate.

As you know, obligations against this account are all for benefit payments authorized by law and over which we have no administrative control.

The detailed computation of our requirements under this title can be found on page 4 of the justification material previously provided you.

GENERAL OPERATING EXPENSES

We are requesting an additional amount under this title of \$19,320,000 for fiscal year 1967. This raises the total required under "General operating expenses" from \$159,330,000, provided by Public Law 89-555 approved September 6, 1966, to \$178,650,000 for fiscal year 1967. All aspects of our administrative operations have been affected by this legislation. Our regional offices at this moment are using all of the resources possible to get these veterans in training.

Through September, we have already received 434,000 applications for training—which must be handled promptly. Informal information from our regional offices indicates that applications are continuing to come in at a rate that fully substantiates our original estimates.

Our regional offices are flooded with applications. As I have indicated, we have received over 400,000, and there is no way that we can see that we can handle these without this additional operating money.

LOAN PROGRAMS

The impact upon loan guarantee program workloads has been significant.

Nearly 220,000 certificates of eligibility have been issued to post-Korean veterans and active duty servicemen for loan benefits.

Nearly 80,000 applications have been received for loans to be made by private lenders to such veterans and guaranteed by VA.

Mr. EVINS. Define for the record "certificates of eligibility," please.

Mr. DRIVER. This is a document which the VA gives on request, Mr.

Chairman, indicating that he meets the required eligibility requirements, that he has the right service—

Mr. EVINS. The veteran has been honorably discharged and he writes in to inquire as to whether or not he is eligible for a GI loan. You investigate and give him a certificate saying, "You are eligible."

Mr. DRIVER. We may have to go to the service department, search the records, and give him the information.

Mr. EVINS. The certificate of eligibility is an endorsement that he is eligible for a GI loan.

Mr. DRIVER. And when he goes to his bank, they can see at a glance that he has met the requirements of the law.

Mr. EVINS. And each honorably discharged veteran is entitled to one and only one certificate of eligibility?

Mr. DRIVER. Yes, sir; but he may, if he moves under circumstances beyond his control, be entitled to a restoration of his eligibility so that he might get two guaranteed loans.

Mr. EVINS. You have issued 220,000 of those recently?

Mr. DRIVER. That is right, sir.

Mr. EVINS. You may proceed.

Mr. DRIVER. We have had over 7,000 applications for direct loans which have been received from such veterans.

Over 40,000 GI loans have been guaranteed or insured for such veterans.

Approximately 2,400 direct loans have been made.

Our estimates of workloads, employment, and cost for the various administrative activities are located under the "General operating expenses" tab of the justification material previously provided the committee.

This concludes my statement. We will be pleased to furnish you any further information you may require.

Mr. Chairman, both of these items, the benefit payment of \$327 million, and the general operating expense of \$19-plus million are both directly attributable to this one law.

Mr. EVINS. Mr. Chairman, your statement is most helpful and goes right to the point. Then you have a summary of Public Law 89-358 which you have attached, and this is the Readjustment Benefits Act which goes back to January 31, 1955, making all veterans eligible for benefits since that date.

Mr. DRIVER. That is right, sir.

Mr. EVINS. That was the cutoff date for benefits under the Korean GI bill.

NUMBER OF VETERANS ELIGIBLE

Mr. DRIVER. That is right, and overnight the new bill created eligibility for about 4 million veterans who were in the population and we are now getting new ones every year at the rate of about 500,000.

Mr. EVINS. I made a statement last spring that this new law made 4 million veterans eligible for benefits and then I read somewhere else it was 4½ million.

Mr. DRIVER. Well, sir, it is going up every day. At the time the bill was signed, 4 million was the correct figure.

Mr. EVINS. Four million at the time the bill was signed, and this was in March 1966?

MR. DRIVER. That is right, sir.

MR. EVINS. It is estimated today there are about 4½ million veterans eligible under this new law.

MR. DRIVER. Yes, sir. By the end of this year it will be in excess of that.

SUMMARY OF VETERANS READJUSTMENT BENEFITS ACT OF 1966

MR. EVINS. This summary of the law will be added at this point in the record.

(The document follows:)

PUBLIC LAW 89-358—VETERANS' READJUSTMENT BENEFITS ACT OF 1966

Education.—A permanent program of educational assistance is provided for veterans serving in the Armed Forces after 1-31-55 on the basis of a month of training in an approved institution for each month of service, up to 36 months. Allowances for full-time training are set at \$100 per month for a single veteran, \$125 if there is one dependent, and \$150 if more than one dependent. These benefits are also made available to individuals still on active duty, but only to the extent of tuition costs. These payments become effective 6-1-66. Repeals Chapter 33 of title 38 relating to the Korean conflict education and training program.

Loans.—Direct and guaranteed home and farm loan benefits similar to those now provided are extended to post-1-31-55 veterans, including some active duty personnel. Applicants under this new provision will generally be required to deposit an initial fee, not to exceed one-half of 1 percent, which will be used to pay claims, and management expenses. The maximum amount for a direct loan to any veteran is raised to \$17,500. Authorizes the Administrator to establish maximum interest rates up to the going FHA rate. Also provisions restricting set-offs from VA benefits or other Government payments because of liability to U.S. under VA loan programs are included.

War orphans' educational assistance program.—Amendments are included to: [1] make the Administrator's finality of decision applicable to this program [2] convert it into a permanent program; and [3] authorize the Administrator to prescribe regulations concerning the certification of enrollments and attendance.

Other benefits for veterans serving after 1-31-55.—

Grants non-service-connected hospitalization.

Provides wartime presumptions of service-connection for compensation purposes.

Authorizes the furnishing of flags to drape the caskets of deceased veterans.

Provides job counseling and job placement assistance.

Grants preference in Federal employment.

Amends the Soldiers' and Sailors' Civil Relief Act to prohibit, except by leave of court, the eviction of a serviceman's dependents, from rented homes where monthly rental does not exceed \$150.

Effective date.—With the exception of the educational assistance, the provisions are effective upon enactment. Approved March 3, 1966.

INCREASED TRAVEL LIMITATION

MR. DRIVER. I have an appendix to my statement having to do with the proposed independent offices general provision increasing the limitation on travel expenses.

MR. EVINS. We will put this in the record and we will talk about it when we get around to travel.

(The document follows:)

APPENDIX TO STATEMENT OF ADMINISTRATOR OF VETERANS' AFFAIRS

OCTOBER 7, 1966.

Mr. Chairman, the proposed Independent Offices General Provision which increases the limitation on travel expenses to the extent necessary to provide

for such increases in travel expenses as may result from Public Law 89-516 enacted July 21, 1966, is of specific concern to the Veterans' Administration.

General Provisions of the Independent Offices Appropriation Act for 1967 establishes the budget estimates for employee travel as limitations by appropriation. Public Law 89-516 liberalizes reimbursement to employees and their families for travel expenses incurred in transfer between duty stations and will increase our costs for employee travel in 1967 over our original budget estimates.

We plan to absorb these costs without additional appropriations. However, we will not be able to hold costs within present limitations without serious curtailment in employee travel.

The problem is especially critical in medical programs where our ability to transfer scarce category professional personnel between hospitals is essential to medical program operations.

In the case of the Medical Care Appropriation our employee travel limitation is \$852,000 for 1967. We estimate that Public Law 89-516 will increase these costs by \$428,000 or fifty percent. Likewise in the case of Medical Administration and Miscellaneous Operating Expenses and Medical and Prosthetic Research Appropriations, we estimate increased costs of \$24,000 and \$16,000 respectively.

I know you gentlemen understand the necessity for latitude and flexibility in placement of medical personnel. In addition to minimizing financial hardship on employees, Public Law 89-516 will enhance our ability to effect transfers to achieve maximum utilization of personnel, but only if we have sufficient travel limitation. In the absence of increased limitations Public Law 89-516 would in effect hamper our operations in 1967.

I therefore urge your favorable consideration of this provision.

READJUSTMENT PROGRAMS

Mr. EVINS. Mr. Chairman, you are asking in this supplemental for \$327 million for readjustment benefits under the new law and for \$19.3 million for general operating expense. You have indicated that 4.5 million veterans have been made eligible and 770,000 applications for training have been projected for how long?

Mr. DRIVER. For this year.

Mr. EVINS. You have actually received 434,000 applications?

Mr. DRIVER. Yes, sir. Cumulative through September.

Mr. EVINS. This includes college level, below college level, on-the-farm training, all types?

Mr. DRIVER. No farm training.

Mr. EVINS. That is not in the bill?

Mr. DRIVER. No.

Mr. EVINS. The farmboys need training too. The old law provided for on-the-farm training. The new law does not do this.

Mr. DRIVER. No, sir.

Mr. EVINS. Can they receive on-the-job training?

Mr. DRIVER. No, sir. Neither on-the-farm nor on-the-job training is provided for in this bill.

Mr. EVINS. What types of training were not included in the new law that were included in the former law?

Mr. MONK. On-the-farm training and on-the-job training.

Mr. EVINS. The scope has been narrowed. It is basically technical training or college.

Mr. MONK. That is correct.

Mr. EVINS. You have already received 434,000 applications?

Mr. MONK. So far.

Mr. EVINS. Are there a lot of new schools being set up to give this training or is it in existing institutions?

Mr. MONK. This law, as the Korean law, was tightened up. A school has to be in existence 2 years before it is eligible.

Mr. EVINS. So there will be no fly-by-night schools here?

Mr. MONK. We hope not.

WORKLOAD PROJECTIONS

Mr. EVINS. Do you think this figure of 770,000 applications is high?

Mr. DRIVER. No, sir; we think it is conservative, based on the receipt through September of 434,000. When you add the number we will get in January for the second semester, we think it could approach 800,000.

Mr. EVINS. The Veterans' Administration has had vast experience in the World War II training, the GI bill, and then the Korean program. I was on the veterans' legislative committee when that was written and we had a special select committee to study the school problems, and we think we tightened up the standards and improved them.

So you have had a lot of experience and these, you think, are rather firm figures, developed and checked out by your experience.

Mr. DRIVER. Yes, sir; and based, too, on experience that we had during June, July, and August in the summer enrollment. We had 64,000 in training then and the number of applications that were received for those 64,000, compared to what is happening now indicates clearly we are going to hit this.

Mr. EVINS. You have 64,000 veterans in training?

Mr. DRIVER. For summer school.

Mr. EVINS. This is under this law?

Mr. DRIVER. Yes, sir. The law became effective the first day of June.

FUNDING AUTHORITY UNDER THE CONTINUING RESOLUTION

Mr. EVINS. State for the record how this program has been funded.

Mr. DRIVER. It was funded under the continuing resolution.

Mr. MONK. There is usually a month's delay in payment to beneficiaries. Payments for June enrollment were made in July.

Mr. EVINS. This is the first appropriation under this law, but actually some veterans are already in school.

Mr. DRIVER. Yes, sir.

Mr. EVINS. There was a special provision in the continuing resolution allowing the VA to pay for the training of the veterans under this new act. This is actually the first appropriation for the new GI benefits bill.

Mr. DRIVER. That is right.

Mr. EVINS. This number you feel is pretty well checked out?

Mr. DRIVER. There is no question in my mind, Mr. Chairman.

EDUCATION UNIT COSTS

Mr. EVINS. What is your average cost per month per veteran under this program?

Mr. DRIVER. We estimate \$113.50.

Mr. EVINS. Per veteran?

Mr. DRIVER. That is right.

Mr. EVINS. How much does that run per year?

Mr. MONK. \$1,362.50.

Mr. EVINS. How does that cost compare to college costs today?

Mr. DRIVER. This wouldn't pay in many cases for the college costs which are up in the \$2,000 or \$3,000 bracket. Like previous GI bills, this has not been designed to meet the total cost, but to be an aid to the veteran in paying for his education.

Mr. EVINS. Not a total cost, but an aid to the veteran?

Mr. DRIVER. That is right.

Mr. RHODES. How does that compare with the unit cost for the Job Corps?

Mr. DRIVER. I can't answer that. I don't know.

Mr. RHODES. Well, I can. It is about one-sixth of the cost of a Job Corps enrollee.

Mr. EVINS. We have before this committee some other requests for scholarship and fellowship programs that far exceed this amount.

GENERAL OPERATING EXPENSES

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Personnel compensation:			
11.1 Permanent positions.....	131,951	144,929	12,978
11.3 Positions other than permanent.....	320	320	-----
11.5 Other personnel compensation.....	925	1,925	1,000
Total personnel compensation.....	133,196	147,174	13,978
Direct costs: Personnel compensation.....			
12.0 Personnel benefits.....	132,632	146,610	13,978
13.0 Benefits for former personnel.....	10,063	11,207	1,144
21.0 Travel and transportation of persons.....	-----	-----	-----
Employee travel.....	998	998	-----
Transportation of things.....	1,971	2,371	400
22.0 Rent communications and utilities.....	372	372	-----
23.0 Printing and reproduction.....	5,970	6,142	172
24.0 Other services.....	1,803	1,906	103
25.1 Services of other agencies.....	2,966	4,875	1,909
25.2 Supplies and materials.....	806	806	-----
26.0 Equipment.....	1,211	1,321	110
31.0 Lands and structures.....	398	498	100
32.0 Investments and loans.....	-----	-----	-----
33.0 Grants, subsidies, and contributions.....	100	1,504	1,404
41.0 Insurance claims and indemnities.....	40	40	-----
Total direct costs.....	159,330	178,650	19,320
Total reimbursable costs.....	688	688	-----
Total costs funded.....	160,018	179,338	19,320
99.0 Total obligations.....	160,018	179,338	19,320

Personnel summary

	1965 actual	1966 revised	1967 revised
Total number of permanent positions.....	18,599	19,366	19,907
Full-time equivalent of other positions.....	86	174	61
Average number of all employees.....	17,605	17,545	18,566
Average GS grade.....	6.8	6.8	6.8
Average GS salary.....	\$7,413	\$7,735	\$7,714

Program and financing

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Program by activities:			
Direct program costs:			
1. General administration	14,710	14,965	255
2. Data management	11,188	11,508	320
3. Veterans benefits:			
(a) Program planning and direction	12,148	12,148	-----
(b) Field operations:			
(1) Executive administration	3,848	3,848	-----
(2) Contact	6,761	7,842	1,081
(3) Compensation, pension and education	36,714	48,559	11,845
(4) Loan guaranty	21,872	24,142	2,270
(5) Guardianship	12,499	12,499	-----
(6) Insurance	7,363	7,363	-----
(7) Office services	32,227	35,776	3,549
Total direct program costs, funded	159,330	178,650	19,320
Reimbursable program:			
Total reimbursable program costs	688	688	-----
Total program cost, funded ¹	160,018	179,338	19,320
Total obligations	160,018	179,338	19,320
Financing:			
Receipts and reimbursements from Administrative budget accounts	-668	-688	-----
New obligational authority	159,330	178,650	19,320
Relation of obligations to expenditures:			
Total obligations	160,018	179,338	19,320
Receipts and other offsets	-688	-688	-----
Obligations affecting expenditures	159,330	178,650	19,320
Obligated balance, start of year	6,631	6,631	-----
Obligated balance, end of year	-7,276	-7,853	-577
Expenditures, excluding pay increase supplemental	158,655	177,398	18,743
Expenditures from civilian pay increase supplemental	30	30	-----
¹ Includes capital outlay as follows	398	498	100

Mr. EVINS. Let's take a look, gentlemen, at the administrative expense request of \$19,320,000 for the fiscal year 1967. Then we will all have a chance to ask any questions you wish.

Mr. Administrator, I want to say for the record this committee has always tried to provide you all the money needed and necessary for the veterans' programs. I made a pledge once that we would never let the veterans down and I know we have never done that. We want you to have what is needed and necessary.

On the other hand, on this side of the table we want to look at the cost of these programs.

With your fine organization and your great number of personnel and your great skill and your knowledge and experience, can't you take this new law and manage it and operate it? I don't mean absorb completely, but you already have a going institution. I am asking you why you have to have nearly \$20 million additional for operating expenses to implement this bill?

Mr. DRIVER. Well, for a variety of reasons, Mr. Chairman.

For example, in the course of the year to receive over 700,000 applications, each one has to be handled separately, files pulled and reviewed. We have additional computer expense to pay these benefits every month. We put a quarter of a million checks in the mail on

a monthly basis. These are the reasons associated with this. We have had to hire over 1,500 people just to handle this flood.

This is going to approach proportions that we have not seen since the end of the Korean emergency and it just plain takes a good number of people.

As you know, and I would readily admit, the committee has been very generous in understanding our needs and making the moneys available, but we had in this area, in the general operating expense area, dealing with regional office activities, a steady decline for a number of years. We got down to the point where we were below 15,000 people, and these are located in 56 offices. They handle compensation, pension, housing, and all the other benefit programs aside from the Department of Medicine. We just got to the point where they were stretched so thin we couldn't handle the flood.

Mr. EVINS. How many personnel has the VA lost, let us say, in the last 2 years, prior to the passage of this act?

Mr. DRIVER. In this particular area?

Mr. EVINS. Yes.

Mr. SILBERMAN. We lost around 680 persons.

Mr. EVINS. In the Department of Veterans Benefits?

Mr. SILBERMAN. Yes.

Mr. EVINS. And prior to the enactment of this new law?

Mr. SILBERMAN. That is right.

STAFFING REQUIREMENT

Mr. EVINS. How many new personnel would it take to implement this new law, Mr. Silberman?

Mr. SILBERMAN. The average employment of 1,924, as the Administrator indicated in his statement, is about the figure that would be required to handle this. A large number of these have already been employed.

Mr. EVINS. You have already begun to build up this force?

Mr. SILBERMAN. That is right. We are about 90 percent staffed already.

Mr. EVINS. Again for the record, how many new personnel are you asking for in this—

Mr. DRIVER. About 1,900.

Mr. EVINS. The overall is about 1,900?

Mr. DRIVER. Yes, sir.

Mr. EVINS. How many of the 1,900 are on board?

Mr. DRIVER. About 1,800.

Mr. SILBERMAN. An average of 1,750 so far this year.

Mr. EVINS. You will need about 200 more?

Mr. SILBERMAN. Yes.

Mr. DRIVER. The total is in here—an average of 1,924 for the year.

AUTHORITY UNDER CONTINUING RESOLUTION

Mr. JONAS. Mr. Silberman, are you sure that continuing resolution gives you authority to start a new program?

Mr. DRIVER. Yes, sir; it was specifically written that way.

Mr. MONK. There was specific language in the continuing resolution; special language.

Mr. DRIVER. Had it not been for that, we couldn't have implemented the program.

Mr. EVINS. Let us review for the record on what has happened in this matter. Four and a half million members are anticipated to receive benefits. The law was enacted and when the continuing resolution was passed, special language was included allowing them to use funds for payments to students who were in training. Section 101(c) of House Joint Resolution 1180 says: "Such amounts as may be necessary to enable the Veterans' Administration to carry out the provisions of the Veterans' Readjustment Benefits Act of 1966 (Public Law 89-358)."

You stated how many have been receiving some benefits under the continuing resolution.

Mr. DRIVER. We had 64,000 in summer school whom we paid under the continuing resolution. We have been processing the 700,000 applicants plus the summer enrollees with the additional people whom we hired under the continuing resolution.

Mr. EVINS. 64,000 veterans—

Mr. DRIVER. Received payments during the summer school under the continuing resolution. This continuing resolution language specifically earmarking this bill was essential in order to meet the payments prior to a supplemental appropriation.

Mr. EVINS. Mr. Administrator, it is getting a little late in the year. Do you think you need all of this money prior to the regular budget which we will consider in the new year?

Mr. DRIVER. There is no question about that, Mr. Chairman.

TRAVEL LIMITATION—GENERAL PROVISIONS

Mr. EVINS. Now, tell us about the increased costs of travel which is in your appendix statement here. There is some language requested in House Document 505 in connection with the Independent Offices general provisions which will allow increased travel in certain instances.

Mr. DRIVER. Yes, sir.

Mr. EVINS. This is a new law?

Mr. DRIVER. Public Law 89-516 enacted on the 21st of July. It liberalized reimbursement to employees and their families for travel expenses incurred in the permanent change of duty stations and it will increase our costs. We plan to absorb these without appropriation. However, we need the travel limitation increased. In the case of medical care, for example, our employment travel limitation is \$852,000 for 1967. Public Law 89-516 will increase these, we estimate, by about 428,000, or about half.

In the case of medical administration and miscellaneous operating expense, and the research appropriation, we estimate an increase in cost of about \$24,000 and \$16,000, respectively.

Public Law 89-516 will certainly be a great benefit to the employees transferring, but it will also increase the requirement for travel limitation in the Veterans' Administration.

Mr. EVINS. House Document 505 says:

The limitations imposed on travel expenses of employees by Section 102 of the Independent Offices Appropriations Act of 1967 are hereby increased to the extent necessary to provide for such increases in the expenses as may result from the act of July 21, 1966.

This is "Travel of employees." Those moved from station to station.

Mr. DRIVER. Yes, sir. From one hospital to another.

Mr. EVINS. How many transfers do you anticipate?

Mr. DRIVER. We estimate approximately 1,300 people would move in the course of a year.

JUSTIFICATION MATERIAL—OPERATING EXPENSES

Mr. EVINS. We will place in the record the material from House Document 505 and pages 4 through 10 of the justification.

(The material follows:)

"VETERANS ADMINISTRATION

"GENERAL OPERATING EXPENSES

"For an additional amount for 'General operating expenses', \$19,320,000."

The Veterans Readjustment Benefits Act of 1966 (Public Law 89-358, approved March 3, 1966), authorizes educational assistance, home loans, loan guarantees, and other benefits for veterans who have served in the Armed Forces after January 31, 1955. This proposed supplemental appropriation would provide the necessary funds to cover the costs of administering this assistance for eligible veterans.

GENERAL OPERATING EXPENSES

This appropriation is responsible for the administrative expenses connected with the implementation of the Veterans Readjustment Benefits Act of 1966 (P.L. 89-358). This Act established a permanent program of educational and loan guaranty benefits for veterans who served after January 31, 1955, and for certain on-duty servicemen.

In order to perform the workload associated with the new program, additional new obligational authority in the amount of \$19,320 thousand will be required for 1967. This supplemental raises the total new obligational authority requested for 1967 from \$159,330 thousand to \$178,650 thousand. This increase is necessary to process applications, adjudicate eligibility, certify awards, counsel prospective trainees, dispatch monthly checks, and perform various other administrative duties connected with putting 514 thousand veterans into training and closing over 71,000 loans.

Revised estimates of employment and costs to implement this new legislation during 1967 are summarized in the following table.

Direct program costs	1967 presently available	1967 revised estimate	1967 proposed supplemental
General administration:			
Average employment.....	1,177	1,227	50
Costs (in thousands).....	\$14,710	\$14,965	\$255
Data management:			
Average employment.....	1,027	1,049	22
Costs (in thousands).....	\$11,188	\$11,508	\$320
Veterans benefits:			
Average employment.....	14,299	16,151	1,852
Costs (in thousands).....	\$133,432	\$152,177	\$18,745
Total G.O.E.:			
Average employment.....	16,503	18,427	1,924
Costs (in thousands).....	\$159,330	\$178,650	\$19,320

1. *General administration.*—In Central Office, the Administrative Services activity expects the following increases in its workload and personnel service requirements.

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Mail processed (in thousands).....	4,370	5,138	768
Searching and filing actions (in thousands).....	3,836	5,769	1,933
Claim numbers registered (in thousands).....	141	781	640
Average employment.....	355	405	50
Payroll costs (in thousands).....	\$2,543	\$2,798	\$255

2. *Data management.*—In its continuing search for more efficient ways of serving the veteran, this department will make all education allowance payments through the electronic computer. The computer will maintain the master record, produce a monthly payment tape, and prepare statistical reports on the operation of the program. In this connection, the department will require 20,500 more programming manhours, 4,600 more computer hours, and 8,100 more hours of keypunching time. This increased workload will require an increase in employment and other objects cost as estimated below.

[Dollar amounts in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Average employment.....	1,027	1,049	22
Payroll costs.....	\$8,681	\$8,831	\$150

Additional funds will be required to rent one medium scale computer, a few more keypunch machines, print new instructions, and purchase supplies of tab cards and paper. The forecast for these other objects follows:

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Rental of equipment.....	1,683	1,805	122
Printing and reproduction.....	623	626	3
Supplies and material.....	344	364	20
All other costs.....	593	618	24

3. *Veterans benefits.*—An appreciable increase is expected in this department's workload because of the new programs of education and housing loan assistance contained in the Veterans Readjustment Act of 1966. The number of eligible veterans who served since the Korean War, the participation rate experienced with earlier education programs, and the amount of interest already expressed in this legislation have all been used in estimating the program workloads which follow:

Contact

[In thousands]

Workloads	1967 presently available	1967 revised estimate	1967 proposed supplemental
Interviews.....	4,697	6,339	1,642
Applications and forms.....	1,523	2,061	538

In order to provide timely personal service to interested veterans, this program will require additional personnel costs as follows :

[Dollar amounts in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Average employment.....	751	901	150
Payroll costs.....	\$6,726	\$7,757	\$1,031

Compensation, Pension and Education

This program has responsibility for determining eligibility for training, providing counseling, and adjudicating awards and changes in status. Applications for training and new entrances into training will be processed for veterans of recent military service as follows :

[In thousands]

Workloads	1967 presently available	1967 revised estimate	1967 proposed supplemental
Applications for training.....		770	770
New entrances into training.....		514	514
Average number of trainees.....		240	240

These additional trainees will produce a substantial increase in workload and will result in increased personnel requirements. Other object estimates are primarily for free basis counseling of 30,500 additional cases and the renewal of contracts with state approving agencies for school accreditations.

[Dollar amounts in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Average employment.....	3,526	4,426	900
Payroll costs.....	\$35,275	\$43,682	\$8,407
Other services.....	\$966	\$2,808	\$1,842
Grants to States.....	\$100	\$1,504	\$1,404
All other costs.....	\$373	\$565	\$192

Loan guaranty

The housing loan assistance features of the new G.I. Bill will produce increases in loan closings as indicated in the following :

	1967 presently available	1967 revised estimate	1967 proposed supplemental
G.I. loans closed.....thousands..	156	223	67
Direct loans closed.....thousands..	5	10	5

The following personnel services and other object cost will be needed to process the applications, perform credit checks, determine eligibility, and handle all other duties related to making and servicing loans.

[Dollar amounts in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Average employment.....	2,502	2,754	252
Payroll costs.....	\$20,721	\$22,791	\$2,070
All other costs.....	\$1,193	\$1,393	\$200

Office services

In providing efficient and timely support to the above programs, this activity's workload will increase as indicated by the following examples:

Workloads (in thousands)	1967 presently available	1967 revised estimate	1967 proposed supplemental
Mail, messenger, index.....	104,959	115,263	10,664
Folder lookups.....	30,576	32,095	1,519
Certifications.....		2,880	2,880

To accomplish this expanded mission, the following increase in man-years will be required:

[Dollar amounts in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Average employment.....	4,680	5,230	550
Payroll costs.....	\$30,562	\$33,771	\$3,209

About \$30 thousand will be needed for rental of 50 card converters, \$13 thousand for mail, and \$7 thousand for miscellaneous telecommunications cost.

[Dollars in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Rents, communications, and utilities.....	\$4,757	\$4,807	\$50

The instructions, manual changes and special issues necessary to insure uniform implementation will have the following effect on printing costs.

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Printing and reproduction.....thousands..	\$1,000	\$1,100	\$100

Office services

This activity provides supplies and material for all employees in the department. The increase in personnel will result in the following increased estimate for these items:

[Dollars in thousands]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Supplies and materials.....	\$742	\$832	\$90

Department-wide equipment needs are also met through this activity. New equipment will be required to support the additional personnel as follows:

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Equipment..... thousands..	\$300	\$400	\$100

The following table summarizes the requirements for this new legislation by department and program.

Summary of employment and costs, fiscal year 1967

	Employment		Costs (in thousands)
	End of year	Average	
Staff, administrative services.....	65	50	\$255
Department of Data Management.....	23	22	320
Department of Veterans Benefits:			
Contact.....	160	150	1,081
Compensation, pension, and education.....	1,084	900	11,845
Loan guarantee.....	472	252	2,270
Office services.....	680	550	3,549
Total, Department of Veterans Benefits.....	2,396	1,852	18,745
Total, general operating expenses.....	2,484	1,924	19,320

Summary of selected workload items, actuals versus estimates, fiscal year 1967

Workloads	Annual estimate	Actual		
		July	August	Cumulative
Applications for training.....	770,000	64,315	86,611	150,926
New entrances into training.....	514,000	48,489	28,400	76,889
Fee basis counselings.....	30,500	2,430	3,274	5,704
Contact interviews.....	1,642,000	152,189	209,071	361,260
Loan eligibility determinations.....	180,699	29,767	30,451	60,218

Mr. EVINS. Refer to the table on page 10, which shows applications for training. The annual estimate is 770,000. In July you had 64,000 and in August 86,000.

Mr. DRIVER. Yes, sir.

Mr. EVINS. For new entrances in training, the August figure is less than July, but the cumulative total is 76,889. For fee basis counseling, you had 2,430 in July. Tell us about these.

Mr. DRIVER. These are counseling episodes that are conducted by university counseling activities. For example, where we pay the

counselor to examine the case, consult with the veteran concerned, and decide whether or not the kind of training they are taking is appropriate to their physical condition. We do a great deal of this, as you know, under the War Orphans Act and also under the rehabilitation program.

Mr. EVINS. Do these payments go to the college or to the individual professor in addition to the regular salary?

Mr. DRIVER. No, sir; they normally go to the counseling unit which is a part of the college, and the counseling unit would distribute the funds.

Mr. EVINS. Do they train and teach these veterans or do they just advise them?

Mr. DRIVER. They advise them. This is not the teaching course itself.

Mr. EVINS. This is based on a regular set, stipulated fee?

Mr. DRIVER. Yes, sir.

Mr. EVINS. You estimate you will have about 30,500.

Mr. DRIVER. 30,500 in the course of a year. Of the 770,000, that many would require special counseling.

Mr. EVINS. Your contract interview workload are people who come to your offices, your centers, for information?

Mr. DRIVER. To inquire about benefits. Housing, education, medicine, and the like.

You see, this bill gave a great deal more than just education in the form of benefits. It provided medical care, it provided home loans, the typical GI bill benefits.

READJUSTMENT BENEFITS

Object classification

[In thousands of dollars]

	Fiscal year 1967		
	Presently available	Revised estimate	Proposed supplemental
Grants, subsidies, and contributions.....	35,692	362,692	327,000
Insurance claims and indemnities.....	8,487	8,487	-----
Total costs, funded, obligations.....	44,179	371,179	327,000

Program and financing

[In thousands of dollars]

	Fiscal year 1967		
	Presently available	Revised estimate	Proposed supplemental
Program by activities:			
1. Education and training:			
(a) Veterans of recent military service.....		327,000	327,000
(b) Sons and daughters.....	30,742	30,742	
Total education and training.....	30,742	357,742	327,000
2. Special assistance to disabled veterans:			
(a) Vocational rehabilitation.....	7,687	7,687	
(b) Housing grants.....	4,950	4,950	
(c) Automobiles or other conveyances for disabled veterans.....	800	800	
Total special assistance to disabled veterans.....	13,437	13,437	
Total program costs, funded—obligations.....	44,179	371,179	327,000
Financing:			
Unobligated balance available, start of year.....	-1,779	-1,779	
New obligational authority.....	42,400	369,400	327,000
Relation of obligations to expenditures:			
Total obligations (affecting expenditures).....	44,179	371,179	327,000
Obligated balance, start of year.....	66	66	
Obligated balance, end of year.....	-66	-66	
Expenditures.....	44,179	371,179	327,000

Mr. EVINS. Let's take a look at readjustment benefits. We will place the information on pages 3 and 4 in the record as well as the material from House Document 505.

(The material follows:)

"READJUSTMENT BENEFITS

"For an additional amount for 'Readjustment benefits', \$327,000,000, to remain available until expended."

The Veterans Readjustment Benefits Act of 1966 (Public Law 89-358, approved March 3, 1966), authorizes educational assistance to qualified veterans who served on active duty after January 31, 1955. About 800,000 veterans are expected to apply for benefits and this proposed supplemental would provide for payments to a monthly average of 240,000 students in the fiscal year 1967.

READJUSTMENT BENEFITS

Additional funds in the amount of \$327.0 million will be required to supplement the \$44.2 million presently available for 1967. The increased requirements of \$327.0 million is due completely to the enactment of the Veterans' Readjustment Benefits Act of 1966 (Public Law 89-358, approved March 3, 1966), subsequent to the presentation of the 1967 Budget. Obligations incurred against these funds arise by operation of law and as such are not administratively controllable.

Public Law 89-358, known as the Veterans' Readjustment Benefits Act of 1966, provides, in part, for readjustment education and training benefits to eligible veterans who served on active duty after January 31, 1955. The new law also provides for payment of tuition for on-duty servicemen with over two years of service. The law has no ending or cut-off date. Thus all service in the future will be qualifying, meaning that readjustment training will be a continuing program. Although the law became effective March 3, 1966, educational benefits are not payable for any period prior to June 1, 1966.

The law provides payments for full-time institutional training of \$100, \$125 and \$150 monthly for veterans alone, veteran and one dependent, and veteran and two or more dependents, respectively. No provision is made for separate payment of tuition, fees or books for veterans. Tuition only, however, is payable for the on-duty servicemen with over two years of service. Except for institu-

tional on the farm and institutional on-the-job training, other types of training under Public Law 89-358 are basically the same as under Public Law 346 (World War II G.I. Bill) and Public Law 550 (Korean Conflict Educational Bill); i.e., correspondence school courses, trade and vocational school courses, college courses (including cooperative courses) and foreign study at an approved educational institution of higher learning are all permitted.

Estimates for average monthly training loan are based upon prior experience with Public Law 550 and on the known veteran population that entered the Armed Forces and were discharged subsequently to January 31, 1955. The estimated number of such veterans who will be eligible to initiate training in FY 1967 approximates 4.5 million. This is the number of men who entered the Armed Forces on or after February 1, 1955, and had returned or will have returned to civil life on June 30, 1967. The number of on-duty servicemen with over two years of service is estimated to be 1,800,000 from which group an average number of 4,000 are expected to take advantage of the bill in Fiscal Year 1967 at an estimated annual cost of \$160 each for tuition. Applying Korean conflict education program (Public Law 550) experience to these potential number of trainees the following basic workloads are generated.

(a) Applications	770, 000
(b) New entrances	514, 000
(c) Reentrances	180, 000
(d) Terminations	504, 000

The monthly average number of eligible persons expected to train under this new program in 1967 is estimated to be 240,000. This estimate is determined by multiplying the number of veterans expected to enter training by the average number of months they are expected to be in training in the applicable year, divided by 12 to convert to a monthly average:

Number of veterans expected to train.....	514, 453
Average number of months in training.....	× 5.5
Number of trainee months.....	<u>2, 829, 492</u>
Therefore, 2,829,492 divided by 12 equals.....	236, 000
Number of in-service trainees.....	<u>4, 000</u>
Monthly average trainees.....	240, 000

The cost per trainee year is estimated at \$1,362.50. This is a combined rate and represents the average rate per trainee for veterans and the expected cost of tuition only for servicemen.

The cost per trainee year for veterans is based on the assumption that the composition of the monthly average training load as to the proportion who will be paid at each of the authorized rates (i.e., no dependents, one dependent, two or more dependents; full-time training, $\frac{3}{4}$ time training, $\frac{1}{2}$ time training, less than $\frac{1}{2}$ training, cooperative training) will approximate the distribution experienced with the Korean conflict program.

Fiscal year 1967 obligation data as related to Public Law 89-358

1st quarter:	
July 1966 actual.....	\$1, 989, 359
August 1966 actual (tentative).....	7, 385, 715
September 1966 estimated.....	<u>7, 624, 926</u>
Total 1st quarter.....	17, 000, 000
2d quarter, estimated.....	57, 900, 000
3d quarter, estimated.....	100, 100, 000
4th quarter, estimated.....	<u>152, 000, 000</u>
Fiscal year total.....	327, 000, 000

Funds requested will be required by November 1, 1966, for obligation and expenditure.

Mr. EVINS. Look at page 3 under readjustment benefits. This is largely repetition of what we have said. An increased requirement of \$327 million is due completely on the enactment of the Veterans

TUITION FOR ON-DUTY SERVICEMEN

Readjustment Act of 1966 approved in March of this year. Obligations incurred against these funds arrive through the operation of the law and are not administratively controllable.

This act provides in part for readjustment, education, and training benefits for veterans who served on active duty after January 31, 1955. The new law also provides for payments of tuition for on-duty servicemen.

These are not discharged veterans?

Mr. DRIVER. No, sir.

Mr. EVINS. These are men still in the service?

Mr. DRIVER. Yes, sir. After a man has completed 2 years of service, this bill permits him to take advantage of the benefits.

Mr. EVINS. If he is in service and is not in combat or on the front lines, he may be stationed where he can go to school.

Mr. DRIVER. Or buy a house. It would have to be compatible with his military duties. This particular provision was aimed at keeping career men in the service.

Mr. EVINS. This is a new type of training. This is for a man who is still in the service. This is something we haven't had before.

Mr. DRIVER. That is right. We have had about 8,000 of them so far.

Mr. EVINS. You have had 8,000 apply to take advantage of this?

Mr. DRIVER. That is right.

Mr. EVINS. What generally is the type training they are taking?

Mr. DRIVER. Mostly they are taking college training.

Mr. MONK. The payment to them, Mr. Chairman, is limited to tuition.

Mr. EVINS. Supposing a man is in a camp and decides to go to a college under this provision and he enrolls and after he is underway subsequently his commanding officer transfers him somewhere else. Does this detail a lot of work on the part of the administration?

Mr. DRIVER. If he were to interrupt, we would discontinue payments. If he continued some place else, we would put him back on the rolls and continue to pay him. It would be handling the case twice instead of once.

Mr. EVINS. How long is this man in service eligible to receive this type training?

Mr. DRIVER. A maximum of 36 months is permissible under the law. He has to complete 2 years of training service before he can take advantage of it.

Mr. EVINS. If he had 35 months of training and had 1 month available, how would he get the benefits of that extra amount?

Mr. DRIVER. That is something he has to figure out. He has to find a place to enroll.

Mr. EVINS. You know he is looking for the maximum of all benefits.

Mr. DRIVER. I would say that the typical case would be one where they wouldn't use absolutely 36 months. It would be a portion of it. Many took training under the bill for Korea and they would take 20 months, 28 months, or whatever it took to complete the course.

Mr. EVINS. There is no cutoff date under the law, but there is a maximum number of months permitted?

Mr. DRIVER. Yes, sir—36 months maximum.

Mr. EVINS. And as long as we have veterans, we are going to have veterans training programs?

Mr. DRIVER. Yes, sir. This particular bill has no terminal date. So from now on any man who enters the service and meets requirements would have an entitlement.

Mr. EVINS. It is a continuing program.

Mr. RHODES. Is there any DOD policy that you know of to give a man in this kind of training any reasonable protection from transfer?

Mr. STRATTON. Our experience so far has been that when a man starts to do this, he is going to check in with the people and, generally speaking, he is reasonably sure he will get to complete that course. There is no assurance. He might be moved out, but usually we see now DOD working very closely and they encourage these men to do this.

Mr. EVINS. Though the law went into effect March 3, 1966, the effective date was June 1, 1966, and this is the reason for the continuing resolution.

Mr. DRIVER. That is right.

Mr. EVINS. The law provides for full-time institutional training of \$100, \$125 and \$150 monthly for veterans alone, veterans with one dependent, and veterans with two or more dependents. Is this the maximum that he may receive while in training?

Mr. DRIVER. Yes, sir; \$150.

Mr. EVINS. If he has more children and more costs, he can't get it increased?

Mr. DRIVER. No, sir.

Mr. EVINS. And the tuition only is paid for servicemen?

Mr. DRIVER. That is right.

Mr. EVINS. With over 2 years of service.

Mr. DRIVER. Yes, sir.

Mr. EVINS. All other types of training except those listed are similar to the old law?

Mr. DRIVER. That is right.

Mr. EVINS. Correspondence courses are permitted, trade and vocational schools are authorized. Of course, college courses, including cooperative courses. What are "cooperative courses"?

Mr. MONK. That is where the man goes to school part of the time and works in a job part of the time.

FOREIGN STUDY

Mr. EVINS. It says foreign study may be approved in educational institutions of higher learning overseas.

Have you had many cases of men overseas who enrolled in school?

Mr. STRATTON. More, I think, for the servicemen than the regular veterans.

Mr. EVINS. Do you have some of those?

Mr. STRATTON. Yes, sir.

Mr. EVINS. They are always subject, like others, to orders to be moved?

Mr. STRATTON. That is correct.

Mr. EVINS. Are these things being handled overseas?

Mr. DRIVER. The cases?

Mr. EVINS. Yes.

Mr. DRIVER. They are handled here, sir.

Mr. EVINS. Estimated number of veterans who will be eligible to initiate training in 1967 are approximately 4.5 million. This is the number of men who entered the Armed Forces on and after February 1, 1955, and had returned or will have returned to civilian life by June 30, 1967.

ON-DUTY TRAINING

The number of on-duty servicemen with 2 years of service is estimated to be 1,800,000 from which an average number of 4,000 are expected to take advantage of the bill. How many are taking advantage of it as present in this latter category?

Mr. SILBERMAN. It is under a thousand at the moment.

Mr. EVINS. Don't you think you are a little high on that? Four thousand for in-service training? If you doubled that, it would be 2,000.

Mr. STRATTON. The 4,000 I think is an average, the monthly average over the year. To get a monthly average of 4,000, 8,000 expected is not at all inconsistent.

Mr. EVINS. Your table on page 4 shows the applications and the average cost which you have already discussed.

JOB FREEZE

Mr. BOLAND. You are not affected by the job freeze at all, are you?

Mr. DRIVER. No, sir. This is a new program being considered outside of that.

Mr. BOLAND. That is all I have.

Mr. GIAIMO. Mr. Driver, do I understand we don't have any pre-1955 veterans in training now?

Mr. DRIVER. Just a handful. Mostly those that are service-connected disabled.

Mr. GIAIMO. In general that group is small.

Mr. DRIVER. Yes, sir. When this new G.I. bill came along, the education program consisted of war orphans and the service-connected cases.

OPERATION OF EDUCATIONAL PROGRAM

Mr. GIAIMO. On the post-1955 veterans deriving benefits, the new law provides \$100, \$125 or \$150. On the tuition benefits, do they come under the original GI bill?

Mr. DRIVER. This is the total benefit.

Mr. GIAIMO. This is the total benefit under this legislation. It is not for tuition payments at all.

Mr. DRIVER. It covers everything. They have to pay their own bills at school.

Mr. GIAIMO. Do the post-1955 veterans today derive any kind of tuition benefits out of the original GI bill?

Mr. DRIVER. They have no eligibility.

Mr. GIAIMO. This is the sum total of what they get under Veterans' Administration programs?

Mr. DRIVER. That is right, for education.

Mr. MONK. Under the original GI bill, we started out paying tuition, books, and a subsistence allowance. We had so much trouble with that that when we revised the bill for Korea we made it an educational

allowance in which the man pays to the school rather than the VA paying the tuition and books.

Mr. GIAIMO. You give him a lump sum?

Mr. DRIVER. A monthly check.

Mr. MONK. He is responsible and pays the school all of the costs.

Mr. EVINS. The school certifies to the VA that he is enrolled and is continuing his studies. You have to check to be sure he is continuing his education.

Mr. DRIVER. There is a monthly certificate of attendance.

EDUCATION WORKLOAD

Mr. GIAIMO. On page 10 it says your annual estimate for new entrants is 514,000. Then in July and August you had a total of 76,800.

Mr. DRIVER. Yes, sir.

Mr. GIAIMO. How do you project 500,000? Isn't your peak load going to be in July and August?

And then again some time in the spring?

Mr. DRIVER. The peaks would be September and January.

Mr. GIAIMO. The enrollment period would be July, August, September, we will say.

Mr. DRIVER. July and August is summer school attendees. This is minimum.

Mr. GIAIMO. It is not contemplated for the enrollments coming about in September?

Mr. DRIVER. We have 350,000 in September.

Mr. GIAIMO. You have answered my question.

ON-THE-JOB TRAINING

As you said earlier, on-the-job training was not included in this bill. At the time this legislation came up, I received many expressions of concern and I am sure many of the other Members of Congress did, from our people back home in the State governments who were interested in benefits for the veterans and who expressed concern that on-the-job training had been left out of the bill.

In discussing this with members of the pertinent committee here in the Congress, I gathered that the feeling was that this was being handled by other programs and it would not be necessary to include it in the VA program, but that we would watch it carefully and see how it worked out. Is that the attitude?

Mr. DRIVER. Yes, sir.

Mr. GIAIMO. Can you tell us how it is working out?

Mr. DRIVER. It is probably too early to tell whether there is a gap in this bill or not.

Our feeling, and I think, as you indicated, the Veterans' Affairs Committee feeling, was that the on-the-job training program was not necessary under today's circumstances in our society, that there were other programs that had taken up this gap and the cutoff would be trade school and high school training on up into the college and university training and this was really the desirable goal.

COMPARISON OF GI BILLS

I think it is interesting to consider, in comparing the three GI bills we have had, that after World War II, when we had over 8 million taking training, approximately 30 percent or maybe 32 percent took institution of higher learning, college or better. After Korea about 50 percent took college. Our experience under this so far indicates we are going to approach 80 percent going to college. This indicates a steady increase in the educational level of the men entering service today and therefore a higher demand in terms of college training versus some other kind of training on the part of people coming out of service.

Mr. GIAIMO. Do you have any explanation for it, or opinion as to why this happens?

Mr. DRIVER. Just that education generally in the country—educational attainment is going up. The World War II and Korean veteran compared to his nonveteran counterpart by age group has better than a 2-year jump in terms of educational attainment. Better than 2 years.

I think that since World War II there has been in our total society a gradual raising of the educational level.

LOAN GUARANTY

Mr. GIAIMO. With regard to the impact of the loan guaranty program workload on page 2 of your general statement where you say "nearly 80,000 applications were received for loans made by private lenders, of which 40,000 were guaranteed," are we again talking of just post-1955 veterans?

Mr. DRIVER. That is right.

Mr. GIAIMO. This does not include loan applications which may include someone like myself from World War II.

Mr. DRIVER. This is post-Korean veterans and active duty people.

Mr. GIAIMO. World War II veterans are not eligible.

Mr. MONK. Some are, but not many.

Mr. GIAIMO. Are you having success in placing loans?

Mr. DRIVER. We have had some success.

Mr. GIAIMO. Now, this 40,000 which is guaranteed—

Mr. DRIVER. That means they got a loan from a bank or lending institution.

Mr. GIAIMO. What period of time are you talking about there?

Mr. DRIVER. March.

Mr. GIAIMO. This year?

Mr. DRIVER. Yes.

Mr. GIAIMO. Until the present time?

Mr. DRIVER. Yes, sir.

Mr. GIAIMO. And I assume they are dropping off because of the difficulty in getting VA loans? At least that is the case in the State of Connecticut.

Mr. DRIVER. That is true. You know, I am sure, that we raised the interest rate to 6 percent a couple of days ago.

Mr. GIAIMO. I know.

Mr. DRIVER. We hope this will tend to loosen up mortgage money.

Mr. GIAIMO. Are all of these 80,000 applications for mortgage loans?

Mr. DRIVER. These are guaranteed or insured loans, private loans, not direct loans.

Mr. GIAIMO. Are they mortgage loans or also for business?

Mr. DRIVER. Well, the number of other loans would be very small.

Mr. GIAIMO. So in general they are mortgage loans?

Mr. DRIVER. Yes.

Mr. GIAIMO. I have no further questions.

Mr. EVINS. Mr. Jonas.

EDUCATION AND TRAINING WORKLOAD ESTIMATES

Mr. JONAS. Mr. Driver, you say the \$327 million estimate is predicated on 770,000 applications for training?

Mr. DRIVER. Right, sir.

Mr. JONAS. Through September 30 you received 434,000 applications?

Mr. DRIVER. Right.

Mr. JONAS. When do you expect to get the others?

Mr. DRIVER. Principally in January for the second semester. We will have a flood of new ones in there. A lot of people start school in the second semester, January or February.

Mr. JONAS. Not many people start then, do they?

Mr. DRIVER. We estimate the peak will come in the second semester.

Mr. MONK. There will be quite a few more for the fall, schools starting late in September.

Mr. JONAS. Well, don't you lose some?

Mr. DRIVER. Yes.

Mr. JONAS. Now, you had 48,000 in July and 28,000 in August. Those are for summer schools. They are out now.

Mr. DRIVER. Most of them would be out of summer school. A good many of them would continue into the fall semester.

Mr. JONAS. Do you have any figures to show how many you expect to drop out?

Mr. MONK. Yes, sir.

Mr. JONAS. And how many will drop out at the end of the first semester?

Mr. DRIVER. We estimate at the end of the year our monthly average will be 240,000 for the year. So out of the 770,000, which figure would include those in summer school plus dropouts plus new enrollees.

Mr. JONAS. If you are wrong in your estimate then the money is not spent?

Mr. DRIVER. No, it carries over. It is just like the compensation program in that respect.

Mr. JONAS. The only thing that would fluctuate would be administrative costs?

Mr. DRIVER. The only controllable item.

Mr. JONAS. If your workload turns out to be lower than estimated, you would not need as much administrative money?

Mr. STRATTON. We really spend more money on the man that comes in and drops out early as to the administrative cost.

Mr. JONAS. I do not follow you on that.

Mr. STRATTON. Well, it takes two actions, Mr. Jonas.

Mr. JONAS. But it takes two actions also if the man completes his course?

Mr. STRATTON. That is correct.

Mr. JONAS. I do not see why there would be more administrative cost if he drops out in mid-term than if he completes.

Mr. STRATTON. If he drops out this is something we do not know ahead of time. We can fix a cost if it works out as he is expected.

TRAVEL LIMITATION INCREASE FOR RELOCATION EXPENSES

Mr. JONAS. I do not understand this limitation on travel.

Off the record.

(Discussion off the record.)

Mr. JONAS. I would like to have a little clearer understanding.

Mr. DRIVER. Yes, sir.

Mr. JONAS. The provision set forth on page 12, is that the proposed section you wanted to have in the bill?

Mr. MONK. Yes, sir.

Mr. JONAS. That is the language you propose?

Mr. MONK. In the original independent offices appropriation bill there is a limitation on travel of the amount in the budget.

Mr. JONAS. That is right, section 102, unless it is specified in the bill.

Mr. MONK. Correct, sir.

Mr. JONAS. Then you are limited to the budget estimate?

Mr. MONK. That is correct.

Now with this new law that pays for relocation expenses, our travel costs for people moving from one station to another is going up.

Mr. JONAS. Now, wait a minute, I do not understand that. I do not see why you would have to move people from existing locations to take care of this bill.

Mr. MONK. Well, we have in our system and particularly in the hospital system where we have 165 hospitals, we move many employees, particularly scarce category medical personnel.

Mr. JONAS. But the hospitals are excluded.

Mr. MONK. No, sir.

Mr. JONAS. The law says travel performed directly "in connection with care and treatment of medical benefits."

Mr. MONK. That is primarily, though, where we send an attendant with a patient.

Mr. DRIVER. That is temporary duty travel as distinguished from change of station travel.

Mr. MONK. Permanent change of station is controlled by the limitation.

Mr. JONAS. Yes. But this new GI bill does not involve any medical benefits.

Mr. DRIVER. This has not anything to do with the GI bill, sir.

Mr. EVINS. It is a change of duty station.

Mr. DRIVER. Yes, sir. This is a different law that affects people who are moved permanently from one station to another.

Mr. JONAS. Are you talking about 89-516?

Mr. DRIVER. Yes, sir.

Mr. JONAS. I have that before me.

Mr. DRIVER. We are not talking about travel in connection with the GI bill.

Mr. JONAS. That is a general change.

Mr. EVINS. With regard to the new law.

Mr. JONAS. It is not affected by the main thing we are talking about here?

Mr. EVINS. It is another law.

Mr. DRIVER. It affects every branch of the Government, not just the Veterans' Administration.

Mr. JONAS. But this change is not very specific, it just says the "limitations imposed on travel expenses by section 102" and that is the budget estimate limitation, "are hereby increased."

Do you mean increased above the budget estimates?

Mr. MONK. The limitation. We are going to absorb the cost, Mr. Jonas, but you see our limitation for travel and medical care was \$852,000. This was our budget figure for travel. Now, because of this new law we anticipate those costs will go up from \$852,000 by about \$438,000, almost half. So that if you held the limitation, we wouldn't be able to perform the travel that we had budgeted for and still pay the additional allowances that this new law provides.

Mr. JONAS. Now give me an explanation of how you say this exclusion does not apply, where it says section 102 does not apply to travel and so forth, to travel performed "directly in connection with care and treatment" of medical beneficiaries of the Veterans' Administration.

Mr. MONK. Well, when we put that in there—I admit that language could be interpreted very broadly to cover any travel in connection with the hospital program.

Mr. JONAS. Yes.

Mr. MONK. I think we made it pretty clear when we put it in there what we were talking about was where we were sending an attendant with a patient, you see, to take the patient to another hospital or to take care of the patient, take him home. The reason we asked for the limitation to be excluded here was that there was no way for us to control or to estimate how much of this travel would be involved during the year. So that the permanent duty station transfer employee travel, which was not in connection with patient care, if you want to put that in quotations, is not covered by that provision in the bill.

Mr. JONAS. That is all I have.

Mr. EVINS. Mr. Minshall?

FUTURE COST OF VETERANS BENEFITS

Mr. MINSHALL. Mr. Driver, if you look down the road, how do you project your costs for the Veterans' Administration for 1968, not only overall but especially for these readjustment benefits?

Mr. DRIVER. It will continue to increase.

Mr. MINSHALL. What figures can you give us? Can you give us any kind of a ball-park figure today?

Mr. DRIVER. About \$6.5 billion.

Mr. MINSHALL. Last year you had \$5.9 billion.

Mr. DRIVER. Right. But we had rate increases, several changes in the law, including this GI bill.

Mr. MONK. And pay raise increases.

Mr. MINSHALL. Have you ground into your estimates the current military situation?

Mr. DRIVER. Yes, sir.

Mr. MINSHALL. You figure that will add how much to it next year?

Mr. DRIVER. The current military situation?

Mr. MINSHALL. Yes.

Mr. DRIVER. Well, you would have to attribute all of the GI bill costs to this. It will be approaching half a billion dollars.

Mr. MINSHALL. Over and above?

Mr. DRIVER. More than it would have been if we did not have Vietnam.

Mr. MINSHALL. That is based on the present level of operations?

Mr. DRIVER. Yes, sir.

Mr. MINSHALL. For the approximately 300,000 troops that are there?

Mr. DRIVER. Well, yes. It is based on a 3-million military service, 3 million men in service.

Mr. MINSHALL. 3 million. If that figure goes up to 4 million, how much would that change your figure?

Mr. DRIVER. There probably would not be any impact in 1968.

Mr. MINSHALL. I understand. But when it would have an impact, how much would that affect your estimates?

Mr. DRIVER. We estimate into the future if we continue at a 3-million operation we will continue to receive an average each year of about 500,000 men eligible. So that is a ratio of 1-6.

Mr. MINSHALL. Have you been given any assurance by DOD or anyone else in authority that this will remain at 3 million?

Mr. DRIVER. No, sir.

Mr. MINSHALL. Do you think it will?

Mr. DRIVER. Do I think it will?

Mr. MINSHALL. Yes.

Mr. DRIVER. I have no idea. I would hope it would not go any higher. But certainly I do not know.

PILOT TRAINING

Mr. MINSHALL. Has any consideration been given to including pilot training under the veterans program?

Mr. DRIVER. There has been a lot of correspondence on this. Pilot training is only permitted where it is associated with a degree course. I know that the members of the Veterans' Committee have received a good deal of mail on it. My offhand opinion would be that there would not be any change, that what is provided now is adequate.

Mr. MINSHALL. What is provided now for the training of pilots?

Mr. DRIVER. The pilot training that is permissible under the law is training associated with an approved school course. There is no pilot training in and of itself on the part of an individual at a local airfield.

Mr. MINSHALL. What do you mean by an approved school course?

Mr. DRIVER. It has to be pilot training associated with a bachelor's degree course, for instance in aeronautical engineering.

Mr. MINSHALL. But what about someone who just wanted to train to become a commercial pilot with the idea of going with one of the airlines later? Why is there no provision for him?

Mr. DRIVER. There is a long history of this, that people who do that, who are interested in that, we had very poor experience. Most of the training that was taken as pilot training that would be associated with

the barnstorming type operation was purely for amusement. It was not to become a commercial pilot, sir.

Mr. EVINS. Mr. Rhodes.

Mr. RHODES. Off the record.

(Discussion off the record.)

Mr. RHODES. On the record.

ELIGIBILITY UNDER OTHER FEDERAL PROGRAMS

Mr. DRIVER, how does the allowance for training under this act fit into the other allowances for training under other laws such as the Manpower Training Act. Is there any possibility that a veteran could be in more than one program at once and be drawing two Federal checks?

Mr. DRIVER. No, sir. He cannot have that if he is getting another one. We have had a number of cases already where we have had inquiries and some complaint that that is not possible, but it is not.

Mr. GIAIMO. Will you yield right there?

Mr. RHODES. Yes.

Mr. GIAIMO. To get the benefits of this program does he have to be a full time student?

Mr. DRIVER. No; he can be part time, half, three-quarters time, full time.

Mr. GIAIMO. He could be working also?

Mr. DRIVER. Yes, sir.

Mr. GIAIMO. Could he not derive some on-the-job benefits from another program involved in his work and still qualify?

Mr. DRIVER. He cannot draw money under another educational program.

Mr. GIAIMO. Of the Government?

Mr. DRIVER. Of the Government and draw this at the same time.

Mr. GIAIMO. Where does the law say that? In your program?

Mr. DRIVER. In our law.

Mr. MONK. Our law says that this benefit cannot be paid where it would duplicate any other Federal benefit, for the same purpose. So that if the man, for example—and this does come up—is getting a grant, say from the Public Health Service to pay his tuition and subsistence or an allowance for this specific purpose, while he is going to school, he cannot at the same time get this grant. Of course, a very obvious one, if he is taking training in one of the service academies where all of his expense is being paid by the Government, he could not draw this benefit.

Mr. RHODES. Do you anticipate any trouble in policing this provision?

Mr. DRIVER. No.

Mr. RHODES. How do you go about ascertaining that they are not drawing two checks?

Mr. STRATTON. We do not have at this point any sort of a computer checkout between the two departments. But he certifies in his applying to each agency as to what he is getting from any other source in this area and we do not anticipate any problem.

Mr. DRIVER. We take his word for it.

Mr. STRATTON. If we do have a problem, of course, it is quite easily remedied.

Mr. JONAS. Will you yield?

Mr. RHODES. Yes.

Mr. JONAS. If you found out he gave misleading information you can make an effort to force its return.

Mr. DRIVER. Yes, sir.

Mr. JONAS. If you can get it.

Mr. DRIVER. Yes. Our experience in this sort of thing would indicate that they are not going to say they are not getting it if they are.

Mr. JONAS. Most of them would not do it.

LOAN GUARANTEE INTEREST RATES

Mr. RHODES. Mr. Giaimo mentioned the GI loans and I think your rejoinder was that you had recently raised the interest rate to 6 percent.

Mr. DRIVER. Yes, sir.

Mr. RHODES. Under the law how high can you raise the rate?

Mr. DRIVER. That is the limit.

Mr. RHODES. That is the limit allowable by the Congress?

Mr. DRIVER. Yes, sir.

Mr. RHODES. Do you anticipate that this will free money for GI loans or will it be necessary for you to ask the Congress to raise the ceiling?

Mr. DRIVER. We think that this will free money for loans. Quite frankly, we are, of course, going to sit back now and watch to see to what extent it does.

Mr. RHODES. Does the fact that there is a Government guarantee of the loan induce the lender to lend his money at a lower rate than he might otherwise?

Mr. DRIVER. That, plus the fact that with the Federal National Mortgage Association's activities there is the opportunity to sell it, to sell the paper. Those in combination make this possible.

Mr. RHODES. I understand there is a moratorium recently declared on the sale of participation certificates.

Mr. DRIVER. Yes, sir.

Mr. RHODES. But, of course, under the law you are absolutely right.

Mr. DRIVER. It is supposed to work that way.

Mr. RHODES. Presumably if the law stays in effect this will be done?

Mr. DRIVER. Yes.

Mr. JONAS. Would you yield?

Mr. RHODES. Yes.

Mr. JONAS. What is your current rule about points?

Mr. DRIVER. Well, our rule about points is just that the veteran cannot absorb the points.

Mr. JONAS. If any points become involved they have to be absorbed by the builder?

Mr. DRIVER. That is right, or the seller.

Mr. JONAS. Or the seller?

Mr. DRIVER. Yes.

Mr. JONAS. The veteran cannot be charged under your regulations more than the straight 6-percent interest plus some closing costs?

Mr. DRIVER. Yes, sir. Now you get into a close question about whether the points are in the selling price. And when you get down to a couple of hundred dollars it is hard to be absolutely precise that this is the value of the house.

Mr. GIAIMO. Can we go off the record?

Mr. RHODES. Yes; off the record.

(Discussion off the record.)

Mr. RHODES. Thank you, Mr. Chairman.

OVERTIME PAY

Mr. EVINS. Mr. Administrator, we note that you have a million dollars requested in your supplemental for overtime pay. Hasn't the President issued orders against overtime?

Mr. DRIVER. Well, here again we have a new law and this is a matter where we have been given relief in terms of this requirement for overtime. This is a situation where with a heavy enrollment at a certain time of the year it is cheaper to the Government to do it on an overtime basis than to hire people, train them, and then have to let them go after a short period. So this is handled as an exception, Mr. Chairman.

Mr. MONK. Even with this \$1 million, Mr. Chairman, we are going to be spending less than half of the amount of overtime in 1967 than we spent in 1966 in this appropriation.

Mr. EVINS. Mr. Jonas.

EMPLOYMENT

Mr. JONAS. Where did you get the 1,700 people you already have on board, that are competent and qualified?

Mr. DRIVER. In all areas where we have regional offices, there are 56 locations. A good many of them have been with us before.

Mr. JONAS. Recruiting?

Mr. DRIVER. Yes, sir.

Mr. JONAS. Active recruiting?

Mr. DRIVER. Yes.

Mr. STRATTON. We have a large number from colleges. I would say this group that we got, man for man, is excellent.

COMPUTER RENTAL

Mr. EVINS. Mr. Administrator, we note in your budget supplemental request you are asking for \$122,000 for equipment rental in the use of a medium-range computer. Can you not survey the possibility of using one now in the Government?

Mr. DRIVER. We do this now, Mr. Chairman. We have so many programs on computers that we must have more capacity in VA.

Mr. EVINS. Has not this committee provided you with funds for the computers? You have been one of the pioneers in the computer field.

Mr. DRIVER. Yes, we bought a great many.

Mr. EVINS. And still you have to rent another one?

Mr. DRIVER. Yes, sir; this is a terrifically big load.

Mr. EVINS. Well, when the workload in this goes up, the workload in other things goes down?

Mr. DRIVER. No, sir. Compensation and pensions continue to increase, the number of patients in hospitals continues to increase. All of our programs are on a steady increase. This, of course, to some extent is associated with the aging process that is taking place in the veteran population.

BUDGET BUREAU ACTION ON REQUESTS

Mr. EVINS. These figures that you are requesting, \$327 million for readjustment benefits and \$19 million for general operating expenses were reduced from your request by the Budget Bureau?

Mr. MONK. The operating expense was reduced a little over \$2 million. The \$327 million is what we asked.

Mr. EVINS. Thank you, gentlemen. Thank you very much. Good luck to you. We will look forward to seeing you in the new year. All the best.

Mr. DRIVER. Thank you, sir.

SELECT COMMISSION ON WESTERN HEMISPHERE IMMIGRATION

WITNESSES

RICHARD M. SCAMMON, CHAIRMAN, SELECT COMMISSION ON WESTERN HEMISPHERE IMMIGRATION

A. J. CRATEN, BUDGET REPRESENTATIVE, GSA

H. Z. DAVIS, PRESIDENTIAL COMMISSION LIAISON OFFICER, GSA

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

Identification code	1966 actual	1967 estimate	1968 estimate
Personnel compensation:			
11.1 Permanent positions.....		66	
11.3 Positions other than permanent.....		92	
Total personnel compensation.....		158	
12.0 Personnel benefits.....		12	
21.0 Travel and transportation of persons.....		100	
23.0 Rent, communications, and utilities.....		56	
24.0 Printing and reproduction.....		17	
25.1 Other services.....		65	
25.2 Services of other agencies.....		75	
26.0 Supplies and materials.....		15	
31.0 Equipment.....		25	
99.0 Total obligations.....		523	

Personnel summary

	1966 actual	1967 estimate	1968 estimate
Total number of permanent positions.....		8	
Full-time equivalent of other positions.....		8	
Average number of all employees.....		14	
Average equivalent GS grade.....		9.3	
Average equivalent GS salary.....		\$10,976	

Program and financing

[In thousands of dollars]

	1966 actual	1967 estimate	1968 estimate
Program by activities:			
10 Studies of immigration in the Western Hemisphere (costs obligations).....		523	
Financing:			
24 Unobligated balance available, end of year.....		377	
40 New obligational authority.....		900	
Relation of obligations to expenditures:			
10 Total obligations (obligations affecting expenditures).....		523	
74 Obligated balance, end of year.....		-48	
90 Expenditures.....		475	

Mr. EVINS. The committee will come to order.

The chairman of the Committee on Appropriations, Chairman Mahon, has assigned to the Subcommittee on Independent Offices Appropriation consideration of the supplemental request contained in House Document 505 for the Select Commission on Western Hemisphere Immigration. This is a new Commission, authorized under the Immigration Act. It was signed into law by President Johnson in October of 1965, just a year ago. And we have with us this morning Mr. Richard M. Scammon, Chairman of the Select Commission on Western Hemisphere Immigration. He is a former Director of the Bureau of the Census. We also have Mr. A. J. Craten, the budget representative of GSA, and Mr. H. Z. Davis, who is the Presidential Commission liaison officer for GSA. Mr. Reporter, we will insert the material from House Doc. 505 and pages 1 and 2 of the justification (The material follows:)

“SELECT COMMISSION ON WESTERN HEMISPHERE IMMIGRATION

“SALARIES AND EXPENSES

“For expenses necessary to carry out the provisions of section 21 of the Act of October 3, 1965 (Public Law 89-236), including services as authorized by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), but at rates for individuals not to exceed \$100 per diem, \$900,000, to remain available until expended.”

This appropriation would provide for the establishment and operation of the Select Commission on Western Hemisphere Immigration authorized by Public Law 89-236. The Commission is required by law to make an interim report by July 1, 1967, and a final report by January 15, 1968, to the Congress and the President on the relationship of current and anticipated demographic, technological, and economic trends in the Western Hemisphere to immigration and unemployment in the United States.

NARRATIVE JUSTIFICATION

As a result of extensive Congressional consideration of our national immigration policies last year, new legislation in this field (PL 89-236) was signed by President Johnson in October, 1965. Among the changes and adjustments in our immigration laws brought about by PL 89-236 was a 120,000 ceiling on immigration from Western Hemisphere nations, this limitation to become effective July 1st, 1968, in the absence of any intervening Congressional action. To consider the general field of Western Hemisphere immigration PL 89-236 also provided for the setting up of a Select Commission to undertake research in this area and to make recommendations for action to the President and to the Congress.

The Commission is composed of five members of the Senate (appointed by the President of the Senate), five members of the House of Representatives (ap-

pointed by the Speaker of that body), and five public members named by President Johnson. The Commission's membership was completed June 15th, 1966, and a first meeting has already been held.

Under PL 89-236, the Commission is specifically instructed to study:

(1) Demographic, technological, and economic trends, especially in the Western Hemisphere,

(2) Various aspects of present and projected unemployment in the United States, in relation to immigration from the Western Hemisphere,

(3) Interrelationships between immigration and national and international programs and projects of Western Hemisphere nations,

(4) Operations of United States immigration laws as they pertain to Western Hemisphere nations,

(5) Implications of the above with respect to security and international relations of Western Hemisphere nations, and

(6) Any other matters germane to the purposes of the Select Commission.

It is anticipated that the Commission will maintain a small core staff to manage its study programs and rely heavily upon the use of consultants and specialists to undertake the specific research projects the Commission will authorize to carry out the work envisaged above. Under the provisions of PL 89-236, a first report is to be made to the President and to the Congress on or before July 1, 1967, a final report on or before January 15, 1968. At the present time it is not possible to indicate how much may be developed for the first report and how much held over for the final, since this will depend in large part on fund availabilities. The cost of the Commission's work is estimated at \$900,000.

Detail of personnel compensation

	1966 actual		1967 estimate		1968 estimate	
	Number	Total salary	Number	Total salary	Number	Total salary
Grades and ranges:						
Grades equivalent to GS grades established by the Select Commission on Western Hemisphere Immigration:						
GS-18. \$25,890: staff director			1	\$25,890		
GS-15. \$17,500 to \$23,013: legislative liaison officer			1	19,978		
GS-11. \$9,221 to \$12,056			1	10,481		
GS-8. \$7,068 to \$9,183			1	7,538		
GS-7. \$6,451 to \$8,368			1	6,877		
GS-6. \$5,687 to \$7,451			1	6,263		
GS-5. \$5,331 to \$6,915			1	5,683		
GS-4. \$4,776 to \$6,216			1	5,096		
Total permanent			8	87,806		
Lapse			-2	-21,806		
Net permanent (average number, net salary)			6	66,000		
Positions other than permanent: Intermittent employment				92,000		
Total personnel compensation				158,000		

Mr. EVINS. Gentlemen, this is a new Commission, authorized under the new law and we are pleased to see Mr. Scammon and we will be pleased to hear you.

Mr. SCAMMON. Thank you, Mr. Chairman.

GENERAL STATEMENT

Gentlemen, I have no prepared general preliminary statement, save the material which is included in the narrative justification for the work of the select Commission.

As you will remember, last year there was considerable discussion in the Congress on modifications of national immigration policy. Dur-

ing those discussions the question was raised as to the imposition for the first time of a ceiling on immigration into the United States from countries of the Western Hemisphere.

Without going into the congressional background that you gentlemen know much better than I, the final arrangement was that a ceiling of 120,000 on such Western Hemisphere immigration was put into the legislation to become effective on July 1, 1968. In the meantime it was provided that this select commission be set up consisting of 15 members, 5 of your colleagues in the House, 5 Senators, and 5 public members appointed by the President.

This Commission is to consider the question of this ceiling and of Western Hemisphere immigration generally under the six headings included on this first full page of material that you have, and to recommend to the Congress and to the President any suggestions, thoughts, ideas they might have about this ceiling or about other aspects of Western Hemisphere immigration.

A preliminary report is to be made available both to the Congress and to the President at the end of June 1967, a final report in January of 1968. The work of the Commission will then end some weeks thereafter with the usual cleaning-up period to close out the files.

The sum suggested for the work is an appropriation for the total work of the Commission, \$900,000, a sum which in some respects, Mr. Chairman, is necessarily a "guesstimate." We do not know exactly what the members of the Commission, your colleagues, the Senators and the public members may wish to do in detail to carry on these study projects.

COMMISSION MEMBERS

Mr. EVINS. Have all the members of the Commission been named?

Mr. SCAMMON. They have.

Mr. EVINS. Will you include the list in the record at this point?

Mr. SCAMMON. Yes. From the House, Messrs. Celler, Feighan, McCulloch, Moore, and Rodino. From the Senate, Messrs. Dirksen, Eastland, Hart, Hruska, and Kennedy of Massachusetts. The public members are Mr. Farrell, Commissioner of Immigration and Naturalization; Mr. Gordon, Assistant Secretary of State; Mr. Ruttenberg, Assistant Secretary of Labor; Leo Cherne, of the Research Institute of America in New York; and myself as chairman. These are the 15 members, Mr. Chairman.

As I say, the list is here for the clerk.

(The information follows:)

[From the Office of the White House Press Secretary, the White House, June 15, 1966]

President Johnson today announced the appointment of the Chairman and four members to the Select Commission on Western Hemisphere Immigration.

This Commission was established by the Congress in P.L. 89-236, the amendments to the Immigration and Nationality Act. It is composed of 15 members—five, including the Chairman, appointed by the President; five members of the Senate, appointed by the President of the Senate; and five members of the House of Representatives, appointed by the Speaker of the House.

The Commission will study the following:

- (1) Prevailing and projected demographic, technological and economic trends, particularly as they pertain to Western Hemisphere nations;
- (2) Present and projected unemployment in the United States, by occupations, industries, geographic areas and other factors, in relation to immigration from the Western Hemisphere;

(3) The interrelationships between immigration, present and future, and existing and contemplated national and international programs and projects of Western Hemisphere nations, including programs and projects for economic and social development;

(4) The operation of the immigration laws of the United States as they pertain to Western Hemisphere nations, including the adjustment of status for Cuban refugees, with emphasis on the adequacy of such laws from the standpoint of the impact of such laws on employment and working conditions in the United States;

(5) The implications of the foregoing with respect to the security and international relations of Western Hemisphere nations; and

(6) Any other matters which the Commission believes to be germane to the purposes for which it was established.

The Commission will make a first report to the President and the Congress on or before July 1, 1967, and a final report on or before January 15, 1968. These reports will include the Commission's recommendations for what changes, if any, are needed in the immigration laws.

As Chairman of the Commission, the President appointed Richard M. Scammon, Vice President of the Governmental Affairs Institute, and former Director of the Bureau of the Census.

The other four Presidential appointees are: Leo Cherne, Executive Director of the Research Institute of America, and Chairman of the Executive Committee of Freedom House, New York City; Lincoln Gordon, Assistant Secretary of State for Inter-American Affairs, and former U.S. Ambassador to Brazil; Stanley Ruttenberg, Manpower Administrator, U.S. Department of Labor, and nominee for appointment as an Assistant Secretary of Labor; and Raymond F. Farrell, Commissioner of the Immigration and Naturalization Service, U.S. Department of Justice.

The five members of the Senate who have been appointed by the President of the Senate are: Senator Everett M. Dirksen, Illinois; Senator James O. Eastland, Mississippi; Senator Philip A. Hart, Michigan; Senator Roman L. Hruska, Nebraska; and Senator Edward M. Kennedy, Massachusetts.

The five members of the House of Representatives appointed by the Speaker of the House are: Congressman Emanuel Celler, New York; Congressman Michael A. Feighan, Ohio; Congressman William M. McCulloch, Ohio; Congressman Arch A. Moore, Jr., West Virginia; and Congressman Peter W. Rodino, Jr., New Jersey.

Mr. EVINS. The Commission is scheduled to complete its work within a 2-year period, in January of 1968?

Mr. SCAMMON. Yes. Of course, that now is a considerably shortened period because of the passage of time.

Mr. EVINS. The first report is due June 30, 1967, and the second report January 15, 1968.

Mr. SCAMMON. That is correct.

Mr. EVINS. You are asking an appropriation of \$900,000?

Mr. SCAMMON. Right.

Mr. EVINS. How many jobs do you have on board in your Commission at present?

Mr. SCAMMON. We have none on board now in the absence of funding.

Mr. EVINS. How long have you been operating?

Mr. SCAMMON. I believe the congressional appointments were made fairly quickly after the legislation was passed. The public members were not nominated until later. The final membership was announced on June 15. The first meeting of the Commission was held in early August. Of course, no projects, no studies have been inaugurated in the absence of funding.

Mr. EVINS. Your fund requirements for the first year would be about \$500,000?

Mr. SCAMMON. That is our present estimate, Mr. Chairman, though I would presume there might be a somewhat larger lapse than we anticipated, again because of time factors.

STAFF LEVEL

Mr. EVINS. How many jobs do you think you will require?

Mr. SCAMMON. Well, our proposal, Mr. Chairman, is not for a very extensive staff. We propose to bring on a staff director, an administrative officer, and a legislation liaison officer, plus up to five stenographers, typists, and clerks. We do not propose to staff the Commission on the professional side with full-time permanent people working for the 12 or 15 months of this undertaking.

My own personal feeling has been that a more prudent expenditure of the money is to have specific jobs done by consultants and specialists outside of Government or inside of Government on a reimbursable basis.

Mr. EVINS. Has not the Judiciary Committee of the House and the Senate made these studies and perhaps the Immigration Service of the Department of Justice?

Mr. SCAMMON. Many studies have been made, Mr. Chairman. I can only presume—

Mr. EVINS. As the Chief of the Census Bureau you are also familiar with a number that have been made?

Mr. SCAMMON. Yes. I can only presume the intent of the Congress in passing the legislation was to get a general overall view of Members of both Houses and of the public to examine this special question with respect to Western Hemisphere immigration. Again I can only speak here as an outsider, but my impression was that the principal subject at issue in most of the discussions of the immigration legislation last year dealt with the national origins quota and that the Western Hemisphere question as it was raised was one on which it was felt additional study might be helpful.

AUTHORIZATION FOR COMMISSION

Mr. EVINS. Place in the record at this point the section from the Immigration Act pertaining to the Commission.

(The material follows:)

SEC. 21. (a) There is hereby established a Select Commission on Western Hemisphere Immigration (hereinafter referred to as the "Commission") to be composed of fifteen members. The President shall appoint the Chairman of the Commission and four other members thereof. The President of the Senate, with the approval of the majority and minority leaders of the Senate, shall appoint five members from the membership of the Senate. The Speaker of the House of Representatives, with the approval of the majority and minority leaders of the House, shall appoint five members from the membership of the House. Not more than three members appointed by the President of the Senate and the Speaker of the House of Representatives, respectively, shall be members of the same political party. A vacancy in the membership of the Commission shall be filled in the same manner as the original designation and appointment.

(b) The Commission shall study the following matters:

(1) Prevailing and projected demographic, technological, and economic trends, particularly as they pertain to Western Hemisphere nations;

(2) Present and projected unemployment in the United States, by occupations, industries, geographic areas and other factors, in relation to immigration from the Western Hemisphere;

(3) The interrelationships between immigration, present and future, and existing and contemplated national and international programs and projects

of Western Hemisphere nations, including programs and projects for economic and social development;

(4) The operation of the immigration laws of the United States as they pertain to Western Hemisphere nations, including the adjustment of status for Cuban refugees, with emphasis on the adequacy of such laws from the standpoint of fairness and from the standpoint of the impact of such laws on employment and working conditions within the United States;

(5) The implications of the foregoing with respect to the security and international relations of Western Hemisphere nations; and

(6) Any other matters which the Commission believes to be germane to the purposes for which it was established.

(c) On or before July 1, 1967, the Commission shall make a first report to the President and the Congress, and on or before January 15, 1968, the Commission shall make a final report to the President and the Congress. Such reports shall include the recommendations of the Commission as to what changes, if any, are needed in the immigration laws in the light of its study. The Commission's recommendations shall include, but shall not be limited to, recommendations as to whether, and if so how, numerical limitations should be imposed upon immigration to the United States from the nations of the Western Hemisphere. In formulating its recommendations on the latter subject, the Commission shall give particular attention to the impact of such immigration on employment and working conditions within the United States and to the necessity of preserving the special relationship of the United States with its sister Republics of the Western Hemisphere.

(d) The life of the Commission shall expire upon the filing of its final report, except that the Commission may continue to function for up to sixty days thereafter for the purpose of winding up its affairs.

(e) Unless legislation inconsistent herewith is enacted on or before June 30, 1968, in response to recommendations of the Commission or otherwise, the number of special immigrants within the meaning of section 101(a)(27)(A) of the Immigration and Nationality Act, as amended, exclusive of special immigrants who are immediate relatives of United States citizens as described in section 201(b) of that Act, shall not, in the fiscal year beginning July 1, 1968, or in any fiscal year thereafter, exceed a total of 120,000.

(f) All Federal agencies shall cooperate fully with the Commission to the end that it may effectively carry out its duties.

(g) Each member of the Commission who is not otherwise in the service of the Government of the United States shall receive the sum of \$100 for each day spent in the work of the Commission, shall be paid actual travel expenses, and per diem in lieu of subsistence expenses, when away from his usual place of residence, in accordance with section 5 of the Administrative Expenses Act of 1946, as amended. Each member of the Commission who is otherwise in the service of the Government of the United States shall serve without compensation in addition to that received for such other service, but while engaged in the work of the Commission shall be paid actual travel expenses, when away from his usual place of residence, in accordance with the Administrative Expenses Act of 1946, as amended.

(h) There is authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, so much as may be necessary to carry out the provisions of this section.

Mr. EVINS. For the record, the summary of the public law states it empowers the Commission to study the following: Demographic trends—that is a big word, Mr. Commissioner.

Mr. SCAMMON. It is a big word.

Mr. EVINS. We have consulted Mr. Webster but we would like to have your definition for the record. Tell us what this is going to embrace.

Mr. SCAMMON. Put briefly demography is the study of people.

Mr. EVINS. The concentrations of population?

Mr. SCAMMON. This would be only one aspect. You can get into studies such as fertility, educational levels, population movement, urbanization, and many others.

Mr. RHODES. Off the record.

(Discussion off the record.)

Mr. EVINS. The Commission is specifically instructed to study:

1. Demographic, technological, and economic trends, especially in the Western Hemisphere;
2. Various aspects of present and projected unemployment in the United States, in relation to immigration from the Western Hemisphere;
3. Interrelationships between immigration and national and international programs and projects of Western Hemisphere nations;
4. Operations of U.S. immigration laws as they pertain to Western Hemisphere nations;
5. Implications of the above with respect to security and international relations of Western Hemisphere nations; and
6. Any other matters germane to the purposes of the Select Commission.

That gives the Commission a pretty broad range of studies.

Mr. SCAMMON. Yes. No. 6 is a sort of hunting license for anything that might be helpful.

Mr. EVINS. Well, it also interests me in connection with your request for GS-15 legislative liaison officer, when the Commission is established and the law is passed and it has a terminal date for the two reports. Why would you need a legislative liaison officer? Is this for consideration of extension of the Commission?

Mr. SCAMMON. Oh, no. This is the general counsel position—a job which would include any legislative liaison required. He is listed here as a legislative liaison officer. A more correct designation would be general counsel.

FUNDING REQUEST

Mr. EVINS. Mr. Scammon, you are asking for \$900,000. Is this for the entire life of the Commission and do you want \$500,000 for the first year? Tell the committee what your funding needs are in this supplemental.

Mr. SCAMMON. The \$900,000 is for the total job. Mr. Craten can put it in more definitive language than I can.

Mr. EVINS. We want to know what your rockbottom appropriation needs are at this time.

Mr. CRATEN. Appropriation needs for the fiscal year ending June 30, 1967, is \$523,000. We are submitting, at this time, however, language which will enable the Commission to obtain \$900,000 to remain available until expended for the approximate year-and-a-half period that the Commission will actually operate.

Mr. EVINS. Mr. Boland?

Mr. BOLAND. No questions.

Mr. EVINS. Mr. Giaimo?

Mr. GIAIMO. Do I understand then that for fiscal year 1967 you need \$523,000?

Mr. CRATEN. Yes.

Mr. GIAIMO. And the balance is for the following year?

Mr. CRATEN. The balance of \$377,000 is for the following fiscal year, 1968, into which the Commission's life will extend.

OPERATION OF COMMISSION

Mr. GIAIMO. Now, Mr. Scammon, you are in charge of this, you are the Chairman?

Mr. SCAMMON. Yes—Chairman.

Mr. GIAIMO. Now, is your salary reflected at all in the estimate?

Mr. SCAMMON. Yes. Actually my salary, like the salary of any of the Commissioners who are not public employees, and there are only two such, Mr. Cherne and myself, is a straight \$100 per diem for actual days worked. I am thinking myself in terms perhaps of 1 day a week. The expenditure of funds for compensation to Commissioners, since so many are either Members of the Congress or otherwise employed by Government, is a small item. I might add that on this total sum of \$900,000, I would hope the Commission might return a measure of this to the Treasury.

Our 1963 Commission on Voter Registration was able to return 15 percent of its funds, but my experience on commissions with Members of this House and the Senate is nonexistent. I don't know what the members may wish to do in the prosecution of these studies. But my hope would be that with prudent expenditure that we can return a good deal of this to the Treasury. On the other hand, I am not in a position to say precisely what this job will cost.

Mr. EVINS. Is your work oriented with the Bureau of the Census or with the Immigration Service, or are you separate from each of them?

Mr. SCAMMON. The select Commission?

Mr. EVINS. Yes.

Mr. SCAMMON. The Commission is an independent establishment. It is a combination of Members of the House and of the Senate, plus public members.

Mr. EVINS. Where is the Commission located? Where is it housed?

Mr. SCAMMON. It is not physically housed anywhere yet.

Mr. EVINS. What is GSA's function?

Mr. SCAMMON. GSA will be the handlers of the Commission's physical needs. We hope to locate our offices in Northwest Washington. We will try to get them as close to the House and Senate as we can since two-thirds of the members are here.

Mr. EVINS. The Commission has met once?

Mr. SCAMMON. Yes.

Mr. EVINS. When did it meet?

Mr. SCAMMON. August 3.

Mr. EVINS. I mean where.

Mr. SCAMMON. Here in the Capitol Building.

Mr. EVINS. In the Capitol.

You are the Chairman. Where do you presume you will hold the next meeting?

Mr. SCAMMON. We will probably hold it here. I think this will be more convenient for the members.

Mr. EVINS. Mr. Craten, are you a GSA employee?

Mr. CRATEN. Yes, sir. We are providing administrative support, Mr. Chairman, as we do numerous other Presidential commissions and small agencies under the Economy Act and as requested by those commissions and small agencies.

Mr. EVINS. Mr. Davis, you are the Presidential commission liaison officer?

Mr. DAVIS. Yes, sir.

Mr. EVINS. Are you with GSA?

Mr. DAVIS. Yes, sir.

Mr. EVINS. You are a GSA employee?

Mr. DAVIS. Yes, sir.

Mr. EVINS. You understand, when a new commission comes before us they want a lot of facts and information and we want to have all the information of record.

Mr. JONAS, any questions?

Mr. JONAS. When do you hope to get started? First of the year?

Mr. SCAMMON. I would hope that we would be started, depending upon the availability of funds, within a week or two after the signing of the bill.

STAFF DIRECTOR

Mr. JONAS. Do you have somebody in mind for staff director?

Mr. SCAMMON. Yes, we have people in mind for all of the major positions.

Mr. JONAS. Where will you find a staff director that is qualified to take a temporary job?

Mr. SCAMMON. Donald Herzberg at Rutgers University—

Mr. JONAS. I don't think you will have too much trouble, considering this big salary you are going to pay him—\$25,000 a year.

Mr. SCAMMON. I wouldn't consider that too big a salary for the job.

Mr. JONAS. You wouldn't?

Mr. SCAMMON. No, I would not.

Mr. JONAS. It sounds pretty big down in my part of the country.

Mr. SCAMMON. Put it this way, Professor Herzberg's salary would be right for the kind of job we want done.

Mr. JONAS. Wouldn't that be at the level of an assistant secretary of a department?

Mr. SCAMMON. It's comparable. It should be. It is about what the Census Bureau Director receives.

Mr. JONAS. But his administrative assistant doesn't receive that.

Mr. SCAMMON. No. But in this instance if I am doing, for example, 1 day's work a week as Chairman of this Commission, the public members have their own responsibilities, and the Members of the House and Senate have their work to do, we need a topman as staff director.

PERSONNEL COSTS

Mr. JONAS. Have you annualized these costs for personnel? You have based it on a year's estimate of \$158,000 yet you won't be operating longer than 7 months in the year. You don't really need \$158,000, do you?

Mr. SCAMMON. No, there is a lapse figure there now which I presume will be increased.

Mr. CRATEN. It is not really too large. The 2-year lapse is based on the beginning operation date of October 1, which of course—

Mr. JONAS. So you will have at least another lapse?

Mr. CRATEN. We have an additional amount—

Mr. JONAS. What do you estimate you will actually need if you don't start until November 1, another month off that?

Mr. CRATEN. Another month or another half a man-year, in view of the very limited small staff here.

Mr. JONAS. Now one other question: Is this \$900,000 what you estimate the year and a half study will cost?

Mr. SCAMMON. The total job.

Mr. JONAS. You have \$377,000 projected as being unobligated at the end of the year for use the following year. When do you expect to close up?

Mr. SCAMMON. We will close up 60 days after the submission of the final report and the deadline for that is January 15, 1968. Hopefully, we could close up even a little before that. The extra period, of course, is to close up the files.

Mr. EVINS. Mr. Minshall?

COMMISSION CHAIRMAN

Mr. MINSHALL. Mr. Scammon, I presume you are a lawyer?

Mr. SCAMMON. No, I am not.

Mr. MINSHALL. What do you do?

Mr. SCAMMON. I am vice president of a private research organization in Washington called the Governmental Affairs Institute.

Mr. MINSHALL. How long have you been associated with this organization?

Mr. SCAMMON. Since 1955, save for the 4 years I was on leave as Director of the Census.

Mr. MINSHALL. Are you the head of this?

Mr. SCAMMON. Am I head of it?

Mr. MINSHALL. Yes.

Mr. SCAMMON. Vice president of it. I head a division of work in the institute called the elections research center. I am primarily an electoral statistician.

Mr. MINSHALL. Do you do much work for the Government?

Mr. SCAMMON. The institute does. I do not.

Mr. MINSHALL. What kind of work does your institute do for the Government?

Mr. SCAMMON. Particularly work for the State Department on the handling of foreign visitors, exchange of persons under leader grants and the like. It has done some contract work overseas for AID on public administration projects.

Mr. MINSHALL. What other work? Do you do any work for private enterprise?

Mr. SCAMMON. No, the institute has no contracts now with private institutions, except—

Mr. MINSHALL. In other words you rely solely on the Government for your income?

Mr. SCAMMON. Except for a developing program of college and university representation.

Mr. MINSHALL. What is your particular work?

Mr. SCAMMON. I am director of the Elections Research Center.

Mr. MINSHALL. Who are your clients?

Mr. SCAMMON. Our clients are primarily those who purchase our

book publications. We publish every 2 years a handbook of election statistics. This is one source of revenue. We do some private consulting work for radio-television networks. But as for the institute, itself, yes, it would certainly be fair to say that its principal source of revenue is Government contract work, particularly with State and with AID.

Mr. MINSHALL. How did you get into this picture?

Mr. SCAMMON. Into this immigration question?

Mr. MINSHALL. Yes.

Mr. SCAMMON. I had been chairman of the Voter Registration Commission in 1963 for President Kennedy and for President Johnson and was approached in the late spring of this year to be chairman of this select commission. I suppose the appointing authorities considered the work of the Voters Registration Commission and felt that this would be the most useful—

Mr. MINSHALL. By whom, who contacted you?

Mr. SCAMMON. John Macy.

Mr. MINSHALL. You figure you would be able to give 1 day a week to this and it would be sufficient?

Mr. SCAMMON. If not, I will do more.

Mr. MINSHALL. At \$100 a day?

Mr. SCAMMON. Yes.

Mr. MINSHALL. That is all I have. Thank you.

Mr. EVINS. Mr. Rhodes?

SUPERGRADE ALLOCATION

Mr. RHODES. Has Mr. Macy also approved your supergrade allocation? As I understand it you have to go through the process of getting a supergrade approved by the Civil Service Commission. I wonder if you have done that.

Mr. SCAMMON. We are on a technicality here. I would rather have my colleague speak to that point.

Mr. RHODES. Yes.

Mr. DAVIS. To answer your question, you do have to go to the Civil Service Commission and present a job description to them and justify it in its full right. Merely having a supergrade in a budget estimate does not automatically grant you the supergrade from the Civil Service Commission.

Mr. RHODES. Has it actually been allocated?

Mr. DAVIS. No, sir. This will have to be done after the funds are received.

Mr. RHODES. I don't understand that. It seems to me the process would be to have the supergrade allocation approved before the funds are requested.

Mr. DAVIS. No, sir; we have to go to the Commission after funds are provided and justify it to the Commission.

Mr. RHODES. Is this a rule of the Civil Service Commission?

Mr. DAVIS. Yes, sir.

Mr. RHODES. They won't even consider your application until we have voted funds?

Mr. DAVIS. That is true, from our experience.

Mr. RHODES. Mr. Chairman, it seems to me this is really putting

the cart before the horse, and the committee should take this up with the Civil Service Commission. They are asking us to approve money for a supergrade that hasn't been allocated and according to the witness the Civil Service Commission does this in all cases. They don't consider the allocation of a supergrade until the money has been approved. Ever since I have been on this committee I have assumed that when a supergrade position comes up to be funded, it has already been allocated. Apparently this is not so.

Mr. EVINS. Perhaps since the Chairman of the Commission and the President selected as the Chairman the former Director of the Bureau of the Census, tentative allocation of the supergrade has been put down in the budget.

Mr. RHODES. I am not actually worried about the allocation of this position. I rather imagine it will be allocated. But I am worried about the fact that the members of this committee have been going under the wrong assumption ever since I have been on this committee. It seems to me the committee staff might well look into this and find out why the allocation of supergrades is not completed before Congress funds the positions.

Mr. JONAS. I agree. I think before we are asked to approve money for supergrades, we ought to know they have been allocated. Otherwise, we are operating in the dark. That is not said with respect to this one case.

Mr. RHODES. No, I am not questioning the case at hand here, but it does seem to me for the future this is something we should know more about.

CONSULTANTS

Mr. Scammon, have you a list of consultants that you intend to employ?

Mr. SCAMMON. No, we have not filled out this list yet. We would hope some of these consultants can be brought in on loan from other agencies. I think particularly of the Immigration Service and the Census Bureau, but we have not made a specific list. We have not been sure enough of the appropriations mechanism to want to move further on that. All we have done is to try and fill in on a commitment basis the people who will fill these specific jobs.

Mr. RHODES. You mean you will use people who are permanent Government employees as consultants?

Mr. SCAMMON. If this seems useful, yes.

Mr. RHODES. You will try to do this rather than employ consultants?

Mr. SCAMMON. In some instances. It would depend a great deal upon the nature of the undertaking. From my own work in the Census Bureau, for instance, there are people in the demographic studies, particularly in population studies in Latin America, who would be excellent and whom I would be happy to have on the staff operation.

Other consultants would be taken from outside academic work, others from the business community, wherever in the best judgment of staff we can find people who can do the job best within the limits of the funds that we have available and in the time we have open to us.

Mr. RHODES. You have eight full-time employees projected. The average number of all employees is 14.

Mr. SCAMMON. Yes.

Mr. RHODES. May I assume that the probable number of consultants on board at any one time would average about six?

Mr. SCAMMON. Yes, sir, but I would want to stress this is an average figure. It might be considerably higher in some periods and considerably lower in others, because, again, of the time situation. We are not speaking really of a 2-year project any more. In terms of the real problems faced by a commission such as this, if we are to do a final report in January of 1968, this means you have really to finish up your work late in 1967. That means we have effectively about a year in which to do this job, rather than 2 years. Employment of consultants might be quite high at the beginning of the year and then taper off as we got more into the editorial and policy questions involved.

Mr. RHODES. How much would you pay the consultants?

Mr. SCAMMON. Up to \$100 a day.

REPRESENTATION EXPENSES

Mr. RHODES. Is there any money for representation allowance in the budget?

Mr. SCAMMON. None other than the regular Government expense for travel.

LOCATION OF QUARTERS

Mr. RHODES. You will be quartered by the General Services Administration. Have you heard whether they will quarter you in Government-owned quarters, or will it be rented quarters?

Mr. SCAMMON. Again, let me leave that to my colleagues.

Mr. DAVIS. At the present time, we have no space available in Government-owned quarters. We will have to go on the outside and lease space.

TRAVEL

Mr. RHODES. Your travel allocation is \$100,000. Is this a firm figure?

Mr. SCAMMON. No, it is not, Mr. Rhodes. This is an estimate. Again, I am not sure enough of what the members of the Commission may wish to do personally and in terms of staff with respect to local inquiry.

For example, just before we came in, I was talking with my colleagues about Senator Mondale's suggestions with respect to the problem of the "brain drain" that is being imposed on some of the Latin American countries by the siphoning off of talented engineers and doctors and the problem this represents, not to us in this country, but to these countries themselves. Members of the Commission might want to go down and see what this actually meant in individual countries. This figure of \$100,000 is an estimate; I would not want to say it was firm.

Mr. JONAS. I am glad you brought that up. You said something right in line with some of my fears. I think that is what the money will be spent for. Since there is already \$1.7 billion in travel money in the regular budget, I think we should make drastic cuts in the travel requests and use a little postage and maybe give the telephone

people a little extra business and accomplish the purpose and save a whole lot of money in reduced travel expenses.

Mr. SCAMMON. I am happy to say when I was Director of the Bureau of the Census, the travel budget for the Director of the Census was perhaps the lowest in history.

Mr. JONAS. Congratulations.

Mr. SCAMMON. I won't say we can apply equal stringency here, because there are 10 Members from the Congress on this, too—

Mr. EVINS. I was going to point out it is a very distinguished and very impressive Commission, and they may have different ideas as to what the Commission should do.

Mr. SCAMMON. They may, indeed.

Mr. JONAS. That is right. I suspect that.

Mr. SCAMMON. As I say, you will note from the membership from the Congress, there evidently has been an effort to include senior Members from both sides of the aisle concerned with immigration questions. I am sure they are going to have very definite ideas about what they want to do in these various studies.

METHOD OF PROCEDURE

Mr. RHODES. Just one more question. Have you an outline as to the method that you will use in attacking this overall problem with which you have been charged?

Mr. SCAMMON. In our first session in August, we discussed the kinds of projects we had in mind with respect to the general headings which are listed in the single-sheet narrative justification. We were particularly concerned, for example, with the matter which has come up in the administration of the immigration law, labor certification, and the effect this has had on the nature of immigration, not only in the Western Hemisphere, but generally.

We have not set down specifically identifiable projects, but this will be the next task along the lines of the general discussions we held in August.

Mr. RHODES. Thank you, Mr. Chairman.

APPROPRIATION PERIOD

Mr. EVINS. Mr. Scammon, if this subcommittee and the full committee were to appropriate the full amount requested of \$900,000, could you give us any assurance that this will finish the job or should we give you half the amount and take a look at your operations next year? We would not get to see you again if we gave you the full amount. What is your thinking about that?

Mr. SCAMMON. I appreciate your desire to talk to me again, Mr. Chairman. I would think this was entirely up to the members of the subcommittee here, the larger Appropriations Committee in the House, the House itself, and your colleagues in the Senate. Our feeling in suggesting a one-time appropriation is that the time involved was so relatively short and the purpose of the commission was so relatively specific, that it would be easier to do it with a one-time appropriation.

Mr. EVINS. You think a one-time appropriation will finish the job?

Mr. SCAMMON. You mean will I come back and ask you for more money? No, I will not.

Mr. EVINS. The job will be completed with this appropriation?

The SCAMMON. The job will be completed within the time limit and within this \$900,000—period.

RENTAL COST FOR QUARTERS

Mr. RHODES. May I ask this question of the gentleman from GSA. Can you tell us how much the quarters will rent for and what size quarters you are thinking about?

Mr. DAVIS. We are thinking about 6,000 square feet to house this facility in Northwest Washington, as Mr. Scammon previously pointed out.

Mr. RHODES. What is the average rental per square foot in that area?

Mr. DAVIS. It is running now less than \$5 per square foot. We try to obtain space anywhere from \$4.50 to \$5.50 a square foot.

Mr. EVINS. Mr. Scammon, you are nice to come in to see us. We thank you for your testimony, and we wish you good luck on your important mission.

Mr. SCAMMON. Thank you, gentlemen.

FRIDAY, OCTOBER 7, 1966.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

WITNESSES

ROBERT C. WOOD, ACTING SECRETARY

OFFICE OF THE SECRETARY

JOHN M. FRANTZ, DEPARTMENT BUDGET OFFICER

NATHANIEL J. EISEMAN, BUDGET ANALYST

METROPOLITAN DEVELOPMENT

CHARLES M. HAAR, ASSISTANT SECRETARY

WILLIAM B. HURD, DEPUTY DIRECTOR, URBAN TRANSPORTATION
ADMINISTRATION

RENEWAL AND HOUSING ASSISTANCE

DON HUMMEL ASSISTANT SECRETARY

ROBERT E. McCABE, GENERAL DEPUTY, RENEWAL PROJECTS
ADMINISTRATION

FEDERAL NATIONAL MORTGAGE ASSOCIATION

J. STANLEY BAUGHMAN, PRESIDENT

Mr. EVINS. The committee will come to order.

We have with us today the Acting Secretary of the Department of Housing and Urban Development, Dr. Robert C. Wood, accompanied by Mr. John M. Frantz, the Budget Officer, and Mr. Nathaniel J. Eiseman, the Budget Analyst; Mr. Charles M. Haar, the Assistant Secretary for Metropolitan Development; Mr. William B. Hurd, the

Deputy Director of Urban Transportation Administration; Mr. Don Hummell, the Assistant Secretary of Renewal and Housing Assistance; Mr. Robert E. McCabe, the General Deputy for Renewal Projects Administration; and Mr. J. Stanley Baughman, President of the biggest bank in the world, the Federal National Mortgage Association.

Gentlemen, we have taken a look at your supplemental budget request. There are four items contained in House Document 505. We shall be glad to hear you Mr. Secretary, on the overall supplemental budget request, but then we want to take up "Urban renewal" first; the "Federal National Mortgage Association" second; and we will look at "Urban mass transportation" last. We will proceed in that order.

Mr. Acting Secretary, we miss the Secretary, but it is good to see you. Tell us what your needs are.

GENERAL STATEMENT

Mr. WOOD. Mr. Chairman and members of the committee, the Department has four items among the supplemental estimates transmitted by the President and printed as House Document No. 505. Of these, three are based on legislation quite recently enacted, but I think none is really new subject matter so far as this committee is concerned. I have prepared brief introductory remarks explaining each item, and if you wish to interrupt with questions and take them one at a time that will be fine, so far as we are concerned.

URBAN MASS TRANSPORTATION

The first item is an appropriation of \$95 million for grants under the Urban Mass Transportation Act of 1964, as amended, for fiscal year 1968.

You will recall that when we appeared before you in March it was in connection with a 1968 budget estimate of \$150 million. This is a program where the Congress, in order to maintain continuity and momentum, has followed the practice of appropriating funds a full year in advance, so that local communities have some assurance that the program will continue and some information as to the level at which the Congress is prepared to support it.

At the time you acted on the regular bill, there remained only \$55 million of the original authorization in the 1964 act, and you included that amount in the bill, which has since become law. In the meantime, the 1966 transportation amendments contained in Public Law 89-562, approved September 8, 1966, provided an additional \$150 million in authority for each of the fiscal years 1968 and 1969. Accordingly, the present supplemental request would provide the balance of \$95 million which could not be acted on before, to fill out the original estimate of \$150 million for 1968. It is not a new item nor is it an increase in the estimates previously put before you; it is simply an item which is now ready for action which was not previously authorized.

The second item—which also has to do with the mass transportation programs—is an increase of \$110,000 in the amount appropriated for administrative expenses for the current fiscal year. This increase results from four new functions which were added by the 1966 amendments:

1. The Secretary is authorized to make grants for planning, engineering and design studies in connection with urban mass transportation projects.

2. The Secretary is authorized to make grants to States and local bodies to provide fellowships for training personnel to be employed in managerial, technical and professional positions in the urban mass transportation field, up to a maximum of \$1,500,000 per year.

3. The Secretary is authorized to make grants to institutions of higher learning to encourage comprehensive research in the problems of transportation in urban areas, up to a maximum of \$3 million per year.

4. Finally, the Secretary is directed to undertake a study, in consultation with the Secretary of Commerce, to prepare a program of research, development and demonstration of new systems of urban transportation—what some have called the “technological breakthrough” program. On this we are directed to make a report to the President, for submission to the Congress, not later than 18 months from the approval of this legislation on last September 8.

I want to call the attention of the committee to the fact that we are not requesting additional funds for the grants authorized in this new legislation. These amounts will be absorbed within the appropriations already made for this year, and the \$150 million previously estimated for 1968.

However, we do have some trouble with administrative funds. The four new activities I enumerated were not provided for in our original budget on which you acted. To be properly administered, they require people with a variety of specialized and scarce skills. We do not feel that our present rather small staff in the Office of Urban Transportation can take on these additional duties without some added help. That is the reason we are now requesting an additional 20 positions this year, at an estimated added cost of \$110,000.

URBAN RENEWAL

The third item we have for you is an appropriation of \$750 million for grants under title I of the Housing Act of 1949, as amended.

This is a matter with which this committee is fully familiar. As you know, the Housing and Urban Development Act of 1965 authorized contract authority for the urban renewal program amounting to \$675 million for fiscal year 1966 and \$725 million for the current year, 1967. These authorizations were converted to appropriations, however, in your action on last year's supplemental bill. At that time, the committee agreed with our view that forward financing of at least 1 year was essential to permit orderly local planning and sound forward movement in the program.

For 1968, the budget did not request an appropriation, because new authority in the amount of \$750 million would become available under the terms of the 1965 act. In its report on the regular independent offices bill, however, the House Appropriations Committee reiterated its position that these funds should be provided through the appropriations process, and stated that it would expect a supplemental request to be submitted. The supplemental request now before you is responsive to that statement.

That, briefly, is the background, Mr. Chairman, and I do not believe I have anything to add to it at this time unless the committee has questions for us.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

On September 10, the President approved special legislation to increase greatly the funds available to FNMA for the purchase of mortgages. This legislation resulted from the current situation in the mortgage market, where the shortage of money and high interest rates have had a very restrictive effect both on the volume of new construction and on the ability of homeowners to buy and sell existing homes.

Specifically, Mr. Chairman, the new legislation did three things:

1. It increased the borrowing base of the Association from 10 times its capital and surplus to 15 times—a 50-percent increase in the amount which can be borrowed to finance new mortgage commitments and purchases.
2. It increased by \$110 million the amount of preferred stock which the Secretary of the Treasury is authorized to subscribe.
3. It authorized the Association, through its special assistance functions, to make commitments for and purchase mortgages up to \$15,000 on homes to be provided through new construction.

Mr. Baughman, President of the Association, can provide you with details as to the effects of these three actions on the financial resources of FNMA. The net effect, however, is that we now anticipate a volume of commitments and purchases somewhat more than double the program which was anticipated in the budget, and which you provided for in the regular bill. This supplemental would increase the limitation on administrative expenses by \$850,000 in order to permit FNMA to staff up to handle this tremendous volume of business.

Those are the four items, Mr. Chairman, and we shall be happy to take them in any order you prefer.

URBAN RENEWAL PROGRAMS

Mr. EVINS. Thank you, Mr. Secretary, for a very cogent statement, much to the point. We shall place in the record the material from House Document 505 and the urban renewal program justification on pages B-1 through B-3.

(The material follows:)

"URBAN RENEWAL PROGRAMS

"For an additional amount for 'Urban renewal programs', for grants for urban renewal, fiscal year 1968, as authorized by title I of the Housing Act of 1949, as amended (42 U.S.C. 1450 et seq.), and section 314 of the Housing Act of 1954, as amended (42 U.S.C. 1452a), \$750,000,000, to remain available until expended: Provided, That no commitments shall be entered into during the fiscal year 1968 for grants aggregating more than the total amounts available in that year from the amounts authorized for making such commitments through June 30, 1967, plus the additional amount appropriated herein."

Under the provisions of the Independent Offices Appropriation Act of 1967, grants for urban renewal cannot be contracted for in excess of amounts appropriated. This appropriation would provide \$750,000,000 for 1968 and enable contracts to be entered into in accordance with substantive law. Such advance financing is necessary to allow local communities to carry on their urban renewal planning in an orderly manner. In addition to making authority available for

1968, the appropriation will be available to pay grants contracted under prior year authority.

URBAN RENEWAL PROGRAMS

JUSTIFICATION OF SUPPLEMENTAL ESTIMATES FISCAL YEAR 1967

(Excerpt from H. Doc. No. 505)

89th Cong., 2d sess.

"URBAN RENEWAL PROGRAMS

"For an additional amount for 'Urban Renewal Programs,' for grants for urban renewal, fiscal year 1968, as authorized by title I of the Housing Act of 1949, as amended (52 U.S.C. 1450 et seq.), and section 314 of the Housing Act of 1954, as amended (42 U.S.C. 1452a), \$750,000,000, to remain available until expended: *Provided, that no commitments shall be entered into during the fiscal year 1968 for grants aggregating more than the total amounts available in that year from the amounts authorized for making such commitments through June 30, 1967, plus the additional amount appropriated here.*

"Under the provisions of the Independent Offices Appropriation Act of 1967, grants for urban renewal cannot be contracted for in excess of amounts appropriated. This appropriation would provide \$750,000,000 for 1968 and enable contracts to be entered into in accordance with substantive law. Such advance financing is necessary to allow local communities to carry on their urban renewal planning in an orderly manner. In addition to making authority available for 1968, the appropriation will be available to pay grants contracted under prior year authority."

SUMMARY OF BUDGET REQUEST

The proposed supplemental request includes an appropriation of \$750 million to be available at the start of fiscal year 1968 to provide advance funding of the authorization for urban renewal grants under title I of the Housing Act of 1949, as amended.

INTRODUCTION

Title I of the Housing Act of 1949, as amended, authorizes the Secretary to enter into grant contracts with communities for urban renewal activities within dollar limits established by the Congress. The Housing and Urban Development Act of 1965 increased the program authorization by \$675 million for the fiscal year 1966; \$725 million on July 1, 1966; and \$750 million on July 1 in each of the years 1967 and 1968. However, provisos in the 1966 Appropriation Act, Supplemental Appropriation Act, 1966, and 1967 Appropriation Acts require the enactment of appropriations before any use can be made of these program authorizations.

In establishing the appropriation basis for determining the program level, the Congress recognized the need for making program funds available well in advance of the time participants will apply so that they can continue their planning with reasonable assurance that Federal resources will be available when needed. The following statement from the House Committee Report on the Supplemental Appropriation Act, 1966, makes this point (H. Report 1162, October 13, 1965, p. 14) :

"The Independent Offices Appropriations Act for 1966 provides a beginning for financing urban renewal programs through annual appropriations instead of long-term contract authority (back-door spending). This bill continues this direct method of financing. By providing advance funding of urban programs through annual appropriations the Congress has an opportunity to review program requirements on a current basis. At the same time the advance funding provided for 1967 will provide communities a reasonable period of time to prepare plans in an orderly manner. The Committee expects this method of budgeting to be continued in the future."

The President's budget for 1967 did not include a request for a title I appropriation. The budget proposed that the control on the program be on the basis of the contract authorization provided in the basic legislation and that appropriations would be needed only for liquidation of the contract authority. Since appropriations provided were more than adequate to provide for the portion of grant contract commitments for which payment would come due during

the fiscal year 1967, it was contemplated that no appropriation would be needed. The House Committee Report on the 1967 Independent Offices Appropriation Act (H. Report No. 1477, May 5, 1966), included the following statement on this matter:

"The Department and the Bureau of the Budget are again advised of the Committee's policy and position that this program should be financed by direct appropriations. The Committee anticipates consideration of a supplemental request on this matter."

The present supplemental request is submitted, in accordance with the desire of the Committee, to provide for the financing of the urban renewal program through the appropriations process.

BUDGET ESTIMATE

A supplemental appropriation of \$750 million is requested to be available on July 1, 1967.

As stated above, the 1967 Appropriation Act did not include funds to provide for the funding of the urban renewal program in fiscal year 1968. It is presently anticipated that the existing funds will be used up by June 30, 1967, except for a small balance needed to handle small urgent adjustments.

Since it is important to orderly program continuation that the program level be known well in advance of the fiscal year, the supplemental requests that the 1968 funds be appropriated now. None of the funds so appropriated will be available for use until July 1, 1967.

Mr. EVINS. Let us first take a look at urban renewal programs. This is a big program. This committee established a procedure of taking an annual look on a direct appropriations basis by providing advance funding. We invited this supplemental by the language of our report last year and again this year, with which this committee is familiar. We anticipated this supplemental request.

I wish you could have gotten up here earlier, but I suppose it is not altogether the fault of the Department of Housing and Urban Development.

Mr. FRANTZ. This is the first supplemental transmitted since that committee report.

PROGRAM LEVEL

Mr. EVINS. You have been operating on the basis of a little less than \$750 million for urban renewal the past 2 or 3 years?

Mr. WOOD. It began at \$675 million.

Mr. FRANTZ. Yes. The authorization for 1966 was \$675 million; for 1967, \$725 million; and the 1965 act included \$750 million each for 1968 and 1969.

METHOD OF FUNDING URBAN RENEWAL

Mr. EVINS. The supplemental budget message says:

For the fiscal year 1968 new obligational authority in the amount of \$750 million is requested for the Urban Renewal Program. Such an advance appropriation is in accordance with past practice and will permit communities to plan their urban renewal programs in a timely manner. None of this appropriation will be committed or spent in 1967. There is also requested \$750 million for the liquidation of contract authority in fiscal year 1968 which does not increase new obligational authority.

Tell us your techniques of procedure under this again, Mr. Secretary.

Mr. WOOD. The intent of this, Mr. Chairman, is to be responsive to the wishes of the Appropriations Committee. The actual figure involved is \$750 million. The statement with respect to the new obliga-

tional authority reflects our understanding that the current intent of Congress is that we not make obligations or commitments under the substantive legislation without the appropriation we are now requesting.

The statement with respect to the contract authority here refers to the fact that, given the long leadtime programs, some of these funds would be available for commitments which had been entered into prior to this year. So, in effect, it is the same \$750 million in both references.

Do you want to add to that, Mr. Frantz?

Mr. FRANTZ. I think perhaps the simplest way to look at it, Mr. Chairman, is that the appropriation of \$750 million activates the contract authority which was previously enacted. From a cash standpoint—

Mr. EVINS. The contract authority has already been authorized, and this will pay off the contract. This will make payments to the cities for the urban renewal programs, and it will also permit you for the next year to contract for the same amount for which a subsequent appropriation will be required.

Mr. FRANTZ. That is correct, sir.

Mr. EVINS. This funds existing contracts and also extends the contract authority for another year?

Mr. FRANTZ. That is correct.

Mr. EVINS. In the budget it is carried only as a \$750 million transaction.

Mr. FRANTZ. That is right.

EFFECT OF \$750 MILLION REQUESTED

Mr. JONAS. But what we are doing, if we approve this, is putting up \$750 million and telling you to obligate another \$750 million in a future year.

Mr. WOOD. No. We are just putting up \$750 million for 1968, saying that in effect part of these funds can pick up some of the past commitments.

Mr. EVINS. In no event can the program go beyond \$750 million.

Mr. FRANTZ. The appropriation of this \$750 million will not generate a requirement for an appropriation for that purpose beyond that in the future.

Mr. JONAS. Beyond that? You mean beyond \$750 million?

Mr. FRANTZ. Beyond \$750 million; yes, sir.

Mr. JONAS. That is because you were granted additional contract authority for the same amount in 1968.

Mr. FRANTZ. This only deals, of course, with the funding of the program through 1968.

FUNDING OF PROJECTS ON APPROVAL

Mr. RHODES. How do you finance your projects? Do you finance a project completely upon its approval, or do you finance only the amount which can be expended in the fiscal year?

Mr. FRANTZ. The projects are financed on approval and as they are carried out by means of temporary loans, primarily loans made in the private market on the security of a Federal guarantee of the loan. That temporary loan is gradually retired over the life of the project

from periodic payments of grants and from amounts received from the sale of projects in other programs.

Mr. RHODES. My point is this: Assuming we appropriate \$750 million, is this, by implication, setting a level of activity?

Mr. FRANTZ. Yes, sir.

Mr. RHODES. However, you do not have any projects which are dependent upon further appropriations for their completion?

Mr. FRANTZ. At the inception of the project, when we first authorize them to proceed with it, we make a reservation against available funds in the amount of the total estimated cost of the project.

Mr. RHODES. Right, you completely fund the project.

Mr. FRANTZ. Yes.

Mr. RHODES. If in any given year the Congress decided to cut off this program, there would not be any obligations which would have to be funded in future years.

Mr. FRANTZ. That is correct.

Mr. RHODES. Thank you.

INTENT OF SUPPLEMENTAL BUDGET MESSAGE

Mr. JONAS. What you say is inconsistent with what Mr. Schultze states in his letter to the President.

Mr. WOOD. I do not think so.

Mr. JONAS. Will you please read the paragraph Mr. Evins read to you and explain what he means then? After asking for \$750 million, he says, "There is also requested \$750 million for the liquidation of contract authority."

Mr. WOOD. I do not wish to be held responsible for Director Schultze's language—

Mr. JONAS. I give you an opportunity to say he is wrong and you are right. All I said was what you say and what he says seem inconsistent.

Mr. WOOD. I take his statement in the first sentence to deal with the forward financing for 1968, and the second sentence to say that those funds in terms of the development of the program can be applied backward to prior commitments that were assumed. So, he is, in effect, responsive to the committee's request, taking into account both the former procedure of commitment and now the procedure of appropriation a year in advance.

Mr. JONAS. What he is asking for is \$750 million in new obligational authority—brand new, just one \$750 million—but then he is asking for the use of \$750 million to liquidate existing contractual obligations; is that not right?

Mr. WOOD. But it is the same \$750 million, applied two ways.

Mr. JONAS. I never knew you could spend one sum two ways.

Mr. WOOD. As I say, there might have been a simpler way of making that statement.

Mr. FRANTZ. The word "also" in the second sentence is perhaps not a very happy one.

EFFECT OF APPROPRIATION REQUESTED

Mr. EVINS. This money will be used to liquidate your 1967 contract authorization where payments are needed and required?

Mr. FRANTZ. That is correct.

Mr. EVINS. You are also authorized to make \$750 million worth of new commitments.

Mr. FRANTZ. Yes.

Mr. EVINS. You probably will not use all of this for liquidation in 1 year, but you could use some of it if there was pressure for the other year.

Mr. WOOD. That is still responsive to Mr. Rhodes' point of undertaking to keep the general level under reservation.

Mr. EVINS. We are appropriating at this level every year and providing advance funding.

Mr. WOOD. That is correct.

RELATIONSHIP OF REQUEST TO AUTHORIZATION

Mr. BOLAND. This \$750 million will utilize completely the authorization?

Mr. FRANTZ. In the 1965 act, yes.

Mr. CHAIMO. When will you start making commitments for fiscal year 1968?

Mr. FRANTZ. Commitments for fiscal 1968, beginning July 1, 1967.

I should amend that, Mr. Boland, to say it utilizes the authority fully through 1968. The 1965 act does have one more year—\$750 million for 1969.

PRESENTATION OF ASSISTANT SECRETARY DON HUMMEL

Mr. RHODES. Mr. Chairman, I just want to inform the other members of the committee that one of the witnesses is a former mayor of Tucson, Ariz., Assistant Secretary Don Hummel, a very good friend of mine and a good friend of my colleague, Morris Udall.

We welcome you to the committee, Don, and we hope you come out unscathed.

Mr. MINSHALL. That is a very high compliment.

Mr. HUMMEL. I accept it as such.

Mr. EVINS. This supplemental budget and justification are in line with the language of our appropriation bill and the way we directed that this be done. We invited this supplemental.

ADEQUACY OF AMOUNT REQUESTED

One further question on this subject: Is this \$750 million adequate? Of course, it is a large program, but I am talking about it in connection with your demands. How does this compare with the requests?

Mr. WOOD. Like anything else in economics, Mr. Chairman, we have more demand than we have resources for allocation. It is true that this program is beginning new developments and moving, we think, into a new period. The program we present before you now, the \$750 million, is responsive to some of the major needs that are before us, and is responsive in terms of the manpower and know-how of local communities.

Mr. EVINS. The Department would rather have, as I understand now and from previous testimony, a consistent level of funding so you can plan an orderly urban renewal program?

Mr. WOOD. Yes.

Mr. BOLAND. So local communities can be assured of the fact that the program will continue?

Mr. WOOD. Yes.

FEDERAL NATIONAL MORTGAGE ASSOCIATION

Mr. EVINS. Let us take a look at FNMA. We will place in the record the material from House Document 505 and justification pages C-1 through C-5.

(The material follows:)

"FEDERAL NATIONAL MORTGAGE ASSOCIATION

"LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL NATIONAL MORTGAGE ASSOCIATION

"In addition to the amount otherwise available for administrative expenses of the Federal National Mortgage Association for the current fiscal year, not to exceed \$850,000 shall be available for such expenses."

This proposed language will provide for the administrative costs of the additional mortgage commitment, purchase, and servicing activity resulting from the recently enacted increase in secondary market and special assistance mortgage purchase authority (Public Law 89-566, approved September 10, 1966).

JUSTIFICATION OF SUPPLEMENTAL ESTIMATES, FISCAL YEAR 1967

(Excerpt from House Document No. 505)

89th Congress, 2nd Session

"FEDERAL NATIONAL MORTGAGE ASSOCIATION

"LIMITATION ON ADMINISTRATIVE EXPENSES, FEDERAL NATIONAL MORTGAGE ASSOCIATION

"In addition to the amount otherwise available for administrative expenses of the Federal National Mortgage Association for the current fiscal year, not to exceed \$850,000 shall be available for such expenses."

"This proposed language will provide for the administrative costs of the additional mortgage commitment, purchase, and servicing activity resulting from the recently enacted increase in secondary market and special assistance mortgage purchase authority (Public Law 89-566, approved September 10, 1966)."

Summary of budget request

Available, Independent Offices Appropriation Act, 1967 (P.L. 89-555)	\$9, 081, 000
Supplemental, House Doc. No. 505, for expanded activity in the Association's three primary functions—Secondary Market Operations, Special Assistance Functions, and Management and Liquidating Functions	850, 000

Revised estimate	9, 931, 000
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Justification

A supplemental authorization of \$850,000 for administrative expenses is requested to provide for additional employment and other expenses which will be incurred in connection with the purchase and servicing of a volume of mortgages in excess of that originally estimated under the authorization provided for by the Independent Offices Appropriation Act of 1967 (P.L. 89-555 approved September 6, 1966). This estimate provided for an increase of 150 in year-end employment over the 967 level provided for by the Act.

The 150 positions requested are needed to handle the substantial increase in workload which results from new legislation affecting the Association. This legislation was enacted in recognition of the extreme shortage of private mortgage capital available for home mortgage financing and its adverse affects on mortgage lending and home building activities.

Public Law 89-556 approved September 10, 1966, increased FNMA's borrowing authority under its Secondary Market Operations from 10 times to 15 times its capital and surplus while simultaneously increasing by \$110 million its authority to issue preferred stock to the Secretary of the Treasury. Thus the amount of funds which could become available for mortgage purchasing activities was increased by \$3.76 billion. As a result of the expanded borrowing authority mortgage purchases are now estimated at \$2.3 billion during 1967, an increase of \$1.4 billion over the original budget estimate.

The same legislation authorized FNMA under its Special Assistance Functions to purchase \$1 billion of FHA-insured and VA-guaranteed mortgages on low-cost single family homes. Mortgages purchased under this authority are confined by law to new construction and may not exceed \$15,000 (\$17,500 in high cost areas, and \$22,500 in Alaska, Guam or Hawaii). Under this program FNMA could issue commitments for \$1 billion in 1967 of which about \$250 million would be purchased within the year. For the purposes of this budget presentation, commitments and purchases are reflected in the Secondary Market Operations. Commitments and purchases for low-cost housing mortgages are not being made at the present time until the full impact of anti-inflationary actions taken by the President have been felt in the economy. In the meantime, it will be necessary for the Association to be placed on a standby-state of readiness in the event that additional funds will be required to support the nation's home buyers and home owners.

The shortage of private mortgage capital has also had its effect on the activities of the Association's Management and Liquidating Functions. Because of this shortage, the Federal Housing Administration is not able to arrange private financing for the bulk of its acquired property sales, and it is now estimated that under these functions FNMA will purchase \$415 million of FHA Commissioner-owned mortgages, an increase of almost \$400 million over the \$15.5 million in the original budget estimate.

Summary of workload activity

The issuance of commitments and purchase contracts will exceed the original budget estimates by about 198,000. The procedures for the issuance of commitments in the Special Assistance Functions are complex since it includes several special programs each with its own special conditions. Commitments in the Secondary Market Operations require on-site inspections, the review of borrower payment histories, and the determination of local prices in relation to those of the national mortgage market.

The following table shows the comparison of the number of commitments and purchase contracts originally estimated for fiscal year 1967 with the revised workload estimates.

	Fiscal year 1967		
	Original estimate	Revised estimate	Increase
Commitments and purchase contracts issued (number):			
Secondary market operations.....	90,000	252,000	162,000
Special assistance functions.....	1,100	1,500	400
Management and liquidating functions.....	1,800	37,000	35,200
Total.....	92,900	290,500	197,600

The amount and number of mortgages to be purchased in fiscal year 1967 is estimated to be more than 2½ times the level originally estimated. The major reasons for the increased purchase level of the Association, as mentioned earlier, is due to the tight money market and enacted legislation aimed at providing some financial support for the Nation's homebuyers and housing construction industry.

The following table shows the comparison of the amount and number of mortgages originally estimated for fiscal year 1967 with the revised workload estimates.

Fiscal year 1967

[Dollar amounts in thousands]

Mortgage purchases	Original estimate		Revised estimate		Increase	
	Number	Amount	Number	Amount	Number	Amount
Secondary market operations	75,000	\$900,000	175,000	\$2,300,000	100,000	\$1,400,000
Special assistance functions	700	236,900	1,100	205,000	400	-31,900
Management and liquidating functions	1,800	15,500	37,000	415,000	35,200	399,500
Total	77,500	1,152,400	213,100	2,920,000	135,600	1,767,600

The servicing of mortgages is a continuing responsibility and a major operating function of the Association. Additional staff is needed to provide the servicing required to adequately protect the Federal government's investment in a portfolio of over \$8 billion.

The following table compares the original estimates with the revised projections of the amount of mortgages on hand at the end of fiscal year 1967.

[In thousands of dollars]

	Original estimate	Revised estimate	Increase
Mortgages on hand, end of year:			
Secondary market operations	4,174,426	5,742,589	1,568,163
Special assistance functions	1,370,207	1,517,852	147,645
Management and liquidating functions	702,675	1,303,683	601,008
Total	6,247,308	8,564,124	2,316,816

Administrative expenses

The supplemental request of \$850,000 will provide for an increase of 150 positions and a year-end employment of 1,117 to handle the substantial increase in workload activity forecast for fiscal year 1967. A comparison of the employment and administrative expenses provided by the Independent Offices Appropriation Act of 1967 (P.L. 89-555) and the proposed supplemental request is shown in the following table.

Employment and administrative expenses

	Public Law 89-555	Proposed supplemental	Increase
Positions	1,020	1,170	150
Year-end employment	967	1,117	150
Man-years	965	1,050	85
Administrative expenses	\$9,081,000	\$9,931,000	\$850,000

The table on the following page shows detail of the requested \$850,000 increase in the limitation on administrative expenses.

Administrative expense requirements

	Supplemental estimate, fiscal year 1967
June 30 employment-----	150
Obligations: Personal services-----	\$715, 000
Other objects:	
21.0 Travel and transportation of persons-----	2, 000
22.0 Transportation of things-----	5, 000
23.0 Rent, communications, and utilities-----	68, 000
24.0 Printing and reproduction-----	30, 000
25.1 Other services-----	5, 000
26.0 Supplies and materials-----	25, 000
Total obligations-----	850, 000

NEED FOR INCREASE IN ADMINISTRATIVE EXPENSES

Mr. EVINS. Tell us why you need to raise the limitation on expenses \$850,000.

Mr. BAUGHMAN. It is purely one of workload as a result of the new legislation which was passed. Our workload, as the statement indicates, is about 2½ times what we originally estimated in the way of commitments and purchases of mortgages in the Federal National Mortgage Association.

We are asking for 85 man-years and 150 positions, which percentage-wise is relatively small.

Mr. EVINS. This is all for administrative expense. You need more personnel to analyze the market conditions, to make purchases, and for your special assistance programs?

Mr. BAUGHMAN. That is correct. It is purely one of workload, Mr. Chairman.

Mr. EVINS. Public Law 89-566 increased FNMA's borrowing authority under its secondary market operations from 10 to 15 times its capital and surplus, which is a 50-percent increase, while simultaneously increasing by \$110 million its authority to issue preferred stock.

Are you issuing any stock?

Mr. BAUGHMAN. It is not our thought to issue any additional preferred stock until such time as it is needed. This increase in borrowing authority from 10 times our capital and surplus to 15 times expands our authorization to buy mortgages without increasing the preferred stock at the present time.

Mr. EVINS. Expanded borrowing authority mortgage purchases are now estimated to increase to \$2.3 billion during 1967.

Mr. BAUGHMAN. That is correct. That compares with what we estimated in our original budget presentation, \$900 million.

STATUS OF SECONDARY MARKET OPERATIONS

Mr. GLAIMO. Mr. Baughman, would you enlighten me on your operations as a result of the freeze in the secondary mortgage loans?

Mr. BAUGHMAN. There hasn't been any freeze in the secondary mortgage market. We have deferred actions temporarily in the special assistance program of FNMA.

Mr. GLAIMO. My impression was that in the secondary market operation you were holding off on buying up some of these mortgages.

Mr. BAUGHMAN. I might say at the present time we are somewhat in that neighborhood, the first 14 weeks of this year buying \$24 million a week on the secondary market operation. What we call management liquidating is another factor in the increase in our operations. As FHA sells properties, they take back purchase money mortgages. We have been taking them off their hands and putting them into what we call our management liquidating function. This is running somewhere in the neighborhood of about \$12 million a week.

Special assistance has been running about \$2 million.

You add those together—24 and 12 and 2—you get about \$38 million, which now runs close to \$1,900-and-some million.

Of course, this increase has increased our secondary market operations. We have increased the ceiling temporarily in the secondary market from \$15,000 to \$17,500 for existing properties, and increasing the ceiling to \$25,000 on new construction.

INCREASE IN WORKLOAD ACTIVITY

Mr. EVINS. Let us take a look at the workload table on page C-3. In the secondary market operations, the original estimate was 90,000 mortgages. Your revised estimates are up to 252,000 mortgages. These are purchases?

Mr. BAUGHMAN. Commitments, Mr. Chairman.

Mr. EVINS. This is an increase of 162,000 commitments over your original estimate. You say this is all brought on by the new legislation. Is that right?

Mr. BAUGHMAN. Partly, and increased activity over our original estimate.

Mr. EVINS. In your special assistance functions you say you have a little freeze. Your revised estimates will not go up as much as you anticipated they would. You are not very active here.

Explain this management and liquidating function. The figure jumps from 1,800 to 37,000.

Mr. BAUGHMAN (reading):

The shortage of private mortgage capital has also had its effect on the activities of the Association's Management and Liquidating Functions. Because of this shortage, the Federal Housing Administration is not able to arrange private financing for the bulk of its acquired property sales, and it is now estimated that under these functions FNMA will purchase \$415 million of FHA Commissioner-owned mortgages, an increase of almost \$400 million over the \$15.5 million in the original budget estimate.

Mr. EVINS. Explain that again, Mr. Baughman. You say the private market is not financing mortgage commitments or not assisting as it normally would, and your activity has had to be stepped up and increased. You have to take over where the private market is not meeting the needs.

Mr. BAUGHMAN. That is true in connection with the sale of FHA-acquired properties.

As you know, FHA is making a real effort to reduce its inventory of acquired properties and is selling somewhere in the neighborhood of 4,500 to 5,000 units a month. These particular mortgages, due to the shortage of private mortgage capital, have not been financed privately, so they take back purchase money mortgages.

These purchase money mortgages are now purchased by FNMA and that accounts for the \$415 million estimate in fiscal year 1967.

PURCHASES UP 2½ TIMES ORIGINAL ESTIMATE

Mr. EVINS. You say, "The amount and number of mortgages to be purchased in 1967 is estimated to be more than 2½ times the level originally estimated."

The reason you are having to buy 2½ times more is because of the tight money market. Mortgages are not being bought and financed. The recent legislation also empowers you to purchase more.

Mr. BAUGHMAN. That is correct.

Mr. EVINS. You are going to be 2½ times as active in this field as you have been in the past.

Mr. BAUGHMAN. Yes. Our estimates indicate that.

Mr. EVINS. Mr. Baughman, how big are you going to get?

Mr. BAUGHMAN. That is what I would like to know.

Mr. EVINS. You need 150 increased positions.

Mr. BAUGHMAN. That is correct.

Mr. EVINS. Do you have those about lined up?

Mr. BAUGHMAN. We are prepared to put them on as fast as we can get them.

Mr. EVINS. Are there any questions, gentlemen? He wants to raise the limitation on the amount of money he can expend when he is already making a profit and he is in big business.

Mr. RHODES. Does any part of the increase in personnel you require have to do with the sale of participation certificates, or with the processing of such certificates?

Mr. BAUGHMAN. Absolutely not.

Mr. RHODES. Thank you.

Mr. EVINS. Gentlemen, I believe we ought to take a recess and come back at 1:30.

AFTERNOON SESSION

Mr. EVINS. Gentlemen, the committee will come to order.

URBAN MASS TRANSPORTATION PROGRAM

We will take up this afternoon the supplemental budget request for the Department of Housing and Urban Development specifically relating to urban mass transportation activities.

Mr. Reporter, we will place in the record the material from House Document 505 and justification pages A-1 through 15.

(The material follows:)

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

URBAN MASS TRANSPORTATION GRANTS

Consideration is requested of the \$95,000,000 for fiscal year 1968 which was transmitted in the 1967 budget for "Urban mass transportation grants" but on which action was deferred pending an increase in authorization. The recently enacted amendments (Public Law 89-562, approved September 8, 1966) to the Urban Mass Transportation Act of 1964 provide such an increase. The requested amount, together with the \$55,000,000 provided by the Independent Offices Appropriation Act of 1967, will provide advance funding for a \$150,000,000 grant program in fiscal year 1968.

URBAN TRANSPORTATION ACTIVITIES

JUSTIFICATION OF SUPPLEMENTAL ESTIMATES, FISCAL YEAR 1967

(Excerpts From House Document No. 505)

89th Congress, 2nd Session

"DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

"URBAN MASS TRANSPORTATION

"Consideration is requested of the \$95,000,000 for fiscal year 1968 which was transmitted in the 1967 budget for "Urban mass transportation grants" but on which action was deferred pending an increase in authorization. The recently enacted amendments (Public Law 89-562, approved September 8, 1966) to the Urban Mass Transportation Act of 1964 provide such an increase. The requested amount, together with the \$55,000,000 provided by the Independent Offices Appropriation Act of 1967, will provide advance funding for a \$150,000,000 grant program in fiscal year 1968.

"ADMINISTRATIVE EXPENSES, URBAN TRANSPORTATION ACTIVITIES

"For an additional amount for 'Administrative expenses, urban transportation activities' " \$110,000.

"This proposed, supplemental appropriation would provide for the expenses of administering the new provisions of the recently enacted amendments (Public Law 89-562, approved September 8, 1966) to the Urban Mass Transportation Act of 1964. These provisions authorize the use of urban mass transportation grant appropriations to make grants for the planning, engineering, and designing of urban mass transportation projects and other technical studies, for fellowships for training in the urban mass transportation field, and for research and training in urban transportation problems. These provisions also require the preparation of a program of research, development, and demonstration of new systems of urban transportation, for submission to the Congress within eighteen months."

Summary of budget request

(1) Grant funds for fiscal year 1968:		
Available, Independent Offices Appropriation Act, 1967, balance of authorization	-----	\$55,000,000
Balance of original request, under additional authorization by 1966 amendments	-----	95,000,000
Total estimate for fiscal year 1968	-----	<u>150,000,000</u>
(2) Administrative expenses for fiscal year 1967:		
Available, Independent Offices Appropriation Act, 1967	-----	640,000
Proposed supplemental, for additional expenses of new programs authorized by the 1966 amendments	-----	110,000
Total estimate for fiscal year 1967	-----	<u>750,000</u>

The President's Budget for fiscal year 1967 included a request of \$150 million for advance funding of mass transportation grants for fiscal year 1968. The budget contemplated the use of the \$55 million unappropriated balance of the existing authorization plus an additional \$95 million to be provided from a new authorization. Because authorizing legislation was pending when the Independent Offices Appropriation Act, 1967 was enacted only the \$55 million could be appropriated.

The Act amending the Urban Mass Transportation Act of 1964, P.L. 89-562, was signed into law September 8, 1966. It provided the additional authorization required. Accordingly, the supplemental request proposes the appropriation of the balance of the President's Budget request for fiscal year 1968, \$95 million.

The principle of advanced funding embodied in this request was initially approved in the Independent Offices Appropriation Act of 1966. It gives assurance that program funds will not be exhausted during the generally lengthy

period generally required to plan projects and make arrangements for local financing.

The following table summarizes the status of appropriations available:

Status of appropriations

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Balance brought forward.....	\$168	\$18,204	\$11,804
Appropriation:			
Enacted.....	130,000	130,000	55,000
Proposed supplemental.....			95,000
Subtotal.....	130,000	130,000	150,000
Total available.....	130,168	148,204	161,804
Less: Grant approvals (net).....	111,964	136,400	160,000
Balance available, end.....	18,204	11,804	1,804

The supplemental request of \$110,000 for administrative expenses for fiscal 1967 will provide funds to support the administration of the four new programs established by the 1966 amendments to the Urban Mass Transportation Act of 1964.

SUMMARY OF 1966 AMENDMENTS

The Urban Mass Transportation Program was established on a limited demonstration basis in the Housing Act of 1961. The Urban Mass Transportation Act of 1964 substantially expanded the earlier provisions governing the program and provided authorization for a Program of Capital Improvement Grants. The recently enacted 1966 Amendments to the Urban Mass Transportation Act of 1964 provided additional grant authorization, at \$150 million per year for each of fiscal years 1968 and 1969; and provided a corresponding extension for the Section 6 sublimitation of \$10 million per year available from the grant authorization for demonstration projects.

In addition, the 1966 Amendments authorized four new program activities, all funded from the basic grant authorization. These are:

Grants to public bodies for the planning, engineering and designing of urban mass transportation projects, and for other technical studies.

Grants to public bodies, to award up to 100 graduate fellowships annually to managerial, technical, and professional personnel in the urban transportation field. Up to \$1.5 million is available for this program.

Grants to public and private nonprofit institutions of higher learning for transportation research and concurrent training of persons for positions in the urban transportation field. Up to \$3 million annually is available for research and training.

A special 18-month project to study and prepare a program of research, development, and demonstration of new systems of urban transportation. The cost of this study is to be financed from the grant funds under the Section 6 sublimitation for demonstration projects.

PROGRAM DESCRIPTION AND ACTIVITY

Program highlights—Grant approvals

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Capital improvement grants.....	\$106,107	\$120,000	\$137,000
Demonstration grants.....	5,857	7,400	13,000
Grants for technical studies.....		4,700	6,000
Grants for managerial training.....		800	1,000
Grants for research and training.....		1,500	3,000
Research, development and demonstration projects.....		2,000	
Total.....	111,964	136,400	160,000

Capital improvement grants—Program highlights

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Applications on hand, start.....	40	90	90
Preliminary applications received.....	49	100	110
Final applications approved for grant reservation:			
Number.....	27	35	35
Amount.....	\$106,107	\$120,000	\$137,000
Projects completed.....	2	23	35
Projects underway, end of year.....	42	54	54

The budget program for fiscal year 1968 would fund 35 projects for \$137 million.

Capital Improvement grants for up to two-thirds of the net project cost—that portion of the total project cost which cannot be reasonably financed from revenues—may be made to a State, a local public body or agency, or an agency established by action of two or more states.

A total of 45 projects for almost \$160 million have been approved to date. Grants approved average approximately \$3.5 million per project, but more than half of the grants are for less than \$1 million. All but five of the grants for under one million dollars are to small and middle sized cities and involve primarily the purchase of buses to replace wornout equipment. Of the projects over \$1 million, seven are for long-planned bus replacement programs, eleven involve equipment and construction improvement for rail rapid transit; and one, for the State of Washington, involves the purchase of four new ferries for the Puget Sound commuter service. In all, the grants are distributed among 38 cities and metropolitan areas in 22 States and Puerto Rico.

The present backlog of 48 capital grant applications represents over \$114 million. During the last six months of fiscal 1966 approximately \$100 million in new applications were received.

The heavy potential demand for this program is also apparent in a recently updated 1961 survey of projected ten year requirements for mass transportation systems. The original survey made by the Institute of Public Administration in 1961 showed a 10 year requirement for \$9.8 billion. The HUD financed updating of the survey estimates that \$10.9 billion will be required in the next decade.

Demonstration grants—Program highlights

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Applications on hand, start.....	3	15	30
Applications received.....	22	25	35
Final applications approved for grant reservation:			
Number.....	9	12	23
Amount.....	\$5,857	\$7,400	\$13,000
Projects underway, end of year.....	39	23	32

The budget program for fiscal 1968 would provide \$13 million for the approval of 23 projects. The status of the Section 6 sublimitation is:

Status of sublimitation on demonstration grants

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Balance available, July 1.....	\$871	\$5,014	\$5,614
New authority available.....	10,000	10,000	10,000
Total.....	10,871	15,014	15,614
Project approvals.....	5,857	7,400	13,000
Special study—New systems.....		2,000	
Balance available, end of year.....	5,014	5,614	2,614

Grant assistance may provide for research, development, and demonstration projects designed to assist in the reduction of urban transportation needs, the improvement of mass transportation service, and the contribution of such service toward meeting total urban transportation needs at minimum cost.

Since the program began in 1961, approximately \$39.5 million in grants have been made for 47 projects. Generally speaking, the projects are clustered in three main areas—(1) controlled changes in transit service and fare structure to determine their effects upon the use of mass transportation facilities; (2) the testing of newly developed equipment and operating techniques, to determine their engineering and economic feasibility under actual service conditions; and (3) the evaluation of new techniques and methods for transit planning, and of workable arrangements for organizing and coordinating public transportation services within metropolitan areas.

Seven projects have been completed. The demonstrations have been completed and reports have been filed on another twelve. The valuable body of information and experience gained from these demonstrations is being passed on to transit planners, operators, and public officials concerned with transit problems.

There is increasing evidence that demonstrations of new services, which carriers are reluctant to introduce because of initial costs and high risk, frequently result in beneficial permanent additions to transit service. Also, a start has been made in the program in the development and testing of technological improvements in urban mass transportation. In addition, increasing attention is being given to the program experiments which test the social and economic values of public transportation to disadvantaged groups.

Grants for technical studies—Program highlights

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Applications received.....			
Applications approved for grant reservations:		20	25
Number.....		10	15
Amount.....		\$4,700	\$6,000
Studies underway, end of year.....		10	25

The fiscal 1968 budget proposes 15 grants for technical studies for \$6 million. The program for planning, engineering and designing urban mass transportation was added in the 1966 Amendments to the Urban Mass Transportation Act of 1964. Its purpose is to assist communities to undertake technical studies which will enable them to obtain a clear understanding of what a projected mass transportation program will involve in terms of cost, feasibility of financing, service benefits and land use patterns.

This program will fill the gap between planning grants available under the Department's Urban Planning Assistance Program and the construction grants available through the Capital Improvement Grants Program. In so doing, it will provide assistance for the development of sufficiently detailed information to allow the city to make informed judgments, arrange for construction financing and, in general, to move rapidly to meet its mass transit needs.

Communities are actively interested in this program. A number of communities are known to be ready for this phase of activity in preparing for new systems or improvements in existing systems. Some of the larger cities, which are known to be ready for the development of new or the expansion of existing mass transportation systems have delayed action because of the high costs involved in functional studies, plans, and designs involving extensive engineering and other technical and professional work.

Grants for managerial training—Program highlights

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Applications received.....		15	30
Applications approved for grant reservation:			
Number.....		10	12
Amount.....		\$800	\$1,000
Number of fellowships.....		65	85

One million dollars in fellowships for managerial training would be awarded in fiscal 1968 under the budget program. The grants, authorized by the 1966 amendments to the Urban Mass Transportation Act of 1964, would be made to State and local bodies to provide 1-year graduate fellowships for advance training of individuals working in managerial, technical, and professional positions in the urban mass transportation field. Selections will be made by the public body receiving the grant on the basis of demonstrated ability and the contributions that the persons selected can reasonably be expected to make to the field of urban mass transit.

The shortage of trained personnel is not hard to understand. For decades urban mass transportation had been allowed to decline, few college graduates wished to enter a field which offered so little promise. Recently, however, there has been a burst of interest and activity in urban transportation which has created serious shortages of qualified personnel to plan, construct, and operate efficient urban mass transportation systems.

This program is intended to help alleviate the critical shortage of trained personnel by enabling transit organizations to send some of their key personnel back to school to upgrade their skills and keep abreast of new developments in the field. Grant assistance is limited to the lesser of \$12,000 or 75 percent of the sum of (1) tuition and other charges to the fellowship recipient, (2) any additional costs incurred by the educational institution in connection with the fellowship and billed to the grant recipient, and (3) the regular salary of the fellowship recipient for the period of the fellowship (to the extent that salary is actually paid or reimbursed by the grant recipient).

Grants for research and training—Program highlights

[Dollars in thousands]

	Actual, 1966	Estimate, 1967	Estimate, 1968
Applications received.....		12	20
Applications approved for fund reservation:			
Number.....		5	10
Amount.....		\$1,500	\$3,000

The budget program for fiscal year 1968 would provide \$3 million for 10 grants for research and training. This is another of the new programs authorized by the 1966 amendments.

This program is intended to meet the twin needs for training and research by providing colleges and universities with funds to carry out such programs. This approach has been used to great advantage in many fields such as health, defense, and space. The program will encourage schools to establish institutes of transportation. Such institutes would be effective in combining research with the training of individuals who intend to work in the field.

Research efforts would be concentrated on initiating activity in areas where there are problems which cannot reasonably be dealt with by the transportation industry and in areas where the subject is so basic that no one transit company is willing or able to undertake the responsibility. Such research might investigate the design and functioning of urban mass transit systems; the interrelationship between various modes of urban and interurban transportation; the role of transportation planning in overall urban planning; public preferences in transportation; the economic allocation of transportation resources; and the legal, financial, engineering, and esthetic aspects of urban transportation.

SPECIAL STUDY—NEW SYSTEMS

Two million dollars of funds made available under the regular demonstration program for fiscal 1967 will be used to make a study and prepare a report for the President and the Congress, within 18 months, on a program of research, development, and demonstrations of new systems of mass transportation. This study was authorized by the 1966 Amendments to the Urban Mass Transportation Act. It is intended that it will investigate transportation systems that will carry people and goods within metropolitan areas speedily, safely, without polluting the air, and in a manner that will contribute to good city planning.

Such a program will (1) concern itself with all aspects of new systems of urban transportation for metropolitan areas of various sizes, including technological, financial, economic, governmental, and social aspects; (2) take into account the most advanced available technologies and materials; and (3) provide national leadership to efforts of States, localities, private industry, universities, and foundations.

The sponsors of this legislative provision have emphasized the urgency for "breakthrough results within 5 years" in the development of new systems. Since it is the Department's aim to move forward immediately on this project, most of the additional staffing requested for the new programs under the proposed 1967 supplemental request for administrative expenses will be for this activity.

The 18-month study will utilize the services of three outside research organizations, each encouraged to study the problem in its entirety, from different perspectives. The following studies are contemplated:

One study would define ideal urban transportation systems to serve different purposes in different kinds of cities. The use of new technologies—such as the fuel cell, advanced storage batteries, air cushion vehicles, automated highways, gravity-vacuum tube systems—would be explored.

A second study would concentrate on evolving new urban transportation systems from our present automobile, bus, and subway systems. Improved bus design, automated parking lots and improved traffic control devices would be some of the improvements examined.

A third study would consider what immediate improvements could be made in our present transportation systems. The uses of streets exclusively for buses, trucks, or pedestrians would be considered. Expanded use of computers to control traffic, moving sidewalks and new communications devices for bus and traffic control would be investigated.

The fourth study would examine the requirements for good urban transportation systems in different sizes and types of cities. The purpose of the study would be to describe how a good urban transportation system should perform in terms of convenience, safety, cost, service, use of land, and other factors.

Only the fourth study would be made by the Department. A nucleus of transportation experts qualified to oversee the research, development, and demonstration program would be hired to do this study. The other three studies would be contracted out to the three corporations, universities, or nonprofit research organizations best qualified to do them.

ADMINISTRATIVE EXPENSES

Employment and funds available

	Amount	End of year employment
Available, IOAA, 1967	\$640,000	55
Proposed supplemental, 1967	110,000	20

The Department estimates that an additional appropriation of \$110,000 is needed to carry out the new activities authorized by the 1966 Amendments to the Urban Mass Transportation Act of 1964. Twenty year-end positions would be supported from this amount.

Of the 20 positions, 11 would be for the eighteen month Special Study of New Systems. This group would have responsibility for getting the Special Study started. It would undertake one of the four studies and would oversee the other three, providing technical advice, assistance and guidance.

The Special Study Staff will need a project director with exceptional experience in advanced research techniques. A strong staff of professional and technical experts in the field of urban and transportation planning and research, transportation and land use economics, engineering, and law will also be needed. If, as intended, the Study is to lead to a break-through within five years, the most expert and imaginative staff is needed to review, evaluate, re-design and guide the varied undertakings which will be involved in the overall study.

Four positions would be for the administration of the Managerial Training and the Research and Training Programs. The two remaining positions would be allocated to the Technical Studies Program. Individuals assigned to these positions would bear responsibility for developing procedures, establishing standards and making the necessary arrangements to get the new program started.

The table on the next page provides detail on the distribution of the \$110,000 among the objects of expense.

<i>Urban mass transportation activities</i>	<i>Supplemental estimate, fiscal year 1967¹</i>
June 30 employment	20
Obligations: Personal services	\$91,000
Other objects:	
21 Travel and transportation of persons	7,200
22 Transportation of things	100
23 Rent, communications, and utilities	3,900
24 Printing and reproduction	700
25 Other services	3,800
26 Supplies and materials	1,100
31 Equipment	2,200
Total obligations	110,000

¹ Includes pay act costs.

APPROPRIATION LEVEL

Mr. EVINS. Mr. Secretary, you have already given us your statement on this. You are asking for a supplemental appropriation of \$95 million?

Mr. WOOD. That is correct, Mr. Chairman.

Mr. EVINS. We appropriated \$55 million just a few weeks ago. Have you exhausted that \$55 million?

Mr. WOOD. The reason we are appearing for \$95 million now, Mr. Chairman, is that the original request before your committee was for \$150 million, as proposed in the President's budget. At that time, and before the amendments to the Mass Transportation Act of 1964

were enacted in September, only \$55 million remained of the authorization for appropriation enacted in 1964.

What in effect we are now asking for is the appropriation of the remainder of the original \$150 million budget request, now that we have further authorization.

In terms of the general needs of the program, and as the budget estimate and justification indicate, we are in a situation where this money is required and can be effectively used.

Mr. EVINS. You didn't really answer my question, Mr. Secretary. Have you exhausted and used that \$55 million we just appropriated for you?

Mr. FRANTZ. Mr. Chairman, that \$55 million is 1968 money and doesn't become available until next July 1. We haven't used any of it.

CARRYOVER FROM FISCAL YEAR 1966

Mr. EVINS. Haven't you an \$18 million carryover in your current year?

Mr. FRANTZ. That is correct.

Mr. EVINS. You have \$55 million and \$18 million. How much does that make?

Mr. FRANTZ. It is two different years.

Mr. EVINS. This is a continuing program.

Mr. FRANTZ. Yes. We have available this fiscal year \$18 million carryover from prior years' balances plus \$130 million which was previously appropriated for this year.

Mr. EVINS. We appropriated this year in our regular bill \$55 million.

Mr. FRANTZ. For the 1968 fiscal year.

Mr. EVINS. And you have \$18 million carryover—

Mr. FRANTZ. In 1967.

Mr. EVINS. And it is still in the fund and has not been returned to the Treasury and you still have it to use for mass transportation grants?

Mr. HAAR. We have committed the carryover, sir. That has already been used up.

Mr. EVINS. It may be committed.

Mr. WOOD. This is a program that develops in reasonably large projects. It goes forward with a momentum of its own. The particular calendar date on this request doesn't reflect the needs of the program—

CURRENT UNOBLIGATED BALANCE

Mr. EVINS. What is your unobligated balance at the present time?

Mr. FRANTZ. It is a little over \$130 million. If I may explain this very briefly, Mr. Chairman, the carryover funds from 1966—the \$18 million—can be added to this year's appropriation of \$130 million to arrive at the program that can be carried on between now and next June 30. That \$18 million represented projects upon which our review had been largely completed and which were in fact approved during the months of July and August, very shortly after the end of the 1966 fiscal year. We are really talking about \$130 million for this year and \$150 million for 1968.

Mr. EVINS. In urban mass transportation grants, how much did you obligate in 1964?

Mr. HURD. There was no appropriation for 1964.

Mr. EVINS. How much in 1965?

Mr. HURD. \$59.8 million.

Mr. EVINS. How much in 1966?

Mr. HURD. \$112 million, sir.

Mr. EVINS. How about 1967?

Mr. HURD. To date, \$14.7 million, sir.

Mr. EVINS. This is not a constant level. This is up and down; peaks and valleys; zero in 1964 to about \$60 million in 1965, and you jump to \$112 million in 1966 and come down to \$14.7 so far in 1967.

Mr. HURD. The first appropriation was for fiscal year 1965. That was \$60 million, of which we obligated \$59.8 million.

Mr. EVINS. What was the appropriation for 1966?

Mr. HURD. The appropriation for 1966 was \$130 million, sir. It is also \$130 million for 1967. Then there is already \$55 million advance funding for 1968 in the 1967 regular appropriation bill.

Mr. EVINS. You have had a \$130 million level for the past 2 years?

Mr. FRANTZ. That is right.

Mr. HURD. For last year and this year, sir.

Mr. EVINS. 1966 and 1967.

Mr. FRANTZ. That is right.

Mr. WOOD. This has some similarity to the urban renewal program with respect to the leadtime needed by local communities to make their plans, and this is the reason for the 1968—

Mr. EVINS. Well, they are finding out about it, that you are giving this money and they are going to make all the applications possible. This is not going to be on a level; this is going to accelerate and pyramid as long as you have funds and as long as they know this grant money is available. There are more and more cities that are going to come in on the program, isn't that right?

Mr. HAAR. Yes, sir.

1968 AND 1969 PROGRAM LEVELS

Mr. RHODES. Aren't you really trying to get us to raise the level of activity of this particular line item?

Mr. WOOD. No, I don't think this raises the level of activity.

Mr. RHODES. You are raising it from \$130 to \$150 million, are you not?

Mr. HAAR. That is correct, for fiscal year 1968. The new bill, the 1966 amendments, increased the level of authorization for the next 2 years, 1968 and 1969, to \$150 million each.

Mr. RHODES. You want us to fund the program 2 years ahead of time?

Mr. FRANTZ. One year.

Mr. RHODES. But money is available for 2 years at any given time.

Mr. HURD. The authorizations for 1966 and 1967 were \$150 million for each year and the Congress appropriated \$130 million for each of those years, presumably on the basis that this was a new program that was just starting off.

The authorization in the 1966 amendments, which have just been signed, is \$150 million for each of 1968 and 1969—

Mr. RHODES. The authorization is at the same level as previously.

You are asking us to fully fund the authorization whereas we had not done this before.

NEW PROGRAMS AUTHORIZED IN 1966 AMENDMENTS

Mr. EVINS. In addition to the \$150 million authorization for the next 2 years under the 1966 transportation amendments, there are several new programs included in those amendments:

(1) Grants to public bodies for planning, engineering, and designing, urban mass transportation projects, and for other technical studies.

(2) Grants to public bodies for graduate fellowships to managerial, technical, and professional personnel.

(3) Grants to public and private nonprofit institution for research and training.

(4) An 18-month study to prepare a program of research, development, and demonstration of new systems of urban transportation.

A lot of this is for new programs just enacted into law.

Mr. WOOD. The only complication in this, Mr. Chairman, is that the new programs are within the \$150 million program authorization. The administrative expenses we ask for is the only new money required here for 1967, but the amendment of 1966—

Mr. EVINS. What you are saying is that the \$150 million authorization has been excessive of your needs and you now have new programs which you can still encompass within this same authorization limit.

Mr. WOOD. No; another way to say this, Mr. Chairman, is that the program authorization now includes more activities, or additional aspects of the activities. As between the \$130 million which the Congress appropriated for 1967 and the \$150 million requested for 1968, we have more things to do. These are additional programs.

CAPITAL GRANT PROGRAM

Mr. EVINS. There are about four new additional programs.

How much money have you given out to cities for actually putting in improved transportation for the movement of people, for mass transportation, in equipment or roadbeds and actually moving people?

Mr. HURD. Through today, sir, \$171.3 million.

Mr. EVINS. Where has that been concentrated?

Mr. HURD. It is pretty widely spread, sir. There have been some 49 capital grants.

Mr. EVINS. That would be 49 separate cities?

Mr. HURD. Not necessarily.

Mr. EVINS. Some might have more than one grant?

Mr. HURD. Yes, sir.

Mr. WOOD. I think the figures are 38 cities and metropolitan areas and 23 States.

Mr. EVINS. \$171 million for how many cities?

Mr. WOOD. Thirty-eight cities.

Mr. EVINS. Has 90 percent of this money gone into actual improved transportation facilities for the mass transportation of people, or is it for personnel or staffing or studies?

Mr. HURD. All of this money—the \$171.3 million—has gone into capital improvements, sir.

Mr. WOOD. The thrust of the new amendments—Secretary Haar might want to speak about these—the Congress enacted, are really to drive toward improvement and, in addition, to maintain and improve the capital structure of the existing systems.

TYPES OF CAPITAL PROJECTS FINANCED

Mr. EVINS. Has this money been used for replacement of buses, replacement of equipment?

Mr. HURD. The \$171 million, sir?

Mr. EVINS. Yes.

Mr. HURD. This has been used for the replacement of equipment, such as buses, for new buses in cases where they need to expand transit services, for new shop facilities, for extension of rapid transit systems, for improvement of rail commuter systems.

Mr. EVINS. Is it all related to the Government-owned, municipally owned and operated transportation systems?

Mr. HURD. No, sir; private carriers can participate in this program under contract with a local public body and, in fact, 12 out of the 49 projects have involved private carriers.

Mr. SHIPLEY. What is the smallest city that you have had an agreement with?

Mr. HURD. Kenner, La.

Mr. SHIPLEY. What is the population?

Mr. HAAR. 23,000.

ASSISTANCE TO PRIVATE CARRIERS

Mr. FRANTZ. In the case of the private carriers, the grant does not go directly to the private carrier. The grant goes to a local public agency.

Mr. HURD. The public agency may then make the facilities available to a private carrier under some form of contractual arrangement—usually a dollar-a-year lease of the equipment to the private operator.

STATUS OF GRANT APPLICATIONS

Mr. EVINS. In 1964, there was no appropriation. In 1965 you allocated \$59.8 million. The next year you allocated \$112 million. In 1967 it has dropped down to \$14 million. It has its peaks and valleys—

Mr. HURD. That is only so far this fiscal year, Mr. Chairman. We have pending active applications for about \$146.2 million.

Mr. EVINS. You are running at \$130 million and now you have new transportation amendments with new programs. You haven't used all of this authorization in the other years in the old program.

Mr. HURD. I think we have in fact gone up to the appropriations which Congress has made to us within a reasonable tolerance. For example, in the first year we had \$60 million appropriated and we obligated \$59.8 million. In the second year of the program—fiscal year 1966—we had \$130 million appropriated and we obligated \$112 million

by June 30. In this fiscal year, in the processing of applications on hand at the end of last fiscal year, we have already committed \$14.7 million.

We have just started into this fiscal year and we have on hand, as I indicated a moment ago, \$146.2 million in what we consider active and probably approvable applications.

RELATIONSHIP TO OTHER TRANSPORTATION PROGRAMS

Mr. EVINS. What other departments are also engaged in the servicing of transportation and aiding transportation in addition to the Department of Housing and Urban Development? We are just creating a new Cabinet-level Department of Transportation. We have about \$5 billion in this field of transportation, we are told, by way of appeal for a new department at Cabinet level for transportation. What is this?

Mr. WOOD. We are the department that has been concerned primarily with urban mass transportation because of the very close links and ties which urban mass transportation has with land use patterns, with urban growth and developments and with other investments in community facilities.

The main thrust, as I understand it, of the new proposed Department of Transportation is toward national and international transportation activities. Our belief is, and it is reflected in this request, that we are now in a posture where we can see requirements down the road for the capital improvements that Mr. Hurd indicated, which will carry us to the level of appropriations we have had to now, and perhaps more.

We have in addition the responsibility, as the 1966 amendments make clear, of assuring ourselves that we go beyond simply the present state of the art, the state of technology, and the state of manpower availability in mass transportation, and drive toward assisting cities to get the most efficient and effective kinds of mass transportation systems that are possible. This, I think, is the basic thrust of the new amendments—

Mr. EVINS. In the new Department of Transportation that has passed the House—and I believe it has passed the Senate—

Mr. WOOD. It is in conference at the present time.

Mr. EVINS. Are any of the transportation activities of HUD to be incorporated in this new Department of Transportation?

Mr. WOOD. No, sir.

Mr. EVINS. Others are to be consolidated, but you are telling the committee none of your functions are included in this new department?

Mr. WOOD. No, sir; they are not.

Mr. EVINS. As far as you know?

Mr. WOOD. As far as I know. The legislation recognizes, in both the House and Senate versions, the relationships between our programs and the programs of the proposed Department of Transportation; it requires consultation between the Secretary of HUD and the future Secretary of Transportation as to how these programs relate, but right now the urban mass transportation programs are our programs.

Mr. HAAR. That is the present status of the programs.

FUNDING OF NEWLY AUTHORIZED PROGRAMS

Mr. EVINS. Is it your plan to use whatever funds are appropriated under urban mass transportation for grants, for capital improvements, and for assisting in the movement of masses of people rather than studies and research?

Mr. WOOD. The basic thrust of the program as now established is for capital grants and demonstrations, for actual improvements.

Mr. EVINS. In connection with these four or five studies, you do propose to fund them out of administrative expenses?

Mr. WOOD. No, sir. The 1966 amendments provide that these programs will be funded out of the overall grant appropriation. For example, in the program of grants to public bodies for fellowships, up to \$1.5 million, and for research up to \$3 million, of grant funds may be used. These are relatively small sums in the total appropriation, but these activities are designed to try to move forward by improving what we know.

The \$110,000 requested for 1967 administrative expenses is simply to manage and oversee the activities authorized by the new amendments.

Mr. EVINS. For capital improvement grants in 1966 you committed \$106,107,000. For 1967 you estimate \$120 million. For 1968, if maximum funding is provided, you would estimate \$137 million.

Mr. WOOD. That is correct.

MASS TRANSPORTATION DEMONSTRATION PROGRAM

Mr. EVINS. Demonstration grants may go up from \$5.8 to \$13 million. What is the nature of these projects?

Mr. HURD. These are the series of projects first authorized in the Housing Act of 1961, and which have been carried on since. They are largely practical demonstrations, involving the provision of new transit service in communities to find out what the result of providing various service and fare levels may be. The objective here is to provide information to the industry about what happens when it provides different types of service.

Mr. EVINS. Don't the equipment manufacturers demonstrate their equipment to the cities and transportation units? They want to promote their product.

Mr. HURD. Yes, sir; but this is not directed toward the demonstration of existing hardware, but at how you use existing hardware. The purpose is to show what kinds of service will be profitable and will provide a needed service in the community.

The fact is that, although the transit industry has been around a long time and has conducted a lot of experiments in such things as service to the downtown area and fare plans similar to park and shop validations, there has been no recording of what has happened. There has been no body of knowledge, telling what experiments were carried out and what the results of those experiments were in terms of ridership and the economics of the industry, which has been available to transit operators and to planners and to public officials.

ACTIVITIES IN FRESNO, CALIF.

Mr. RHODES. Actually under this category didn't you once refinance the system of Fresno, Calif.?

Mr. HURD. No, sir.

Mr. RHODES. What city in California was it?

Mr. HURD. I think I know what you are referring to, sir. We have a pending application—I am sorry, it is not from Fresno. We have had no project in Fresno. I was thinking of an application which we have from the city of San Diego.

Mr. RHODES. I think I can find in the hearings of this subcommittee, maybe 2 or 3 years ago, a discussion between one of the officials of HHFA and me, concerning the proper use of this particular line item. I was shocked at the time to realize that under a grant for demonstrations that you were financing the purchases of just garden variety buses.

Mr. HURD. Mr. Chairman, we have had no project involving the city of Fresno, although they did inquire of us concerning possibility of one several years ago.

Mr. RHODES. Maybe it was stopped after the colloquy in the committee.

Mr. HAAR. I don't see any in the list that we have.

DEMONSTRATION PROGRAM POLICY ON CAPITAL FACILITIES

Mr. HURD. Under the demonstration program, sir, the program policy is and has been since the beginning of the program that we do not finance capital improvements. The capital improvement program is the one which assists transit systems in buying new equipment or buses; the demonstration program is for the purpose of testing, showing, and providing data about new methods, new ideas, and new techniques in the field of mass transportation.

Mr. EVINS. Do minibuses in Washington come under this?

Mr. HURD. Yes, sir.

SIZE OF CAPITAL GRANTS

Mr. GIAIMO. At page A-6 you speak of a total of 45 projects, and \$31½ million per project. More than half the grants, however, were less than \$1 million.

How many grants are included in that half?

Mr. HURD. I can give you a brief tabulation on it if you would like.

Mr. GIAIMO. I would like to have, if I could, the grants which are less than \$1 million.

Mr. HURD. They total 30, sir.

Mr. GIAIMO. Can you tell us about some of them?

Mr. HURD. The grants for less than \$1 million have been basically for the provision of new equipment for existing bus systems.

Mr. EVINS. Are all of them middle-size cities?

Mr. HURD. Yes, sir.

Mr. GIAIMO. Give me an example.

Mr. HAAR. One of the most recent ones was Corpus Christi.

Mr. GIAIMO. What is this for?

Mr. HAAR. To acquire the transit and replace equipment to keep it going.

Sometimes this is the only way a city can have any public transportation. The city has to run the equipment. Otherwise there would be no public transportation at all.

Mr. GIAIMO. We help them finance the purchase of new equipment, is that the idea?

Mr. HAAR. That is right.

Mr. GIAIMO. What would happen if we didn't have this program?

Mr. HAAR. There would be no public transportation in several of these cities.

Mr. GIAIMO. Is this the opinion of HUD, or might there be an effort to find the money elsewhere?

FINANCIAL ASSISTANCE FOR SMALL CITIES

Let me tell you what I am concerned about. I think this is a good program, but what I am concerned about is that we are going to proliferate it and get into very small communities where urban transportation does not exist in my opinion. I know there may be political reasons why we have to do this, but I would hate to see a lot of this money going into small communities just to replace equipment and then not have enough money to do the really big job which I think is begging for a solution on the part of the Federal Government in some of our major urban areas of hundreds of thousands and millions of people. I just wonder whether you are concerned about this problem?

Mr. HURD. Certainly, sir, the big problems in terms of money—the massive problems—do exist in places like Boston, New York, Los Angeles, San Francisco, Chicago. But I have gone into many of these smaller cities where we have made grants that permit them to purchase half a dozen buses, 20 buses, 30 buses. These systems serve the low-income people in the community, they serve the kids and the older people in the community, who are just as immobile in their small communities as the people in New York or Boston are in their communities in the absence of adequate public transportation. This does serve a real need.

Mr. GIAIMO. Except it is not quite the same type of crisis, in my opinion.

Mr. EVINS. It is a different type.

Mr. GIAIMO. This is the thing that disturbs me.

We have a program available, and all of us who are legislators are constantly being besieged by our mayors and selectmen and county supervisors to get sewer grants, money for new buses and the like from your Department. We, to some degree, remove their initiative to find local solutions for local problems.

GRANT TO KENNER, LA.

You mentioned Kenner, La., awhile ago. What was the amount involved in that project?

Mr. HURD. I will get you the figure, sir.

The capital grant to Kenner, La., was \$49,060.

Mr. GIAIMO. I think you mentioned that earlier. You remove their initiative to try and resolve on a local level a relatively simple

problem and we take away from the Federal Government money with which to tackle the terrible problems which we have in the major areas. This is what really disturbs me and many of my colleagues.

Now I know as I said earlier there are good political reasons why we have to spread these around the States, but this is a local problem and our concern with this Department has got to be urban, which means with the States which have these huge urban concentrations.

Mr. HURD. Well—

Mr. GIAIMO. I don't want to see this money proliferated through little grants which involve simply refinancing the purchase of 5 or 10 buses.

Mr. HURD. Well, Kenner, La., to which you referred, is in fact an urban area. The reason you can't find it on the map is that New Orleans International Airport is located in Kenner, but it is a shoe-string development between Lake Pontchartrain and the Mississippi River.

And this is a community of low-income people who need access to the city of New Orleans and to the airport in order to get employment. They need access to the facilities which the city has, the bowling alleys, if you will, the libraries. Without public transportation these people simply do not have this access.

Mr. GIAIMO. All right. So what do we do for them, then?

Mr. HURD. We provided two buses.

Mr. GIAIMO. So we need a Federal program to provide two buses for a community in the United States today.

Mr. RHODES. Will the gentleman yield?

Mr. GIAIMO. Yes.

ACTIVITIES IN FRESNO, CALIF.

Mr. RHODES. I just looked up the Fresno, Calif., situation, and it was precisely as I stated. It was in the hearings for fiscal year 1963, and a colloquy between Secretary Weaver and I dealt with the refinancing of buses in Fresno, Calif. If we do things like this, this is not a research program, I submit that it is not being conducted in the way that Congress meant for it to be.

TRANSPORTATION RESEARCH ACTIVITIES

Mr. EVINS. Look on page A-5. The first item is for capital grant improvements.

The next one is the demonstration grants we have been talking about. Look at the last figure. Both kinds are here.

Of the \$160 million, \$137 million is to be for capital grants and about \$23 million is for research and demonstration projects and training. Doesn't the budget for the Department of Commerce also have \$25 million for research?

Here we have \$37 million in this department.

PROGRAM DIRECTION AND EMPHASIS

Mr. WOOD. May I comment both to Mr. Giaimo and to your point, Mr. Chairman?

Mr. EVINS. Yes.

Mr. WOOD. I would say that the question of relative distribution of funds between the maintenance of small systems and investment in critical areas is a major one. I point out that we have moved since January to focus on that problem.

I think I am correct, Mr. Haar, in saying that the largest demonstration grant we made last year was for a project in Los Angeles—in the Watts area—to establish a system that will move people who have no transportation available out to labor markets and out to the factories and that we have a ridership on that line now in excess of 1,500.

Mr. HAAR. It is over 1,870 per day now.

Mr. WOOD. We have done the same, if I am correct, in Nashville. I think this program must, first, be responsive to major critical areas. It must, second, have a social impact. It ought to recognize that it is mostly low-income people, people who need jobs, who use mass transportation. We ought to be conscious of that.

Third, I think we are close to a series of breakthroughs in mechanical engineering and in automated vehicles. We should move to exploit whatever we can in technology so that we do get different systems, so we get beyond just the replacement of buses. And I think that within the constraints of the situation we are moving.

TRANSPORTATION RESEARCH IN HUD AND COMMERCE

In terms of Commerce's investment in transportation research and ours, I think you see them addressed to two different aspects. I had the privilege of being on the subcommittee of one of the Commerce studies in a former role and, in effect, there we were addressing ourselves to high-speed ground transportation between Boston and Washington, and the 500-mile rail system that might begin to solve the air corridor problem in the Northeast, which has obvious applications to Los Angeles and San Francisco and St. Louis and Chicago.

Now, our thrust, the thrust of HUD research, it seems to me, has to be different. It has to address itself to the question of the most effective transportation within metropolitan areas. It has to address itself to distribution requirements that buses do not meet very well and present subway systems do not meet very well. And in this way I think we are quite different from Commerce. Our program ought to address itself to the impact that transportation makes in the whole pattern of land use and the whole pattern of housing.

And these are the thrusts that we should go forward on. We should do it, I think, in recognition of the fact that, with reasonably small investments, if we can take advantage of the breakthroughs in technology now, we may be able to get many more benefits for the costs than we are now able to under existing systems.

Mr. GLAIMO. I agree completely with what you are saying. I consider yours a great agency with a real function to serve in our modern society. But the thing that disturbs us is what happens somewhere between congressional intent or departmental intent and the practical application of it. It occurs in the way the regulations are written or interpreted. What happens is that you become nothing more than an available agency for someone to go to to refinance two buses, for example, or five buses. This, in my opinion, just destroys the whole program because I am sure the town or the city if it does not have the Federal Government to come running to as the easiest

way to get this bus money, will find the money to refinance and purchase two buses.

You shouldn't make it easy for them because I know you have better uses for that money.

Mr. RHODES. Will the gentleman yield?

I think all they proved in that situation was that if you give a community two buses without cost to them, they can operate a system that people will ride because the costs and fares will be low. We knew that. You did not have to prove that. This is just part of the laws of economics.

Mr. HAAR. Sir, that was not a demonstration program, that was a capital grant program. That was the type of equipment we were requested to give.

Mr. RHODES. That was not under a research program?

Mr. HAAR. No, sir.

EXAMPLES OF DEMONSTRATION PROJECTS

Mr. HAAR. The San Francisco Bay Area Rapid Transit District test track is an example of the type of demonstration project we have assisted with substantial contributions of funds. As a result of our grant, BARTD has designed a new type of rapid transit car that will be able to go at 75 miles an hour and provide service to downtown San Francisco in 21 minutes which now takes an hour.

Mr. RHODES. Which program was Watts in?

Mr. HAAR. Watts was in the demonstration program.

Mr. GIAIMO. I think the classic case is the one the Secretary mentioned about Watts.

Mr. HAAR. Yes, sir.

Mr. GIAIMO. As I understand it, one of the real problems there is inadequate transportation to move large numbers of people across a tremendous city to available jobs outside of their immediate area.

Mr. HAAR. That is right.

Mr. GIAIMO. I think these are the great problems you have to solve.

Mr. HAAR. That is what we have focused on.

Mr. GIAIMO. Not if we dissipate our money.

Mr. HAAR. What you are saying—

Mr. GIAIMO. If I may go off the record for a moment—

(Discussion off the record.)

DISCUSSION OF KENNER PROJECT

Mr. BOLAND. Why could the city in Louisiana not provide the two buses for the area which you have indicated you made a capital grant?

Mr. HURD. This was the city of Kenner, La., which is a fairly small suburban city outside New Orleans. I described it as a shoestring city between the river and the lake, with a low-income population, no public transportation and a need for the people who live there to get into New Orleans and into the airport.

The city had a planning consultant and he had worked up a transportation plan for them, as simple as it was in the circumstances. They had tried to get the local carrier to provide the bus service which the city recognized as necessary. The local carrier was unwilling to provide it at any subsidy within reason, and the city had

gone out and bought one school bus which they had a policeman driving through the shoestring development picking up people, making connections with the other carrier on his main stem, getting people into the airport and getting people into the civic center and shopping center of Kenner.

Mr. EVINS. The city was providing feeder service to the carrier?

Mr. HURD. Yes, sir. Could I go off the record just a moment?

Mr. ERVIN. Off the record.

(Discussion off the record.)

Mr. EVINS. On the record.

Mr. HURD. The one bus that they had was a broken-down piece of school equipment. It was not going to run very much longer.

Their planning survey had showed they needed two buses in order to provide adequate service. It also showed they were going to have to subsidize this system out of public tax money to the extent of some \$1,300 a month in order to keep running. They just did not have enough money to do this and still buy the capital equipment necessary to provide this service.

They decided to ask for a capital grant. This was a decision reached by their governing body after they listened to all of the competing demands in the community, and I think that they deserved the help which we gave them, sir.

APPROPRIATION LEVELS

Mr. BOLAND. You say the appropriation was \$60 million in 1965 and you expended \$59.8 million. Your appropriation was \$130 million in 1966 and you expended \$112 million and after June 30 of this year you obligated about \$14 million more?

Mr. FRANTZ. Shortly after.

Mr. BOLAND. Shortly after. So you pretty nearly used the \$130 million appropriated?

Mr. FRANTZ. Yes, sir.

USE OF 1967 AND 1968 APPROPRIATIONS

Mr. BOLAND. In 1967, as I understood it, you have obligated \$14.7 million, but you anticipate the applications you now have before you would run to about \$146 million. So that you will actually commit the whole \$130 million for 1967. For 1968 we have already appropriated \$55 million. That is all we could appropriate?

Mr. HAAR. That is right.

Mr. BOLAND. You are looking for \$95 million more which brings you up to the \$150 million for the total authorization for 1968.

CURRENT UNOBLIGATED BALANCE

How much money do you actually have now that is uncommitted?

Mr. HURD. \$133.3 million.

Mr. WOOD. For 1967.

Mr. BOLAND. All right. You have \$133.3 million that is actually uncommitted. It is resting there until you approve some particular application, or many applications. You also have applications pending that may require \$146 million.

Mr. WOOD. Against that, as you point out, we have \$146.2 million in current applications.

Mr. BOLAND. \$146.2 million. So there is no question about the fact that this is all going to be obligated and used before this fiscal year is over?

Mr. HAAR. Right; yes, sir.

ADVANCE FUNDING FOR 1968

Mr. BOLAND. Why do you need \$95 million more under this supplemental when we have already appropriated \$55 million for 1968? I can understand that it does work somewhat like urban renewal, that there is leadtime here and that communities have to have some idea from your agency as to whether or not they can go ahead and commit their funds in this program provided the Federal Government commits its funds. This is the reason why you need the leadtime.

Consequently, the \$55 million and the \$95 million for a total of \$150 million is absolutely necessary for this reason. Is that not so?

Mr. HAAR. That is so; yes, sir.

Mr. BOLAND. What if you did not get it all, what would happen to the program? We have given you \$55 million, so at least you can go ahead with the \$55 million. If you do not get the \$95 million what would happen to the program?

Mr. HAAR. I think it would discourage the local people, who have to have a good deal of leadtime in order to get their whole transportation system going and to get their own financing. The locality has to match the Federal grant, as you know, by raising one-third of the project costs in cash. To do this they have to hold referendums, employ bond counsel, and so forth. I think they would regard this as a total withdrawal of the program and they would be afraid to go on with their programs and do the planning and financing that otherwise would be going on to meet the great needs of these cities.

Mr. RHODES. Would the gentleman yield?

Mr. BOLAND. Yes.

Mr. RHODES. It seems to me what the witness said is absolutely correct. They are trying to get us to set their level of activity for 1968.

Mr. BOLAND. Yes.

Mr. RHODES. Everybody realizes it probably is not going to be \$55 million, so the question is the level at which it will be? That is the question we have to answer.

RESTRAINT ON CAPITAL EXPENDITURES

Mr. EVINS. What effect did the President's request for restraint on capital expenditures have on your program in this area? He has called on private business, he has called on the Governors, he had them all in recently and said, "Please hold down your budgets, your capital expenditures." He called on all the departments to do the same. Did the Department of Housing and Urban Development take any action to restrain its activity in capital expenditures?

Mr. WOOD. We took what action we could.

Mr. EVINS. Specifically what?

Mr. WOOD. Mr. Frantz can give you the specifics. But let me make two general comments on this point, which is a vital one. We took

what action we could in the context of being a department that is essentially in a longrun business. Capital grants, in this program, in urban renewal, and in our other grant programs really have no impact on the short-run economic situation. So in one sense we were less able than others to be responsive in this situation.

Second, the new programs that we are talking about here, were exempted from the President's general position because they were new programs, for example the job freeze did not apply. So essentially this program speaks to a future not affected by the present economic situation.

Now, Mr. Frantz, you can say specifically how far we were able to go.

Mr. EVINS. The President called on business, he called on the Government, he called on the Governors, the Cabinet, everybody, to hold down capital expenditures, to exercise restraint at this time.

Mr. FRANTZ. As the Secretary has indicated, we were not able to do anything substantial in this area because the focus of these capital expenditure restraints that the President has been interested in is the impact on the economy in the next few months. Most of our programs are very long leadtime expenditure programs, from a year to 18 months to 2 years. We do not make commitments which call for expenditures at the end of a month or 6 weeks. So, in a sense, we have been on the sidelines in this sort of thing.

Mr. HAAR. May I add something to that?

Mr. EVINS. Yes.

Mr. HAAR. In signing the mass transportation bill on September 8, the President said, in talking of this \$150 million level for each of the 2 years of 1968 and 1969, "We have moved to relieve the choking traffic which has robbed us of time, energy, and dollars." I think he was talking here in terms of efficiency of production, which is the other side of this problem. If we get mass transportation going in the cities, we can have a greater productivity. So this type of operation, I think, was not subject to his general restraint.

ADMINISTRATIVE EXPENSES, URBAN TRANSPORTATION ACTIVITIES

Mr. EVINS. Let's look at administrative expenses for mass transportation for a moment. Insert the material from House Document 505.

(The material follows:)

ADMINISTRATIVE EXPENSES, URBAN TRANSPORTATION ACTIVITIES

For an additional amount for "Administrative expenses, urban transportation activities", \$110,000.

This proposed supplemental appropriation would provide for the expenses of administering the new provisions of the recently enacted amendments (Public Law 89-562, approved September 8, 1966) to the Urban Mass Transportation Act of 1964. These provisions authorize the use of urban mass transportation grant appropriations to make grants for the planning, engineering, and designing of urban mass transportation projects and other technical studies, for fellowships for training in the urban mass transportation field, and for research and

training in urban transportation problems. These provisions also require the preparation of a program of research, development, and demonstration of new systems of urban transportation, for submission to the Congress within eighteen months.

Mr. BOLAND. With respect to the increase in administrative expense, you want \$110,000. You now have \$640,000 and you want \$110,000 more for a total of \$750,000. What does this \$110,000 represent in the way of personnel?

Mr. HAAR. It represents 20 people.

Mr. BOLAND. This is occasioned by the 1966 amendments to the Transportation Act?

Mr. HAAR. That is right; yes, sir.

Mr. BOLAND. And you detail the reasons for it on A-4. Do I understand that the personnel that you will put on, if you get the additional administrative funds, will be engaged in this type of activity?

Mr. HAAR. Yes, sir.

Mr. BOLAND. Those shown on A-4?

Mr. HAAR. They will be in that type of activity.

NEW PROGRAMS ENACTED IN 1966

Mr. EVINS. Three of these new programs are to be for grants for public bodies, for fellowships, and for private nonprofit institutions. There is only one, as I understand it, the last one, to be supervised by HUD itself, and that is to be under contract?

Mr. HAAR. No; the last one is by HUD but the first one is as well. That is the program which provides grants to localities to design their own transportation systems in detail. And that is going to be one of the major operations under the mass transportation program.

Mr. BOLAND. Do you not supervise the other two?

Mr. WOOD. Yes, sir,

Mr. HAAR. And we supervise the other two as well.

Mr. BOLAND. This is something which you have not done before?

Mr. HAAR. These are brand new programs, we need new people, we have to develop experience on it.

RELATION TO TRANSPORTATION RESEARCH IN DEPARTMENT OF COMMERCE

Mr. BOLAND. What about the problem of research? As the clerk pointed out, there is \$25 million in the Department of Commerce for transportation research. You do not spend much on research actually, do you? What will you spend in research under the terms of the 1967 budget, let's say?

Mr. HAAR. We will be spending \$2 million on the research, development, and demonstration project, which provides for a look at new technology and new systems that can be used for transportation in metropolitan areas. And we are going to use \$1,500,000 for contracts with educational institutions for transportation research and for training personnel so that the industry can absorb the new knowledge and the new technology. That is the sum total, \$3.5 million.

Mr. BOLAND. Is there any similarity between what the Department of Commerce might grant under its research program and what HUD might do under this program?

Mr. HAAR. I would think it would be only a minimal amount. There is a great deal of need—there is a great deal of research demand—in terms of propulsion, guidance, and braking equipment and of other new devices, especially as they relate to land uses and their effects upon land uses, which is our focus. We have been talking with Commerce, we have worked together with them on our 701 urban planning assistance program, and we try to avoid the duplications and embarrassments of both going into the same area too far.

Mr. BOLAND. HUD will be more attuned to specific equipment?

Mr. HAAR. To specific equipment. Yes, sir.

RESEARCH BY PRIVATE INDUSTRY AND CITIES

Mr. BOLAND. Private industry itself must be doing a lot in this area too, I think, with respect to the best type of new equipment to meet the transportation needs of the day?

Mr. HAAR. I do not think as much as you would expect. We have been talking to General Motors and to Ford and to some of the aerospace industries. North American is beginning to move in that direction.

Mr. EVINS. That is a line of questioning I wanted to follow.

I want to ask in this same connection the thought I had earlier. What are the cities doing by way of planning and research? They are not relying on the Government altogether?

Mr. HURD. I think that in the area of technology, the problem is really too great for any one city to deal with. It is a nationwide problem that goes across cities.

If I could add something on the question of Mr. Boland. The industry is in fact making a substantial contribution to mass transportation research. I think this has been largely stimulated, however, by this program. For example, the BARTD test track in which we have a sizable investment stimulated many, many times that investment by private companies in the development of hardware which has been demonstrated and tested on the test track itself. We put in a relatively small proportion of the actual expenditures generated in research and development activity in that case.

Mr. BOLAND. Because of this program, private industry receives a market for the products they are developing.

Mr. HAAR. That, I think, is the essential point, Congressman.

RELATIONSHIP TO NORTHEAST CORRIDOR PROJECT

Mr. GIAIMO. Your Department is concerned with the commuter problem, too, for example, in the Greater New York area.

Mr. HAAR. Yes, sir.

Mr. GIAIMO. To that degree you have some overlapping with the high-speed ground transportation project, for example, in the Northeast Corridor.

Mr. HURD. It is true on the surface that there is overlapping, but these are essentially different types of service. For example, between Boston and New York on the high-speed project we are talking about 3 or 4 stops, and we are talking about speeds of 150 miles an hour or so. In the commuter service on the west end of the New Haven, between New Haven and New York, we are talking about 29 stops spaced

just a few miles apart. You could not get up to 120 miles an hour between stops with people in the vehicle.

COORDINATION OF HUD AND COMMERCE RESEARCH

Mr. GIAMMO. But some of the expertise and know-how which will come out of their study may well benefit you in resolving the commuter problem in Westchester and Fairfield Counties out of New York.

Mr. HURD. This is certainly true. Commerce is experimenting, for example, with gas turbine engines. We, after consultation with them, are experimenting with gas turbine engines on the Long Island Railroad for this different configuration of service, for the short-haul, frequent-stop kind of service.

Of course, the Reuss amendment—the study to develop a program for long-range research and development—provides that the program will be developed in consultation with the Department of Commerce, so there will not be any overlap in the research activity.

STAFFING REQUEST

Mr. SHIPLEY. Usually there is a breakdown of the GS levels on most of the requests. I do not see that in your justifications. Can you give that to the committee?

Mr. HURD. We can furnish it for the record.

Mr. EVINS. Supply it for the record, if you will, please.

(The information follows:)

	<i>Employees</i>
Special study project, new system-----	11
1 project director, GS-17	
1 research contract coordinator, GS-15	
1 economist, GS-15	
1 engineer, GS-15	
1 attorney, GS-14	
1 urban planner, GS-13	
1 transportation planner, GS-13	
1 research assistant, GS-13	
1 administrative assistant, GS-13	
2 secretaries, GS-4/5	
Technical studies-----	2
1 transportation representative, GS-14	
1 secretary, GS-5	
Research and training program, and managerial training program-----	4
1 division director, GS-15	
2 education institutions field coordinator, GS-14	
1 secretary, GS-5	
Total Urban Transportation Administration-----	17
Administrative operations-----	3
Grand total-----	20

EFFECT OF FEDERAL INVESTMENT IN RESEARCH

Mr. Wood. If I might make a general comment, I think it important to understand that in all of our programs projects such as those involved in this request have a long tradition of neglect in research. I think one of the problems is that the suppliers have not been able to see the market and have not been conditioned to research. City

governments, under their fiscal and tax restraints and under their tradition, likewise have not been able really to move into this field.

I think that for relatively small levels of investment in our programs of research and development, we probably can stimulate and multiply in the next few years the interest of local governments in the application of technology and research that will have payoffs that can approximate what is going on in space and defense.

We have not really had a new design of a tunnel or of water pipes or of sewage systems since 1900. It seems to me inconceivable that engineers cannot do better than that. We have not really gone forward with a new breakthrough in propulsion vehicles for these 24 years.

So, the sort of inputs that these amendments represent in transportation are designed to get the urban programs back in the 20th century and are just beginning to trigger off some future developments that I think have very great promise.

Mr. EVINS. Further questions?

Mr. BOLAND. Are any grants made under this program for the construction of garages to house the equipment?

Mr. HURD. Yes, sir.

(Off the record.)

Mr. EVINS. Mr. Rhodes.

Mr. RHODES. No questions.

PERSONNEL REQUEST

Mr. EVINS. In connection with the 4 programs mentioned on page A-4, to which our colleague Mr. Boland referred earlier, you refer to also on page A-14, where you state that of the 20 positions, 11 would be for the 18-month special study of new systems. You say this group would have responsibility for getting the special study started, that it would undertake one of the four studies and would oversee the other three.

You say these are new programs for establishing standards and necessary arrangements to get the new program started. You say you need 20 persons to supervise the 4 new programs, 3 of which will be contracted out.

There is the only one, as I understand it from this language, that you are going to operate yourself.

Mr. HAAR. Within this one program there are going to be—

Mr. EVINS. Again, would these four programs be financed out of the proposed supplemental of \$110,000? All these would come out of administrative expense?

Mr. HAAR. The personnel would come out of the administrative expense item.

Mr. EVINS. Not out of the mass transportation grant?

Mr. HURD. Mr. Chairman, there may be some confusion about this figure 4. There are four new programs authorized in the 1966 act. The three studies and the one study, however, refer to only one of those programs. The special study project we anticipate would be broken down into four subprojects. So, the administrative money is to cover all four programs.

Mr. EVINS. To cover all four programs.

FELLOWSHIP PROGRAM

You propose 100 fellowships at \$12,000 each, is that correct?

Mr. HAAR. That would be the maximum, \$12,000, or three-quarters of the man's salary and the tuition which the man would have to pay at the institute where he is being trained.

Mr. EVINS. We had a supplemental here this morning for the Veterans' Administration, and their annual costs are \$1,362, and HUD comes in with \$12,000 for theirs. Yours is almost 10 times as much.

Mr. WOOD. But the thrust of theirs, Mr. Chairman, I think, is primarily for the young student in student status. The thrust of our program is really for midcareer training.

Mr. EVINS. Management of transportation systems.

Mr. WOOD. These are directed toward the engineering obsolescence in this field. These are mature people, already employed people. They correspond more nearly to the midcareer grants to Federal employees than to grants to young students.

Mr. EVINS. This is to enable transportation organizations to send some of their key personnel back to school to upgrade their skills.

Mr. HAAR. To go back to business and professional schools.

Mr. EVINS. Will they receive their salaries from the city while also receiving the scholarships?

Mr. HAAR. No, I do not think so. Since the limit is \$12,000, that is the most that they can get. It is anticipated that the transit companies where they are employed will have to pay them the difference between the amount of the scholarship and their regular salaries. Or perhaps they will be willing to take the sacrifice.

Mr. FRANTZ. The statute provides that the grant assistance under these fellowships shall not exceed \$12,000 or 75 percent of the sum of tuition and other charges, plus additional costs, plus the regular salary of the fellowship recipient.

AVAILABILITY OF EDUCATIONAL FACILITIES FOR TRANSPORTATION
SCHOLARSHIPS

Mr. RHODES. What educational facilities are there available in the country for scholarships such as this?

Where would a person go if he wanted to upgrade his skills in this field?

Mr. HURD. There are a number of institutions of higher learning, such as the University of California, Northwestern University, and others, which have specific courses, usually interdisciplinary, in urban transportation or in transportation generally. There are also, of course, other courses which might help people in the industry, such as courses in management techniques. There are specific transportation institutes conducted by a number of universities and colleges.

GOVERNMENT-WIDE STANDARDS FOR TRAINING GRANTS

Mr. RHODES. It seems that we are getting into so many educational projects in the Government. This is one that I had not anticipated existed, and I think very few people did.

Mr. EVINS. That leads to the question. Do you have any information or knowledge that the Government has any standard or uni-

form policy on grants? Has there been any study on uniformity of policy? Do they vary? Has yours been coordinated with others?

Mr. WOOD. There was a study done by the Council on Science and Technology a year or so ago, Mr. Chairman, that tried to assess the impact of the various fellowship programs on institutions of higher learning and tried to develop some standards. These have been incorporated generally in an interagency agreement, but there has been as yet no central focus on this. Whether or not the amendments that were provided in the Transportation Act of 1966 took cognizance of these, I do not know.

Mr. HAAR. If I may add, I think they did. Some of the technical people came down and talked about the amounts of training that the different schools do, in general what the science schools have to offer and their kinds of training, and the amendment was drawn up to be in accordance with the same guidelines and standards.

DISCUSSION OF ADVANCE FUNDING FOR 1968

Mr. EVINS. Mr. Secretary, since we have almost a commitment with you on urban renewal, we have reached a level on that program. The mass transportation program has had its peaks and valleys, but no general, set formula. We have just appropriated \$55 million and you have a pretty large carryover.

Your program will not be impeded or hurt if you wait until January and come back before the Congress.

Mr. WOOD. I would only say, Mr. Chairman, we should never underestimate the importance attached to actions of this committee by communities and localities.

Mr. EVINS. You take actions with the communities and localities every day.

Mr. WOOD. That is true, but they regard the determinations of this committee in terms of the future direction of the program.

Mr. EVINS. But the Congress has appropriated the full \$55 million that was authorized. You have a new bill authorizing an extension but this is money for 1968 and you have a substantial unobligated balance.

Mr. HAAR. The way the new applications have come in, the \$55 million will be short by that time. We have many coming in now. We have been processing them carefully through the year.

ADMINISTRATIVE EXPENSE ITEM

I would also like to call your attention, sir, to the administrative expense item, which is \$110,000. If we do not get that, we just cannot get the skills and the people to go ahead with the technology study, which is crucial to reduced costs and to get the new hardware and the new systems in operation.

Great stress has been placed by the Congress upon the need for innovation.

Mr. EVINS. We appropriated in our 1966 bill, \$455,000 for 38 jobs. You were given 38 jobs. You have a new Cabinet-level Department, and we wanted you to have these positions. The regular bill has already provided \$640,000 for 55 jobs.

In other words, in 1966 we gave you 38 jobs, and in 1967 we have given you 55 jobs for mass transportation alone.

POLICY ON FUNDING MULTIPLE-YEAR PROJECTS

Mr. RHODES. May I ask one question, probably of Mr. Frantz.

Do you handle the funding in the urban mass transportation the same as in urban renewal? In other words, do you fund a whole projects as soon as it is agreed to?

Mr. FRANTZ. Yes, sir.

ADMINISTRATIVE EXPENSE ITEM

Mr. EVINS. This \$110,000 would fund you 20 more jobs.

Mr. WOOD. That is correct, sir.

Mr. HAAR. It will be crucial in getting scientific and technological people we do not have at this point in time.

Mr. BOLAND. And 11 of the 20 will be specifically engaged for some 18 months.

Mr. HAAR. On the big study to develop a research and development program to report back to you.

(Off the record.)

Mr. EVINS. Thank you very much, gentlemen.

SUBCOMMITTEE ON LEGISLATIVE APPROPRIATIONS

GEORGE W. ANDREWS, Alabama, Chairman

TOM STEED, Oklahoma

ODIN LANGEN, Minnesota

MICHAEL J. KIRWAN, Ohio

BEN REIFEL, South Dakota

JOHN M. SLACK, Jr., West Virginia

JOHN J. FLYNT, Jr., Georgia

MONDAY, OCTOBER 10, 1966.

LEGISLATIVE BRANCH

LIBRARY OF CONGRESS

SALARIES AND EXPENSES—BOOKS FOR THE BLIND AND PHYSICALLY
HANDICAPPED

WITNESSES

DR. L. QUINCY MUMFORD, LIBRARIAN OF CONGRESS

ROY P. BASLER, DIRECTOR, REFERENCE DEPARTMENT

ROBERT S. BRAY, CHIEF, DIVISION FOR THE BLIND AND PHYSI-
CALLY HANDICAPPED

WILLIAM W. ROSSITER, BUDGET OFFICER

Mr. ANDREWS. The committee will come to order.

We have before us some supplemental requests for the House of Representatives, four items relating directly to the Clerk of the House,

one under the Architect of the Capitol for \$18,000, and one under the Library of Congress that in fact has nothing to do with normal legislative functions.

The total of all requests before the committee is \$2,979,700, but since the \$18,000 item refers to something on the Senate side, I see no need to hear that item here.

We have with us this afternoon Dr. Mumford and his staff of the Library of Congress in connection with his supplemental request for \$1,497,000 for the Library of Congress under their program "Books for the blind, salaries and expenses."

The supplemental request reads as follows :

For an additional amount for "Salaries and expenses," including expenses of carrying out the Act of July 30, 1966 (Public Law 89-522), \$1,497,000.

Dr. Mumford, do you have a statement for us ?

GENERAL STATEMENT

DR. MUMFORD. Yes, Mr. Chairman and members of the committee, I have a brief statement here which I would like to present.

MR. ANDREWS. You may proceed.

DR. MUMFORD. Mr. Chairman and members of the committee, the justification you have before you presents in detail the Library's supplemental request of \$1,497,000 to implement Public Law 89-522, which authorizes the furnishing of talking books, machines on which to play them, and other materials to those individuals who are so physically impaired that they are unable to read ordinary print.

As you are well aware, Congress and this committee has given generous support to the Library's program to provide talking books, books in braille, and other reading material to the blind.

For the last several Congresses, bills were introduced to make this reading program available to other residents of the United States, who, because of physical impairments, are unable to read conventional printed material. During this session of Congress, a bill to amend the National Books-for-the-Blind Act to include this segment of the population was, on July 30, enacted into law and became effective immediately. Since that time, we have been receiving numerous inquiries asking us when this program will begin and when materials and machines will be available. In order to meet these demands, it is necessary that we make a supplemental request. If this committee approves the funds requested, we estimate that the program to service reading materials to the physically handicapped will start early in calendar year 1967.

It is estimated that in addition to the 400,000 blind individuals in this country there are some 600,000 near-blind persons, and almost a million others with severe physical handicaps that make reading normal printed material very difficult or impossible. Paralysis, cerebral palsy, multiple sclerosis, muscular dystrophy, and other crippling ailments often result in the inability to hold or handle a book or magazine. This is a total of 2 million persons. For such persons the talking book program would restore, in a practical sense, the ability to read. It is difficult to overestimate the values and benefits to these persons who have heretofore been denied the pleasure of reading and have had little if any library service.

The request for a supplemental at this time is to enable us to service some 20,000 physically handicapped persons who, we believe, on the basis of our experience with the reading service for the blind, will enroll in the program before June 30, 1967.

We are grateful to you for this opportunity to present our request. If you have any questions, we will be happy to answer them.

Mr. ANDREWS. Is the talking book program the only one that these newly eligible people will participate in?

Dr. MUMFORD. Yes. It is the very fact they are unable to read or use a book that has brought them into the program.

DESCRIPTION OF PROGRAM

Mr. ANDREWS. Tell us briefly what the program is.

Dr. MUMFORD. The Library of Congress, with appropriations made to it by the Congress, contracts for the purchase of talking book machines on the basis of competitive bids and they are distributed through agencies within the States working with the blind.

Mr. ANDREWS. As I understand, the cost of these machines is \$35?

Dr. MUMFORD. The unit cost estimated for additional machines we buy is now about \$38. Mr. Bray can correct me on this. They have gone up some.

Mr. BRAY. We estimate \$38 a unit.

Mr. ANDREWS. In addition to the machine, what else do they get?

Dr. MUMFORD. Then the Library of Congress has records made, books placed on phonograph records procured from nonprofit organizations.

Mr. ANDREWS. Are they like a longplaying record?

Dr. MUMFORD. Yes. Originally the program used $33\frac{1}{3}$ -revolutions-per-minute records, then the $16\frac{2}{3}$ -revolutions-per-minute records were developed, and more recently the $8\frac{1}{3}$ -revolutions-per-minute records, and all the machines we have had manufactured recently have 3-speed motors so they can play any of these records. They are sent out to 32 regional centers that provide them to the reader.

Mr. ANDREWS. Once a person receives a machine does it remain in his or her possession?

Dr. MUMFORD. Yes.

Mr. ANDREWS. Do you have professional readers?

Dr. MUMFORD. Yes, altogether.

Mr. ANDREWS. How many records does it take to hold a book?

Mr. BRAY. That depends on the length of the book. On a 16-revolutions-per-minute record 10 inches in diameter, and counting both sides of the record, you can get 1 hour and 20 minutes of playing time on a record. A book that reads in 7 hours would go on 5 records.

Mr. ANDREWS. Do they buy or borrow the records?

Mr. BRAY. They borrow them from the regional libraries.

Mr. ANDREWS. How many do they get at a time?

Mr. BRAY. As many as they wish to get.

Mr. ANDREWS. Once they get them, if they fail to return them does that bar them from getting them in the future?

Mr. BRAY. No. They are reminded if they keep them unusually long, but the length of time they keep them is usually a month.

Dr. MUMFORD. I believe our regional centers have had very little difficulty getting the return of the records.

Mr. ANDREWS. They are sent postage free to the recipient?

Dr. MUMFORD. Yes.

Mr. ANDREWS. And do they send them back postage free in the same container?

Mr. BRAY. Yes.

Mr. ANDREWS. So that there is the minimum of effort on their part?

Mr. BRAY. Yes. The whole service is free.

PUBLIC LAW 89-522—READING MATERIALS FOR PHYSICALLY HANDICAPPED

Mr. ANDREWS. The \$1,497,000 request in addition to the \$3,097,000 provided in the regular 1967 bill is based, as I understand it, on a recent amendment extending the books-for-the-blind program to people with other physical handicaps. Let us insert a copy of that law, Public Law 89-522, in the record at this point inasmuch as this is the initial request to provide funds under it.

(Public Law 89-522 follows:)

[Public Law 89-522, 89th Cong.]

Be it enacted by the Senate and House of Representatives of the United States of American in Congress assembled, That the Act entitled "An Act to provide books for the adult blind", approved March 3, 1931, as amended (2 U.S.C. 135a, 135b), is amended to read as follows: "That there is authorized to be appropriated annually to the Library of Congress, in addition to appropriations otherwise made to said Library, such sums for expenditure under the direction of the Librarian of Congress as may be necessary to provide books published either in raised characters, on sound-reproduction recordings or in any other form, and for purchase, maintenance, and replacement of reproducers for such sound-reproduction recordings, for the use of the blind and for other physically handicapped residents of the United States, including the several States, Territories, insular possessions, and the District of Columbia, all of which books, recordings, and reproducers will remain the property of the Library of Congress but will be loaned to blind and to other physically handicapped readers certified by competent authority as unable to read normal printed material as a result of physical limitations, under regulations prescribed by the Librarian of Congress for this service. In the purchase of books in either raised characters or in sound-reproduction recordings the Librarian of Congress, without reference to the provisions of section 3709 of the Revised Statutes of the United States (41 U.S.C. 5), shall give preference to nonprofitmaking institutions or agencies whose activities are primarily concerned with the blind and with other physically handicapped persons, in all cases where the prices or bids submitted by such institutions or agencies are, by said Librarian, under all the circumstances and needs involved, determined to be fair and reasonable.

"SEC. 2. (a) The Librarian of Congress may contract or otherwise arrange with such public or other nonprofit libraries, agencies, or organizations as he may deem appropriate to serve as local or regional centers for the circulation of (1) books, recordings, and reproducers referred to in the first section of this Act, and (2) musical scores, instructional texts, and other specialized materials referred to in the Act of October 9, 1962, as amended (2 U.S.C. 135a-1), under such conditions and regulations as he may prescribe. In the lending of such books, recordings, reproducers, musical scores, instructional texts, and other specialized materials, preference shall at all times be given to the needs of the blind and of the other physically handicapped persons who have been honorably discharged from the Armed Forces of the United States.

"(b) There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this section."

SEC. 2. The Act entitled "An Act to establish in the Library of Congress a library of musical scores and other instructional materials to further educational, vocational, and cultural opportunities in the field of music for blind per-

sons", approved October 9, 1962 (2 U.S.C. 135a-1), is amended to read as follows: "That (a) the Librarian of Congress shall establish and maintain a library of musical scores, instructional texts, and other specialized materials for the use of the blind and for other physically handicapped residents of the United States and its possessions in furthering their educational, vocational, and cultural opportunities in the field of music. Such scores, texts, and materials shall be made available on a loan basis under regulations developed by the Librarian or his designee in consultation with persons, organizations, and agencies engaged in work for the blind and for other physically handicapped persons.

"(b) There are authorized to be appropriated such amounts as may be necessary to carry out the provisions of this Act."

Approved July 30, 1966.

JUSTIFICATION MATERIAL

Mr. ANDREWS. Doctor, you have provided a breakdown of this supplemental request which we will insert at this point in the record.

(The material follows:)

Salaries and expenses—Books for the blind and physically handicapped, Library of Congress

1967 regular bill.....	\$3,097,000
Proposed supplemental.....	1,497,000
	<hr/>
Total 1967 appropriations and proposed supplemental.....	<u>4,594,000</u>

ANALYSIS OF INCREASES

1. Talking book machines..... 760,000

To develop the program to include service to eligible physically handicapped persons, it is proposed that approximately 20,000 talking book machines be procured under competitive bid. A unit cost of \$38 is predicted in the light of bids on machine production under a recent contract. The Division has been assured of the ability of the talking book machine lending agencies to accept and distribute these machines to persons eligible under the expanded program. The machines can be procured and distributed in less than a full year. We have been assured of the continued cooperation of the Telephone Pioneers of America in repairing and maintaining talking book machines on a volunteer basis as the program expands.

2. Sound reproductions..... +677,000

In order to have needed additional materials to provide adequate service for the expanded program, the Division would order 25 percent more titles of books in the current year and 50 percent more copies of these books than it did in fiscal year 1966 when the program was limited to blind people. A small increase in the number of copies of recorded magazines is also planned. The studios and presses already have the capacity to process the estimated increase in books and magazines for the current fiscal year.

3. Travel..... +16,000

To organize and initiate service to other handicapped persons, personal visits to established libraries, prospective libraries, and other cooperating agencies and organizations are essential. Attendance and participation in conference of professional associations active in service to handicapped people will be necessary to assure coordination of services, knowledge of needs, and the ability to meet them. Three quarters of the amount necessary for a full year is requested for the balance of fiscal year 1967.

4. New Positions requested (9)-----		+\$44, 000
1 GS-12, 3 GS-9, 3 GS-5, and 2 GS-3-----	\$58, 546	
Contribution to health insurance-----	450	
Group life insurance-----	195	
Contribution to retirement-----	3, 805	
Subtotal -----	4, 450	
Total full year cost-----	62, 996	
Estimated cost for approximately $\frac{3}{4}$ of the year-----	44, 000	
Total supplemental request-----		+1, 497, 000

GENERAL STATEMENT

Established by Act of Congress in 1931, the national books-for-the-blind program is administered by the Division for the Blind in the Library of Congress. Subsequently the Act was amended to include books in recorded form and the phonographs on which to play them, to include children as well as adults in the program, and to supply musical records and instructional texts.

Public Law 89-522, approved July 30, 1966, amended the Act to include other physically handicapped persons certified by competent authority as unable to read normal printed material as a result of physical limitations. It has been estimated that, including the 400,000 blind, there are almost two million persons in this country who cannot read ordinary printed material because of seriously impaired eyesight or other physical factors which make them unable to manipulate these materials. Funds in the amount of \$1,497,000 are requested for the Division for the Blind and Physically Handicapped to discharge its added responsibilities.

In addition, Public Law 89-511, approved July 19, 1966, amended the Library Services and Construction Act and provides funds to assist the States in improving the operation of library services to the blind and physically handicapped using books and materials provided by the Library of Congress program.

Justification of new positions requested

National program :	<i>Full year cost</i>
1 GS-12 Assistant to the chief-----	\$10, 927
1 GS-9 Reference assistant-----	7, 696
1 GS-9 Assistant to the technical adviser-----	7, 696
1 GS-9 Assistant to the head of Management Section-----	7, 696
1 GS-5 Talking book machine clerk-----	5, 331
1 GS-5 Secretary, Selections and Publications Section-----	5, 331
1 GS-3 Clerk-typist -----	4, 269
Total -----	48, 946
National Library :	
1 GS-5 Circulation assistant-----	5, 331
1 GS-3 Clerk-typist -----	4, 269
Total -----	9, 600
Grand total -----	58, 546

Positions (9) :

Personnel benefits :

Contribution to health insurance-----	450
Group life insurance-----	195
Contribution to retirement-----	3, 805
Subtotal -----	4, 450
Total -----	62, 996
Estimated cost for approximately $\frac{3}{4}$ of the year-----	44, 000

1 GS-12 ASSISTANT TO THE CHIEF

This person will have full responsibility for seeing to it that physically handicapped persons in all parts and jurisdictions of the country receive service, or are made aware of the availability of service. His functions will include liaison and communication with associations and organizations concerned with the many categories of physically handicapped persons. He will establish guidelines for eligibility for service on a national basis and make a determination in any borderline cases which may arise. He will represent the service in presentations and exhibits.

1 GS-9 REFERENCE ASSISTANT

The Reference Librarian provides one of the basic, national functions of the Division; answering requests for information from all sources, and preparing circulars on particular subjects for distribution to specialized audiences. Inquiries addressed to the Library concerning any aspect of blindness are also channeled to him. He handles many visitors to the Division, particularly persons needing information in depth. An assistant is desirable just to carry on the activities related to the visually handicapped. It will be essential under the expanded program.

1 GS-9 ASSISTANT TO THE TECHNICAL ADVISER

The modification and adaptation of sound reproduction equipment to simplify its use by all physically handicapped persons is an immediate goal. Continued work in recordings, ear phones, voice activation, and other phenomena, will require the services of an engineering aide for the Technical Advisor.

1 GS-9 ASSISTANT TO THE HEAD OF MANAGEMENT SECTION

To provide for orderly growth of the national library service. This person would supervise the operation of mail, filing, shipping, travel, supplies, services, and mailing list control. All of these operations will show rapid increases. At present, the Division is hampered in its activities by inadequate attention to these functions even at present level of service.

1 GS-5 TALKING BOOK MACHINE CLERK

The present inventory of some 100,000 talking book machines with a proposed addition of 40,000 during fiscal year 1967 requires the attention of a full-time clerk. The duties of this person will include machine and repair parts inventory control, coordinating requests from 54 distributing agencies for machines, and preparing shipping lists. The expansion of service will require greater efficiency in machine allocation and control.

1 GS-5 SECRETARY TO THE SELECTION AND PUBLICATIONS SECTION

Extensive correspondence with readers is necessary to assure that the book selection policy of the Division is in tune with the needs of blind and physically handicapped borrowers. This has been true with blind borrowers and at present the workload has been carried in part by the Secretary to the Assistant Chief. Correspondence has been late in being answered and at times inadequate. With more books to be provided, there will also be additional correspondence related to copyright clearance, which will be extremely sensitive in an expanded service.

1 GS-3 CLERK TYPIST

In addition to the increased workload in volunteer-produced tape recordings, the Volunteer Service Section will be called upon to provide information and assistance as to local community services available in relation to a reading program. Expanded use of the Telephone Pioneers, cooperation with civic groups in picking up and delivering books, providing local volunteers assistance for demonstrating and training in the use of talking book machines and tape players, and similar activities will require the services of a clerk typist.

1 GS-5 CIRCULATION ASSISTANT

To circulate talking books and magnetic tape to physically handicapped borrowers. Since the needs and capabilities of such readers are not yet known, the person working directly with them should have insight, tact and experience.

1 GS-3 CLERK TYPIST

This person will maintain detailed circulation records and related information on service to the physically handicapped and type related correspondence. It is essential that as much information about this phase of the program be gathered and maintained as soon as possible.

Mr. ANDREWS. I will ask you to address yourself at this time to the dimensions of this new effort. I think you have perhaps done this already but if you wish to elaborate further you may do so.

Dr. MUMFORD. I think the basis for the request is contained in this breakdown of the individual items. If we are to serve this additional segment of people in addition to the blind we need additional machines and additional books for them to play. It involves some travel and working out arrangements with the groups that are working with the handicapped people, and it naturally requires some additional staff at the Library of Congress to administer the program.

COST OF TALKING BOOK MACHINES

Mr. ANDREWS. You have given us a breakdown of the \$1,497,000, and I notice that \$760,000 is for the talking book machines.

Dr. MUMFORD. Yes, sir. We plan to have produced some 20,000 additional talking book machines.

SOUND REPRODUCTIONS

Mr. ANDREWS. \$677,000 is for sound reproductions. What do you mean by that?

Dr. MUMFORD. Placing the books on the records.

Mr. ANDREWS. The professional reader reads the books and places them on the records?

Dr. MUMFORD. Yes; and also for additional titles.

Mr. ANDREWS. How many additional people will be involved in this \$677,000?

Dr. MUMFORD. Actually there is no personnel here. This represents the total cost of the recordings and to have them produced.

ADDITIONAL POSITIONS

Mr. ANDREWS. Do you plan to carry out this expanded program with the personnel you have on hand today?

Dr. MUMFORD. No, sir. On the last page of the green sheets under item 4 you will note we are requesting nine additional positions.

Mr. ANDREWS. For a total cost of \$44,000. That is for one GS-12, three GS-9's, three GS-5's, and two GS-3's.

Dr. MUMFORD. Yes, sir. It will involve a considerably larger volume of work and we will require additional personnel in order to administer it.

Mr. ANDREWS. The total cost of the new personnel involved, which are these nine positions, will be \$62,996, which will include contribu-

tions to health insurance, \$450; group life insurance, \$195; and contributions to retirement, \$3,805.

Dr. MUMFORD. Yes, sir.

Mr. ANDREWS. Is that for a full year?

Dr. MUMFORD. Yes.

Mr. BRAY. \$62,996 is for the full year but we only have three-fourths of the year left.

Mr. ANDREWS. The total cost of carrying the nine positions for a full year would be \$62,996?

Mr. BRAY. That is correct.

Mr. ANDREWS. And prorating it for the balance of the year it would be \$44,000?

Mr. BRAY. Yes.

Mr. ANDREWS. So the total cost for personnel for this new program is \$44,000 for the remainder of fiscal year 1967?

Dr. MUMFORD. Yes, sir.

Mr. ANDREWS. Next year we can expect it to be at least \$62,996?

Dr. MUMFORD. Yes, sir.

TRAVEL

Mr. ANDREWS. You have an item of \$16,000 for travel. Will you explain that briefly?

Dr. MUMFORD. May I ask Mr. Bray to elaborate on that, Mr. Chairman, because he has personal contacts with the various organizations working with the blind and these will be expanded to other organizations.

Mr. BRAY. This is travel for members of the staff of the Division to contact associations with whom we have never worked before, visits in connection with the establishment of new libraries, and to contact organizations willing to undertake this extended service for us, and also to provide travel funds to bring together people in State agencies and libraries now serving the blind who will be expanding their service.

Mr. ANDREWS. Have you announced this expanded service?

Mr. BRAY. No, sir.

Mr. ANDREWS. I believe Dr. Mumford stated you have already received requests for services from this group of physically handicapped people.

Mr. BRAY. Yes, because people have learned about the law. We have not announced availability of the expanded services.

TEN-YEAR COMPARISON OF ESTIMATES, APPROPRIATIONS, AND NUMBER OF READERS

Mr. ANDREWS. This seems to be a worthy program and the Congress has always supported requests for funds for the blind. Please insert in the record for the last 10 years the amounts requested and the appropriations for each year, and you might also include a table showing the increase in interest in the program by inserting the additional number of applicant; you have for services.

Dr. MUMFORD. Yes, sir.

(The information follows:)

Fiscal year	Estimates	Appropriations	Total number of readers	Total circulation ¹
1957	\$1,067,481	\$1,067,481	58,756	1,451,090
1958	1,125,000	1,200,000	58,810	1,650,767
1959	1,355,000	1,367,900	(²)	(²)
1960	1,619,400	1,619,400	63,300	1,948,425
1961	1,723,200	1,723,200	71,275	2,288,546
1962	1,786,100	1,786,100	79,754	2,531,801
1963	1,844,400	1,893,910	85,863	2,896,160
1964	1,902,000	1,900,000	93,568	3,445,719
1965	2,460,000	2,458,600	102,532	3,876,392
1966	2,675,000	2,675,000	108,726	4,468,875
1967	3,097,000	3,097,000		

¹ In talking book containers, braille volumes, magnetic tape reels.

² Change in reporting statistics from annual to fiscal year basis.

DEFINITION OF BLIND PERSON UNDER EXISTING PROGRAM

Mr. ANDREWS. Under the present program what constitutes a blind person for purposes of partaking of the services?

Mr. BRAY. The current definition of blindness, Mr. Chairman, is an individual whose sight is 20/200 or less in the better eye with correction or whose angle of acuity is 20 degrees or less.

Mr. ANDREWS. Is it necessary, in order to participate in this program, for a person to be blind so that he cannot read or for his sight to be so impaired it is difficult for him to read?

Mr. BRAY. The definition of blindness includes many people with residual vision. This varies from individual to individual. Some can struggle along with large print, but in many cases they cannot read with any satisfaction. The amendment we are considering will permit persons with 20/70 or 20/100, for example, to participate after proper certification by competent authority.

Dr. MUMFORD. In other words, there are persons who do not qualify under the present program but who cannot read in the normal way who will have these services available to them.

Mr. ANDREWS. Off the record.

(Discussion off the record.)

ESTIMATED NUMBER OF READERS UNDER NEW LAW

Mr. ANDREWS. I understood you to say there are perhaps 1,600,000 additional people, not counting the 400,000 blind people, who might be eligible. You touched on that but would you please elaborate? You never expect to reach all the 400,000 blind people; do you?

Dr. MUMFORD. No. We are serving over 100,000 blind people now, about 25 percent of those who are eligible under the current program, and it is our expectation that not all the additional people who will be made eligible under this new act will take advantage of it immediately or perhaps ever, but we expect a considerable number will take advantage of it.

Mr. ANDREWS. Suppose you had a twofold or threefold increase in the number of people now using your service, would it be your position to try to get more money from Congress to see that all who are eligible could participate?

Dr. MUMFORD. We would try to serve all who are eligible and would present the needs to you.

Mr. ANDREWS. Do you have any idea of the number of the 1,600,000 additional who will come under the program? You do not expect all of them to come under the program, do you?

Dr. MUMFORD. Perhaps the maximum might be 25 percent of that total, which is now true of those eligible under the current program.

Mr. ANDREWS. You have four times more blind people now eligible for this program than you are servicing.

Dr. MUMFORD. That is true. If the same percentage of other handicapped people apply as for the blind, it would increase the total considerably.

Mr. ANDREWS. As I understand this request, it is consistent with what the legislation contemplated; that is, that 20,000 might apply in the first year and that the additional cost might reach \$1,500,000?

Dr. MUMFORD. That is the best estimate we could give at the time of the hearings on the legislation.

Mr. ANDREWS. Have you adequately taken into account that 3 months of fiscal year 1967 have already elapsed and that this bill is not apt to become law before November 1? Your computations are on a 9-month basis, are they not?

Mr. BRAY. Mr. Chairman, this is already law. If the funds become available by November 1 there is still time. The studios producing books for the blind say they can increase their production overnight. They are not producing to capacity at this time. The talking-book machine manufacturers can begin delivery within 120 days.

Mr. ANDREWS. Can you really get all the talking books manufactured during the rest of the year?

Mr. BRAY. Yes.

Mr. ANDREWS. How realistic do you think the figure of 20,000 people is?

Mr. BRAY. We think it is realistic based on the interest shown and the number of organizations waiting for news of the service.

RELATION TO LIBRARY SERVICES AND CONSTRUCTION ACT

Mr. ANDREWS. What is the relation of this expansion to the aid to the States under the Library Services Act? What aid to the handicapped is provided that your program would not provide?

Dr. MUMFORD. The Library Services and Construction Act, under title IV, part B, section 411, has a provision for Federal grants to the States to strengthen the program of the agencies rendering the service. In other words, under this act States can request funds to strengthen the regional centers, to provide more staff and facilities, to enable them to provide the service. This is very much of a corollary to what we do in the Library of Congress in providing the books and machines.

Mr. ANDREWS. Do the States, under the Library Services Act, provide machines to the physically handicapped or blind people or is that solely the responsibility of the Library of Congress?

Mr. BRAY. That is solely our responsibility.

Mr. ANDREWS. Section 411 of part B of title IV of Public Law 89-511 states:

For the purposes of this part the term "library services to the physically handicapped" means the providing of library service, through public or other non-

profit libraries, agencies, or organizations, to physically handicapped persons (including the blind and visually handicapped) certified by competent authority as unable to read or to use conventional printed materials as a result of physical limitations.

What does that mean?

Mr. BRAY. That means that using the Library of Congress' present responsibility for services to the blind, which is the only library service to the blind, that this part B of title IV will enable the States to reinforce their State plans and staffs so they can serve other physically handicapped in the States using our materials. This is building on the present library system that exists. For instance, the library in Talladega is financed, to my knowledge, solely by the State School for the Blind there. With the implementation of the part under discussion the State of Alabama through its State library can provide funds to permit it to grow.

Mr. ANDREWS. In other words, there is no provision under this Library Services Act of the 89th Congress for the States and/or the Federal Government to furnish these talking machines or these records for the blind.

I wish you would elaborate on that. We do not want to see duplication between the Library of Congress and the State governments.

Dr. MUMFORD. We would expect any funds granted to the States under part B, section 411 of Public Law 89-511 to be in the nature of better space and staff. Many organizations have been hard pressed to provide services for the blind because of shortage of space and staff. So this should expand the service to the blind as well as to the handicapped.

Mr. ANDREWS. Mr. Langen?

PERIOD COVERED BY REQUEST

Mr. LANGEN. As I understand the explanation up to this point, the moneys requested for talking book machines as well as the sound reproductions and additional staff required, and so on, is based on three-fourths of a year. There will not be quite that much time left, but be that as it may, in view of the volume of machines purchased under this appropriation now, to what extent do you think that will meet the requirements when you have a full year of operation? In other words, what part of the total program does this constitute?

Dr. MUMFORD. Only experience will show how fast the people who are handicapped other than by blindness will apply for this service. This estimate is based on experience to date. If another 20,000 should apply the second year—we estimate 20,000 will apply the first year—if another 20,000 should apply the second year we would have to request an increase accordingly.

Would you care to elaborate on that, Mr. Bray?

Mr. BRAY. That is correct. If the reverse is true, we will not need as much for 1968.

Dr. MUMFORD. It is impossible to predict how fast the other handicapped people will apply for the service.

Mr. LANGEN. I realize it is a difficult thing to predict and that is what led me to ask about the 20,000.

Dr. MUMFORD. I think this was based quite a bit on the gradual buildup of applicants for service for the blind. The 100,000 did not

request service overnight but there has been a gradual increase over the years.

Mr. LANGEN. Do I understand correctly that what this does is it opens up a new category of people who can apply?

Dr. MUMFORD. Yes, sir.

Mr. LANGEN. And that you are supplying this service now to those that are eligible?

Dr. MUMFORD. To those who are eligible under the definition of blindness. We have not started providing service to the other types of handicapped.

Mr. LANGEN. And this program you are financing now is primarily based on the inclusion of those who have not been eligible up to this point, is that correct?

Dr. MUMFORD. Exactly.

Mr. LANGEN. So these 20,000 new applicants that you anticipate serving within the next 8 months, they are of a classification of handicapped people you do not serve now?

Mr. BRAY. They are entirely new. Up to now you have had a program for all the blind people in Minnesota but there has been no talking book program for people who are paralyzed, or people suffering from multiple sclerosis, muscular dystrophy, severe strokes, infantile paralysis, amputees, severe arthritis, or other crippling ailments. Because these people cannot handle a book or magazine they are functionally blind insofar as reading is concerned.

Mr. ANDREWS. In other words, if they can't hold a book they would be eligible.

Mr. BRAY. Yes. These associations all have State and local chapters and part of our 20,000 estimate was based on their activities. For example, the United Cerebral Palsy Association, which is waiting for this, prints a newsletter that goes to thousands of people and it will announce this program and then the requests will start coming in.

Mr. LANGEN. That is the manner in which you expect to reach them?

Mr. BRAY. Yes.

COORDINATION OF PROGRAMS WITH PROVISIONS OF LIBRARY SERVICES ACT

Mr. LANGEN. One other thing that puzzles me some is the coordination of the provisions of the Library Services Act with this new program. I am wondering which comes first, the organization at the State level who will make requests to you for this equipment. I can see where it leaves a big area of uncertainty for you, not knowing the extent to which the States will respond to this program.

Dr. MUMFORD. That is true, but you will note under section 414 of Public Law 89-511, subparagraph (b) provides that—

The Commissioner shall approve, after consultation with the Librarian of Congress where appropriate, any State plan which meets the conditions specified in subsection (a) of this section.

We would hope to have very close contact with the Office of Education in the submission of plans by the States for the allocation of money and would attempt to see that there was not any duplication.

Mr. BRAY. We have been working with the Office of Education people and under subsection (3) of section 414 the law calls for action

to make sure that all appropriate public or nonprofit libraries, agencies, or organizations for the physically handicapped will be accorded an opportunity to participate in the program; and subsection (6) provides for the establishment of a council which is representative of eligible agencies which shall act in an advisory capacity to the State agency, and we have guidelines as to who will be on that council as watchdogs.

Mr. LANGEN. Of course there are Federal moneys going into each category of activity, both under the Library Services Act on the State level as well as the services and programs you are responsible for administering, so it would seem that there ought to be a pretty well defined plan of operation, or else one will try to outdo the other.

Dr. MUMFORD. We will not be doing the same thing. We will be providing the materials and they will be furnishing the services. Any additional funds under the Library Services and Construction Act will go to strengthening the agencies which render the services.

Mr. BRAY. In this particular area we already have plans to prevent duplication. For example, the States know that the talking books for the blind are provided by the Library of Congress. The other type of service, books in large print, we do not provide these. So there could not be any duplication there. The plan includes a requirement to keep current, using materials provided by the Library of Congress and other books.

The books and record players are provided by the Library of Congress in accordance with law. However, staff and circulation facilities are a State responsibility. The States receive Federal support in improving services by increased staffing and better facilities through the Library Services and Construction Act, Public Law 89-511. There can, therefore, be no duplication between the Library of Congress program and that of the States.

Mr. LANGEN. That is all.

Mr. ANDREWS. You have estimated your request for funds based on 20,000 applicants under the new amendment?

Dr. MUMFORD. Yes, sir.

Mr. ANDREWS. Suppose that runs to 30,000, what would you do with the remaining 10,000? Would you tell them they would have to wait for another appropriation?

Dr. MUMFORD. It would mean a period of waiting.

Mr. ANDREWS. Thank you, gentlemen. That is all.

MONDAY, OCTOBER 10, 1966.

HOUSE OF REPRESENTATIVES

WITNESSES

RALPH R. ROBERTS, CLERK, HOUSE OF REPRESENTATIVES
H. NEWLIN MEGILL, CHIEF, FINANCE OFFICE
DON C. GIBSON, BUDGET ANALYST
ZEAKE W. JOHNSON, SERGEANT AT ARMS
JAMES M. POWELL, CHIEF, U.S. CAPITOL POLICE

Mr. ANDREWS. We have with us now the Clerk, Mr. Ralph Roberts, and his assistants, the Sergeant at Arms, Mr. Zeake Johnson, and the

Chief of the U.S. Capitol Police, Chief Powell. Mr. Roberts, do you have a statement with regard to the supplemental requests for the House?

GENERAL STATEMENT

Mr. ROBERTS. Yes; Mr. Chairman and members of the committee, the Clerk of the House has submitted to the Bureau of the Budget estimates for supplemental appropriations for the current fiscal year. No. 1 is for \$341,700 for the Office of the Sergeant at Arms, for the police; No. 2 is for \$100,000 for committee employees; and No. 3 is for \$23,000 for the Joint Committee on Internal Revenue Taxation.

Mr. ANDREWS. This document shows \$200,000 for committee employees. You indicated \$100,000.

Mr. ROBERTS. Well, \$200,000. I'll explain in a minute.

Mr. ANDREWS. Proceed, please.

HOUSE RESOLUTIONS

Mr. ROBERTS. Before I discuss these items I would like to ask that the following resolutions be made permanent law:

House Resolution 796, agreed to on June 29, 1966, for the police.

House Resolution 909, agreed to September 8, 1966, for additional compensation for the Doorkeeper of the House of Representatives.

Mr. ANDREWS. How much was his salary increased?

Mr. ROBERTS. \$1,500.

Mr. ANDREWS. What is his salary?

Mr. ROBERTS. \$27,500.

Mr. ANDREWS. With the increase?

Mr. ROBERTS. With the increase.

House Resolution 901, agreed to June 29, 1966, for telephone allowance for Members.

House Resolution 1029, agreed to October 5, 1966, for an additional allowance for stationery of \$600 per year for Members of the House.

May they be printed in the record?

Mr. ANDREWS. Yes.

(The House resolutions referred to follow:)

H. RES. 796

Resolved, That, in addition to the number of officers and members of the Capitol Police and of personnel detailed to the Capitol Police from the Metropolitan Police of the District of Columbia existing on the date of adoption of this resolution, there are hereby authorized to be established sixty-nine positions of private and three positions of sergeant on the Capitol Police for duty under the House of Representatives. Appointments to such additional positions shall be made by the Capitol Police Board, subject to the prior approval of the Committee on House Administration, without regard to political affiliation and solely on the basis of fitness to perform the duties of the positions. The compensation for such additional positions shall be paid out of the contingent fund of the House of Representatives until otherwise provided by law.

H. RES. 909

Resolved, That, until otherwise provided by law—

(1) the compensation of the Doorkeeper of the House of Representatives shall be at a gross per annum rate which is equal to the gross per annum rate of compensation of the Clerk, and of the Sergeant at Arms, of the House of Representatives; and

(2) the additional sums necessary to carry out this resolution shall be paid out of the contingent fund of the House of Representatives. This resolution shall become effective as of July 1, 1966.

H. Res. 901

Resolved, That (a) there shall be paid out of the contingent fund of the House of Representatives, for the remainder of the Eighty-ninth Congress, in accordance with regulations prescribed by the Committee on House Administration, such amounts as may be necessary to pay—

- (1) toll charges on strictly official long-distance telephone calls, and
- (2) charges on strictly official telegrams, cablegrams, and radiograms,

made or sent by or on behalf of each Member of the House of Representatives (including the Resident Commissioner from Puerto Rico), other than the Speaker, the majority leader, the minority leader, the majority whip, and the minority whip, aggregating not to exceed forty thousand units, in addition to the number of units to which such Member or Resident Commissioner otherwise may be entitled during a term in the Eighty-ninth Congress, except that, if a Member or Resident Commissioner is elected for a portion of a term in the Eighty-ninth Congress, the aggregate number of additional units to which he is entitled for such portion of a term under this subsection shall be a number which is the same percentage of forty thousand as the number of days of his service in such portion of a term is of the total number of days in a full term.

For the purposes of this subsection, the word "unit" shall have the meaning given such word by section 2 of the Act of June 23, 1949 (2 U.S.C. 46g), except that in the case of a night letter one word of such night letter shall be one-half unit; and the word "term" shall have the meaning given such word by section 2 of the Act of June 23, 1949 (2 U.S.C. 46g).

(b) Until otherwise provided by law, there shall be paid out of the contingent fund of the House of Representatives, in accordance with regulations prescribed by the Committee on House Administration, such amounts as may be necessary to pay—

- (1) toll charges on strictly official long-distance telephone calls, and
- (2) charges on strictly official telegrams, cablegrams and radiograms,

made or sent by or on behalf of each Member of the House of Representatives (including the Resident Commissioner from Puerto Rico), other than the Speaker, the majority leader, the minority leader, the majority whip, and the minority whip, aggregating not to exceed seventy thousand units for each session of the House of Representatives, except that, if a Member or Resident Commissioner is elected for a portion of a term, the aggregate number of units to which he is entitled under this subsection for each portion of a session served by him which is less than a full session shall be a number which is the same percentage of seventy thousand as the number of days of his service in such session less than a full session is of the total number of days of the full session. Such units (including any units less than one hundred and forty thousand to the credit of a Member or Resident Commissioner at the close of the Eighty-ninth Congress) shall accumulate and be available for use by each such Member and Resident Commissioner, from session to session and from term to term (if sessions and terms are consecutive), until the aggregate number of such units to the credit of each such Member or Resident Commissioner at the close of each session is not more than one hundred and forty thousand units; but all units in excess of one hundred and forty thousand at such time shall be forfeited and unavailable for use by such Member or Resident Commissioner. For the purposes of this subsection—

- (A) one minute of a long-distance telephone call shall be four units,
- (B) one word of a telegram, cablegram, or radiogram shall be one unit, except that one word of a night letter shall be one-half unit,
- (C) the word "session" means the period beginning at noon on January 3 of each calendar year and ending at noon on January 3 of the immediately following calendar year, and
- (D) the word "term" means the period beginning at noon on January 3 of each odd-numbered calendar year and ending at noon on January 3 of the next succeeding odd-numbered calendar year.

H. RES. 1029

Resolved, That, in addition to any amounts authorized by law, there shall be paid from the contingent fund of the House of Representatives an additional allowance for stationery of \$600. Such payment shall be made to each Member and the Resident Commissioner from Puerto Rico serving as such on or after the date of adoption of this resolution.

OFFICE OF THE SERGEANT AT ARMS

Mr. ROBERTS. House Resolution 796 established 69 positions of private and three positions of sergeant on the Capitol Police.

Mr. ANDREWS. 69 privates and how many sergeants?

Mr. ROBERTS. Three sergeants.

Mr. ANDREWS. And the total cost for 9 months is this figure of \$341,700?

Mr. ROBERTS. That is right.

Mr. ANDREWS. Does that include uniforms?

Mr. ROBERTS. No, sir.

Mr. ANDREWS. We have already given them money for uniforms, haven't we?

Mr. ROBERTS. Yes, sir.

Mr. ANDREWS. Proceed.

COMMITTEE EMPLOYEES

Mr. ROBERTS. For committee employees we are requesting \$200,000. I cut that to \$100,000.

Mr. ANDREWS. Why?

Mr. ROBERTS. At the current rate of disbursement of this item a deficiency of some \$80,000 is indicated at the end of the current fiscal year. The Clerk feels that an increase of \$100,000 in this item is justified in order to meet the enlarged use of the authorization to committees to increase salaries and to appoint additional clerical and professional staff employees.

Mr. ANDREWS. In other words, you think \$100,000 will get the job done rather than \$200,000?

Mr. ROBERTS. Yes, sir.

Mr. ANDREWS. Proceed.

MEMBERS' CLERK HIRE

Mr. ROBERTS. For Members' clerk hire, a very careful review of the request of \$900,000 increase in this item leads the Clerk to the judgment that he should request the committee to disregard it. This action is based on the longer experience available since the estimate was prepared. He also has in mind that the request for the salary increase of 2.9 percent could be deferred until next session, at which time the picture as to future needs in this item would be clearer.

Mr. ANDREWS. So you are taking out \$900,000 plus \$100,000?

Mr. ROBERTS. That is right.

Mr. ANDREWS. And that leaves your only request in this supplemental \$341,700 for police salaries and \$100,000 for committee employees?

Mr. ROBERTS. And \$23,000 for the Joint Committee on Internal Revenue Taxation. I also think the stationery should be taken into consideration.

Mr. ANDREWS. I understand the stationery allowance will be handled out of the contingent fund.

Mr. MEGILL. We would have to handle it that way, Mr. Chairman.

Mr. ANDREWS. Let's not consider it now. We will be back in January.

Mr. MEGILL. That is why we can reduce these items until January. I think it is cutting it thin for committee employees but the Clerk can come in again next spring. We had an unusual experience at the end of the last session. We had to ask the House to pass a resolution to meet the payroll for committee employees last June.

Mr. ANDREWS. All these items have to be paid. Every time a resolution comes up before the House and it is adopted, either unanimously or otherwise, it creates a liability which we have to meet.

Mr. MEGILL. When the House makes the authorization the Clerk has to have the money to pay it.

ADDITIONAL CAPITOL POLICE POSITIONS

Mr. ANDREWS. Let us take a look at the 72 new positions for the Capitol Police. Does the Sergeant at Arms care to comment on that?

Mr. JOHNSON. Thank you, Mr. Chairman and members of the committee. The request for the additional funds for the additional police is as provided by House Resolution 796.

Mr. ANDREWS. That resolution created 72 new jobs—69 privates and 3 sergeants?

Mr. JOHNSON. Yes.

Mr. ANDREWS. How many of the 69 privates have you recruited, Chief Powell?

Chief POWELL. As of October 1 we had 56 employed. We have six others approved to go on the rolls and actually we could put all the others on but we have a uniform problem I will tell you about in a minute or if you want me to I can tell you about it now.

Mr. ANDREWS. In other words, you have filled all these positions except 13?

Chief POWELL. Yes.

Mr. ANDREWS. And you have six of those lined up?

Chief POWELL. Yes. Actually we have about 200 applicants but we have 6 we have approved already.

Mr. ANDREWS. Will this \$341,700 finance or fund the total number of 72 for the remainder of this year?

Chief POWELL. Yes, that will take care of the salaries.

Mr. Chairman, I have a copy of the letter which I submitted to the Sergeant at Arms which may explain this request in more detail. However, the amount in the letter is on a full year basis.

Mr. ANDREWS. We shall insert this letter at this point in the record.

(The letter follows:)

AUGUST 24, 1966.

HON. ZEAKE W. JOHNSON, JR.,
Sergeant at Arms, U.S. House of Representatives,
Washington, D.C.

DEAR MR. JOHNSON: As you know, House Resolution 796, 89th Congress, provided for an increase in the personnel of the Capitol Police on the roll of the House of Representatives of 69 Privates and three (3) Sergeants. As stated in the Resolution, these positions are to be paid from the Contingent Fund until the expiration of this Session. It is my understanding a supplemental appropriation must be sought in order for these men to receive salary after the Contingent Fund provision has expired. On this basis, I am submitting for your consideration the following figures:

For 69 privates at \$6,287.08-----	\$433, 808. 52
For 3 sergeants at \$8,166.40-----	24, 499. 20
Total needed for salaries-----	458, 307. 72

Should you need any additional information, please do not hesitate to ask.

Yours truly,

JAMES M. POWELL,
Chief, U.S. Capitol Police.

REQUEST FOR UNIFORMS

MR. ANDREWS. Did you want to say something about uniforms?

MR. JOHNSON. At the time these additional policemen were appointed we did not have sufficient equipment and it did deplete the complete excess of uniforms we had at that time. Now we are in need of them.

MR. ANDREWS. What do you say about uniforms, Chief?

CHIEF POWELL. Due to our turnover—and of course all police forces have some turnover but we have more than some—it is necessary that we carry at least 25 percent surplus stock, which is not actually surplus but it is a store of operating stock required when men will come in with appointments and have to be equipped.

At the present time we are almost completely out of many items of equipment. The men have even borrowed coats from one another. It goes back to the time when an additional 54 men were put on and no initial appropriation was made to equip them as such. It was absorbed from stock on hand and we now find ourselves in this predicament which will not end until we get the money to replace uniforms for those 54 positions.

MR. ANDREWS. In the regular Legislative Appropriation Act for 1967 we provided \$45,500 to equip the additional 72 men for the House and 27 men for the Senate, is that correct?

CHIEF POWELL. Yes, sir. We have the amount of funds to equip the additional 99 men, but we don't know what sizes to order. These uniforms have to be ordered 2 or 3 months in advance.

MR. ANDREWS. How much do you need for uniforms to bring your wardrobe up?

CHIEF POWELL. If we have this additional \$22,572 and the other for lockers, it would get us squared away so we would have a sufficient store to operate.

MR. ANDREWS. That would be in addition to this \$341,700?

CHIEF POWELL. Yes. Actually this would replace the stores that were depleted from equipping the original 54.

MR. JOHNSON. It does take quite awhile to get these uniforms.

The reason we ask for it in this supplemental, as the Chief said, it takes 3 months to obtain delivery on some items.

Mr. ANDREWS. We shall insert at this point in the record the information submitted by Chief Powell.

(The information follows:)

U.S. CAPITOL POLICE,
OFFICE OF THE CHIEF,
Washington, D.C., October 10, 1966.

HON. ZEAKE W. JOHNSON, Jr.,
Sergeant at Arms,
U.S. House of Representatives,
Washington, D.C.

DEAR MR. JOHNSON: When House Resolution 648, 88th Congress, 2nd Session was passed on June 2, 1964 it provided for an addition of 54 members of the Capitol Police Force. No funds were ever appropriated to provide for the initially issued uniforms and equipment for these men. Consequently they were equipped from the supply of uniforms in stock. No funds have ever been provided to replace this supply of stock.

Due to the turn over of personnel of the force it is necessary to keep on hand a minimum of about 25% surplus stock in order to provide for the various sizes etc.

In the regular Legislative Appropriations Act for fiscal 1967, \$45,500 was provided to equip the additional 72 men for the House and 27 men for the Senate.

This amount is only sufficient for the expenditure of the exact amount of issued equipment which must be ordered before sizes are known. There is urgent need for an additional appropriation as follows:

Based on the original issue to 54 men at \$418.....	\$22, 572
Cost for 50 lockers at \$25.....	1, 250
Total	23, 822

The approval of the above request would enable the stock of clothing to be restored to a minimum operable status only.

Sincerely,

JAMES M. POWELL,
Chief.

Cost of clothing and equipping 1 private

Article	Amount issued	Unit price	Issue cost
Revolver	1	\$57.40	\$57.40
Ammunition	5	.09	.45
Overcoat (long)	1	59.75	59.75
Overcoat (short)	1	49.75	49.75
Blouse	2	40.65	81.30
Trousers (winter)	2	15.25	30.50
Trousers (summer)	3	9.69	29.07
Raincoat	1	13.10	13.10
Boots	1	9.95	9.95
Badge	1	5.00	5.00
Holster	1	4.10	4.10
Cap cover	1	3.50	3.50
Cap	1	3.30	3.30
Shirt (long sleeve)	8	3.50	28.00
Shirt (short sleeve)	8	2.95	23.60
Blackjack	1	2.90	2.90
Night stick	1	2.00	2.00
Lock	1	1.95	1.95
Scarf	1	1.75	1.75
Flasklight	1	1.30	1.30
Batteries	2	.13	.26
Call box key	1	.90	.90
Ties	2	.90	1.80
Whistle	1	.75	.75
Street guide	1	.25	.25
Visibility jacket	1	3.95	3.95
Red conical batons (for flashlights)	1	1.70	1.70
Total cost			418.38

Mr. ANDREWS. Mr. Langen?

Mr. LANGEN. Mr. Chairman, I think the subject has been covered pretty well but let me compliment the folks for having reduced the two amounts here, \$900,000 and the \$100,000.

I think it is just good business inasmuch as you can make the request again at the beginning of the year at a time when you are a little better acquainted with the need and demands, and a correct amount or a correct estimate of the needs at that time, it would seem to me, would be more reliable than attempting to make them now.

Mr. ROBERTS. It might be postponed until the regular legislative appropriations bill. Maybe. I said maybe.

Mr. LANGEN. So much the better.

I see no great thing wrong with the request.

JOINT COMMITTEE ON INTERNAL REVENUE TAXATION

Did you offer an explanation for the \$23,000 for the internal revenue taxation?

Mr. ROBERTS. I have a letter from Senator Long which I will be glad to read.

Mr. LANGEN. It is not necessary.

Mr. ANDREWS. We shall insert at this point in the record letters submitted to the committee by Senator Long.

(The letters follow:)

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, D.C., September 6, 1966.

HON. GEORGE H. MAHON,
Chairman, House Appropriations Committee,
House of Representatives, Washington, D.C.

DEAR MR. MAHON: For the information of the Committee, there is attached a copy of a letter which I have addressed to Mr. Ralph Roberts, Clerk of the House of Representatives requesting that an estimate be submitted to your committee for a supplemental appropriation of \$23,000 for the Joint Committee on Internal Revenue Taxation.

In making this estimate, consideration has been given to this committee's need for additional personnel—one attorney at \$16,000 per annum and one clerk-stenographer at \$7,000 per annum.

Sincerely yours,

RUSSELL B. LONG,
Chairman.

CONGRESS OF THE UNITED STATES,
JOINT COMMITTEE ON INTERNAL REVENUE TAXATION,
Washington, D.C., September 6, 1966.

MR. RALPH R. ROBERTS,
House of Representatives,
Washington, D.C.

DEAR MR. ROBERTS: When consideration is given to supplemental appropriations for the fiscal year 1967, it is requested that the office of the Joint Committee on Internal Revenue Taxation be provided with an additional \$23,000.

In making this estimate, consideration has been given to this Committee's need for additional personnel—one attorney at \$16,000 per annum and one clerk-stenographer at \$7,000 per annum. This personnel is needed because of the increased volume of Congressional requests for assistance made to the staff of the Joint Committee on Internal Revenue Taxation. Thus, the 1967 Supplemental Appropriation bill should include the following language:

"For the payment of the salaries and other expenses of the Joint Committee on Internal Revenue Taxation, an additional \$23,000."

Sincerely yours,

RUSSELL B. LONG,
Chairman.

Mr. LANGEN. That is all.

Mr. ANDREWS. Thank you, gentlemen.

TELEPHONE AND TELEGRAPH ALLOWANCES

Mr. MEGILL. Mr. Chairman, before you go, along the line that the committee just heard about the clerk postponing matters, it is well for the clerk to mention in connection with the telephone and telegraph resolution, there is an increase of 40 percent in the authorized expenditures there and the clerk is not asking for any funds but he will be coming in the first part of next year for funds.

He will use them out of current funds and they will have to be replenished when he comes in next year because of the very considerable increase in the allowance.

Mr. ANDREWS. All right.

These units do not carry over from one year to the next, do they?

Mr. ROBERTS. Yes; they do in this—

Mr. ANDREWS. In other words, it is for a Congress rather than a session?

Mr. ROBERTS. Even further than that. It goes from one Congressman to another.

Mr. ANDREWS. If the Congressman comes back?

Mr. ROBERTS. If the Congressman comes back.

Mr. MEGILL. The credit is there but if the Member—

Mr. ROBERTS. Provided he does not have more than the 140,000 units.

Mr. MEGILL. If he creates the obligation he can carry it forward with any excess he might have and apply it to the excess.

Mr. ANDREWS. That is all. Thank you.

Mr. ROBERTS. Thank you, Mr. Chairman.

SUBCOMMITTEE ON DEPARTMENT OF THE INTERIOR AND
RELATED AGENCIES

WINFIELD K. DENTON, Indiana, Chairman

MICHAEL J. KIRWAN, Ohio

BEN REIFEL, South Dakota

JULIA BUTLER HANSEN, Wash-
ington

JOSEPH M. McDADE, Pennsylvania

JOHN O. MARSH, Jr., Virginia

MONDAY, OCTOBER 10, 1966.

DEPARTMENT OF THE INTERIOR

BUREAU OF MINES

WITNESSES

DR. WALTER R. HIBBARD, JR., DIRECTOR

FRANK C. MEMMOTT, DEPUTY DIRECTOR

HARRY WEAVER, CHIEF, DIVISION OF COAL MINES INSPECTION

ELWOOD THOMSON, CHIEF, DIVISION OF BUDGET

HEALTH AND SAFETY

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Personnel compensation:			
11.1 Permanent positions.....	7,285	7,363	78
11.3 Positions other than permanent.....	50	98	48
11.5 Other personnel compensation.....	15	15	-----
Total personnel compensation.....	7,350	7,476	126
12.0 Personnel benefits.....	531	540	9
21.0 Travel and transportation of persons.....	310	345	35
22.0 Transportation of things.....	31	33	2
23.0 Rent, communications, and utilities.....	139	144	5
24.0 Printing and reproduction.....	45	55	10
25.1 Other services.....	300	303	3
26.0 Supplies and materials.....	343	348	5
31.0 Equipment.....	341	346	5
99.0 Total obligations.....	9,390	9,950	200

Personnel summary

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Total number of permanent positions.....	790	806	16
Full-time equivalent of other positions.....	7	9	2
Average number of all employees.....	773	783	10

Mr. DENTON. The committee will come to order.

This afternoon the committee will consider various items contained in the 1967 supplemental budget estimate as submitted in House Document No. 505.

Budget requests for consideration by this committee amount to \$10,-967,000 and involve eight separate agencies or activities.

The first agency we have before this committee today is the Bureau of Mines.

We are glad to have you with us, gentlemen. You are requesting \$200,000 for the appropriation item "Health and Safety." We shall insert the item from page 10 of the House Document 505 and the justification in the record at this point.

(The information follows:)

"BUREAU OF MINES

"HEALTH AND SAFETY

"For an additional amount for 'Health and safety', \$200,000."

The Act of March 26, 1966, Public Law 89-376, extends the Bureau of Mines responsibility to cover 5,000 small coal mines not previously inspected under Federal law. The requested funds start implementation of that act.

The request also will provide for an advisory committee to be set up under the Federal Metal and Nonmetallic Mine Safety Act, Public Law 89-577, approved on September 16, 1966. This committee is to determine the Federal safety standards which will apply to all metal and nonmetallic mining other than coal and lignite.

BUREAU OF MINES

(H. Doc. 505)

Health and Safety

Request (for 8 months from Nov. 1, 1966)-----	\$200,000
Appropriation to date-----	9,390,000
Obligations to July 30, 1966-----	721,499
Expenditures to July 30, 1966-----	330,039
Budget estimate next fiscal year-----	

Employment:	
Average number, current appropriation-----	773
Number involved this estimate-----	10
Actual employment as of July 31, 1966-----	766

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

The proposed supplemental appropriation is requested to (1) implement the Act of March 26, 1966 (Public Law 89-376) which extends the Bureau of Mines responsibility for inspection of over 5,000 smaller coal mines, and (2) establish an advisory committee to develop the health and safety standards required by the Federal Metal and Nonmetallic Mine Safety Act of September 16, 1966 (Public Law 89-577). Since the paramount purpose of these Acts are to reduce mine casualties, it is desirable that the programs be put into effect as soon as possible.

Program and financing

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed sup- plemental
Program by activities:			
1. Inspections, investigations, and rescue work-----	7,253	7,453	200
2. Control of fires in coal deposits-----	203	203	
3. Health and safety research-----	1,934	1,934	
Total program costs, funded—obligations-----	9,390	9,590	200
Financing:			
New obligational authority (appropriation)-----	9,390	9,590	200
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)-----	9,390	9,590	200
Obligated balance, start of year-----	769	769	
Obligated balance, end of year-----	-859	-884	-25
Expenditures-----	9,300	9,475	175

Health and Safety

Inspections, investigations, and rescue work (increase)----- \$200,000

Federal Coal Mine Safety Act—\$100,000

Public Law 89-376 amended the Federal Coal Mine Safety Act by extending the mandatory safety provisions to coal mines employing fewer than 15 individuals underground—mines which heretofore have been exempt from such requirements—and strengthening certain other provisions of the Act in order to increase the protection of lives and property in all underground coal mines to the maximum extent feasible.

This extension is intended to help prevent disasters from mine explosions, mine fires, mine inundation, and man-trip and manhoist accidents, referred to as imminent danger hazards, and also embodies certain enforceable mine safety provisions of the Federal Mine Safety Code. Formerly these had applied only to mines employing 15 or more individuals underground, but now are applicable to all underground coal mines that enter into interstate commerce, regardless of size. In 1965 there were 992 mines employing more than 15 underground and 5,883 mines employing fewer than 15 underground. Although the total number

of inspections per year probably will not increase appreciably because of the amendment to the Act, there will be an increased work load and responsibility because of the application of the mandatory provisions of the law to almost 5,900 mines not affected heretofore. Such application requires performance of the following two basic functions:

1. When an inspector finds an imminent hazard in a mine or portion thereof, he must issue an order requiring the withdrawal of men from the mine or section thereof immediately. All imminent hazard closure orders are annulled or revised by the Director, based on the recommendation of a three-man committee of Federal coal mine inspectors, or by the Federal Coal Mine Safety Board of Review, as applicable.

2. In order to accomplish compliance with the other mandatory mine safety provisions under the Act, the inspector is empowered to post a notice and after allowing reasonable time for failure to comply with one or more mine safety provisions, he will issue an order requiring the withdrawal of men from the mine or a section thereof. These orders prohibit normal operations in the mine or section affected until the danger has been eliminated or corrected. Under the amended Act, coal mine inspectors are authorized to cancel, annul, or revise all withdrawal orders which they have issued except imminent hazard closure orders.

The increased number of mines now coming within the provisions of the Act will increase the time needed for inspections. This is so because of the greater number of notices and orders to be issued and time necessary for special inspections, spot checks, and other details not formerly performed at the "small" mines.

To enable the Bureau to carry out the additional and special inspections that will be required under the extended authority of P.L. 89-376, supplemental funds of \$100,000 are requested for the remainder of 1967. The estimate provides for 13 additional coal mine inspectors and 3 clerical people.

Federal Metal and Nonmetallic Mine Safety Act—\$100,000

Public Law 89-577 titled the Federal Metal and Nonmetallic Mine Safety Act, authorizes inspections and investigations in metal and nonmetallic mines, quarries, and sand and gravel pits which regularly enter commerce, or the operations of which substantially affect commerce, for the purpose of obtaining, utilizing, and disseminating information relating to health and safety.

The Act authorizes the Secretary of the Interior to establish advisory committees to assist in the development of health and safety standards for mines subject to the provisions of the Act and, by publication in the Federal Register, to designate as mandatory such standards dealing with conditions or practices which could reasonably be expected to cause death or physical harm. Compliance with designated mandatory standards by the operators of affected mines is required one (1) year after the publication in the Federal Register, subject to procedures outlined in the Act.

The Act stipulates each advisory committee shall include among its members an equal number of persons qualified by experience and affiliation to present the viewpoint of operators of such mines, and the persons similarly qualified to present the viewpoint of workers in such mines, as well as one or more representatives of mine inspection or safety agencies of the States. Members appointed to such a committee from private life are to be appointed without regard to the civil service laws and shall, while serving on business of the committee, be entitled to receive compensation at rates fixed by the Secretary, but not exceeding \$100 per day, including travel time, and while so serving away from their homes or regular places of business, may be paid travel expenses and per diem in lieu of subsistence at the rates authorized by Section 5 of the Administrative Expenses Act of 1946 (5 U.S.C., Sec. 73b-2).

Inasmuch as the Act cannot be implemented until the health and safety standards are promulgated, supplemental funds amounting to \$100,000 are requested for fiscal year 1967 to enable the Secretary to appoint the required members of an advisory committee to assist with the development of such standards.

GENERAL STATEMENT

Mr. DENTON. Dr. Hibbard, we shall insert your prepared statement in the record at this point and ask you to give us a brief summary of it.

(The statement follows:)

Mr. Chairman and Members of the Committee, I appear before you today to present our request of \$200,000 in supplemental funds to initiate the extension of the Bureau of Mines coal-mine inspection program and to begin implementation of the Federal Metal and Nonmetallic Mine Safety Act. Both of these programs are required by recently enacted legislation.

As you know, Public Law 89-376, approved March 26, of this year, extends the mandatory safety provisions of the Federal Coal Mine Safety Act to mines regularly employing less than 15 men underground—mines which heretofore have been exempt from such requirements. Also, the new law has strengthened certain provisions of the old Act in order to increase the protection of lives and property in all underground coal mines.

Our records show that in 1965 there were 992 mines employing 15 or more men underground and 5,883 mines employing fewer than 15 men underground. The Bureau has been regularly inspecting all these mines. The new law, therefore, will not necessarily increase total number of inspections per year. However, the application of the mandatory provisions of the Law to the smaller mines will appreciably add to our work load and responsibility. This is so, because the Bureau's coal-mine inspectors will now be involved in the issuance of orders and notices and will be required to make additional or special inspections in connection with the abatement of hazardous conditions or practices and the annulment and revision of orders to withdraw men. Our most careful and conservative estimate of our needs is for \$100,000 to cover the salaries and expenses for the remainder of the current fiscal year of 13 additional coal-mine inspectors and 3 clerical assistants. With this amount we believe that we can provide for the period the additional and special inspections dictated by the Law.

Public Law 89-376 also requires the enlargement and intensification of educational programs of the Bureau of Mines with respect to the advancement of health and safety in coal mines. It provides for the first time authority for the Secretary of the Interior to make grants to States to assist them in planning and implementing programs for the advancement of health and safety in coal mines. This Act authorizes up to \$500,000 a year in grants to assist States in planning and implementing their programs to accomplish this work. Nevertheless, the estimate I am now submitting does not include any funds for grants to States to assist them in planning and implementing their health and safety programs. We intend to submit a request in the next regular appropriation. Meanwhile, the Bureau is going ahead in developing the necessary procedures and regulations for making grants to the States in fiscal year 1968.

The Federal Metal and Nonmetallic Mine Safety Act, Public Law 89-577, approved September 16, 1966, authorizes inspections and investigations in metal and nonmetallic mines, quarries, and sand and gravel pits.

One of the requirements of the Act is for the Secretary of the Interior to establish one or more Advisory Committees to assist in the development of health and safety standards for mines subject to the provisions of the Act and to designate as mandatory such standards dealing with conditions or practices which could reasonably be expected to cause death or physical harm. This step is an essential preliminary to the carrying out of the Congressional directive. To provide for the salaries and expenses of the Committee Members to be appointed from labor, management, and State governments for drafting the necessary health and safety standards, we estimate that \$100,000 will be required.

Appropriate measures have been initiated so that we may be prepared to carry out provisions of both these Laws as soon as these funds are appropriated.

Mr. HIBBARD. Subsequent to the passage of our funding for 1967 the Congress has enacted two new laws related to Federal mine safety, Public Law 89-376 extends the mandatory safety provisions of the Federal Coal Mine Safety Act to cover over 5,000 small coal mines. These mines, employing less than 15 workers underground, were previously exempt from such requirements: \$100,000 of our request is to employ 16 additional people. This includes 13 Federal coal mine inspectors and 3 clerical assistants that are needed to carry out these responsibilities for the remainder of the fiscal year.

The second act is the new Federal Metal and Nonmetallic Mine Safety Act, Public Law 89-577. Under the provisions of this law the Secretary of the Interior is authorized to convene an advisory committee to set up the Federal safety standards which will apply to all metal and nonmetallic mining other than coal and lignite. The second \$100,000 is for the purpose of funding this advisory committee. That summarizes the statement.

AUTHORIZED PERMANENT POSITIONS

Mr. DENTON. You said you had how many permanent positions under the first act?

Mr. HIBBARD. Sixteen. Thirteen new coal mine inspectors and three clerical.

Mr. DENTON. This is \$100,000 for what period?

Mr. HIBBARD. From November 1 to June 30, 1967.

VACANCIES

Mr. DENTON. How many vacancies did you have as of September 30, 1966?

Mr. WEAVER. About 30.

REDUCTION OF OVERTIME

Mr. DENTON. The Bureau of the Budget recently issued a directive for the reduction of overtime hours and related cost. What savings do you anticipate as a result of your compliance with this directive?

Mr. HIBBARD. We have a program where we have sent directives to our people in the field to reduce the overtime in accordance with these directives.

Mr. DENTON. How much are you going to save?

Mr. THOMSON. About \$35,000 on overtime for all funds appropriated to the Bureau of Mines.

OBLIGATIONS, FIRST QUARTER 1967

Mr. DENTON. You apportioned \$2,397,000 of your 1967 regular appropriation through the first quarter of the fiscal year. What were your actual obligations for the first quarter of 1967?

Mr. THOMSON. The accounting records for September 30 were not available as of Friday. I hope they will be available in time to put the information in the record.

Mr. DENTON. Put it in the record.

Mr. THOMSON. Yes, sir.

(The information follows:)

Comparison of apportionment and obligations

Original apportionment.....	\$2,397,000
Revised apportionment ¹	2,442,000
Obligations through Sept. 30, 1966.....	2,412,095

¹ The revised apportionment was submitted to provide for the increased pay costs.

REPROGRAMING AMOUNT REQUESTED

Mr. DENTON. Dr. Hibbard, you were appropriated the exact amount you requested for the regular 1967 health and safety appropriation. Out of a total appropriation of \$9.4 million, why is it not possible for you to absorb this relatively small amount of \$200,000, and finance it by the reprograming of savings from other program operations?

Mr. HIBBARD. Sir, this was a tight budget. In fact, we will carry out some of our activities from within our existing appropriation. In order to carry out these new requirements which are additional to those we had when the other appropriation act was passed, we feel we need 13 additional inspectors.

Mr. DENTON. You are going to save \$35,000 by eliminating overtime?

Mr. HIBBARD. Yes, sir.

Mr. THOMSON. Could I correct that? That would not be in this appropriation. It represents the amount that would be saved from all annual appropriations.

In this appropriation it would be about \$15,000.

PURPOSE OF COMMITTEE

Mr. DENTON. This other committee you are going to set up, just what will it do?

Mr. HIBBARD. The act requires that the Advisory Committee meet and set up the safety standards.

BOARD MEMBERSHIP, PAY AND STAFF SUPPORT

Mr. DENTON. How many people are you going to have on that Committee?

Mr. HIBBARD. We consider 12 to be the appropriate number.

Mr. DENTON. How much will they be paid?

Mr. MEMMOTT. \$100 a day.

Mr. DENTON. How much of a staff do you have?

Mr. THOMSON. We are not requesting any additional staff here. We are going to use our own staff to serve these people.

Mr. DENTON. You want this amount to pay Committee members \$100 a day.

Mr. THOMSON. \$100 a day and their travel expenses.

NUMBER OF MEETING DAYS

Mr. DENTON. How many days are they going to meet?

Mr. HIBBARD. That is not certain because we do not know how fast they will accomplish their mission. These funds are estimated on the basis that something like 40 days will be required.

Mr. DENTON. Mrs. Hansen.

SAFETY STANDARDS

Mrs. HANSEN. How fast do you need this information?

Mr. HIBBARD. The Metal Mines Safety Act has no safety standards in it. Therefore, except for inspections which are advisory in char-

acter we have no basis for carrying out the new act until the safety standards are promulgated. So the formation of this Advisory Committee is very urgent.

Mrs. HANSEN. Then you form your Advisory Committee first?

Mr. HIBBARD. Yes, ma'am.

Mrs. HANSEN. Then you have the programing after that. Couldn't you curtail some of your programing until the Advisory Committee has acted?

Mr. HIBBARD. Under the Metal Mines Safety Act we are curtailing everything except the Advisory Committee. In other words, we will carry out all other aspects of the act with the existing force and budget.

Mrs. HANSEN. That is all.

Mr. DENTON. Mr. Marsh.

TRAVEL EXPENSES

Mr. MARSH. Thank you, Mr. Chairman. I have just one question, Doctor. I notice in your justification, item 21, expenses for travel and transportation of persons, is one of the major increases. You have asked for \$35,000 which is about 10 percent of the total amount requested. What is the background for that?

Mr. HIBBARD. There are two reasons for this. First of all, we will have to pay the travel expenses of the Advisory Committee. Secondly, all of our inspection activities are carried out on a travel status. In other words, we have to travel from the office to the mine in order to inspect the mine. Therefore, the major part of our inspection activity is carried out under a travel status.

INSPECTION WORKLOAD

Mrs. HANSEN. If the gentlemen would yield, how many mines do you have to inspect?

Mr. HIBBARD. There are approximately 5,000 additional mines.

Mrs. HANSEN. How do they break down by State? Perhaps you would like to put that in the record, indicating the States.

Mr. HIBBARD. They are largely in the East, in Kentucky, West Virginia, Tennessee, and Pennsylvania. But we can put this in the record.

(The information follows:)

Geographical distribtuion of small underground coal mines

Appalachian region	5, 678
Midwest	66
West	139
Total	5, 883

Number of small underground coal mines by States

<i>State</i>	<i>Underground</i>
Alabama	138
Alaska	
Arizona	1
Arkansas	9
California	

<i>State</i>	<i>Number of small underground coal mines—Continued</i>	<i>Underground</i>
Colorado	-----	66
Georgia	-----	1
Illinois	-----	14
Indiana	-----	12
Iowa	-----	11
Kansas	-----	-----
Kentucky	-----	1, 608
Maryland	-----	47
Missouri	-----	4
Montana	-----	18
New Mexico	-----	11
North Dakota	-----	3
Ohio	-----	96
Oklahoma	-----	5
Oregon	-----	1
Pennsylvania (anthracite)	-----	538
Pennsylvania (bituminous)	-----	571
South Dakota	-----	-----
Tennessee	-----	278
Texas	-----	-----
Utah	-----	18
Virginia	-----	1, 080
Washington	-----	5
West Virginia	-----	1, 343
Wyoming	-----	5
National data	-----	5, 883

MINE EMPLOYMENT AND PAYROLL

Mrs. HANSEN. What is the total employment of these mines?

Mr. HIBBARD. About 30,000.

Mrs. HANSEN. What is the yearly payroll?

Suppose you put that in the record.

(The information follows:)

There is no record of the annual payroll of the 30,000 people employed in the 5,883 small coal mines.

Mr. MEMMOTT. You are speaking of coal mines and not metal mines?

Mrs. HANSEN. That is right.

NEED FOR TRAVEL FUNDS

Mr. MARSH. Do you anticipate that travel will continue to be one of your major expenses for the reasons you outlined?

Mr. HIBBARD. Yes, simply because all the inspectors when they inspect mines are in travel status. They have to go to the mine to inspect.

MODES OF TRAVEL

Mr. MARSH. Do they fly to the place and then rent a vehicle?

Mr. HIBBARD. No, we usually use automobiles.

Mr. MEMMOTT. The inspectors are located strategically in the mining areas, thereby holding travel costs to a minimum.

Mr. MARSH. They have a Government vehicle?

Mr. HIBBARD. That is right. It is the most effective way of handling it.

Mr. MARSH. That is all, Mr. Chairman.
Mr. DENTON. Mr. Reifel.

MINE SAFETY

Mr. REIFEL. These funds are primarily needed to increase the safety of the mines?

Mr. HIBBARD. All of it is to increase the safety.

INSPECTION AND ENFORCEMENT

Mr. REIFEL. You mention in your statement that you have 5,883 mines which you have been regularly inspecting. Are you indicating there won't be any increased inspection.

Mr. HIBBARD. No. Under the act before it was revised we had the right of entry and we were required to inspect these mines once a year, but we had no authority except to make recommendations as a result of our inspection. Under the new act we will have the authority to inspect and to enforce the provisions of the act.

Mr. REIFEL. Which will necessitate your going back to see that they take corrective action.

Mr. HIBBARD. This will require additional paper work and also additional reinspections when we find violations.

NEED FOR ADDITIONAL POSITIONS

Mr. REIFEL. Do you feel that in order to provide this additional safety, that will grow out of these inspections and mandatory compliance, that you will need 16 additional men to do it effectively?

Mr. HIBBARD. That is right.

Mr. REIFEL. I have no other questions, Mr. Chairman.

Mr. DENTON. Mr. McDade?

Mr. MCDADE. Thank you.

INJURIES IN SMALL MINES

Mr. MCDADE. Do you have any figures indicating the number of injuries in these 5,800-odd small mines over the past year?

Furnish the figures for the record, if you will, in order that we may have some idea. I know there have been a lot of injuries. We call them "dog holes" in Pennsylvania. I am glad to see this proposal.

Mr. HIBBARD. We will be glad to furnish these data.

Mr. MCDADE. Under 15 people?

Mr. HIBBARD. Yes.

(The information follows:)

Coal mine injury statistics

	Fatalities ¹		Nonfatal injuries ²	
	Number	Rate	Number	Rate
Small underground coal mines	63	1.6	1,829	51.42
Large underground coal mines	158	1.24	6,805	54.23

¹ 1965 preliminary data.

² 1964 final data.

Mr. McDADE. There is a distinction between the inspections and the study. One part, the implementation of the inspection and new authority under the Small Mines Act can be effective as a health and safety measure as soon as you get the money.

Mr. HIBBARD. Yes. In fact, we did not wait for the money. We are already doing it now as best we can with the personnel we have.

Mr. McDADE. The other is a little more long-range. You are involved in a study in the metallic mines.

Mr. HIBBARD. We have no safety standards.

Mr. McDADE. You are developing those now.

Mr. HIBBARD. Yes.

Mr. McDADE. That is all I have, thank you, Mr. Chairman.

Mr. DENTON. Thank you very much, gentlemen.

BUREAU OF LAND MANAGEMENT
MANAGEMENT OF LANDS AND RESOURCES

WITNESSES

BOYD L. RASMUSSEN, DIRECTOR

EUGENE ZUMWALT, ASSISTANT DIRECTOR, RESOURCE MANAGEMENT

JAMES P. BEIRNE, ASSISTANT DIRECTOR, ADMINISTRATION

MARK B. WELT, CHIEF, DIVISION OF FINANCIAL MANAGEMENT

ROBERT BUFFINGTON, BUDGET OFFICER

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed sup- plemental
<i>Personnel compensation:</i>			
11.1 Permanent positions.....	24,366	24,466	100
11.3 Positions other than permanent.....	3,459	3,579	120
11.4 Special personal service payments.....	355	355	-----
11.5 Other personnel compensation.....	957	962	5
Total personnel compensation.....	29,137	29,362	225
12.0 Personnel benefits.....	2,114	2,126	12
21.0 Travel and transportation of persons.....	2,476	2,546	70
22.0 Transportation of things.....	1,200	1,219	19
23.0 Rent, communications, and utilities.....	1,003	1,015	12
24.0 Printing and reproduction.....	350	352	2
25.1 Other services.....	7,192	7,737	545
25.2 Services of other agencies.....	138	138	-----
26.0 Supplies and materials.....	4,180	4,527	347
31.0 Equipment.....	892	960	68
Subtotal.....	48,682	49,982	1,300
Quarters and subsistence charges.....	-14	-14	-----
99.0 Total obligations.....	48,668	49,968	1,300

Personnel summary

	1967 presently available	1967 revised estimate	1967 proposed sup- plemental
Total number of permanent positions.....	3,119	3,139	20
Full time equivalent of other positions.....	595	619	24
Average number of all employees.....	3,614	3,653	39

Mr. DENTON. The next item for consideration is the budget request of \$1,300,000 submitted by the Bureau of Land Management. We will insert the item from page 10 of the House Document 505 and the justification at this point in the record.

(The documents follow:)

"BUREAU OF LAND MANAGEMENT

"MANAGEMENT OF LANDS AND RESOURCES

"For an additional amount for 'Management of lands resources', \$1,300,000."

These proposed funds will be used to salvage valuable salable timber damaged in the Oxbow Ridge fire in Western Oregon and to rehabilitate over 1,000,000 acres of public lands which have been burned over during a series of devastating wildfires in eleven Western States this summer. Without such immediate action valuable forage and timber lands will be subject to severe wind and water erosion. Further, potential insect infestations and reburn possibilities demand immediate salvage, remedial, and preventive actions in the damaged timber land area.

BUREAU OF LAND MANAGEMENT

(H. Doc. 505)

Management of lands and resources

Request (for 9 months from Oct. 1, 1966)-----	\$1,300,000
Appropriation to date-----	48,855,000
Obligations to Aug. 31, 1966-----	13,097,912
Expenditures to Aug. 31, 1966-----	12,225,178
Budget estimate next fiscal year-----	<u>50,463,200</u>

Employment:

Average number, current appropriation-----	3,614
Number involved this estimate-----	39
Actual employment Aug. 31, 1966-----	4,732

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

A supplemental appropriation of \$1,300,000 is requested for FY 1967. This consists of \$200,000 for Forest Management, Western Oregon and \$1,100,000 for Fire Rehabilitation in the "Management of lands and resources" appropriation. The amount of \$200,000 will be used for the offering and administering the sale of 150 million board feet of salvable timber damaged in the recent Oxbow Ridge fire in Western Oregon.

The amount of \$1,100,000 is requested to rehabilitate public lands burned during a series of wildfires which occurred during the summer of 1966. The supplemental funds are required so that work can be undertaken this year to prevent further deterioration of the burned land. The regular FY 1967 appropriation includes \$600,000 for this purpose and this amount is inadequate to fund the total acreage requiring rehabilitation.

Program and financing

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Program by activities:			
2. Resource management, conservation, and protection:			
(a) Land classification and mineral examinations	4,538	4,538	-----
(b) Range management	5,389	5,389	-----
(c) Forestry	6,836	7,036	200
(d) Soil and watershed conservation	14,777	14,777	-----
(e) Fire protection	3,437	3,437	-----
4. Firefighting and rehabilitation	1,000	2,100	1,100
All other activities	12,691	12,691	-----
Total costs, obligations	48,668	49,968	1,300
Financing:			
New obligational authority	48,668	49,968	1,300
New obligational authority:			
Appropriation	48,855	50,155	1,300
Transferred to "Salaries and Expenses, Office of the Secretary of the Interior," Secretary's Order No. 2894, dated Feb. 17, 1966	-187	-187	-----
Appropriation (adjusted)	48,668	49,968	1,300
Relation of obligations to expenditures:			
Total obligations affecting expenditures	48,668	49,968	1,300
Obligated balance, start of year	6,937	6,937	-----
Obligated balance end of year	-7,070	-7,290	-220
Expenditures	48,535	49,615	1,080

MANAGEMENT OF LANDS AND RESOURCES, \$1,300,000

2. Resource Management, Conservation and Protection, \$200,000

(c) *Forest Management, Western Oregon, \$200,000.*—A supplemental appropriation of \$200,000 is requested for the purpose of offering and administering the sale of 150,000 M.b.f. of salvable timber damaged in the Oxbow Ridge fire which occurred on lands administered by the Bureau of Land Management in western Oregon.

Need for Supplemental Funds.—In late August 1966 a devastating forest fire in western Oregon burned more than 46,000 acres of public and private forest lands. Of this total, 26,000 acres of public lands administered by the Bureau of Land Management were affected. Approximately 174,000 M.b.f. of young regenerating stands were either totally destroyed or damaged beyond salvage. An additional 500,000 M.b.f. of salvable commercial timber remains in the burned area.

Failure to take immediate action to recover this salvable volume will result in rapid deterioration of the merchantable material, with a resulting loss of revenue to the Government. Additionally, failure to salvage will increase the probability of an epidemic insect buildup which could spread to adjacent undamaged stands and will present hazardous conditions for a possible return of the area.

Plan of Work.—The Bureau will reprogram its work to offer 100 million board feet in 1967 and again in 1968. We cannot, however, absorb the sale of the remaining 300 million board feet within existing capabilities. It is proposed to harvest approximately 150 million board feet of the remainder in fiscal year 1967 at a cost of \$200,000. Present market conditions indicate that the market will be able to absorb the additional volume. This offering will return approximately \$3,000,000 in revenue. It is the most orderly way to harvest the fire damaged material in conjunction with the regularly planned timber sale offerings. According to this plan the final increment of 150 million board feet of salvage would be offered in fiscal year 1968.

4. Firefighting and rehabilitation, \$1,100,000

(b) *Fire Rehabilitation, \$1,100,000.*—Supplemental funds in the amount of \$1,100,000 are requested for fiscal year 1967 for rehabilitating burned over public lands. An amount of \$600,000 was appropriated for this purpose in the Department of the Interior and Related Agencies Appropriation Act, 1967.

Need for Supplemental Funds.—Since May, 1966, a series of disastrous fires have occurred in the Western States. Over 1,000,000 acres of public range and timber lands have been denuded as a result of these wildfires. A breakdown of burned areas and estimated cost to rehabilitate by State is as follows:

State	BLM acres burned to date	Total estimated rehabilitation cost
Alaska.....	709,503	\$11,000
Arizona.....	5,124	5,400
California.....	6,665	123,000
Colorado.....	1,026	-----
Idaho.....	236,472	543,200
Montana.....	16,867	40,000
Nevada.....	17,721	102,200
New Mexico.....	579	-----
Oregon.....	28,048	706,900
Utah.....	5,307	28,300
Wyoming.....	1,342	-----
Total.....	1,028,654	1,560,000
Request for subsequent fires.....	-----	140,000
Total.....	-----	1,700,000
Current appropriation.....	-----	600,000
Supplemental requested.....	-----	1,100,000

The need to rehabilitate these lands is urgent. Without a protective vegetative cover, these bare lands are highly susceptible to both wind erosion and water erosion. Additionally, a major portion of these burned areas constitute prime big game winter range areas and important wildlife habitat areas in the west. It is especially important that desirable species of browse and other wildlife cover be reinstated in order to prevent loss of wildlife species.

The driest season on record and frequent lightning storms generated extreme fire conditions. In late August, a forest fire in western Oregon burned 26,000 acres of public timber land. This fire removed the vegetative cover on a critical watershed area destroying important wildlife habitat in addition to 500 million board feet of prime timber. It is extremely important that this and other burned areas be rehabilitated as soon as possible.

Immediate rehabilitation of the land is more economical and successful since the competing vegetation has been removed and the ash covered soil is conducive to seed germination. If the rehabilitation is started now, fall rains can help the new seedlings to become established. Other land treatment practices will be initiated simultaneously to alleviate site deterioration and erosion. The development of perennial grasses through the emergency rehabilitation program will result in the area becoming less susceptible to fire in future years.

Rehabilitation work already underway has utilized the \$600,000 appropriated in the regular Appropriation Act. Supplemental funds will be used to complete the balance of the rehabilitation of existing burned areas and for rehabilitation of public lands which may be burned later this fiscal year.

BIOGRAPHY OF DIRECTOR

Mr. DENTON. Mr. Rasmussen, since this is the first time you have appeared before this committee in your present capacity, we will ask you to insert your biographical statement in the record.

Mr. RASMUSSEN. Yes, sir.

(The document follows:)

Boyd L. Rasmussen, 53, deputy chief of the U.S. Forest Service since 1964, a professional forester and distinguished civil servant of outstanding talent in the natural resource field, is the new director of BLM.

Appointed July 27 by President Johnson, Rasmussen succeeds Charles H. Stoddard, who has been reassigned to the position of director of Interior Secretary Stewart L. Udall's Resources Program Staff.

Rasmussen brings a wealth of experience, know-how and administrative ability to BLM. As deputy chief of the Forest Service, he has been responsible for the Forest Service operations involving State and private forestry. He was in charge of the agency's cooperative forestry programs and insect and disease control work throughout the 50 States, Puerto Rico, and the Virgin Islands.

Born April 19, 1913, in Glens Ferry, Idaho, he grew up in Ontario, Oreg., and received a bachelor of science degree in forestry from Oregon State University in 1935.

He started with the Forest Service soon after his graduation, at the Pacific Northwest Forest and Range Experiment Station in Portland, Oreg. From 1938 to 1942 he served as district forest ranger on the Siskiyou and Willamette National Forests in Oregon, and on the Mount Baker National Forest in Washington. He worked as timber staff officer on the Umatilla and Siuslaw National Forests from 1942 to 1950, when he became forest supervisor of the Siuslaw National Forest at Corvallis, Oreg.

In 1952 he was assigned to the Forest Service's Division of Fire Control in Washington, D.C., and was promoted in 1954 to assistant regional forester in charge of fire control and State and private forestry programs in the Forest Service Intermountain Region, headquartered in Ogden, Utah. The region covered Utah, Nevada, southern Idaho, and western Wyoming.

He was brought back to Washington, D.C., in 1959 as assistant to the deputy chief in charge of national forest resource management. Two years later he was named regional forester in charge of the Northern (Rocky Mountain) Region, in Missoula, Mont., covering Montana, northern Idaho, northeastern Washington and parts of North and South Dakota. He was promoted to deputy chief of the Forest Service after nearly 3 years in the Missoula post.

His wife, the former Dorothy Umphrey, of Portland, Oreg., holds a degree in home economics from Oregon State. Their son, John, is a 1963 graduate of the University of Idaho and is now a lieutenant (junior grade) in the Navy and a pilot instructor at Pensacola, Fla. A daughter, Mary, graduated from the University of Montana in 1965 and is now teaching at Salinas, Calif.

Rasmussen is a Mason, an Elk, a member of Beta Theta Pi fraternity, the Society of American Foresters, and the American Forestry Association.

GENERAL STATEMENT

Mr. DENTON. We shall insert your prepared statement in the record at this point and ask you to describe the circumstances necessitating this supplemental request.

(The statement follows:)

It is a pleasure to appear before you today in support of a request for \$1,300,000 to rehabilitate areas burned over during the current disastrous fire season and to offer 150 million board feet of timber which is expected to return \$3 million during the current fiscal year.

An unusually dry season and severe lightning storms created hundreds of fires which burned over a million acres of public lands. It is important that prompt action be taken to rehabilitate the lands in order to avoid loss of the precious soil cover and to protect the watershed. Likewise prompt action should be taken to sell the fire-killed timber while the greatest recovery can be made and to prevent an epidemic of the dreaded bark beetle.

There are approximately 500 million board feet of timber which can be salvaged. It is not possible to offer the entire amount this fiscal year but we can offer half of it. Of this amount we can offer 100 million board feet by reprogramming existing funds. However, it is necessary that we receive your help in order to offer the remaining 150 million board feet.

Mr. RASMUSSEN. This year we experienced one of the most disastrous fire seasons we have had in years. In Oregon we had a very large fire

called the Oxbow fire and this fire covered about 46,000 acres of some fine timber. The fire was hot and much of the timber will be killed. We have requested this supplemental appropriation in order to handle as promptly as possible the salvaging of this timber and the rehabilitation of burned areas in other States and this State.

REHABILITATED ACREAGE

Mr. DENTON. How many acres are to be rehabilitated? Will you accomplish this by hand planting?

Mr. RASMUSSEN. There are about 11,000 acres that will be very promptly seeded to mustard so that the soil stays in place. The mustard will promptly sprout and provide a soil cover. Then in addition to this, we will do some aerial seeding with tree seeds and some hand planting.

ADDITIONAL REVENUE

Mr. DENTON. In your justification you state the additional offering of timber will return approximately \$3 million in additional revenue. Am I correct in my assumption that the usual 25 percent or \$750,000 of this income will be available for management of O. & C. lands?

Mr. RASMUSSEN. That is correct.

CURRENT ESTIMATE OF O. & C. RECEIPTS

Mr. DENTON. I believe you originally estimated your share of O. & C. receipts for fiscal year 1967 would be \$8,625,000. What is the current estimate of these receipts?

Mr. RASMUSSEN. I will ask Mr. Beirne. We have our first quarter estimates in now.

Mr. BEIRNE. We have just completed the review at the end of September and it now appears that our share will be some \$10 million for the fiscal year.

Mr. DENTON. That is an increase over your previous estimate.

Mr. BEIRNE. By \$1,375,000. The \$1,375,000 is our share. We expect the total receipts will increase by \$5.5 million, and of this the counties will receive \$2,750,000, the Treasury will receive \$1,375,000, and \$1,375,000 will be available for improvements on the O. & C. lands.

FUNDS FOR O. & C. LANDS

Mr. DENTON. Now, is all of the land in Oregon for which funds are requested included in this request O. & C. lands?

Mr. BEIRNE. Either O. & C. lands or lands in the O. & C. counties.

USE OF GOVERNMENT SHARE OF RECEIPTS

Mr. DENTON. In view of the increased receipts which you have just cited, do you see any reason why the O. & C. fund's share of the additional income should not be used for the sales administration and rehabilitation work in Oregon?

Mr. RASMUSSEN. It could be used for this purpose.

Mr. DENTON. Is there any reason why it should not be?

Mr. RASMUSSEN. I will ask Mr. Beirne that question.

Mr. BEIRNE. Of the amount, some \$700,000 is for reforestation, which is similar to work which is now performed under the 25-percent fund, or the O. & C. grant land fund. The other \$200,000 of timber sales is normally funded by direct appropriation. Both are included in here as one of the normal responsibilities of the Government.

Mr. DENTON. I have a difficulty in understanding why the receipts in the O. & C. fund shouldn't be used for this reseeding, and timber salvage. Why shouldn't they be used for that purpose?

Mr. BEIRNE. They could be.

Mr. DENTON. What would be wrong with using part of the O. & C. fund for this work? What would you do with these receipts if they weren't appropriated for this purpose?

Mr. BEIRNE. I assume you mean the 25 percent available for improvements?

Mr. DENTON. Of course, 25 percent is there available for improvements. Why shouldn't it be used for this purpose?

Mr. BEIRNE. It could be used for this purpose. The language will permit it.

Under the agreement which has been worked out and the method under which we come before the committee, the expenses of administration—that is, the timber sale administration, the management plans, are funded from the 25 percent which goes to the Treasury. Normally this runs about 10 or 11 percent of receipts.

Now, the reforestation, roads, and the recreation program are funded from the 25 percent available for improvements.

Mrs. HANSEN. I suppose in the management context it is done because if you didn't spend it for the sale and so on, the Treasury wouldn't get the money. Isn't this literally the case? Do you mean to say that you don't need the money then?

Mr. BEIRNE. No. The Treasury will get 25 percent of the receipts.

Mrs. HANSEN. Supposing you say you need money to develop the sales, et cetera. The things that are going to contribute to the sale. Is it the context of your program that because of this close relationship with these sales that that is the reason contributing costs come out of that share?

Mr. BEIRNE. That is right.

Mrs. HANSEN. This is what I thought. It is the same kind of programming private industry would do under cost accounting.

DISTRIBUTION OF RECEIPTS FROM SALVAGED TIMBER

Mr. DENTON. You are requesting \$900,000 for O. & C. lands. Now, of that you are going to spend \$200,000 to salvage the timber. That will bring in receipts of \$3 million.

Mr. BEIRNE. That is right.

Mr. DENTON. \$1.5 million will go to Oregon counties. Three-quarters of a million dollars will be used to take care of the lands.

Mr. BEIRNE. That is right.

Mr. DENTON. The \$200,000 under your plan comes from what funds?

Mr. BEIRNE. From the three-quarters of a million dollars which goes to the Treasury.

Mr. DENTON. Why shouldn't that come from the three-quarters that is used for improvements?

Mr. BEIRNE. It could if the committee so decides.

Mr. DENTON. Why shouldn't it? I want the reason for it.

Mr. BEIRNE. Normally we fund all the management operations from the 25 percent which goes to the Government.

Mr. DENTON. This isn't management; this is sale of timber.

Mr. BEIRNE. This is considered a management function. The preparation of timber sales, the actual conducting of the sales, the policing of it afterwards, the handling of trespass, are all considered as management that goes toward the land.

FUNDS FOR REFORESTATION

Mr. DENTON. Now, let's go back to the \$700,000. That is to be used for what?

Mr. BEIRNE. For reforestation.

Mr. DENTON. That will come from what fund?

Mr. BEIRNE. We propose it would come from the Government's 25 percent.

Mr. DENTON. Why?

Mr. BEIRNE. Because this is an unusual expense. It isn't one of the regular expenses. The regular reforestation program is taken care of by the 25 percent for the O. & C. fund.

Mr. DENTON. Yes, but why shouldn't part of this come from that?

Mr. BEIRNE. It could.

O. & C. COUNTIES IN OREGON

Mrs. HANSEN. How many counties in Oregon are O. & C. counties?

Mr. RASMUSSEN. Eighteen.

Mrs. HANSEN. It is that long coastal strip, is it not?

Mr. RASMUSSEN. Yes; plus the inland valley.

Mrs. HANSEN. Which includes a major segment of the population of Oregon, does it not?

Mr. RASMUSSEN. That is right.

IMPACT OF OREGON FIRES ON ECONOMY

Mrs. HANSEN. During the time of this fire, which lasted the better part of the summer, I was out in the West. The employment and economy fell in proportion to the burn that was going on. Therefore, isn't it true that any reduction to the counties comes almost doubly hard, because when their employment is down, their payrolls are down and the economy is down to a certain extent?

Mr. RASMUSSEN. It is true that the industry helped fight this fire in western Oregon. This was the major job at hand. Whenever there is a large fire all of the logging operators help.

Mrs. HANSEN. What I am getting at is that these 18 counties which involve a major segment of the population of Oregon, during the time of this destruction and this burn—if I recall correctly in the

Oregon papers, logging operations and milling operations were curtailed—suffered economically by the very incidence of the fire itself and the economy declined proportionally.

Mr. RASMUSSEN. That is correct.

Mrs. HANSEN. Therefore, by taking more of the counties' share of money, you would be causing a double impact.

Mr. RASMUSSEN. Could you answer that one, Mr. Beirne?

Mr. BEIRNE. This would not be taking any money which would go to the counties. This is money which would be available for expenditure on the land. It would provide additional employment by reason of its availability.

1966 FIRE SEASON IN THE WEST

Mrs. HANSEN. How long did that fire season last out there this summer?

Mr. RASMUSSEN. I think we still have some fire danger in the West.

Mrs. HANSEN. It was July, August, and September?

Mr. RASMUSSEN. Yes.

REPROGRAMED TIMBER SALES

Mrs. HANSEN. This year's drought was one of the longest droughts that Western States have had. I have a question related to the economy of lumber itself. We often hear of the tight money and its impact upon the lumber market. Yet I notice that we will be placing on the market a substantial volume of timber worth, \$3 million, within the next few months. I also notice from the figures you gave that the timber sales were up. Therefore, are we free to construe that the tight money has not had an impact on this area, and there is an equivalent amount of lumber going to Vietnam or being exported to Japan? What is the picture on those sales?

Mr. RASMUSSEN. First of all, the first hundred million feet we are talking about is reprogramed sales. In other words, we are substituting 100 million feet of the fire-killed timber for the green sales we might have made. This is not an additional amount. The 150 million would be an additional amount. There is a large mill capacity and it could be put on the market and used immediately.

NEED FOR TIMBER

Mrs. HANSEN. You have certainly seen the editorials in the paper. If you have not, I do not know where you have been. The tight money had affected the lumber market and these mills were closing, and they had no use for the timber, et cetera. So I want you to comment on that. Your figures do not bear this out.

Mr. RASMUSSEN. I am not sure the mills are closing down. I understood there is little depression in the prices. I think the production is still up in that area and the mills are still operating.

Mrs. HANSEN. Would you say that the production is higher this year than last year in that area?

Mr. ZUMWALT. I think we would have to furnish that for the record. We do not have the exact figure.

Mrs. HANSEN. I think you better.

(The information follows:)

Total timber production for the Pacific Northwest for 1965 and 1966 is holding steady. Department of Commerce tabulations show total millrun production for both years is 14.994 billion board feet and total log production for the same period is 15.9 billion board feet.

SHIPPING ESTIMATES ON LUMBER

Mrs. HANSEN. Would you also furnish some shipping figures on how much of this timber is going into the domestic lumber market and how much to Vietnam. I think there are some figures available though they may not be up to date.

Mr. RASMUSSEN. We will try to furnish those.

(The information follows:)

For FY 1966, domestic consumption amounted to 13.6 billion board feet, and 315 million board feet was shipped to Vietnam. Shipments to Vietnam do not reflect packaging and other fabrication done in the U.S. for shipment to Vietnam.

Mr. RASMUSSEN. I would like to say that a large portion of the figure to be salvaged is high grade large timber. I think these would not be exported.

DOMESTIC MARKET FOR SALVAGED TIMBER

Mrs. HANSEN. They would not be exported?

Mr. RASMUSSEN. That is right.

Mrs. HANSEN. But they would be used in domestic milling to a large extent?

Mr. RASMUSSEN. That is correct.

Mrs. HANSEN. Within the mills of Oregon?

Mr. RASMUSSEN. That is correct.

Mrs. HANSEN. And there is a market for that currently?

Mr. RASMUSSEN. Yes.

Mrs. HANSEN. The market is not impacted at all?

Mr. RASMUSSEN. It does not appear to be to us.

SALES FROM TIMBER THINNING AND SALVAGE

Mrs. HANSEN. That is very interesting. I have a letter here from Mr. Ullman. I am just going to quote from it and you comment.

I am surprised and disappointed to note that the Bureau of the Budget eliminated funds from the supplemental budget requested for timber thinning and salvage sales. The sales would return substantial new revenues to the Treasury during the balance of the fiscal year. The BLM could still market 40 million board feet of salvage timber for a cost of only \$200,000, returning approximately \$800,000 in additional revenues. The Forest Service could market approximately 270 million board feet at a cost of \$1.3 million, returning \$2.7 million in revenue. In addition to the quick return on the investment the need is urgent to implement the salvage program in the interest of good land management.

Mr. RASMUSSEN. This is an extremely desirable program. Our highest priority program is to salvage the burned timber.

Mrs. HANSEN. That is because of the disease that may result. Also, the disease which not only could result in your forests but in the forests of adjoining private lands.

Mr. RASMUSSEN. That is correct.

Mrs. HANSEN. This is one of the major problems, not only the protection of the forest lands, but to make sure your lands do not become a hazard to private industry.

Mr. RASMUSSEN. Yes, that is correct.

Mrs. HANSEN. This is the need for the management program.

Mr. RASMUSSEN. That is right.

Mrs. HANSEN. I think that is all. Be sure to furnish the figures for the record.

Mr. DENTON. Mr. Marsh.

Mr. MARSH. No questions.

Mr. DENTON. Mr. Reifel.

SOURCE OF SUPPLEMENTAL FUNDS

Mr. REIFEL. Thank you, Mr. Chairman.

As I understood the earlier discussion, this \$1,300,000, is to come from the Federal Treasury?

Mr. RASMUSSEN. That is what we ask.

Mr. REIFEL. The reason you are asking that it come from the Federal Treasury rather than other funds available to you is that it will be used to correct a situation that is unusual and not normal. In this case you are going to rehabilitate something destroyed by acts of God and so forth.

Mr. RASMUSSEN. Yes.

Mr. REIFEL. And for that reason you feel it should come from the Federal Treasury?

Mr. RASMUSSEN. Yes.

Mr. REIFEL. That is all, Mr. Chairman.

USE OF MANAGEMENT FUNDS FOR REFORESTATION

Mr. DENTON. If this money is taken from the one-fourth that is used for improvements, how will that handicap your operations in the O. and C. lands?

Mr. RASMUSSEN. It would reduce road construction.

Mr. DENTON. How much? You would ordinarily use that money for roads and thinning and cutting down dead timber and things like that.

Mr. BEIRNE. No. The building of the roads comes from the O. and C. funds. The sale of timber comes from the 25 percent which goes to the Treasury. This is the part that is usually confusing because we have two 25 percent funds. We have found that many of the roads are costing more than we had anticipated and the additional revenue would be used to offset those road costs.

INCREASED COSTS OF ROAD BUILDING

Mrs. HANSEN. If the gentleman would yield, why are costs going up for road building? Is it the cost of labor or the cost of equipment rental?

Mr. BEIRNE. I cannot tell you what causes the increase because the Bureau of Public Roads builds our roads.

Mrs. HANSEN. Is it more difficult terrain that you are getting into?

Mr. BEIRNE. I think it is more a general increase in overall costs.

Mrs. HANSEN. Thank you.

Mr. DENTON. Thank you very much, gentlemen.

STATEMENT OF REPRESENTATIVE ROBERT B. DUNCAN OF OREGON

Mr. DENTON. We shall insert in the record at this point a letter received from our colleague, Congressman Bob Duncan of Oregon. (The letter follows:)

HOUSE OF REPRESENTATIVES,
Washington, D.C., October 7, 1966.

HON. WINFIELD K. DENTON,
*Chairman, Subcommittee on Interior and Related Agencies,
House of Representatives,
Washington, D.C.*

DEAR MR. CHAIRMAN: I have heard that you have just received a proposed supplemental appropriations bill on which you will begin hearings next week.

I have reason to believe that there are funds included in this supplemental appropriations proposal for the salvage of fire-killed timber in my District on lands administered by the Bureau of Land Management. There are also funds for rehabilitation of the burned area to protect the soil and watershed values from severe erosion. I support the approval of these funds wholeheartedly.

I am extremely disappointed, however, that the Bureau of the Budget did not see fit to ask for supplemental appropriations to immediately initiate a program of salvage and thinning harvest of timber on National Forest lands and Bureau of Land Management administered lands. I have participated in meetings with Under Secretary of Interior Harry Anderson and representatives of the timber industries and counties in my State working out guidelines for a reasonable program.

The Bureau of Land Management and Forest Service submitted proposals to the Bureau of the Budget. The programs would have injected into the timber supply picture several hundreds of millions of board feet of timber annually. This is timber which is now being wasted.

The salvage cutting is the harvesting of dead and dying trees which will not survive to be a part of the next harvest cut. The thinning volume would be material taken from immature stands. This material might not die before the harvest cut; however, the total production of wood volume in unthinned timber stands is less than for intensively managed stands.

I support these salvage and thinning proposals not merely for the benefit the additional timber volume would give the industries and county governments in my State but also because they represent the wise use of a resource which otherwise is wasted. The return to the U.S. Treasury from these timber sales would be 4 to 5 times the cost of their preparation and administration. The stands which would be treated under this program and at this time would require no additional road construction. The funds spent in preparation and administration would go mostly to pay personnel to do the job.

In the name of sound conservation practices, efficient timber management, and sound profitable governmental economics, I ask you to invite witnesses from the Forest Service and the Bureau of Land Management to present this program to you and your Subcommittee. I urge that supplemental financing be provided to initiate the thinning and salvage program this fiscal year.

Respectfully,

ROBERT B. DUNCAN,
Member of Congress.

Mr. DENTON. Thank you, gentlemen.

MANAGEMENT OF LANDS AND RESOURCES

WITNESS

HON. AL ULLMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OREGON

Mr. DENTON. The committee is pleased to recognize at this time one of our colleagues from the State of Oregon, Congressman Al Ullman.

Mr. ULLMAN. Mr. Chairman, I fully understand the tremendous pressures under which the subcommittee is considering this supplemental appropriation bill. All of us are concerned with the problem of holding down expenditures, and, at the same time, meeting all of the essential requirements of national need.

There are two sides to a budget, however, and I am here in support of an increase in funds that will result in new revenues to the Treasury greatly in excess of the expenditures. For a total investment of \$1.5 million in funds for a program of timber salvage and thinnings in national forest and BLM timberlands, an estimated \$3.5 million in timber sale proceeds would be returned to the Treasury in a very short period. There is a ready market for the timber, there is ample installed plant capacity to process it, and the program has been strongly recommended by forestry experts as a beneficial silvicultural practice. To delay any longer the implementation of this valuable program would mean a waste of needed resources.

In terms of revenue return, this is not a long-range investment. Revenues from these salvage and thinning sales would commence during the current fiscal year and a great portion of the total would be realized within the next calendar year.

During the balance of this fiscal year, the BLM could market 40 million board feet of salvage and thinnings at a cost of only \$200,000, returning approximately \$800,000 in additional revenues. The Forest Service has advised that they could market approximately 270 million board feet at a cost of \$1.3 million, returning \$2.7 million in revenue. These figures are substantially below those originally proposed by the two agencies, and have been modified to reflect the time remaining in this fiscal year to get the program underway.

Mr. Chairman, I note a request has been approved by the Bureau of the Budget and the President for funds to conduct a timber salvage program on the Oxbow Burn area in Oregon. I strongly endorse this request, but wish to emphasize that it is just as important to provide funds for other smaller scale salvage operations throughout the timber-producing areas of the West.

I hope that it will be possible for the subcommittee to hear testimony in support of this appropriation from the agencies involved, and strongly urge your approval of this additional request.

Thank you for the opportunity to appear this afternoon.

Mr. DENTON. Thank you, Mr. Ullman.

FISH AND WILDLIFE SERVICE

BUREAU OF SPORT FISHERIES AND WILDLIFE

WITNESSES

JOHN S. GOTTSCHALK, DIRECTOR
 KENNETH SIPPEL, CHIEF, DIVISION OF PROGRAM ANALYSIS
 CARL FERMANICH, ASSISTANT CHIEF, DIVISION OF WILDLIFE
 REFUGES
 ROY E. PELTO, BUDGET OFFICER

CONSTRUCTION

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Personnel compensation:			
11.1 Permanent positions.....	1,261	1,409	148
11.3 Positions other than permanent.....	261	346	85
11.5 Other personnel compensation.....	11	11	-----
Total personnel compensation.....	1,533	1,766	233
12.0 Personnel benefits.....	121	137	16
21.0 Travel and transportation of persons.....	225	245	20
22.0 Transportation of things.....	11	13	2
23.0 Rent, communications, and utilities.....	19	19	-----
24.0 Printing and reproduction.....	13	13	-----
25.1 Other services.....	370	370	-----
25.2 Services of other agencies.....	970	970	-----
26.0 Supplies and materials.....	254	282	28
31.0 Equipment.....	60	60	-----
32.0 Lands and structures.....	5,543	6,929	1,386
Total costs, funded.....	9,119	10,804	1,685
99.0 Total obligations.....	9,119	10,804	1,685

Personnel summary

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Total number of permanent positions.....	132	145	13
Full-time equivalent of other positions.....	38	52	14
Average number of all employees.....	171	203	32

Mr. DENTON. The next item for consideration is the request of the Bureau of Sport Fisheries and Wildlife for \$1,685,000 under the appropriation item "Construction." We shall insert the item from page 10 of House Document No. 505 and the justifications in the record at this point.

(The documents follow :)

"FISH AND WILDLIFE SERVICE
 "BUREAU OF SPORT FISHERIES AND WILDLIFE
 "Construction

"For an additional amount for 'Construction', \$1,685,000, to remain available until expended."

This proposed supplemental appropriation will provide for rehabilitation of seven wildlife refuges which were damaged by storms occurring in the spring of 1966. Repairs should be completed this year to avoid further damage and resulting increased repair costs.

BUREAU OF SPORT FISHERIES AND WILDLIFE

(H. Doc. 505)

Construction, 1967

Request (to remain available until expended)-----	\$1,685,000
Appropriation to date-----	1,761,600
Obligations to July 31, 1966-----	184,841
Expenditures to July 31, 1966-----	498,740
Budget estimate next fiscal year-----	-----
<hr style="border-top: 3px double #000;"/>	
Employment:	
Average number, current appropriation-----	171
Number involved this estimate-----	32
Actual employment-----	-----

¹ Includes \$500,000 unobligated balance to be reappropriated.

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

An amount of \$1,685,000 is requested for rehabilitation of facilities damaged by (a) one of the worst blizzards in history in the north-central states in March, 1966; (b) record floods in local areas caused by the melting snow from the blizzards; (c) heavy storm damage on the southwestern shores of Lake Erie in late April, 1966; and (d) floods and high winds on four major refuges in other areas.

Program and financing

[In thousands of dollars]

	1967, presently available	1967, revised estimate	1967, proposed sup- plemental
Program by activities:			
1. Sportfish facilities-----	3,881	3,881	-----
2. Wildlife facilities-----	5,238	6,923	1,685
Total program costs, funded—obligations-----	9,119	10,804	1,685
Unobligated balance available, start of year-----	-10,600	-10,600	-----
Unobligated balance available, end of year-----	9,100	9,100	-----
New obligational authority-----	7,619	9,304	1,685
New obligational authority:			
Appropriation-----	7,119	8,804	1,685
Reappropriation-----	500	500	-----
Relation of obligations to expenditures:			
Total obligations (affecting expenditures)-----	9,119	10,804	1,685
Obligated balance, start of year-----	5,000	5,000	-----
Obligated balance, end of year-----	-7,119	-7,119	-----
Expenditures-----	7,000	8,685	1,685

Program and financing
[In thousands of dollars]

	Costs to this appropriation				Analysis of 1967 financing			Appropriation required to complete year
	Total estimate	June 30, 1964	1965 actual	1966 estimate	1967 estimate	Deduct selected resources and unobligated balance, start of year	Add selected resources and unobligated balance, end of year	
Program by activities:								
1. Sportfish facilities.....	42,886	4,736	5,159	4,564	3,881	13,273	13,073	3,681
2. Wildlife facilities.....	51,392	2,385	3,535	4,657	6,923	2,802	1,502	5,623
Total program costs, funded.....	94,278	7,121	8,694	9,221	10,804	16,075	14,575	9,304
Change in selected resources ¹			485					
Total obligations.....			9,180	9,221	10,804			
Financing:								
Unobligated balance available, start of year.....			-1,522	-1,522	-10,600			
Unobligated balance available, end of year.....			1,522	10,600	9,100			
Unobligated balance lapsing.....			78					
New obligational authority.....			9,238	13,299	9,304			
Relation of obligations to expenditures:								
Total obligations (affecting expenditures).....			9,180	9,221	10,804			
Obligated balance, start of year.....			3,316	6,308	5,000			
Obligated balance, end of year.....			-6,308	-5,000	-7,119			
Adjustments in expired accounts.....			-15					
Expenditures.....			8,172	10,529	8,685			

¹ Selected resources as of June 30 are as follows:

	1964	1965	1966	1967
Stores.....	7	3	3	3
Unpaid undelivered orders.....	4,983	5,472	5,472	5,472
Total selected resources.....	4,990	5,475	5,475	5,475

Construction

This supplemental estimate of \$1,685,000 is for rehabilitation of facilities which were damaged by (a) one of the worst blizzards in history in the north-central states in March, 1966; (b) record floods in local areas caused by the melting of snow from the blizzards; (c) heavy storm damage on the southwestern shores of Lake Erie in late April, 1966; and (d) floods and high winds on four major refuges in other areas.

The following National Wildlife Refuges sustained damage:

State and Refuge	Amount
Arkansas, White River.....	\$53,500
Illinois, Chautauqua.....	277,000
Minnesota, Agassiz.....	84,500
North Dakota, Maple River.....	35,000
Ohio, Cedar Point.....	1,060,000
South Carolina, Santee.....	70,000
South Dakota, Sand Lake.....	105,000
Total	1,685,000

White River National Wildlife Refuge, Arkansas—\$53,500.—The White River Refuge extends along the White River for about 65 miles in southeastern Arkansas. The refuge is almost entirely river bottom land, and for many months much of the 116,300 acres comprising the refuge may be covered by overflows or floods from the river. The refuge is especially important as a migrating area for ducks and geese, although many wood ducks are reared in the summer months. Rapidly rising waters resulting from heavy rains that fell in February, 1966, caused considerable damage to several refuge improvements.

Water control structures were washed out, levees were breached and severe erosion occurred on long stretches of roads and levees. Repairs must be started promptly to prevent further deterioration and to provide habitat for the expected fall flights of ducks and geese. A breakdown of the estimated repairs follows:

Levee "A".....	\$20,500
Parish Lake structure.....	11,000
Cocklebur structure.....	6,000
Road repairs.....	16,000
Total	53,500

Chautauqua National Wildlife Refuge, Illinois—\$277,000.—The Chautauqua Refuge lies along the Illinois river in south-central Illinois. This 4,500 acre refuge is an extremely important wintering area and migration stop for ducks and geese. In previous years, it has supported populations of over one and one-half million ducks. The average peak concentration during early winter normally exceeds 100 thousand ducks with up to 40 thousand Canada, blue, and snow geese also present. Extremely high flood waters from the Illinois River topped the dikes in May, 1966 and combined with a high wind to create extensive damage to the dikes. It will be necessary to haul in fill to rebuild the dikes and to riprap strategic sections of the dikes. The lower end of a boat-launching ramp was destroyed. These repairs must be accomplished promptly, in order to return the Chautauqua Refuge to productivity at the earliest possible time to provide sanctuary for the heavy populations of ducks and geese using the refuge.

A breakdown of the estimated repairs follows:

Replace 130,000 cubic yards of fill on dikes.....	\$77,400
Riprap strategic locations on west and north dikes (30,000 cubic yards).....	190,000
Riprap south and west spillways (1,300 cubic yards).....	8,000
Rebuild boat launching ramp.....	1,600
Total	277,000

Agassiz National Wildlife Refuge, Minnesota—\$84,500.—The Agassiz Refuge consists of 61,000 acres in northwestern Minnesota. It is an extremely valuable duck and goose production refuge and provides an important feeding and resting area for migratory waterfowl. Melting snowbanks from the March blizzard created flood conditions which were intensified by high winds. These conditions resulted in severe erosion to dikes, spillways, and roads. Repairs must be accomplished promptly to return the refuge to a productive state and to permit use of roads for maintenance and management purposes.

A breakdown of the estimated repairs follows:

Dike repairs-----	\$26, 700
new fill to bring to grade-----	9, 300
riprap, 2,900 cubic yards at \$6-----	17, 400
Road resurfacing gravel, 11 miles at \$2,500-----	27, 500
Spillway repairs-----	30, 000
Replace stoplogs-----	300
Total -----	84, 500

Maple River National Wildlife Refuge, North Dakota—\$35,000.—The Maple River Refuge consists of some 400 acres in Dickey County, North Dakota; an additional 560 acres are under easement. The refuge provides excellent nesting and brood habitat for waterfowl when water levels can be controlled. In addition, it is also used by migrating ducks as well as deer, pheasants and prairie chickens. Some fishing is provided during summer months. Floods, created by runoff from the March blizzard, washed out a large section of the water control structure necessitating complete replacement. Construction should begin as soon as possible to restore the structure and thereby provide proper habitat conditions. Replacement of water control structure----- \$35, 000

Cedar Point National Wildlife Refuge, Ohio—\$1,060,000.—The gift of the Cedar Point Refuge to the Fish and Wildlife Service by its owners was a most important acquisition to the Wildlife Refuge System. Cedar Point Lake and marshes is one of the great crossroads of waterfowl migration and concentrations on the North American continent. Each spring and fall many thousands of birds resort to this area to feed and rest. Excellent waterfowl nesting occurs during the spring and summer months. The area is especially vital to the preservation of the diving duck segment of the continental waterfowl population, as it is most strategically located and offers an abundance of food. In April 1966, one of the most severe storms ever recorded on the west end of Lake Erie destroyed the entire perimeter dike, which enclosed and protected the refuge ponds and marshes. This was a high thick dike 16,500 feet in length. It must be rebuilt at the earliest opportunity to meet the urgent need of the waterfowl using the Cedar Point marshes. Failure to do so will eliminate a great natural feeding and resting place which waterfowl use 3 months in the spring and the same period of time in the fall. Failure to restore this area as a major continental waterfowl-use area will also cause unnatural and undesirable waterfowl concentrations at other points, and increase crop deprecations on private lands. This outer dike must resist wave action of Lake Erie and protect the very valuable marsh and pond habitat for the numerous waterfowl using it. Restoration of 16,500 foot dike----- \$1, 060, 000

Santee National Wildlife Refuge, South Carolina—\$70,000.—Santee National Wildlife Refuge is superimposed upon a portion of Lake Marion, which was developed by the South Carolina Public Service Authority. The water levels are manipulated by the authority and for the past two years the levels have been above normal by approximately 1 foot because of flood waters. This abnormal water level has created serious erosion problems along the lakeshore within the refuge.

On March 2, 1966, when the lake levels were at the spring peak, a wind storm hit the area which caused excessive wave action along 7,920 feet of the shoreline. The erosion during this particular storm caused washouts at several places in the access road adjacent to the lakeshore. Temporary repairs have been made so that the road is now useable, but permanent repairs are needed to prevent continuing damage.

Prior to the erosion, public parking areas were available between the road and the lake shore. This section of the lake shore normally receives more than 65,000 visitor days use annually. Picnicking, water skiing, fishing and swimming are favorite uses. This road also is the only access to the Bluff Farming Unit, which is the heaviest concentrated waterfowl use area during the wintering season. \$70,000 is required to permanently repair the road and to stabilize the erosion problem. It will be necessary to reslope the shoreline and install riprap at strategic points.

Summary of cost estimates:

Reslope 1.5 miles of shoreline and riprap strategic points-----	\$66, 000
Rebuild 1.5 miles of road and surface with gravel-----	4, 000
Total -----	70, 000

Sand Lake National Wildlife Refuge, South Dakota—\$105,000.—The Sand Lake Refuge consists of 21,451 acres lying in the James River Valley. It is managed primarily for waterfowl production and as a feeding and resting area for migratory waterfowl. Snow from the prolonged blizzard in March drifted onto refuge fences breaking wires and posts. The resulting runoff from this storm, accompanied by high winds, damaged fences, roads, dikes, and caused in the pool areas extreme bank erosions. Repairs must be undertaken promptly to prevent further deterioration, and allow passage of refuge vehicles, and to restore habitat for nesting and migrating waterfowl.

A breakdown of the estimated repairs follows:

Repair of fences, 9.5 miles-----	\$10, 000
Repairs to roads-----	6, 600
Repair dikes-----	14, 900
Repair bank erosion-----	73, 500
Total -----	105, 000

GENERAL STATEMENT

Mr. DENTON. We have with us today Mr. John S. Gottschalk, Director, Bureau of Sport Fisheries and Wildlife, and his staff, to justify this request. Mr. Director, we shall insert your prepared statement in the record at this point and ask you to give us a brief summary of it.

(The statement follows:)

Mr. Chairman and Members of the Committee, thank you for the opportunity to discuss the 1967 Supplemental budget estimates for the Bureau of Sport Fisheries and Wildlife.

This supplemental estimate of \$1,685,000 provides for: rehabilitation of seven national wildlife refuges which were damaged by the record overlaying blizzard in the North-Central States in March 1966; extensive floods in local areas caused by the melting snow from the blizzards; heavy storm damage on the southwestern shores of Lake Erie in late April 1966; and floods and high winds in other areas.

Immediate repair of damaged facilities, such as water control structures, levees, and roads, is essential to prevent further deterioration, to restore valuable habitat for migratory waterfowl and to permit use of roads for maintenance and management purposes. Structural modifications will be made in an effort to substantially reduce the potential of future damage.

F.Y. 1966 Supplemental Appropriation bill, approved October 31, 1965, provided funds for repairs on two of the refuges, Chautauqua, Illinois and Cedar Point, Ohio. These funds did not become available to the Bureau until November and time did not permit completion of repairs before the onset of adverse weather and winter freezes. Because of the weakened condition of the dikes, the spring floods and storm were able to breach the dikes and extensive damage resulted. Immediate repairs must be completed to avert further damage.

Since these F.Y. 1966 available funds will be applied to the total repairs, the requested funds for these refuges have been reduced by these amounts.

Except for emergency work, funds are not available to do the repairs and the amount requested for each facility is the minimum needed for restoration.

Mr. GOTTSCHALK. Thank you, Mr. Chairman. Our request this year is a simple request in terms of the problem with which it is designed to cope with, consisting of a total of \$1,685,000 for the repair of damages on wildlife refuges due to storms which occurred during the early part of this year.

Most of the damage we sustained was as a result of an extremely intensive storm on Lake Erie in early April at the Cedar Point unit of the Ottawa National Wildlife Refuge. The estimate for the repairs at this particular refuge is \$1 million approximately, which would involve the reconstruction of nearly 3 miles of the perimeter dike which basically protected the refuge marsh. This property was given to the Federal Government several years ago by a group of wealthy sportsmen-conservationists from that vicinity.

We had a modest storm a year ago for which the committee allotted us \$100,000 but before this money could be put to use we had this great storm of last spring, which washed out the bulk of the perimeter dike and we are now going to have to go in and restore the entire dike.

That I would say, subject to your questions, Mr. Chairman, is all that I would have to add at this point.

COST OF REPAIRS AT CEDAR POINT, OHIO

Mr. DENTON. The estimated cost of repairs at Cedar Point, Ohio, is \$1,060,000?

Mr. GOTTSCHALK. Yes, sir.

Mr. DENTON. This request includes funds for the restoration of six other national wildlife refuges?

Mr. GOTTSCHALK. That is correct.

VALIDITY OF COST ESTIMATES

Mr. DENTON. What assurance can you give the committee that these are solid estimates of rehabilitation costs based on reliable construction data?

Mr. GOTTSCHALK. In each instance we were able to get an engineering field force out on the job to measure the alinements of the dike reconstruction or to plan and estimate the costs that would be required to restore the damaged facilities.

These are not shirtsleeve guesses; these are based on, I would have to call them "preliminary engineering surveys." We do not have the detailed construction plans, but we do have engineering guidance on the costs.

CONSTRUCTION WORK AT WILDLIFE REFUGES

Mr. DENTON. You budgeted a total of \$1,985,000 for construction work at wildlife refuge facilities in 1967. Have you had any change in plans to prevent the use of construction funds for these facilities you previously budgeted?

Mr. GOTTSCHALK. No. Our essential program will go on as it is scheduled. We are in a tight position with respect to our refuge development and maintenance program for that matter and it is going to require everything that we can get to carry out the normal development program associated with our existing refuges and the accelerated

land acquisition program that we have been carrying on in the last 4½ years.

FUNDS FOR PATUXENT WILDLIFE RESEARCH CENTER

Mr. DENTON. A total of \$1,100,000 was appropriated for the Patuxent Wildlife Research Center at Laurel, Md. Does it still appear that you will obligate all of these funds for the 1967 fiscal year?

Mr. GOTTSCHALK. Yes, sir. The plans are in preparation now. We will start construction next spring, thus obligating the funds by the end of the fiscal year.

NEED FOR ADDITIONAL PERMANENT POSITIONS

Mr. DENTON. What is your justification for the 13 additional permanent positions you have included in the estimate?

Mr. GOTTSCHALK. Most of these positions are engineering positions and would be involved in the development of plans and specifications and the engineering supervision of the construction work. All of the funds that we are requesting, \$1,685,000, are of a construction nature.

FUNDS FOR ANADROMOUS FISH PROGRAM

Mrs. HANSEN. Are you aware that \$3 million is being held back on the anadromous fish program?

I will read you this letter. The committee may be interested as it may affect their districts:

Fish and Wildlife Service has been informed by the Bureau of the Budget that of the \$5,000,000 appropriated under the authorization of P. L. 89-304, the Anadromous Fish Act, they were releasing \$2 million, which is divided as follows: \$1 million for the Bureau of Commercial Fisheries and \$1 million for the Bureau of Sport Fisheries and Wildlife. The Bureau of the Budget would hold the other \$3 million in a contingency fund, having in mind the possibility that this amount could become part of the President's proposed \$1.5 billion reduction in expenditures in fiscal year 1967. They have further stated that this allotment is not completely firm and all the other money could be released.

A letter is going today to the various States notifying them of the amount of the Federal apportionment to them for each of the Bureau's programs in the light of the new apportionment.

I am submitting the above information to you in order that you will be aware of the fact that the Anadromous Fish Act program will not be of the magnitude as was first anticipated.

Sincerely yours,

CLARENCE F. PAUTZKE,
Commissioner.

Does that mean we appropriate a certain amount of money here and the Bureau of the Budget downtown becomes another kind of Congress and provides certain other appropriations? Would you like us to do the cutting here or let it get done down there?

Mr. GOTTSCHALK. I think perhaps that is a little beyond the Bureau's control. Actually, of course, in my position I feel we have such a tremendous need for the anadromous fish program and many other concurrent needs. I know this is a problem the committee has to wrestle with on many occasions.

Mrs. HANSEN. The question is, how much of any proposed appropriation that we may make in your supplemental is going to be held

back? Shall we make the appropriation, or the Bureau of the Budget? That is really the question.

Mr. GOTTSCHALK. I would certainly hope we are able to go ahead with this storm damage construction program because—

Mrs. HANSEN. I hope we will go ahead with the anadromous fish program too.

Mr. GOTTSCHALK. In each case, I think the answer is the same. A judicious expenditure at this time could save the Government a lot of money in the long run. We have an example of that at Cedar Point. Although this was an exceptional storm, I don't think the \$100,000 appropriated last fall for repairs would have prevented the extensive damage that occurred. Had we been able to perform the repairs needed, we might have saved a substantial part of this million dollars we are asking for now.

The same thing is true in the anadromous fish program. In the long run we will be investing our money wisely to expand these programs and we will see proceeds coming back in terms of enhanced recreational opportunities, in terms of marinas, tourist facilities, all of which are the outgrowth of a built-up resource.

Mrs. HANSEN. The only reason I asked the question is that you may imagine that all the States participating in the anadromous fish program are not going to be happy with any reduction in appropriated funds.

Mr. GOTTSCHALK. I can assure you that I am well aware of the situation. I know they are generally very disturbed over this.

This isn't true with every State, but most of the important States have their money set aside; they are ready to move and they would like to go all the way.

CRITERIA FOR DISTRIBUTING FUNDS FOR ANADROMOUS FISH PROGRAM

Mrs. HANSEN. If funds are set aside for matching purposes, those States which are ready to go should receive the funds; this should be the criteria. It shouldn't be a shot across the board. It should be upon the basis of State programs, the States' ability to participate. This should be the guideline.

Mr. GOTTSCHALK. We have developed a tentative apportionment of funds which is primarily based upon the ability of a State to move forward. Many of the States which have only a small stake in the anadromous fish program are being given an apportionment that would cover a planning effort and not actual construction or development effort.

INCREASE IN PERMANENT PERSONNEL

Mr. MARSH. I note that you have a request for an additional number of permanent employees. The thrust of this appropriation, it would appear, is to repair damages to your existing areas for reasons that you assign. Why would it be necessary to have an increase in your permanent personnel in order to meet repair situations?

Mr. GOTTSCHALK. We are hiring professional engineers for these jobs. They would be largely engineers and draftsmen, engineer inspectors, and as a matter of policy it is better to take them from the classi-

fied service and attract them with permanent positions. Any excess positions will be eliminated through attritions after this work is completed.

Now, as a matter of practicality, I know that it is possible to shift our engineering force about, across the country, from job to job. We do not have such a big construction program that we have the flexibility of the large construction agencies like the Bureau of Reclamation, but I just happened Saturday to attend the dedication of a laboratory in Narragansett and talked to an inspector who transferred up there from our New Mexico office. Upon completion of this work, he may be transferred to Panama City, Fla. Engineers remain on the rolls but we move them around quite frequently and this would be the case with these permanent positions.

REPLACEMENT OF DWELLINGS

Mr. MARSH. Is any portion of these funds to be used for replacement of any dwellings or construction of new dwellings?

Mr. GOTTSCHALK. No dwellings are involved. Repairs are mainly for dams, control structures, fences, roads and dikes. That is to say, they will require quite a bit of physical construction using concrete riprap, gravel, and other construction materials, but most of the work is actually dike construction.

Mr. MARSH. And this is to restore it to its preexisting condition and not to accomplish planned construction projects that you had previously anticipated doing?

Mr. GOTTSCHALK. That is correct. It is entirely replacement of what was there before, but obviously we are going to replace it at current standards rather than to replace the structure exactly as it was built before. For example, one of the dams was built during the WPA days and was made out of masonry using rubble construction, with boulders, and we will replace it with reinforced concrete.

MAPLE RIVER NATIONAL WILDLIFE REFUGE

Mr. REIFEL. Mr. Gottschalk let's take the Maple River National Wildlife Refuge in North Dakota for an example. That consists of 400 acres in Dickey County and there are an additional 560 acres under easement. You need \$35,000 to replace the water control structure. What is the total investment there, as far as the Federal Government is concerned, in round numbers?

Mr. GOTTSCHALK. I can't give you that.

Mr. REIFEL. You need \$35,000 to replace this control structure in order to make this wildlife refuge unit operate—

Mr. GOTTSCHALK. To replace the facility, yes.

Mr. REIFEL. I mean, what was the initial cost of this refuge to the Federal Government? The \$35,000 I imagine is a pretty small part of it. Wouldn't it be like putting a wheel on a car to keep it running and serve its purpose.

Mr. GOTTSCHALK. Well, Mr. Reifel, frankly I don't think so, to be quite honest with you, but I would like to have the opportunity, if I may, to submit a statement for the record.

The reason I say that is this: This Maple River unit was acquired back during the depression days. The dam that was washed out last spring was a WPA-built dam. We probably have a relatively low investment there.

Mr. REIFEL. Perhaps I could put it another way. It is a valuable refuge.

Mr. GOTTSCHALK. When you put it this way, the investment of \$35,000 will restore the structure and provide excellent nesting and brood habitat. It will make this area a productive area for a relatively small price. We have the land. We obtained the area initially for almost nothing, so spread over a period of years and over the total area of the marsh, taking into consideration what will be developed there in the way of habitat, it is a relatively small investment, but I don't have those figures before me.

(The information follows:)

STATEMENT CONCERNING MAPLE RIVER NATIONAL WILDLIFE REFUGE

In 1939 this area was established as an easement refuge. WPA funds were provided for construction of a rubble masonry water control structure. Through 1946, \$16,200 was expended by WPA at Maple River. Since 1947 regular maintenance funds have been used to maintain the structure. Repairs were required in 1948, 1949, 1950, 1953, 1955, and 1963 at a cost of \$1,950. Our overall investment in the refuge to date is estimated at \$18,150 for development and repairs and \$15,120 for land acquisition. Total investment to date is \$33,270.

The marsh impounded provides excellent nesting and brood habitat for waterfowl when water levels can be controlled. It is also used by migrating ducks, and is a major winter concentration area for both deer and pheasants. Some 113 acres of upland adjacent to the marsh are farmed to provide supplemental foods for wildlife. Native grasses have been planted on 57 acres to provide improved cover. The marsh provides some fishing during the summer months.

The past value of the Maple River Refuge, particularly to waterfowl, will be continued in the future through the replacement of the water control structure. Water levels can then again be controlled and the marsh and water areas thereby provided will again produce ducks and provide food, cover and resting areas during migration.

Mr. REIFEL. It is a valuable refuge. We may not have paid very much for it, but in today's terms it would be pretty valuable.

Mr. GOTTSCHALK. It has become enhanced over the years so that it is more valuable today, undoubtedly, than it was when we got it.

Mr. REIFEL. The structure itself, when you have it completed as you presently plan to do, will be a pretty permanent structure. It will withstand, probably successfully, another storm like this last one.

Mr. GOTTSCHALK. It will be designed to do this. Indeed, if the old one hadn't just been coming apart, it probably would have held up. We don't plan to build a larger structure, but it will be a structure which should last us indefinitely.

SAND LAKE NATIONAL WILDLIFE REFUGE

Mr. REIFEL. Now, let's discuss Sand Lake National Wildlife Refuge. I notice \$73,500 is for repair of the bank erosion which has been pretty serious. This refuge, of course, is in the flyway from Canada to the south and is extremely important as a refuge.

Mr. GOTTSCHALK. As you know better than probably any of us here from your personal knowledge of the area, Sand Lake is one of the great concentration spots for blue and snow geese. This is very important in the spring, but it is also very important for ducks and Canada geese, and even blues and snows in the fall.

The program here is a reconstruction program designed to re-establish the slopes on the dikes which were seriously cut and eroded. This will prevent more extensive damage which is bound to occur with the slopes being undercut as a result of this storm.

Mr. REIFEL. You won't need very much as far as engineering studies are concerned. You know pretty much what you have to do here already, as far as the bank erosion is concerned, don't you?

Mr. GOTTSCHALK. The design criteria are all established. We won't need to make any detailed studies for design standards. We will have to work out the quantities, the specific alignment along the levee, but you are correct, detailed preliminary engineering studies in advance of the engineering specifications will not be necessary.

Mr. REIFEL. So most of this money will go immediately into basic construction?

Mr. GOTTSCHALK. That is correct.

Mr. REIFEL. You say repairs must be undertaken promptly. If you get the supplemental of \$105,000, will this work be delayed until spring?

Mr. GOTTSCHALK. I am afraid it will.

Mr. REIFEL. Will this construction be timely enough so that even though we get some unusual weather there won't be too much deterioration.

Mr. GOTTSCHALK. I would hope we can complete this job starting just as soon as the weather breaks in the spring. It will mean getting in there with scrapers and dirt-moving machinery which can do the job fairly quickly once the weather permits us to start operations.

This would mean that we would be in before the late spring floods would be coming along.

Mr. REIFEL. You would get a lot of this construction out of the way ahead of the late spring floods, or at least a considerable part of it so that you could save further deterioration in a major part of the refuge?

Mr. GOTTSCHALK. Yes.

Mr. DENTON. Mr. McDade.

Mr. McDADE. No questions.

Mr. DENTON. Thank you very much, gentlemen.

BUREAU OF INDIAN AFFAIRS

WITNESSES

ROBERT L. BENNETT, COMMISSIONER

J. LEONARD NORWOOD, DIRECTOR OF ADMINISTRATION

WALTER J. KNODEL, CHIEF, BRANCH OF EMPLOYMENT ASSISTANCE

ROLAND E. MILLER, CHIEF OF BUDGET

EDUCATION AND WELFARE SERVICES

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 increase
Personnel compensation:			
11.1 Permanent positions.....	50,437	50,607	170
11.3 Positions other than permanent.....	3,571	3,571	-----
11.5 Other personnel compensation.....	1,551	1,551	-----
Total personnel compensation.....	55,559	55,729	170
12.0 Personnel benefits.....	4,101	4,114	13
21.0 Travel and transportation of persons.....	2,804	2,822	18
22.0 Transportation of things.....	2,095	2,096	1
23.0 Rent, communications, and utilities.....	2,899	2,907	8
24.0 Printing and reproduction.....	30	30	-----
25.1 Other services.....	3,478	3,478	-----
25.2 Services of other agencies.....	710	710	-----
26.0 Supplies and materials.....	15,019	15,024	5
31.0 Equipment.....	1,344	1,351	7
41.0 Grants, subsidies, and contributions.....	28,295	30,573	2,278
Subtotal.....	116,334	118,834	2,500
Deduct quarters and subsistence charges.....	1,644	1,644	-----
99.0 Total obligations.....	114,690	117,190	2,500

Personnel summary

	1967 presently available	1967 revised estimate	1967 increase
Total number of permanent positions.....	8,731	8,761	+30
Full-time equivalent of other positions.....	651	651	-----
Average number of all employees.....	8,867	8,890	+23

Mr. DENTON. The next agency is the Bureau of Indian Affairs.

Mr. REIFEL. Mr. Chairman, before you begin would you permit me the pleasure of introducing some of these people?

Mr. DENTON. I would be very pleased to.

Mr. REIFEL. Mr. Bennett and I worked together in the Aberdeen office. Roland Miller was also associated with me as Director in Aberdeen and has been brought to Washington. We have two of the finest young men in the Government that came into the Bureau, Ted Taylor, who used to be with the Smithsonian Institution, and Dr. Carmack who is another outstanding young man who came from Senator Harris' staff. Senator Harris consented to give him up and have him give his contribution to the Bureau of Indian Affairs. I think we have a wonderful group of men in the Bureau.

Mr. DENTON. The committee will now hear the request of the Bureau of Indian Affairs. \$2,500,000 is requested for "Education and welfare services." Mr. Bennett, since this is the first time you have appeared before this committee in your present capacity, do you have a biographical statement that you can put in the record?

Mr. BENNETT. I will be happy to submit that.
(The biography follows:)

BIOGRAPHY OF ROBERT L. BENNETT

Born November 16, 1912, on the Oneida Indian Reservation in Wisconsin.

Education: Attended public and parochial schools in Wisconsin. Was graduated in 1931 from Haskell Institute (Indian school) at Lawrence, Kansas, where he specialized in business administration. Holds degree of L.L.B. from South-eastern University School of Law.

Occupational background:

1933-38—Served with the Bureau of Indian Affairs agency at the Ute Reservation in Utah. Also served in various capacities with the Ute Tribal Council and as treasurer of three Indian Livestock associations in the area.

1938-43—Assigned to Washington office, Bureau of Indian Affairs, as specialist in realty operations.

1943-44—Transferred to the Navajo Agency, Window Rock, Ariz.

1944-45—PFC, U.S. Marine Corps.

1945-46—Navajo Reservation.

1946-48—Directed training program for World War II Indian veterans, as member of staff of Phoenix, Ariz. office, Veterans Administration.

1949-51—Rejoined Bureau of Indian Affairs in capacity of Job Placement Office, Aberdeen Area, serving Indian groups in the Dakotas.

1951-54—Reassigned to Washington, D.C. office, Bureau of Indian Affairs, to assist in tribal development programs.

1954-56—Appointment Superintendent of Consolidated Ute Indian Agency, Ignacio, Colorado.

1956-62—Reassigned to Aberdeen Area office and appointed Assistant Director.

1962-65—Appointed Area Director of Indian Affairs for the Alaska region, with headquarters in Juneau.

1966—Appointed Deputy Commissioner of Indian Affairs, Washington, D.C. Sworn in as Commissioner of Indian Affairs on April 27, 1966.

Organization affiliations: American Academy of Political and Social Science; American Society for Public Administration; National Congress of American Indians; member of the National Advisory Committee for Indian Youth, Board of Directors, ARROW, Inc.; Rotary International.

Family data: Married to the former Mrs. Cleota Minor Brayboy of Baltimore, Md., a social worker. Six children: John, a Navy veteran now living in Phoenix, Ariz.; William, a Navy veteran now living in Livermore, Calif.; Leo, a Marine veteran living in Phoenix; and Joanne, David and Robert, living at home.

JUSTIFICATION MATERIAL

Mr. DENTON. We shall insert in the record at this point the item from page 10 of House Document 505 and the justifications.
(The information follows:)

"BUREAU OF INDIAN AFFAIRS

"EDUCATION AND WELFARE SERVICES

"For an additional amount for 'Education and welfare services', \$2,500,000."

This proposed supplemental appropriation is for strengthening the Indian employment assistance program. There are about 50,000 Indians unemployed and 29,000 with only temporary employment. This is an unemployment rate among Indians of almost 50 percent, while average family income is below \$2,000 or about one-quarter of the national average. These funds will be used to cover vocational training for 1,100 more persons, and assistance for direct employment for 1,300 more persons.

Indian Affairs

(H. Doc. 505)

Education and Welfare Services, 1967

Request (for 8½ months from Oct. 15, 1966)-----	\$2,500,000
Appropriation to date-----	114,690,000
Obligations to July 31, 1966-----	-----
Expenditures to July 31, 1966-----	-----
Budget estimate next fiscal year-----	-----
Employment:	-----
Average number, current appropriation-----	8,867
Number involved this estimate-----	30
Actual employment June 30, 1966-----	8,295

PURPOSE AND NEED FOR SUPPLEMENTAL FUNDS

This supplemental estimate of \$2,500,000 is urgently needed to reduce the substantial backlog of qualified applicants for Adult Vocational Training and to provide services and financial assistance to Indians who are prepared to accept immediate employment under the Relocation Program.

Program and financing

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 increase
Program by activities:			
1. Educational assistance, facilities and services-----	83,086	83,086	-----
2. Welfare and guidance services-----	13,899	13,899	-----
3. Relocation and adult vocational training-----	14,973	17,473	2,500
4. Maintaining law and order-----	2,909	2,909	-----
Total program costs-----	114,867	117,367	2,500
Unfunded adjustment to total program costs: Property or services transferred in without charge-----	-177	-177	-----
Total program costs, funded-----	114,690	117,190	2,500
10. Total obligations-----	114,690	117,190	2,500
New obligational authority-----	114,690	117,190	2,500
New obligational authority:			
40. Appropriation-----	114,690	117,190	2,500
43. Appropriation (adjusted)-----	114,690	117,190	2,500
49. Applied to contract authorization-----	-1,100	-1,100	-----
69. Contract authorization (permanent)-----	+1,100	+1,100	-----
Relation of obligations to expenditures:			
71. Total obligations (affecting expenditures)-----	114,690	117,190	2,500
Obligated balance, start of year:			
72.40 Appropriation-----	7,142	7,142	-----
72.40 Contract authorization-----	1,040	1,040	-----
Obligated balance, end of year:			
74.40 Appropriation-----	-9,071	-9,254	-183
74.49 Contract authorization-----	-1,100	-1,100	-----
90. Expenditures-----	112,638	114,955	2,317
91. Expenditures from Civilian pay increase supplemental-----	63	63	-----

	1967 presently available	1967 revised estimate	Increase
(a) Relocation services-----	\$3,039,000	\$4,039,000	\$1,000,000
(b) Adult vocational training-----	11,934,000	13,434,000	1,500,000
Total-----	14,973,000	17,473,000	2,500,000

These two programs provide financial assistance to Indians to enable them to become self-sufficient through adequate employment. The Relocation Services of the program provides services and financial assistance to Indians who are prepared to accept immediate employment. The Adult Vocational Training program (P.L. 84-959) provides training which will lead to self-support. The funds requested for Relocation Services will provide service and financial assistance to approximately 1,300 single Indians or heads of families to enter into employment, prevocational and on-the-job employment situations. The funds requested for Adult Vocational Training Services will provide services and financial assistance to approximately 1,100 single Indians or heads of families to enter into institutional vocational training and subsequently into full time employment.

There are approximately 380,000 Indian persons living on or adjacent to reservations for whom the Bureau assumes some responsibility. Opportunities for self-support on or near the reservations are inadequate and increasing population is faced with the alternative of relocating to areas where opportunities for self-sufficiency are available or remaining partially or wholly dependent upon some form of public assistance. This program assists these people to leave the reservation area and accept employment or training which will qualify them for employment. Since the inception of this program through June 30, 1966, over 101,303 persons (family members) will have benefitted from either institutional training services, on-the-job training or direct employment assistance. A total of 25,882 single Indians or heads of families were provided direct employment assistance and 4,766 on-the-job training. Of the 14,552 singles and family heads entering into institutional adult vocational training, 8,518 completed training and 4,045 discontinued training and the balance were still in training as of June 30, 1966.

According to two surveys completed in the past few years, 81 percent of those who completed institutional training were placed in jobs in keeping with their training skills and were of a permanent nature. The survey further showed that 50 percent of those who discontinued their training, for one reason or another, had accepted employment leading to self-sufficiency. This means that 8,923 of the 12,563 singles or family heads who completed or discontinued institutional training were placed into employment.

Indian people are showing more interest and desire for jobs instead of depending upon farming, cattle raising, loans and temporary measures to provide them a living. While some Indian people possess the education and skill to enter directly into employment, at a satisfactory wage, many others do not, and must be trained to acquire a skill. Others must be given preemployment training prior to entering employment or prevocational training to raise their educational level to be able to enter vocational training. The need of this hard core group is immediate if they are to be assisted and trained to enter into the world of work.

In recent months numerous offers to provide employment opportunities for Indian people have been made to the Bureau of Indian Affairs by industry. Such offers have not been significant in the past and this is indicative of the interest that has been recently generated in behalf of the Indian people. This together with the present healthy state of the American economy calls for a much more intensive effort to reach those Indian people who are in need of employment and desire employment assistance to obtain eventual self-sufficiency.

The employment opportunities available to Indian people are innumerable. They exist in Indian country as well as in urban communities away from the reservations. Several examples are:

RCA Whirlpool in Fort Smith, Arkansas, recently placed a job order for approximately 100 Indians. To date, 45 Indian people from Eastern Oklahoma have been placed in employment with this company.

Annaconda Copper in Butte, Montana, recently hired approximately 1,500 men from Appalachia to work in their open pit mines. While in the past Indians were reluctant to work in underground mines, just recently some Indians were placed in jobs in the open pit mines. There is a need to encourage and assist substantial numbers of Indian people to accept job opportunities such as these that exist in Indian country.

Phillips Petroleum Company has expressed a desire to hire Indian people. They have placed a job order for 120 workers in plants located in Oklahoma, Pennsylvania, Illinois, Michigan and California.

The Kennicott Copper corporation in Alaska recently trained and hired 15 native Alaskans as Engineering Aides. We are advised that anticipated expansion by Kennicott will require the training and hiring of additional workers.

The above list is not meant to be all inclusive but merely to cite a few examples of the new interest on the part of American industry to help relieve the unemployment situation among Indians. To take advantage of these opportunities additional funds and staff are needed.

Studies on unsuccessful relocation efforts were made for Fiscal Years 1953-1961. Since the results of these studies consistently showed approximately the same ratio of successful relocation and because of the large amount of staff time involved in completing these studies they were discontinued. The results of these studies are as follows:

Fiscal year	Ratio successful (percent)	Ratio returnees (percent)
1953	68	32
1954	71	29
1955	76	24
1956	73	27
1957	69	31
1958	61	39
1959	70	30
1960	68	32
1961	65	35

In September 1964, a followup study was made on Indians who relocated to the San Francisco Bay Area, California, during the 1-year period 1954-1955 to determine whether they were living on the reservation. Results of this study showed conclusively that of the 167 single and family units furnished services, 111 or 66 percent after the 10-year interval were no longer living on the reservation.

The present limitation of Public Law 84-959 funds, the Adult Vocational Training Act, is established at \$15,000,000 of which \$11,934 was appropriated for fiscal Year 1967. For that portion of the Employment Assistance Program which assists Indians to go direct into employment, only \$3,039,000 was appropriated. A current reappraisal of the entire program together with a review of the healthy labor economy has revealed that if an additional \$1,500,000 were provided under Public Law 84-959, approximately 1,100 single Indians or heads of families could be entered into institutional vocational training. With an increase of \$1,000,000 in those funds to assist Indians to go direct into employment, approximately 1,300 single or heads of families could be assisted to enter into employment, pre-employment, prevocational and on-the-job employment situations. This increase in activity will make it necessary to employ 30 additional technical and clerical staff for processing applications, predeparture counseling, vocational guidance and employment placement.

In summary, with a total program increase of \$2,500,000 (representing a 17-percent increase in appropriations and 30 staff positions representing a 7-percent increase in present staff) approximately 2,400 additional Indian singles or heads of families (representing a 28-percent increase over present Indians being served) can be furnished services under the Employment Assistance Program during the balance of Fiscal Year 1967.

Mr. DENTON. And we will also insert in the record at this point your prepared statement and ask you to give a brief summary of the statement.

(The statement follows:)

GENERAL STATEMENT

Mr. Chairman and members of the committee; the Bureau of Indian Affairs is requesting \$2,500,000 in supplemental funds for fiscal year 1967.

This amount is urgently needed to reduce the substantial backlog of qualified applicants for Adult Vocational Training and to provide services and financial

assistance to Indians who are prepared to accept immediate employment under the Relocation Program.

It is indeed a pleasure and privilege for me to appear here today. I am sure you are acquainted with the circumstances surrounding my nomination and subsequent confirmation by the U.S. Senate. The Committee on Interior and Insular Affairs transmitted a report on my nomination under consideration at that time. While the report dealt with Indian affairs as a whole, it specifically mentioned unemployment among American Indians. It indicated that our relocation and vocational training programs, which had been enthusiastically accepted, should be expanded. It further pointed out "In a time of unprecedented prosperity in the United States, there can be no excuse for high unemployment among Indians—and it can and must be sharply reduced." Since I have been Commissioner of Indian Affairs, the problem of Indian unemployment and underemployment has been under review and we have been exploring ways and means by which we might accelerate accomplishments.

At about the same time that the Senate report was released, the Secretary of the Interior met with key Bureau staff at Santa Fe, New Mexico. This was a planning session of considerable magnitude and the matter of unemployment among Indians was a subject of considerable discussion. News of these proceedings held by the Secretary of the Interior quickly reached the various news media—radio, television, newspapers and magazines—and gives testimony to the extent of publicity concerning Indian unemployment. At the same time, Equal Employment programs of the Federal Government have been gaining momentum. Probably as a result of the combination of this favorable publicity, the Equal Opportunity Employment Programs and the economy as a whole, a climate has been created that is more favorable than at any time in Indian history to solve the problem of chronic unemployment among Indians. Our office in Washington has had a considerable number of inquiries from industries located all over the Country who have offered to be of assistance in offering employment opportunities to Indians. Not too long ago, Mr. Walter Hickey, President of Hickey-Freeman Co., located in Rochester, New York, who manufactures quality men's clothing called on me in my office and indicated he would like to work with us to bring an immediate 200 American Indians to his plant at Rochester, New York. He indicated they were currently recruiting for workers in England, Spain and Italy because they were unable to obtain workers from the local supply. Recently, Phillips Petroleum Company placed a job order with us for 120 workers in the plastics industry which is a by-product of petroleum. Their job opportunities range from several locations in Oklahoma to Pennsylvania, Illinois, Michigan and California. Most of these announced openings have already been filled by reservation Indians. The Birds Eye Frozen Food Company called us on the phone and indicated it had several hundred openings in its industry. The Kulp Foundry of East Stroudsburg, Pennsylvania, called and indicated it could accommodate 4 to 6 new hires each week for an indefinite period of time. The Maple Leaf Farms, Inc., of Milford, Indiana, which produces commercial ducklings has offered to employ between 50 and 60 workers on a full-time basis. The General Electric Corporation, Atomic Products Division, at San Jose, California, has hired numbers of Indians over the past 18 months and has indicated to us that it would be willing to hire additional Indians. These are only examples and numerous other employers both large and small primarily engaged in industrial work all over the Country have been in touch with us offering to be of assistance.

The Employment Assistance Program has been a program that has been well accepted by the Indian people. While travelling in the Indian country and talking with Indian leaders recently, I have detected a changing attitude among this leadership. They are asking for job opportunities and I believe they are firmly convinced that their future, in the main lies, in the World of Work in the main stream of the American community. A few years ago, these same leaders were thinking primarily in terms of additional land, additional livestock and home-based enterprise of questionable economic value. I believe they are ready today to be accommodated by a program as far reaching as this. I believe now is the time to move forward and take the steps that are necessary to get Indian and job together so that he may become economically self-sufficient.

One of the aspects of the employment program which will be emphasized is the placing of Indian people in communities close to their home where employment and training opportunities are increasing. The availability of services to employable Indian people and their families in communities within their home States

should provide a real incentive to those not interested at the present time in re-locating to far distant communities.

Mr. BENNETT. Thank you, Mr. Chairman. I am happy to be here on this occasion. This is the first opportunity for me to appear before the committee. I have with me Mr. Walter Knodel, Chief of the Branch of Employment Assistance and Mr. J. Leonard Norwood, Director of Administration. We submitted this request for three or four basic reasons. Reason No. 1 is the employment market as it exists today. We have many inquiries from companies and employers throughout the country who are interested in obtaining employees. We think Indian people can qualify for or be trained for these jobs. I have been having meetings throughout the country with Indian leadership and these leaders are beginning to express a great deal more interest now in employment opportunities than they have in the past. In the past a great deal of their effort was directed toward programs which would more or less keep them in place and develop in many cases resources which could not make a substantial contribution to the economy of the people.

Also, we have noticed since this program first started that the employment opportunities were located in large population centers such as on the west coast and east coast. But in recent years there has been a move back to the inland urban areas of many of these large employers. This makes it much more desirable and much more practical from the Indian people's point of view. We want to give emphasis to taking advantage of these employment opportunities which arise by the occasion of many of the large industries moving back inland to the urban areas closer to the homes of the Indian people. This is a very high priority program with us and we think for these reasons we are justified in making this request of a two and a half million dollar supplemental fund for fiscal year 1967, which is to help take care of the backlog of applicants for adult vocational training and to provide services and financial assistance to Indians who are prepared to accept immediate employment under the relocation program.

UNEMPLOYMENT AMONG INDIANS

Mr. DENTON. What percentage of the Indians would you say are unemployed?

Mr. BENNETT. We are conducting an employment survey at this time and it varies from reservation to reservation. I believe the average figure is in the neighborhood of some 40 percent.

Mr. DENTON. We hear many employers say they cannot get sufficient employees.

Mr. BENNETT. That is correct. We are encouraged by the fact that many of the employers now are willing to take people without experience. One of the largest employers in Oklahoma, Tinker Air Force Base, has now a category of training called a laborer's helper. They are willing to take people in without any previous experience at all and provide them training.

USE OF OEO AND MDTA TRAINING PROGRAMS

Mr. DENTON. Do you utilize the antipoverty program and the manpower training program of the Labor Department for training people?

Mr. BENNETT. Yes, sir. These programs are submitted directly by the tribes themselves to the Federal agencies and they are utilizing the MDTA training program and also the Title V of OEO training program.

Mr. DENTON. Adult training program?

Mr. BENNETT. Yes, sir.

Mr. DENTON. Have you been successful?

Mr. BENNETT. Yes. There has been an increasing number of people taking advantage of this training. But we feel that by having these increased funds we can take these graduates or people who complete this training at the reservation level directly into employment. We will be able to take the Indian person and match him with the job. Most of these programs are on the reservation.

INDIAN APTITUDES

Mr. DENTON. I have noticed in going to Indian reservations that the Indian is an excellent artisan with silver and leather work.

Mr. BENNETT. We believe this provides them with an excellent opportunity, particularly in the electronics industry. They show they have a very high manual dexterity, hand and eye coordination and also a very high patience tolerance. These qualities are within the men as well as the women. In most societies the women generally are better. But among the Indian people the men are also very skillful and have a high production record.

SAVINGS ON REDUCED OVERTIME

Mr. DENTON. On September 9, 1966, the Budget Bureau issued a directive to all agencies relating to the reduction of overtime pay for fiscal 1966. What are the savings you contemplate as a result of this directive?

Mr. NORWOOD. Mr. Chairman, we have reports coming in from the field on this and we have not compiled all of the savings at this time.

Mr. DENTON. Can you put an estimate in the record?

Mr. NORWOOD. Yes; we can provide an estimate for the record
(The information follows:)

OVERTIME SAVINGS

Bureau of the Budget Bulletin No. 67-3, dated September 9, 1966, directs the head of each agency to take necessary action to minimize the amount of paid overtime and, in particular, to reduce the total of overtime pay for fiscal year 1967 to the lower of—

(a) The level contemplated in the President's Budget recommendations for fiscal year 1967.

(b) A level of 25 per cent below the actual overtime pay for fiscal year 1966.

The President's Budget contemplated \$2,017,700 in all appropriations for the Bureau for overtime in 1967.

Fiscal year 1966 overtime amounted to \$1,998,984 for all appropriations. A reduction of 25 per cent (\$499,746) would leave \$1,499,238 available for overtime.

The achievement of this objective would result in a savings in all appropriations of \$499,746. Of this total \$118,273 would apply to the Education and Welfare Services appropriation.

OBLIGATIONS, FIRST QUARTER 1967

Mr. DENTON. What were your total obligations and apportionment for the first quarter of fiscal year 1967?

Mr. NORWOOD. For this particular item, we apportioned \$5,012,577. We had obligated at the end of September \$4,295,455. That is for the activity we are speaking of.

AUTHORIZED POSITIONS

Mr. DENTON. How many authorized positions do you have under this appropriation item for 1967?

Mr. NORWOOD. The appropriation item?

Mr. DENTON. Yes.

Mr. NORWOOD. 422 full-time positions for this item.

SAVINGS FROM VACANCIES

Mr. DENTON. What were the vacancies by month during the first quarter, and what was your related savings as a result of these vacancies during that period?

Mr. NORWOOD. Our vacancies averaged five to seven employees. I do not know what they were by month. At the end of September we had 5 vacancies in this item, out of the 422 positions.

BASIS FOR BUDGET ESTIMATE

Mr. DENTON. Explain for the committee how you arrived at the figure of \$2,278,000 for "Grants, subsidies and contributions."

Mr. KNODEL. That was predicated on the number of people we would serve and based on last year's cost.

Mr. DENTON. Give me a little more detail.

Mr. KNODEL. We used last year's costs with a breakdown to the various segments of the program, whether it be on-the-job training, whether it be direct placement in a job or whether it be institutional training where the individual goes to school. Each of these sub-activities within the total carried a cost factor of experience as of last year. With the items of work we have ahead of us to accomplish we applied last year's cost experience and this is the way it comes out.

Mr. DENTON. You applied the cost experience but how many units did you estimate?

Mr. KNODEL. The units we had in backlog. A case in point for example is the institutional training phase. We estimate we have 1,100 backlog who have applied for this type of training and who are in need of this type of service and for whom we do not have funds to serve this year. Applying last year's cost factor to this type of service we come up with a gross cost figure.

TYPES OF GRANTS AND SUBSIDIES

Mr. DENTON. What were the grants and subsidies?

Mr. KNODEL. They begin with a medical examination at home if it is not otherwise provided by the Public Health Service. Transportation to points of training and a personal appearance grant.

Mr. McDADE. A personal appearance grant; what does that mean?

Mr. KNODEL. If the applicant does not have the proper clothing with which to go to school, we provide these modest needs to bring him up to some degree of reasonable standards.

Mr. McDADE. Thank you.

Mr. KNODEL. Subsistence grants are also provided while he is engaged in training. We feed him and house him while in training.

NEED FOR FUNDS

Mr. DENTON. Public Law 89-14, increasing the authorization to \$15 million for adult vocational training was enacted April 22, 1965. Your budget request for 1967 was \$12,100,000. If this was so urgent, why was it not included in your regular 1967 estimate?

Mr. KNODEL. Because of the employment opportunities that have recently become available to Indians—we must bear in mind the timing that went into the planning of this earlier figure—job opportunities have literally pyramided on us almost overnight. This began to develop in April of this spring following the Secretary's conference of Bureau of Indian Affairs officials at Santa Fe, N. Mex. This meeting drew a lot of publicity.

The matter of Indian unemployment and their economic plight received rather wide publicity. Right after that conference there was hardly a day that would go by but that we would receive several telephone calls from industry saying in effect: We understand that Indians are unemployed. We are so and so. We manufacture men's clothing or we manufacture this. How about an early get-together because we believe we have something to offer. We received any number of such requests.

URGENCY FOR FUNDS

Mr. DENTON. What is the urgency of this project now that it is submitted as a supplemental request rather than waiting to include it in the regular 1968 estimates?

Mr. KNODEL. The need is here now. This 1,100 backlog for institutional vocational training is one which we have assessed very recently. These people have come forward. They have voluntarily applied. They have indicated to us that this is what they want to do and they want to go to work now.

The opportunities are available for them now and we think that now is the time to do it.

TRAINING CONTRACTS

Mr. DENTON. How do you determine the amount of payment to be made for on-the-job training contracts? I have a listing here of the contracts you have consummated and the price per trainee ranges from \$213 to \$1,077 per trainee.

Mr. KNODEL. This is arrived at based on the occupations that are involved. We assess each occupation and negotiate the training time that we believe is reasonable and proper for the occupation in ques-

tion. For example, for a sewing machine operator we have a standard time of 13 weeks of training.

Mr. DENTON. What is included in that? Does the trainee get any money while he is being trained. Does he have subsistence and quarters. What all is covered?

Mr. KNODEL. We assist the industry in the deferring of training costs at the rate of \$25 a week.

Mr. DENTON. You mean the industry pays the Indian a salary, and you pay industry \$25 a week?

Mr. KNODEL. Yes, for the number of weeks that it takes to train the individual sufficiently to the point where he can be productive.

Mr. DENTON. Where does the Indian live during this time?

Mr. KNODEL. He lives at home.

USE OF MANPOWER TRAINING PROGRAM

Mr. DENTON. Tell me just how you coordinate this work with the manpower training program?

Mr. KNODEL. There are on-going manpower training programs throughout the country. We attempt wherever possible to refer as many Indians as we can get into these projects.

Mr. DENTON. The Indian participates in that program. What does it cost?

Mr. KNODEL. No cost to the Bureau of Indian Affairs.

Mr. DENTON. You do not pay any subsistence during training?

Mr. KNODEL. No. The training costs and allowances to the individual would be paid by the manpower program.

Mr. DENTON. It is paid by the manpower program and not by you?

Mr. KNODEL. That is correct.

USE OF ANTIPOVERTY PROGRAMS

Mr. DENTON. How many Indians take vocational education as part of the adult education program?

Mr. KNODEL. We have a rather substantial number of Indians who are getting training through that source on reservations under title V.

Mr. DENTON. Do you pay anything for their subsistence?

Mr. KNODEL. That is paid for by the poverty program.

OTHER TRAINING PROGRAMS

Mr. DENTON. Why couldn't you consolidate this work under the antipoverty or manpower training programs?

Mr. KNODEL. I believe the poverty program and MDTA program are meeting a need up to their capability of doing it. The needs that we are hoping to satisfy through this request would be over and above that.

Mr. DENTON. What are they? That is what I am trying to get at. What are they over and above the antipoverty program and manpower training program?

Mr. KNODEL. I think they are rather considerable.

Mr. DENTON. There won't be much over the manpower training program. There would not be much extra expense, would there?

Mr. KNODEL. Not if their funds and programs were available in sufficient amount to do it.

Mr. DENTON. If you have a manpower training program, and if you have an antipoverty program, you do not have an additional expense.

Mr. KNODEL. We would have none if they had programs in sufficient size to take care of everything.

Mr. DENTON. What do you do beyond those programs? Do you have schools to train the Indians?

Mr. KNODEL. No. We approve schools both public and private based on their courses of training that they have to offer. We assess them in terms of their capability of preparing the man for gainful full-time employment.

Mr. DENTON. This is in addition to the manpower training program and title V of the antipoverty program?

Mr. KNODEL. That is right, it is in addition.

Mr. DENTON. I think the idea is very commendable but it would be fine if we could coordinate this into one program.

Mr. KNODEL. The MDTA programs for the most part have been urban programs. They have not operated in the rural, isolated Indian country.

TRANSPORTATION TO PLACES OF EMPLOYMENT

Mr. DENTON. They are near places where there is great need to hire people.

Mr. KNODEL. Yes, this is generally true.

Mr. DENTON. There is a shoe factory in Salem, Ind., that has quite an extensive training program.

Mr. BENNETT. We, in some instances provide transportation to MDTA trainees to the place of employment and we have many cooperative arrangements with MDTA training programs. In order for people to take advantage of them we have to provide this transportation. We also have provided other assistance in helping them to locate and adjust in the new communities.

Mr. DENTON. It would appear to me, Mr. Commissioner, you would have to move Indians in a good many cases for them to obtain employment.

Mr. BENNETT. That is correct.

Mr. DENTON. They are mostly in isolated communities.

Mr. BENNETT. Yes.

When an MDTA training program is offered on the reservation we can pick that individual up in our direct employment program to transport him and his family to the job, help him find housing and do these kinds of services which are not provided in the MDTA or OEO program.

NEED FOR ADDITIONAL POSITIONS

Mr. DENTON. What is the justification for the 30 additional permanent positions you are requesting, and why can't the additional workload be carried by the current employees if a slight improvement in efficiency were achieved?

Mr. KNODEL. We have been working on this one for a rather long time. At the level we are operating with the funds that are available

to us this year, the staff that we now have are literally loaded. It is our judgment in most instances they cannot take on any more workload. This increase would be an increase for present staff. It would be an increase in workload for the 422 that we now have on board. We do not believe we can load too much additional work on them beyond a certain point. The 30 additional positions are urgently needed to make up the difference in supplying service to the 2,400 additional applicants.

TYPE OF POSITIONS REQUESTED

Mr. DENTON. Are these new positions teachers?

Mr. KNODEL. No; mostly in the counseling field.

PARTICIPATION IN ANTIPOVERTY AND MANPOWER TRAINING PROGRAM

Mr. DENTON. Will you put something in the record about the participation of the Indians under title V of the antipoverty program and the manpower training program?

(The information follows:)

OEO Indian programs relating to job training

<i>OEO region</i>	<i>Number of Indian trainees</i>
Mid-Atlantic (North Carolina) : Neighborhood Youth Corps.....	275
Southeast (Florida and Mississippi) : Neighborhood Youth Corps.....	473
Great Lakes (Wisconsin and Minnesota) :	
Neighborhood Youth Corps.....	527
Community action program—home building and improvement training	90
Southwest (Oklahoma and New Mexico) :	
Neighborhood Youth Corps.....	4,957
Title V, work experience program.....	76
Western (California, Nevada, Washington, and Alaska) :	
Neighborhood Youth Corps.....	4,288
Title V, work experience program.....	109
North Central (Idaho, Montana, Utah, Wyoming, North Dakota, South Dakota, and Nebraska) :	
Neighborhood Youth Corps.....	2,871
Community action program, home building and improvement training	93
Title V, work experience program.....	295
Navajo Reservation (primarily in Arizona, partially in New Mexico and Utah) :	
Neighborhood Youth Corps.....	4,500
Community action program, home building and improvement training	1,840

MANPOWER DEVELOPMENT AND TRAINING ACT

Since the records of the various State Employment Service Agencies preclude identification by race and creed, the Department of Labor advises that it is difficult to assess the number of Indians participating in training programs under the Manpower Development and Training Act. However, the Department of Labor is in the process of evaluating the role which the Manpower Training Programs are playing with respect to minority groups throughout the country. The most current statistical information available to us on the participation of Indians in Manpower Development and Training Programs is as follows:

MDTA agricultural training projects approved for on-reservation Indians

State	Project No.	Location	Occupation	Ap- proved trainees	Trainees com- pleted
Arizona	ARA 2080	Colorado River Reservation	Farm machinery operator.	25	16
Montana	ARA 3672	Crow Reservation	Farmhand, general.	10	6
	ARA 5218	Crow and North Cheyenne Reservations.	Farmer, general	15	(1)
Nevada	(R) 6011	Duck Valley Reservation	do	17	(1)
	A 6186	Walker River Reservation	Farm mechanic	16	(1)
New Mexico	ARA 3353	Navajo Reservation	Sheep shearer	36	28
	ARA 4835	Navajo, Acoma, Laguna, and Zuni Reservations.	do	35	23
North Dakota	ARA 3117	Fort Berthold Reservation	Farm machinery operator.	40	18
	ARA 3396	Standing Rock Reservation	Cattle rancher	15	8
South Dakota	A 4417	Cheyenne River Reservation	do	30	14
	A 4435	Standing Rock Reservation	do	30	30
	A 4704	Cheyenne River Reservation	do	40	40
	A 5046	Lower Brule Reservation	do	15	(1)
	A 5051	Crow Creek Reservation	do	15	(1)
	A 5177	Standing Rock Reservation	do	25	(1)
Wyoming	ARA 5198	Wind River Reservation	Sheep shearer	12	(1)
	A 6147	do	do	20	(1)
Total				396	183

¹ Information not received.

HIGHLIGHTS OF MDTA AND OTHER PROGRAMS FOR INDIANS

Arizona—484 Indians referred to MDTA training during FY 1966. FY 67 plans call for institutional training of 372 Indians. Indian Interviewer-Interpreters are included in the staff of the Arizona State Employment Service and work on reservations.

Nevada—15 Indians from the Duck Valley reservation were placed in MDTA training during FY 1966. Another 15 Indians completed ARA training on the Walker River Reservation. Nine Indians were also enrolled in off-reservation institutional program. Arrangements are under way to enroll 20 Indians from Duck Valley reservation during FY 1967.

North Dakota—30 Indians were placed on construction of a railroad spur line. Two full-time interviewers are providing Employment Service services on reservations. Ten (10) Indians received MDTA training during 1966.

Nebraska—25 Indians referred to MDTA training during FY 1966. Nine sent to Job Corps. Two registered for services with NYC in Omaha. Outreach services in Omaha brought in 4 Indian placements.

Idaho—46 Indians have been referred to MDTA off-reservation training during FY 1966. 102 Indians were referred to an ARA course in firefighting. Offices adjacent to Indian reservations generally work closely with Tribal Councils and Bureaus of Indian Affairs officials.

North Carolina—Agency referred to MDTA training some Indian applicants; the exact number of placements not recorded.

Minnesota—240 vocational educational Indian trainees were given GATB tests for the Employment Assistance Branch of the Bureau of Indian Affairs; 50 Indians from the Red Lake reservation were tested for a home building renewal project; 60 Indian high school seniors were given GATB tests; agency also cleared and made selections to staff 30 professional jobs and 200 aides for a Community Action Program. Plans for FY 1967 call for testing 250 Indians for Bureau of Indian Affairs' employment assistance branch, providing testing and guidance for 80 high school graduates on reservations, and assigning 80 Indians to MDTA building training program on the Red Lake and Leech Reservations. During FY 1966 eleven Indians were placed in highway beautification (Nelson Amendment) program. The agency's Smaller Communities Program Team conducted human resources surveys on several reservations. These resulted in establishment of one garment factory at Onamia. 20 Indians were recruited for this employer as sewing machine operators. Employers reported that quality of work of the Indian employees exceeded that of other employees.

Wisconsin—Green Bay Office cooperated with Oneida and Stockbridge tribes in setting up an OEO-OJT-CAP program. This office also selected an Indian instructor for an MDTA project. Agency works closely with Great Lake Intertribal Council comprised of 10 tribes in developing jobs for Indians. Projects include beautification program under Nelson Amendment.

Washington—100 Indians were trained under MDTA Pre-Vocational Program during FY 1966, recruited in cooperation with BIA.

Montana—MDTA training given to 190 Indians during FY 1966, for heavy equipment operators, clerical jobs, and leather working occupations.

South Dakota—Sixteen Indians have received MDTA training for off-reservation nonfarm occupations. Agency has recruited an undetermined number of Indians for in-plant work for the Green Giant Company.

Michigan—Thirty-five (35) Indians from the Chippewa Tribe are being trained under MDTA for Machine Operators. Training started in November 1965 and will be completed January 15, 1967. Twenty-five (25) Indians have been referred to training from the Bay Mills reservation. The Smaller Communities Program team has registered most of the unemployed Indians in this area. This was an outreach, door-to-door recruitment effort. Agency will followup with job development for those not immediately placed. Indians in Michigan are involved in 17 percent of all training opportunities, although they represent a very small percentage of the population. Agency plans to expand and intensify services to the Indians within its resources as part of its human resources development program.

Colorado—140 Indians were trained under MDTA and 25 under on-the-job training programs at Cortez. Additional projects planned.

Utah—No placement tallies by race. Indian activities are increasing; cooperative agreements between Bureau of Indian Affairs, Tribal Councils and neighboring states are receiving increased attention. Training under MDTA during FY 1966 includes 20 non-reservation and 40 reservation Indians in auto mechanics and farm machinery repairmen occupations.

Wyoming—MDTA and other training has involved 28 non-reservation and 44 reservation Indian trainees. Services to Indians usually require extensive travel which tax the limited staff resources.

In addition to the above, the following is a list of other training courses in which Indians participated, however, it is not all inclusive:

State	Reservation	Title of course	Number of Indians
New Mexico	Laguna Pueblo	Electronic assembler	60
Arizona	Statewide	Indian police officer	20
		Nurse's aid	1
		Auto mechanic	1
		Licensed practical nurse	1
South Dakota	Rosebud	Millman	9
	Pine Ridge	Machinist	1
	do	Ironer	2
	Crow Creek	Muffler	9
	Turtle Mountain	Steel fabricator	6
	Fort Berthold	Carpenter	16
	do	Nurse's aid	10
	Fort Totten	Clerk-typist	10

MANPOWER TRAINING FOR INDIANS FOR FISCAL YEAR 1967

A review of the State Manpower Plans showed that eight states specifically identified training programs planned for Indians. These programs involve more than 60 trainees who would be trained in varied occupations such as book-keeper, maintenance man, farmer, homebuilder, instructional aide, etc. More than four-fifths of the proposed trainees live in four States—North Dakota, South Dakota, Arizona and Washington. Each of these States expects to provide training for 100 or more Indians.

The following tabulation lists those States which identified training activity for Indians in their Manpower Plans and the number of individuals involved.

State:	Number of trainees
Arizona.....	150
South Dakota.....	115
North Dakota.....	108
Washington.....	100
Wyoming.....	50
New Mexico.....	45
Nevada.....	40
Idaho.....	20
Total.....	628

Most of the states in which Indians are concentrated are characterized as rural and sparsely populated states. There is generally no concentration of demand or supply and training facilities are limited. As a result, these states indicated in their Manpower Plans that training to a large extent will be provided on a statewide basis and by individual referral. Indians will continue to be included in these programs along with other individuals in the state. However, the extent to which Indians will fill these training slots is not shown in the Plans.

Mr. DENTON. There is one other program, apprentice training, do you use that any?

Mr. KNODEL. Yes, we do.

Mr. DENTON. Will you also put that information in the record?

Mr. KNODEL. Yes, we will be able to do that.

(The information follows:)

In fiscal year 1966, a total of 192 apprenticeships were obtained for Indian people in 34 different trades. These apprenticeships were obtained in the following locations:

BUREAU AREA OFFICES

1. Aberdeen (includes States of South Dakota, North Dakota, and Nebraska) : Bricklayers.....	2
2. Anadarko (includes western Oklahoma and the State of Kansas).....	0
3. Billings (includes States of Montana and Wyoming) : Carpenter.....	1
4. Navajo and Albuquerque (includes States of New Mexico, Colorado, and that portion of the Navajo Reservation in Arizona).....	34
Carpenter.....	15
Painter.....	2
Plumber.....	4
Electrician.....	1
Iron worker.....	1
Roofer.....	4
Plasterer.....	1
Sheet metal.....	1
Cement finisher.....	2
Bricklayer.....	1
Linoleum layer.....	2
5. Minneapolis (includes States of Minnesota, Wisconsin, Michigan, and Iowa).....	0
6. Muskogee (eastern Oklahoma).....	0
7. Juneau (State of Alaska).....	0
8. Phoenix (includes States of Arizona, Utah, and Nevada, except Navajo Indian Reservation).....	17
Heavy equipment.....	2
Bricklayer.....	2
Sheet metal.....	3
Painter.....	5
Barbers.....	5

BUREAU AREA OFFICES—continued

9. Portland (includes States of Washington, Oregon, and Idaho)	30
Auto body and fender repairman	2
Auto mechanic	1
Baker	1
Barber	2
Cabinet maker	2
Carpenter	7
Cook	1
Cosmetologist	5
Diesel mechanic	4
Machinist	4
Upholsterer	1
10. Sacramento (State of California)	0
FIELD EMPLOYMENT ASSISTANCE OFFICES	
1. Chicago, Ill.	30
Mechanic	24
Pipe fitter	2
Electrical mechanic	1
Pressman	1
Mason	2
2. Cleveland, Ohio	18
Barber	7
Auto mechanic	1
Electrical technician	1
Electric motor repairman	1
Operation technician (telegram)	1
Office machine repairman	1
Pressman	2
Machinist	3
Radial drill operator	1
3. Dallas, Tex.	5
Lithography	1
Painter	2
Pressman	1
Bricklayer	1
4. Denver, Colo.: Painter	1
5. Los Angeles, Calif.	6
Machinist	5
Auto mechanic	1
6. Oakland, Calif.	44
Gazer	2
Carpenter	12
Printer	6
Painter	10
Sheet metal	2
Upholsterer	3
Iron worker	6
Butcher	1
Barber	1
Auto mechanic	1

FIELD EMPLOYMENT ASSISTANCE OFFICES—continued

7. San Jose, Calif.....	7
Painter	1
Baker	1
Lineman	1
Teletype repairman.....	1
Electronic repairman.....	1
Diesel mechanic.....	1
Auto mechanic.....	1

Mr. DENTON. Mrs. Hansen?

PROGRESS OF COMMUNITY ACTION PROGRAMS

Mrs. HANSEN. While we are talking about the antipoverty program, tell me about your community action programs on the reservation this year? Were they larger than last year or did they show any updating? A while ago I was discussing this program with your Department and we were having one difficult time trying to get a community action program approved.

Mr. BENNETT. Yes. The community action programs are submitted directly to the Office of Economic Opportunity, as you know. We asked the tribal bodies that do submit these applications directly to let us know when they are submitted so we can more or less follow up on them with the OEO. There are many more community action programs in existence now than there were a few years ago. They have training programs in OEO for the personnel who work in community action programs as directors and under the various components of the community action programs. So there are an increasing number of community action programs in existence on reservations.

Mrs. HANSEN. They were not working very vigorously to fund them this year.

Mr. BENNETT. This is true.

Mrs. HANSEN. They were sitting on the desks.

Mr. BENNETT. A lot of them are waiting for funding at OEO at the present time.

NEED FOR COMMUNITY ACTION PROGRAMS

Mrs. HANSEN. They are still waiting. Isn't the Indian in need of major community action programs?

Mr. BENNETT. Yes.

Mrs. HANSEN. Isn't this one particular segment of the American society that needs these community action programs and Job Corps and training almost more than any other segment, particularly in the West?

Mr. BENNETT. Yes, ma'am, that is true.

Mrs. HANSEN. Don't you think you could get the Office of Economic Opportunity to get off their dimes and get started?

Mr. BENNETT. We are in almost daily consultation with them on the various projects.

Mrs. HANSEN. I do not want that stricken from the record, either. I want it left in.

Mr. BENNETT. We hear more and more from Indian people every day. They are concerned about the status of the community action programs.

COMMUNITY ACTION AT QUEETS RESERVATION

Mrs. HANSEN. Last year on the Queets Reservation they had an excellent community action program geared to get the young people occupied with useful work. The second part was to try to rehabilitate the village itself.

They did a fine piece of work. This year they had nothing but trouble to try to get approval, even the approval of minor programs. They have been very, very slow. It seems to me when we are talking about poverty we cannot ignore the poverty that is inherent in and around our reservations. I noticed your employment in the Midwest, the East and California is fine. In the Northwest I think your employment is way down on the Indian reservations. The need for training grows almost every day. They are not even allowed to starve in comfort, I am sure you are well aware of that.

Mr. BENNETT. That is right.

POWERLINES AT QUEETS VILLAGE

Mrs. HANSEN. Relative to the Queets Village please advise us as to powerline construction. I am advised by people of the area electric stoves have been installed and lines are not yet available.

Mr. BENNETT. Yes, ma'am.

NEEDS OF SQUAXIN ISLAND TRIBE

Mrs. HANSEN. The next thing I want to discuss is the Squaxin Island Tribe of Shelton. These people are desperately poor. The need for transportation forced them to move to the mainland. It would seem to me there must be some kind of health service available for these people. So I am going to give you a copy of this letter and let the Department send me a reply.

(The letter follows:)

SEPTEMBER 27, 1966.

JULIA BUTLER HANSON,
House of Representatives,
Olympia, Wash.

DEAR REPRESENTATIVE HANSON: We, the undersigned members of the Squaxin Island Tribe of Shelton, Wash., wish to bring to your attention some facts about our situation as a tribe.

Our reservation is Squaxin Island. We have never had water, electricity, schools, or homes built on our reservation. Because of this, we have been forced to leave the island.

Our tribe has 76 voting members and altogether 250 registered in the tribe.

We have tried for years to obtain dental and medical assistance for our people, but due to the fact we do not live on the reservation, we cannot get any assistance. Most of the families moved to Kamilche, a suburb of Shelton, and have made their homes there within a 6-mile radius.

We want Kamilche to be recognized as our community and given the same recognition as a reservation.

We are further requesting your help in obtaining a clinic for our people where we can get dental and medical care.

Please let us hear from you.

Sincerely yours,

SQUAXIN ISLAND INDIAN TRIBE,
FLORENCE SIGO,

Chairman.

CALVIN F. THILEIN,

Secretary.

DAVE W. WHITENER,

Treasurer.

ROBERT W. WHITENER,

DEWEY SIGO.

Mr. BENNETT. We will check to see what services the Bureau of Indian Affairs renders and I will refer your letter to Dr. Rabeau to see what kind of services are available.

Mrs. HANSEN. Would you check on the Queets Village matter too?

Mr. BENNETT. Yes.

PERCENTAGE OF UNEMPLOYED INDIANS IN NORTHWEST

Mrs. HANSEN. What is the percentage of unemployed Indians in the Northwest? If you want to put it in the record, you may.

Mr. BENNETT. Yes.

(The information follows:)

Percentage of unemployed Indians in Northwest

	<i>Percent</i>
Washington -----	34
Oregon -----	60
Idaho -----	55
Overall -----	47

TRAINING PROGRAMS IN THE NORTHWEST

Mrs. HANSEN. Would you also like to explain what job training programs you have there and what agreements you have made with manpower training programs in and around the area covering the States of Oregon, Washington, and Idaho.

(The information follows:)

Summary of training for Indians for the States of Washington, Oregon, and Idaho

MANPOWER DEVELOPMENT TRAINING ACT (MDTA)

State and occupation

Washington:		<i>Number</i>
Everett:		
Tool fabricators -----		6
Electronic assembler -----		7
Multioccupational training -----		20
Mount Vernon:		
Tool fabricators -----		2
Electronic assembler -----		3
Bellingham:		
Plastic preformer -----		20
Tool fabricators -----		3
Electronic assembler -----		4
Tacoma:		
Multioccupation -----		5
Electronic assembler -----		2
Auburn:		
Electronic assembler -----		3
Tool fabricators -----		4

Summary of training for Indians for the States of Washington, Oregon, and Idaho—Continued

MANPOWER DEVELOPMENT TRAINING ACT—continued

<i>State and occupation</i>		<i>Number</i>
Washington—Continued		
Olympic:		
Electronic assembler	-----	2
Tool fabricators	-----	2
Yakima:		
Clerk-stenographer	-----	1
Nurse's aid	-----	4
Stock ranch technician	-----	4
Stock clerk	-----	1
Tool fabricator	-----	8
Jet assembler	-----	3
Draftsmen	-----	2
Tree pruning	-----	1
Welding	-----	1
Forest technician	-----	6
Seattle: Prevocational	-----	100
Total	-----	<u>214</u>
Oregon:		
Bend:		
Forester aid	-----	6
Auto service attendant	-----	5
Secretarial	-----	1
Coos Bay: Logger trainee	-----	1
Eugene: Cooking	-----	4
Total	-----	<u>17</u>
Idaho:		
Pocatello: Heavy-equipment operator	-----	35
Twin Falls: Tree planting	-----	39
Lewiston:		
Licensed practical nurse	-----	1
Waitress	-----	1
Total	-----	<u>76</u>

INSTITUTIONAL TRAINING UNDER PUBLIC LAW 959

<i>State and course</i>		
Washington:		
Engineering technician	-----	4
Diesel mechanic	-----	10
Cosmetology	-----	2
Carpentry	-----	5
Cabinetmaking	-----	1
Electronic appliance repair	-----	2
Fisheries technician	-----	11
Welding	-----	18
Electrician	-----	1
Barber	-----	1
Highway and civil engineering technician	-----	3
Commercial cooking	-----	4
Machinist	-----	1
Licensed practical nurse	-----	2
Radio-TV repairman	-----	3
Restaurant trades	-----	2
Nurse's aid	-----	1
Data processing	-----	2
Electronic technician	-----	2
Total	-----	<u>75</u>

INSTITUTIONAL TRAINING UNDER PUBLIC LAW 959—continued

State and course	Number
Oregon:	
Cosmetology.....	4
Dental assistant.....	2
Airframe and powerplant mechanic.....	3
Practical nurse.....	5
Secretarial.....	7
Machinist.....	1
Auto body and fender repair.....	4
Auto mechanic.....	1
Total.....	27
Idaho: Cosmetology.....	1

APPRENTICESHIPS

Washington:	
Auto body and fender repairman.....	1
Auto mechanic.....	1
Baker.....	1
Barber.....	2
Cabinet maker.....	2
Carpenter.....	7
Cook.....	1
Cosmetology.....	3
Diesel mechanic.....	2
Machinist.....	2
Upholster.....	1
Total.....	23

Oregon:	
Auto body and fender repairman.....	1
Cosmetology.....	2
Diesel mechanic.....	2
Machinist.....	2
Total.....	7

ON-THE-JOB TRAINING

During Fiscal Year 1966 there was no on-the-job training activity; however, for fiscal year 1967, the following activity is anticipated:

IDAHO

Coeur D'Alene: Pacific Crown Timber Products (sawmill, planing mill)—Starts March 1967, 10 people.

OREGON

Warm Springs Reservation: Warm Springs Forest Products Industry (sawmill, planing mill, plywood mill)—Starts April 1967, 75 people.

WASHINGTON

Spokane Reservation: Phillip Dahl (wood veneer)—Starts November 1966, 40 people.

Yakima Reservation: Holiday Garments Co. (ladies and girls wearing apparel)—Starts February 1967, 76 people.

White Swan Industries (furniture industry)—Starts November 1967, 58 people.
Discopipe Co. (plastic pipe)—Starts June 1967, 20 people.

Mrs. HANSEN. I think there is a tremendous need for adult training. I see the Bureau get more and more employees each year and I see the Indians get hungrier and hungrier each year and I am a little disturbed.

Mr. KNODEL. Mrs. Hansen, may I point out that there are three projects in the Northwest that are pending.

Mrs. HANSEN. They are always pending. That is what I am talking about.

Mr. KNODEL. They are pending for lack of funds. They are included in this supplemental. We are unable to fund them now.

Mrs. HANSEN. Where in the Northwest?

Mr. KNODEL. There are two at Yakima and one for Neah Bay.

Mrs. HANSEN. That is the same as sending the electric stoves without lines. Again may I repeat, I hate to see the Indian Bureau grow personnelwise and the Indian get hungrier and hungrier and have fewer and fewer jobs and opportunities. It is an unconscionable thing that America is doing to the Indians of our Nation. I am ashamed.

Mr. KNODEL. Mr. Chairman, one of the problems that we face with MDTA programs is lack of funds. If I am correct, and I believe I am, their funds by and large are allotted to States based on population. The States that we refer to as Indian States where we have substantial Indian population more often than not are the lesser populated States, such as Nevada, for example. The total allotment that the State of Nevada would have for its MDTA work is quite small. So we run into, more often than not, the problem of no funds available for training activities within these States. This is in contrast to States like Pennsylvania, New York, and the heavier populated States that have rather impressive allotments for MDTA training.

TRAINING OF QUEETS

Mrs. HANSEN. It seems to me that there is vocational training available. Let us take the example of the Queets. They have a college in Aberdeen and good public high schools in the areas around there. It just seems to me mandatory that we begin to train some of these fine young people and some of the people that are middle aged. Now, Mr. Commissioner, may I say it is a great pleasure to have you before the committee today and we look for continued improvement in the Bureau of Indian Affairs in the future.

Mr. BENNETT. Thank you.

Mr. DENTON. Mr. Marsh?

ELECTRIC POWER AT QUEETS VILLAGE

Mr. MARSH. Thank you, Mr. Chairman.

I wish the Commissioner every success in his new assignment. I was very pleased to see his appointment. I know this committee looks forward to working with you. You have a very strong advocate as has already been pointed out. I have only one question. I think Mrs. Hansen raised a very valid point in reference to the stoves that she mentioned that lacked electric power. I would not like to see that go unresponded to. With the Chair's permission and her permission, I would like you to make some response so that you could put it in the record later, or if you wish you can respond to it now.

Mr. BENNETT. I will respond for the record. The man that is han-

dling that does not happen to be here, but I will be happy to submit a report.

(The information follows:)

ELECTRIC POWER FOR QUEETS VILLAGE

The homes constructed at Queets, Washington, under the Bureau's Housing Improvement Program were planned and constructed for immediate occupancy under existing conditions wherein electricity is not available. The homes are equipped with combination wood-oil or LP gas space heaters, ranges, etc.

Realizing the possibilities for the introduction of electricity into the area and the economics that accrue to the area residents because of low power rates, the homes were also wired during construction so that, when electric power becomes available, the Queets group can convert to electric heating, cooking, etc., if they so desire.

Mr. MARSH. There may be an explanation for it and if there is, I think it should be in the record.

Mrs. HANSEN. He has one explanation and everybody else has another. That is why I brought it up in committee and I hated to do it. But I think Mr. Bennett is entitled, before the hurricane strikes out there in some newspaper, to have the question raised so that we may know.

Mr. BENNETT. I appreciate your raising the question and will submit the information to the committee.

Mrs. HANSEN. The blame is not on you, Mr. Commissioner. It is just a failure in their planning and coordination. I think there were too many chiefs in this instance.

Mr. DENTON. Mr. Reifel.

NUMBER OF UNITS AIDED

Mr. REIFEL. I consider this a really historical occasion for Mr. Bennett, the Commissioner, and myself to be sitting opposite each other at this table when it seems not too long ago we were both sitting on the same side of the desk.

You are asking for \$2.5 million here. This would be directed toward how many individual units?

Mr. KNODEL. 2,400 heads of families and single people.

Mr. REIFEL. This would amount to about how much per unit?

Mr. BENNETT. We estimate that this would amount to a 17-percent increase over the regular appropriation and with this increase we would need a 7-percent increase in staff, but it would provide a 28-percent increase in the number of people served—

ADVANTAGES OF TRAINING

Mr. REIFEL. What I am getting at is that you will have 2,400 units affected by \$2.5 million and the majority of these are family units, or heads of families, and once you get one trained and in a job somewhere, you are getting one of these distressed families off welfare programs. Thus, it takes that individual and his family away from the pressure on the hospitals, et cetera. So you are investing \$1,000 here with quite a return, not only in the savings on the reservation, but the tremendous social improvement of the family and the children in the

white school environment. I don't know how the other members of the committee feel, but I am going to try to retain the \$2.5 million you are asking for. First, the Indians have probably the most distressed minority in the whole country. A minority that isn't demonstrating and isn't marching. They are taking it and trying to be as cooperative as possible. From that standpoint, I hope we can move ahead with this program.

I again want to express great delight at your being the Commissioner, Mr. Bennett. I congratulate you on the fine staff you have been able to recruit, particularly Mr. Taylor and Dr. Carmack, on your staff.

I see no overnight solution to the Indian problems, but these are really positive steps.

I was interested in seeing a lead editorial in the Minneapolis Tribune on the conference you are having with the Indian people in Minneapolis. There was some criticism raised that there was a bill for legislation already worked out. You explained that to your knowledge this was not the case; but the editorial went on to say even if it were the case, it wasn't a bad program because it did bring Indians into the planning and it was a positive step in the right direction.

Thank you very much.

Mr. BENNETT. Thank you very much, Mr. Reifel.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

PUBLIC HEALTH SERVICE

WITNESSES

DR. ERWIN S. RABEAU, CHIEF, DIVISION OF INDIAN HEALTH
ACCOMPANIED BY:

HENRY V. CHADWICK, EXECUTIVE OFFICER, DIVISION OF INDIAN
HEALTH

JAMES B. CARDWELL, DEPUTY COMPTROLLER, DEPARTMENT OF
HEALTH, EDUCATION, AND WELFARE

CONSTRUCTION OF INDIAN HEALTH FACILITIES

Obligations by objects

	1967 presently available	1967 revised estimate	Increase
11 Personnel compensation.....	\$2,197,000	\$2,197,000	-----
12 Personnel benefits.....	108,000	108,000	-----
21 Travel and transportation of persons.....	100,000	100,000	-----
22 Transportation of things.....	254,000	254,000	-----
23 Rent, communications, and utilities.....	36,000	36,000	-----
24 Printing and reproduction.....	17,000	17,000	-----
25 Other services.....	2,974,000	3,119,000	+145,000
26 Supplies and materials.....	153,000	153,000	-----
31 Equipment.....	148,000	148,000	-----
32 Lands and structures.....	15,514,711	16,394,711	+880,000
Total obligations.....	21,501,711	22,526,711	+1,025,000
Average number of all employees.....	275	275	-----
Employees in permanent positions end of year.....	0	0	-----
Employees in other positions, end of year.....	335	335	-----

Mr. DENTON. The next item for consideration is the request of the Public Health Service for construction of Indian health facilities in the amount of \$1,025,000. We shall insert the item from page 8 of House Document No. 505 and the justifications in the record at this point.

(The documents follow:)

“DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

“PUBLIC HEALTH SERVICE

“CONSTRUCTION OF INDIAN HEALTH FACILITIES

“For an additional amount for ‘Construction of Indian health facilities’, \$1,025,000, to remain available until expended.”

The 1964 earthquake in Alaska created a dangerously unstable earth formation on the site of the Public Health Service hospital in Anchorage, Alaska. The supplemental appropriation will be used to stabilize the site and reduce the dangers of further land movement.

Amounts available for obligations

	1967 presently available	1967 revised estimate	Increase
Appropriation.....	\$13,464,000	\$14,489,000	\$1,025,000
Unobligated balance from prior years.....	9,228,811	9,228,811	-----
Total amount available.....	22,692,811	23,717,811	1,025,000

Obligations by activities

	1967 presently available	1967 revised estimate	Increase
Hospitals and clinics.....	\$9,441,442	\$9,441,442	-----
Personnel quarters.....	4,229,997	4,229,997	-----
Alterations.....	1,738,413	2,763,413	\$1,025,000
Construction of Indian sanitation facilities.....	6,091,859	6,091,859	-----
Total obligations.....	21,501,711	22,526,711	1,025,000
Unobligated balance carried forward.....	1,191,100	1,191,100	-----
Total available.....	22,692,811	23,717,811	1,025,000

CONSTRUCTION OF INDIAN HEALTH FACILITIES

STABILIZATION OF ANCHORAGE HOSPITAL SITE

A major earthquake occurred in south-central Alaska on March 27, 1964. Considerable damage resulted in the Anchorage area from this major earthquake activity and the lesser quakes and tremors which have continued. The Anchorage Native Hospital facility sustained damage to its buildings, buried utility lines and grounds. Structural repair, by funds reprogrammed from construction projects which had been previously funded, is almost completed.

Several streams drain across the city of Anchorage. Steep, relatively high bluffs are common on the valley margins. Massive earth movements along these bluff lines were activated by the earthquake. The Anchorage Native Hospital is located on one such bluff line.

A slide on the hospital site was created which encompasses an area of 500 feet in frontage and 350 feet in depth, a graben about 100 feet wide and 20 to 25 feet deep was formed at the top of the slide. The slope is considered marginally stable from static considerations in its present configuration, other older slides and grabens in the same location confirm this. Should there be a re-

occurrence of ground oscillations similar to those of the 1964 earthquake, it would in all probability, bring about additional movement of the slide mass.

It is highly likely that the slide would extend itself to the south endangering the hospital itself, improvement in static and dynamic stability is indicated.

An engineering contract was awarded to a soils mechanics and foundation engineering firm who had been very active in the evaluation of the Anchorage earthquake evaluation and design of stabilization work required by the quake. This firm has surveyed the hospital site, designed the required stabilization structures and compiled a cost estimate for the work.

The site stabilization design calls for a land fill structure which will encroach upon adjoining privately owned land which must be purchased prior to construction. Several utility lines owned by municipal and other utility owners traverse the site of the structure and must be relocated. The earth fill structure and underlying drainage system are the main elements of the stabilization work. The completion of the project will protect the hospital site from further massive earth movement, and subsequent damage to the hospital buildings, in event of a future earthquake of like intensity to that which occurred in 1964.

Major construction activity of site stabilization structures of like design is now underway on property owned by others in the Anchorage vicinity. The present availability of such properly equipped crews in the area should result in a favorable price for the work required for stabilization of the hospital site. Any delay in such stabilization work would not only postpone the classification of the site as a nominal risk area but would likely result in higher costs for the same necessary work at a later date.

An amount of \$1,025,000 is requested in 1967 to proceed with the stabilization of the site.

Mr. DENTON. We have with us today Dr. Erwin Rabeau, Chief, Division of Indian Health, along with his associates to justify this request.

GENERAL STATEMENT

We shall insert your prepared statement in the record and ask you to give us a brief summary of it.

(The statement follows:)

Mr. Chairman and members of the committee, a major earthquake which occurred in south-central Alaska on March 27, 1964, and lesser quakes and tremors which have followed, resulted in considerable damage in the Anchorage Area.

The Public Health Service Alaska Native Hospital in Anchorage sustained damage from the upheaval to its building, its buried utility lines, and its grounds. Structural repair, using funds reprogrammed from construction projects, has almost been completed, but stabilization of the site upon which the hospital is located remains an important need.

The city of Anchorage is crossed by several streams, and steep, relatively high bluffs are common on the valley margins. Massive earth movements along these bluff lines, on one of which the Alaska Native Hospital is located, were activated by the earthquake. A slide was created on the hospital site which encompasses an area of 500 feet in frontage and 350 feet in depth. A graben (depressed tract bounded by faults) about 100 feet wide and 20 to 25 feet deep was formed at the top of the slide.

The slope is considered marginally stable, from static considerations, in its present configuration, and other older slides and grabens in the same location confirm this. A recurrence of ground vibrations similar to those of 1964, however, would very probably bring about additional movement of the slide mass. Such a slide would be likely to extend itself to the south endangering the hospital itself, consequently improvement in static and dynamic stability is indicating.

A contract awarded to an engineering firm which is active in Anchorage earthquake evaluation and design of stabilization work, has resulted in a survey of the hospital site, a design for the necessary stabilization structures and a cost estimate for the work.

The site stabilization design calls for a land fill structure which will encroach upon adjoining privately owned property which must be purchased prior to

construction. Utility lines owned by municipal and other owners which traverse the site must be relocated. The earth fill structure and underlying drainage system are the main elements of the stabilization work, and completion of the project will protect the hospital site from further massive earth movements, and the buildings from damage in the event of another earthquake of the intensity of the 1964 upheaval.

Major construction in site stabilization structures is currently going on in the Anchorage vicinity, and properly equipped crews are available. This should mean a favorable price for the work required for stabilizing the hospital site. Delay in the work would postpone the classification of the site as a nominal risk area and would probably result in higher costs for the same work at a later date.

An additional amount of \$1,025,000 for construction in 1967, is therefore requested so that work may proceed on stabilization of the hospital site.

Dr. RABEAU. To describe our request, the Good Friday earthquake in Alaska caused considerable damage to our Anchorage hospital. We have repaired the damage within the hospital, but the hospital sits on a bluff and much of this bluff slid away at the time of the earthquake. We have had engineering and design studies made and stabilization of this bluff is necessary to assure that, if there were another earthquake, part of the hospital wouldn't go into this valley.

The \$1 million will allow for some land acquisition which is necessary in order to do this buttressing. The stabilization of the bluff consists basically of land filled with gravel, drainage, and a retaining wall.

BASIS FOR COST ESTIMATE

Mr. DENTON. Will you give the committee some idea of how you arrived at the amount of \$1,025,000 for this operation?

Dr. RABEAU. We had a study made by a soil and engineering outfit. They took borings into the ground and did a complete engineering study.

Mr. DENTON. What estimate did they give you?

Dr. RABEAU. This is the figure they gave us.

COMPOSITION OF OTHER SERVICES

Mr. DENTON. \$145,000 is requested for other services. What is involved here?

Mr. CHADWICK. The \$145,000, Mr. Chairman, is the cost of engineering investigation services and the overhead cost of conducting the work, including utilities.

Mr. DENTON. What is the \$145,000 for other services?

Put the information in the record.

(The information follows:)

The composition of the \$145,000 follows:

Contract for engineering inspection services.....	\$79,000
Purchase order for electric line relocating.....	3,000
Contract for transmission line replacement.....	63,000
Total.....	145,000

NEED FOR FUNDS IN FISCAL 1967

Mr. DENTON. We are about to enter the winter season which severely retards construction activity. Is there any possibility that all of these funds which you are requesting will not be used in the 1967 fiscal year?

Dr. RABEAU. Mr. Chairman. The first thing that is necessary is the acquisition of some land that is privately owned.

Mr. DENTON. Is that all you need now?

Dr. RABEAU. We would have to proceed with that first and then be able to actually award the contract and start the work which probably can't be done until spring but the funds would be obligated prior to the end of the current fiscal year.

Mr. DENTON. How much would you need for the spring?

Dr. RABEAU. Practically the entire amount. The contract would be a single contract and we could start in the spring.

COST OF LAND

Mr. DENTON. How much land is to be bought and what is the cost?

Dr. RABEAU. \$99,000.

AMOUNT OF LAND TO BE PURCHASED

Mr. DENTON. How much land is it?

Dr. RABEAU. Roughly 300 by 220 feet. The price we had was \$1.50 per square foot.

Mrs. HANSEN. Has it a gold mine on it?

Dr. RABEAU. No, ma'am. This is Alaska.

Mrs. HANSEN. How much did you say it was a square foot?

Dr. RABEAU. \$1.50 per square foot.

Mrs. HANSEN. How far is it from town?

Dr. RABEAU. This is part of town.

Mr. DENTON. Who owns the land?

Dr. RABEAU. It is privately owned. It is known as the Barrott and Lesh tract and there is another tract.

Mr. DENTON. How much in each tract?

Dr. RABEAU. The tract is 220 by 300 feet that we would like to buy.

COMPARABILITY OF LAND PRICES

Mr. DENTON. Did you check any land prices in that vicinity—what land sold for previously?

Dr. RABEAU. We will have to submit that for the record, Mr. Chairman. I haven't the information before me.

Mr. DENTON. It seems to me that is an awfully high price for real estate.

Mr. McDADE. Especially if it is distressed.

Mrs. HANSEN. Especially in the earthquake area.

Dr. RABEAU. From personal experience in Alaska, land is very expensive up there.

Mr. DENTON. The Government owns a good bit of it.

Dr. RABEAU. Yes, sir. Much of the land along the north side, which is the main side going out from the hospital, is Government land.

ANALYSIS OF LAND VALUES

Mr. CARDWELL. I think we could provide for the record an analysis of land values in that immediate area.

NEED FOR BUYING LAND

Mr. DENTON. Is there any way you could do this work without buying that land?

Dr. RABEAU. It is necessary to encroach upon this.

Mr. DENTON. You couldn't put pilings down and concrete?

Dr. RABEAU. This is not what the engineering study indicated. This was done by an extremely competent group from Seattle that did much of the work up there.

Mrs. HANSEN. Which group from Seattle?

Dr. RABEAU. Shannon & Wilson.

COST OF RELOCATING UTILITIES

Mr. DENTON. What is the cost of relocating utilities?

Mr. COHEN. \$66,000.

Dr. RABEAU. We have had problems, Mr. Chairman, that caused us to be late with the requests.

ALTERNATIVES TO LAND PURCHASE

Mr. DENTON. What can you do about the high price of this land? I don't like to pay that much for real estate, particularly when it is distressed and is caving in.

Dr. RABEAU. We will have a review done by our people in Anchorage and give you a report.

The way the land topography situates there our land is on a bluff and it ends right below it.

Mr. DENTON. You are going to buy the rest of the bluff that is caving in?

Dr. RABEAU. We actually have the bluff. It is the land beyond the bluff we have to buy.

PURPOSE OF PURCHASING ADDITIONAL LAND

Mr. DENTON. Do you mean the land that has caved in?

Dr. RABEAU. No, the bluff was our land. It is the land beyond it that has not caved away. It is down in the flat. What we have to do is to buy some of this land to go out there to put a landfill on, at an angle downward.

As I understand it basically will consist of a gravel overlay which will stabilize this layer of clay which lies underneath the soil that is responsible for this sliding action.

It will be a slope, a gravel overlay with drainage throughout the the bluff and then a concrete retaining wall beyond that.

The problem simply seems to be that we need additional distance to be able to get this slope.

Mr. DENTON. You need about 200 feet?

Dr. RABEAU. Yes, sir.

PRESENT USE OF LAND

Mrs. HANSEN. What is this land currently being used for?

Dr. RABEAU. Part of it is not being used at all and part of it was used as an old-car lot.

Mrs. HANSEN. Do you mean to say this property at this price is not in use at the present time. It is a speculator's dream?

Dr. RABEAU. I better check that and submit it for the record. My knowledge is a few years old of this, but part of it is; beyond it are storage tanks. I think it shows in the picture down here. The piece of land they want to buy is along there.

(The information supplied follows:)

At the time of the earthquake the land was utilized as a used car lot. The land has since been cleared and the owner planned to construct a commercial warehouse on the site.

DELAY OF PROJECT UNTIL SPRING

Mr. DENTON. Is there any reason why this project couldn't go over until spring?

Mr. CARDWELL. Yes, sir; I think there is. The decision to proceed now is one that was considered very carefully by the administration. As you know, they would have liked to have held as many estimates as possible until the spring. The problem here is if you are going to make any investment at all in land stabilization, now is the time to do it.

Mr. DENTON. You are not going to do any work until spring anyhow?

Mr. CARDWELL. You have to negotiate a contract.

Mr. DENTON. It won't take you long to negotiate the contract.

Mr. CARDWELL. Oh, yes. There will have to be an invitation to bids and advertising.

Mr. DENTON. Thirty days?

Mr. CARDWELL. Sir, if you waited until January and came back to the Congress, we wouldn't have the authority to advertise—

Mr. DENTON. You could have a supplemental then.

Mr. CARDWELL. But the money would not be available to us until May or June and the theory here is if there is any sort of land action in that area at all, we are going to lose part of that hospital. If we are going to make a million dollar investment now, once you decide to make the investment, make it as fast as you can.

CONDEMNATION OF LAND

Mr. DENTON. The point is, we have serious question on the acquisition of this land.

Mr. CARDWELL. We could actually condemn the land and get fair market value in any event, but that would take time. We can get you a figure, I think, overnight, based on GSA's experience in that area, on normal land values.

Mrs. HANSEN. Suppose they would have another earthquake or something similar. What happens to that land below? Doesn't it deteriorate?

Mr. CARDWELL. Yes, it does, but we are trying to save a multimillion dollar investment in that hospital.

Mrs. HANSEN. I know, but somebody else is trying to make money too.

Mr. CARDWELL. We might find we are being pennywise and pound foolish on a concern for the land value. I don't want to minimize that.

PROBLEM OF RISING LAND VALUES

Mrs. HANSEN. The only reason I bring up the problem of land values is for this reason, I think this committee, more than any other in Congress, is confronted with the almost astronomical rise in land prices. It sat on the Interior Committee for two years and we had the authorization at that time for Point Reyes.

When the presentation of the testimony was made, it was the outside figure placed for this land cost. Since that time, I think the land values have tripled on that particular area. This happens almost every time we are involved in land purchase. Any time there is a piece of land going to be presented to the U.S. Government for purchase, you immediately are confronted with these astronomical land prices. At the same time usually the people who are charging rather substantial amounts of money for the land are the same people you find saying that the cost of Government is going up so high.

Mr. CARDWELL. No question about that.

Mrs. HANSEN. And we find Government costs too much and so on. I only want to point out for the record that the seller of this land is an American citizen, too, and it is part of his responsibility to bring down the cost of Government.

Mr. CARDWELL. He would profit from the Federal investment. The land would be enhanced because of the very stabilization we are talking about. There is no question about this.

We have two choices. We can negotiate for the purchase of the land and hope to strike a good bargain, or we can institute legal proceedings to condemn the land. The experience of the Government has been that, where you go to condemn the land, in the long haul you pay as much for it, if not more, because the courts tend to give a fair market value and then some. In this case we do not feel we can afford the investment in time. Once you have made the decision to make this land stabilization investment you should make it quickly, because there is every day the risk that there could be some further earthquake action, even minor there, and any further action according to the engineers does put that hospital in jeopardy.

We have the physical facility and the patients to be concerned with. It is our considered view that we should proceed with the project.

BACKGROUND OF BUDGET REQUEST

Mr. DENTON. You say you should do this without further delay?

Mr. CARDWELL. Yes, sir.

Mr. DENTON. This earthquake was in 1964?

Mr. CARDWELL. There was the problem of having an evaluation of the net effect of the earthquake. The Public Health Service was not aware that the hospital was in any jeopardy. There were limited skills available to evaluate the earthquake damage and by the time we got to the point of letting the contract for this evaluation, as you say, time did elapse. Once we got the decision by the engineers we moved as quickly as we could to get the administration to come forward with a request to Congress.

Mrs. HANSEN. I want to emphasize I do not place the blame for these astronomical costs upon the agency involved. I think we are only the victims of something that is becoming a major concern to

every member of the Committee on Appropriations, because land purchases consume a substantial amount of money. We know the investment that is involved and the importance of it. At the same time I think the people who are making a great deal of money out of the Federal Government's purchase of lands will in the future complain about the rising costs of Government.

Mr. DENTON. Mr. Marsh.

Mr. MARSH. Thank you, Mr. Chairman.

DATE OF ORIGINAL BUDGET REQUEST

When did the original request from your agency go forward for this land?

Mr. CARDWELL. For the budget request?

Mr. MARSH. How long have you wanted this money?

Mr. CARDWELL. I would say about 4 months ago. Four or five months ago. Does that sound correct?

Dr. RABEAU. In April. The engineering study was completed in November 1965.

DELAY IN REQUESTING FUNDS

Mr. MARSH. Why didn't you include this item either in the emergency Alaska earthquake funds or in your regular appropriation request?

Mr. CARDWELL. The decisions on the last appropriation request were made before the results of the engineering studies were made known to us.

Mr. MARSH. But you knew you were going to have to have some funds?

Mr. CARDWELL. We didn't know for certain that the engineers would reach the conclusion that corrective stabilizing actions would be necessary.

The study was completed in November. The decisions on the budget were made at that time.

We identified this problem to the Budget Bureau a few months ago.

DATE OF ADMINISTRATIVE APPROVAL

Mr. MARSH. You did not get the administration approval until—

Mr. CARDWELL. Until the last 2 or 3 days.

Mr. MARSH. Thank you.

Mr. DENTON. Mr. Reifel.

Mr. REIFEL. Thank you, Mr. Chairman.

I happened to have been up in Anchorage, Alaska, two years ago when I visited the hospital. I saw then the minor damage, minor in comparison to what happened around there. I think the good Lord was on our side in that situation. I am hopeful that you can get this report from the GSA with regard to the value of this land. It seems exorbitant. We are just victims in that regard everywhere. I do not know that an administrative unit of the Government can say.

If you do have a tremor or something that will shake the foundation now, it could be pretty disastrous and, in the end, cost much more to repair the building than what it might cost to stabilize this land. I hope that you can get a report, so that you can go ahead with stabilizing the land, if that seems to be indicated. This tragedy was not

without some kindness of the good Lord as far as this particular area is concerned. At least this medical facility had relatively minor damage.

That is all, Mr. Chairman.
Mr. DENTON. Mr. McDade.

CURRENT USE OF LAND

Mr. McDADE. Will you be kind enough to include for the record the present use this land is being put to. It looks as though part is a junkyard. I don't know what the rest is but I wish you would include the present use.

Mr. CARDWELL. Yes, sir.

Mr. McDADE. That is all, Mr. Chairman.

(The information requested may be found on p. 174.)

DEPARTMENT OF AGRICULTURE

FOREST SERVICE

WITNESSES

E. P. CLIFF, CHIEF, FOREST SERVICE

W. M. IRBY, BUDGET OFFICER, FOREST SERVICE

JAMES T. CAPRIO, DEPUTY BUDGET OFFICER, DEPARTMENT OF AGRICULTURE

FOREST PROTECTION AND UTILIZATION

Object classification

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 pro- posed sup- plemental
Personnel compensation:			
11.1 Permanent positions.....	104,720	106,920	+2,200
11.3 Positions other than permanent.....	25,585	25,585	-----
11.4 Special personal service payments.....	400	400	-----
11.5 Other personnel compensation.....	3,005	3,005	-----
Total personnel compensation.....	133,710	135,910	+2,200
12.0 Personnel benefits.....	9,923	10,093	+170
21.0 Travel and transportation of persons.....	6,006	6,071	+65
22.0 Transportation of things.....	7,425	7,485	+60
23.0 Rent, communications, and utilities.....	4,405	4,430	+25
24.0 Printing and reproduction.....	1,705	1,715	+10
25.1 Other services.....	19,800	19,830	+30
25.2 Services of other agencies.....	4,200	4,200	-----
26.0 Supplies and materials.....	12,525	12,563	+38
31.0 Equipment.....	5,850	5,870	+20
32.0 Lands and structures.....	5,300	5,300	-----
41.0 Grants, subsidies, and contributions.....	16,100	16,347	+247
42.0 Insurance claims and indemnities.....	100	100	-----
Subtotal.....	227,049	229,914	+2,865
.95.0 Quarters and subsistence charges.....	-1,500	-1,525	-25
Total obligations, Forest Service.....	225,549	228,389	+2,840
Total obligations, allotment accounts:			
Department of the Interior.....	1,434	1,434	-----
General Services Administration.....	3,285	3,285	-----
.99.0 Total obligations.....	230,268	233,108	+2,840

Personnel summary

	1967 presently available	1967 revised estimate	1967 proposed supplemental
FOREST SERVICE			
Total number of permanent positions.....	14,246	14,542	+296
Full-time equivalent of other positions.....	5,725	5,725	-----
Average number of all employees.....	19,034	19,322	+288
ALLOTMENT TO DEPARTMENT OF THE INTERIOR			
Total number of permanent positions.....	55	55	-----
Full-time equivalent of other positions.....	89	89	-----
Average number of all employees.....	141	141	-----

Mr. DENTON. The next item for consideration is the request of the Forest Service for \$2,300,000 for "Forest land management" and \$540,000 for "State and private forestry cooperation" under the appropriation heading, "Forest protection and utilization."

JUSTIFICATION MATERIAL

We shall insert in the record at this point the item from page 8 of the House Document 505 and the justifications.

(The information follows:)

"FOREST SERVICE

"FOREST PROTECTION AND UTILIZATION

"For additional amount for 'Forest protection and utilization', as follows:

" 'Forest land management', \$2,300,000; and

" 'State and private forestry cooperation', \$540,000."

The proposed supplemental will provide funds to finance the cost of making an added supply of softwood and hardwood timber available from national forest and State and private lands. This increased harvest is required to meet recent increases in demand for domestic timber supplies. The additional supply of hardwood timber is to be obtained principally from private lands in the East. The accelerated harvest of softwoods on national forest lands will occur predominantly in the West.

FOREST SERVICE

H. Doc. 505

FOREST PROTECTION AND UTILIZATION, 1967

Appropriation to date: \$229,568,000.

Request: \$2,840,000.

Employment:

Average number current appropriation, 19,175.

Average number involved this estimate, 288.

Estimated employment June 30, 1966, 23,966.

Proposed language

For additional amount for "Forest protection and utilization", as follows: "Forest land management", \$2,300,000, and "State and private forestry cooperation", \$540,000.

Explanation of language

This proposed language is recommended to provide a supplemental appropriation of \$2,840,000 for (1) administering the cutting of .9 billion board feet of additional regular timber cutting (\$2,300,000), and (2) for financing cost of making an additional 500 million board feet of hardwood lumber available on an annual basis in areas in the East where timber surpluses exist (\$540,000).

Purpose and need for supplemental funds

(1) The Viet Nam situation and log exports to Japan are resulting in increasing problems of raw materials to keep western sawmills and plywood plants

producing at rates to meet the Nation's needs. National Forests in the Pacific Coast and adjacent States are being cut at the full allowable rates.

However, timber purchasers have substantially increased their rate of cutting of National Forest timber. Instead of cutting 11.6 billion board feet as estimated for fiscal year 1967, the total output is expected to be close to 12.5 billion board feet. The Forest Service needs to provide the necessary sale supervision and administration. This acceleration in cut will result in additional stumpage receipts in fiscal year 1967 of \$11,358,000.

(2) Increased furniture production and increased demand for flooring and pallets have resulted in an overall shortage of hardwood lumber and a sharp price increase in this commodity since mid-1964. This price increase reflects both the increase in demand and rising costs of producing lumber. There is increasing competition for the higher grades and preferred species of hardwood logs.

While average annual production of hardwood lumber from 1961 to 1966 has been 6.5 billion board feet, the estimated annual consumption has been 6.9 billion board feet. Year-end mill inventories have dropped from about 1.7 billion board feet in 1961 to a projected 316 million board feet in 1966.

The production of hardwood lumber has increased by one billion board feet since 1961 and many mills report a current shortage of sawlogs. The cost of producing lumber has also risen steadily over the past few years.

Program and financing

[In thousands of dollars]

	1967 presently available	1967 revised estimate	1967 proposed supplemental
Program by activities:			
1. Forest land management:			
(a) National Forest protection and management	147,265	149,565	+2,300
(b) Water resource development related activities	5,984	5,984	-----
(c) Fighting forest fires	5,000	5,000	-----
(d) Insect and disease control	12,371	12,371	-----
(e) Acquisition of lands	2,580	2,580	-----
Total, forest land management	173,200	175,500	+2,300
2. Forest research	35,581	35,581	-----
3. State and private forestry cooperation:			
(a) Forest fire control	12,811	12,811	-----
(b) Forest tree planting	300	300	-----
(c) Forest management and processing	3,538	3,538	-----
(d) General forestry assistance	1,248	1,788	+540
Total, State and private forestry cooperation	17,897	18,437	+540
Total program costs, funded ¹	226,678	229,518	+2,840
Change in selected resources ²	3,590	3,590	-----
Total obligations	230,268	233,108	+2,840
Financing:			
Receipts and reimbursements from Administrative budget accounts:			
Receipts and reimbursements from:			
Administrative budget accounts:			
Cooperative range improvements	-700	-700	-----
New obligational authority	229,568	232,408	+2,840
Relation of obligations to expenditures:			
Total obligations	230,268	233,108	+2,840
Receipts and other offsets	-700	-700	-----
Obligations affecting expenditures	229,568	232,408	+2,840
Obligated balance, start of year	39,023	39,023	-----
Obligated balance, end of year	-44,551	-45,251	-700
Expenditures excluding pay increase supplemental	223,900	226,040	+2,140
Expenditures from civilian pay increase supplemental	140	140	-----

¹ Includes capital outlay as follows: 1965, \$32,948 thousand; 1966, \$35,075 thousand; 1967, \$35 million.

² Selected resources as of June 30 are as follows:

	1966	1967
Stores	3,500	3,500
Unpaid undelivered orders	16,000	19,590
Advances	559	559
Total selected resources	20,059	23,649

Justification of supplemental estimate for "Forest protection and utilization, forest land management, and State and private forestry cooperation"

Project	Appropriation, 1967	Supplemental estimate, 1967	Revised estimate, 1967
Forest protection and utilization:			
Forest land management:			
National forest protection and management.....	\$147,283,000	¹ \$2,300,000	\$149,583,000
Water resource development related activities.....	6,716,000	-----	6,716,000
Fighting forest fires.....	5,000,000	-----	5,000,000
Insect and disease control.....	12,371,000	-----	12,371,000
Acquisition of lands.....	2,480,000	-----	2,480,000
Subtotal, forest land management.....	173,850,000	2,300,000	176,150,000
Forest research.....	37,821,000	-----	37,821,000
State and private forestry cooperation:			
Forest fire control.....	12,811,000	-----	12,811,000
Forest tree planting.....	300,000	-----	300,000
Forest management and processing.....	3,538,000	-----	3,538,000
General forestry assistance.....	1,248,000	² 540,000	1,788,000
Subtotal, State and private forestry cooperation.....	17,897,000	540,000	18,437,000
Total.....	229,568,000	2,840,000	232,408,000

¹ The amount requested will be used for administration of 900,000,000 board feet of cutting under the regular sales program. This 900,000,000 board feet is the estimated cut for fiscal year 1967 in excess of the 11,600,000,000 board feet which is provided for in the fiscal year 1967 budget.

The additional volume cut from existing sales will not involve an increase in Government financed road construction. It is expected that purchasers will accelerate their rates of cutting and road construction on existing sales. This type of cutting will act to reduce the backlog of timber under contract currently amounting to nearly twice the annual allowable cut. This acceleration of cut will not exceed allowable cut limitations.

² \$484,000 of the amount requested will be used to establish 6 hardwood improvement projects in major eastern hardwood areas of potential high quality production. These projects will be designed to stimulate and coordinate the efforts of forest landowners, loggers, mill operators and local business, development and conservation groups to increase the production of an additional 500,000,000 board feet of hardwood timber while at the same time protecting and enhancing other woodland values and leaving the forest lands in a productive condition. The quality of sawing and seasoning will receive appropriate attention. This should reduce costs and loss of material. The Council of Economic Advisers has reviewed this situation and is concerned over the inadequate supply of hardwood lumber. The Forest Service will provide a project leader who will work to bring all appropriate Federal, State, forest industry and other programs to bear on the achievement of these goals.

Project foresters will counsel with forest landowners and loggers and assist in appraising, marking, harvesting, and marketing hardwood timber. This will provide a substantial part of the added necessary timber sales. Project sawmill specialists will provide professional assistance to hardwood mills with production problems to increase lumber production, lower production costs and reduce the volume of mismanufactured lumber. These services to landowners, loggers and processors will be provided wherever possible through agreements with the State foresters under which they would be reimbursed for services rendered; otherwise the Forest Service will provide the services directly.

\$56,000 of the amount requested will be used by State and private forestry to:

(a) Employ a forest products specialist who will be stationed at the Forest Products Laboratory. His functions will be to get helpful research information to the field promptly and to feed back production problems to the Laboratory for investigation. The usual delay in getting important research information to the processor and feed back to the Laboratory will be minimized. These services would accelerate efforts to step up efficiency and increase production in hardwood mills and other processing plants.

(b) Conduct hardwood utilization and marketing workshops. Participants will be selected State and Federal utilization and marketing specialists and management foresters and industry personnel. The subject matter will update participants on the best methods and techniques for growing increased volumes of high quality timber and for harvesting and utilizing it to produce raw materials of the best quality and value for industry. This training will be transmitted to forest landowners, loggers, and processors who will be encouraged and assisted in adopting improved practices.

Mr. DENTON. We are very pleased to have with us today to justify this request Mr. Ed Cliff, Chief of the Forest Service, along with his staff.

Mr. Cliff, will you insert your prepared statement in the record at this point and give us a brief summary of it.

GENERAL STATEMENT

Mr. CLIFF. Thank you, Mr. Chairman. We will be most happy to insert our prepared statement and we are pleased to be here to discuss this request with you.

(The statement follows:)

We are pleased to be here this afternoon to discuss with you our request for supplemental appropriations needed to accelerate timber cutting on the National Forests and to increase the production of hardwood timber on State and private lands.

The amount requested is \$2,840,000—\$2.3 million to expand National Forest timber cutting and \$540 thousand to increase hardwood production.

ACCELERATION OF TIMBER CUTTING

The \$2.3 million request is needed to expand the rate of timber cutting on the National Forests by 900 million board feet. This increased cut will result in additional stumpage receipts of \$11,358,000 in fiscal year 1967. These amounts are in addition to the 11.6 billion board feet with an estimated stumpage value of \$168,700,000 which has been provided for in the regular Appropriation Act.

The forest products industry, particularly in the West, is becoming increasingly dependent on National Forest timber. This \$2,300,000 will be used to provide essential supervision and administration of additional cutting. The increased cutting is needed to keep western sawmills and plywood plants producing at rates to meet the nation's needs. This cutting is a part of the regular sales program and in accordance with sustained-yield management of the National Forests. It will provide—

1. Continuity of economic support for the communities with dependent mills;
2. Avoidance of production slowdowns which could trigger sudden upward price movements in lumber and plywood as happened in the spring of 1966; and
3. Stumpage returns to the Treasury approximately five times greater than the funds herein requested.

HARDWOOD PRODUCTION PROGRAM

The \$540 thousand request is needed to help relieve the inadequate supply of hardwood lumber.

The latest appraisal of the Nation's timber situation, "Timber Trends in the United States," points out that the quality in Eastern hardwood stands is in a continuing decline. Only 29 percent of the volume in Eastern hardwood saw-timber trees is in No. 1 and 2 logs. Hardwood lumber and veneer plants are experiencing increasing difficulties in obtaining the quality of timber needed for profitable operations. Since 1961 the production of hardwood lumber has increased by one billion board feet and many mills report a current shortage of sawlogs. While average annual production over the past five years has been 6.5 billion board feet, the estimated annual consumption has been 6.9 billion board feet. Year-end inventories have dropped from 1.7 billion board feet in 1961 to a projected .3 billion board feet in 1966. Increased demand and rising cost of production have led to a sharp price increase in hardwood lumber since mid-1964.

A reconnaissance in the Eastern United States completed in June 1966 by the Forest Service indicates that: (1) there are at least 800 sawmills in the East that can, and are willing to, increase their output of hardwood lumber with a potential increase in cut of about 900,000 M board feet; (2) there is sufficient available hardwood timber to sustain an annual increase in cut of this amount; and (3) many mills are having difficulty in obtaining an adequate supply of logs and are suffering from lack of trained woods and mill labor.

The Hardwood Production Program will be confined to the Eastern United States in fiscal year 1967. The purpose of this program is to increase the production of hardwood lumber while improving the quality of hardwood stands. The objectives of the Program are to: (1) increase the harvest of hardwood sawtimber by 500 million board feet per year; (2) improve timber stand condition on 200,000 acres of privately-owned forest lands per year through improved harvest practices; (3) upgrade manufacturing processes in about 500 sawmills per year; (4) provide an additional 6,250 man-years of employment and \$35,000,000 new income in rural areas; and (5) develop community action to solve social and economic problems with a Hardwood Improvement Project serving as the catalyst for getting people to work together.

The Program will include: (1) establishment of six Hardwood Improvement Projects in locations where additional mill capacity will be supported by available hardwood timber; (2) employment of project specialists to work with local communities, business leaders, associations, forest landowners and sawmill owners; (3) employment of a Utilization and Marketing Generalist at the Forest Products Laboratory to expedite the use of latest research information and to find the answers from research to problems relating to program objectives; and (4) planning and conducting workshops in hardwood management, logging, processing and marketing to update public and private foresters and others on the best methods and techniques.

Thank you for allowing me to present this opening statement.

ACCELERATION OF TIMBER CUTTING

Mr. CLIFF. The amount requested for acceleration of timbercutting under our regular sales program is \$2.3 million. Actually, this money is needed to continue the accelerated cutting program that we started last May. You will recall that in May we asked for reallocation of some fiscal year 1966 funds to start this acceleration program and then at the beginning of this fiscal year, in anticipation that a supplemental would be submitted, we consulted with your staff and advised them of our continuation of this program so we have manned up to do it.

We have proposed to cut an additional 900 million board feet over the amount that was planned and budgeted in the fiscal year 1967 budget. The forest industry in the West is becoming increasingly dependent on national forest timber. We are confident that this additional amount of timber will be purchased. There is an active demand for it. It is needed to keep the industry going out there.

The funds for the hardwood production program, in the amount of \$540,000, are to meet a very urgent supply situation in hardwood lumber that we are facing in this country. The hardwood lumber industry is having an increasingly difficult time finding timber to cut to keep their mills going. They are depleting their yearend inventories of manufactured lumber. At the end of 1966, the yearend inventory was 300 million board feet compared with 1.7 billion just a few years ago. We are running short of lumber for pallets, for construction purposes, for flooring, for furniture. The furniture manufacturers are getting concerned about the scarcity of quality hardwoods.

This program would be designed to stimulate hardwood lumber production in the eastern United States in areas where there is sufficient standing timber to produce the increased amounts of lumber. We would try to help private sawmills line up their supplies under good forest management practices. We would try to work with the sawmill operators to get more efficient production and with the local communities and the local industry to meet this supply gap. The hardwood lumber prices are very high. They have not slackened off in recent months and this is a matter of concern to the President's Council of Economic Advisers as well as others.

COST COMPARISONS OF TIMBER CUTTING

Mr. DENTON The total request of \$2,840,000 is composed of \$2.3 million for administering the cutting of 0.9 billion additional board feet of regular timber cutting and \$540,000 for financing the cost of making an additional 500 million board feet of hardwood lumber available.

We will first discuss the portion relating to your regular timber program. How does the estimated cost of \$2.3 million for the ad-

ministration of 0.9 billion board feet compare with your regular program?

Mr. CLIFF. It would be the same general level of administrative costs as the cost under the regular program. This is a part of the regular timber sale program. It is an expansion of the regular timber sales program and the operations would be the same, costs would be the same.

NEED FOR ADDITIONAL TIMBER

Mr. DENTON. We continue to hear about high interest rates curtailing the building industry and, of course, the Government has taken action to curtail construction as a hedge against inflation. In view of this, will industry be able to utilize this additional timber in the near future?

Mr. CLIFF. We feel that they will definitely, Mr. Chairman. There are some offsetting factors. First, the industry in the West, particularly on the west coast, is becoming increasingly dependent on public timber. They are bidding hard for virtually all the offerings we make. Prices are higher than they have been in a number of years. We have had very strong competition for most of the offerings put up, which indicates an unmet demand for the timber even though the national lumber market is somewhat off. We had a reading on the rate of production in the West as compared with a year ago. The first 8 weeks following August 1, this year, timber production was 6 percent lower than during the same period a year ago.

However, the fact that the production is down slightly has not decreased the interest the industry has in purchasing standing timber. They are still scrambling for it. There is an anticipated increase in exports which is a factor. The purchases for the war effort in Vietnam caused quite a flurry on the west coast last winter. There has not been a similar flurry since and because of this we reduced our original plans about this accelerated program by 50 percent in terms of dollars. The thinning and salvage feature which we discussed with you earlier, of the accelerated program, was deemphasized in the program. This is what Congressman Ullman was talking about.

We are confident from our experience in putting up timber for sale that there will be active bidding on all that we can put up. This, I want to make clear, is within our sustained-yield management principles. We are not overcutting.

EFFECT OF ACCELERATED CUTTING ON NATIONAL FORESTS

Mr. DENTON. Will this accelerated cutting in any way interfere with the sustained yield program of your forests, or will it in any way have an adverse effect on our national forests?

Mr. CLIFF. No, it will not.

Mr. DENTON. Why not?

Mr. CLIFF. Because we are within sustained yield guidelines in the cutting. We do not intend to cut beyond the sustained yield capacity.

ACCURACY OF 1967 ESTIMATED TIMBER CUT

Mr. DENTON. How firm is your estimate of a cut of 12.5 billion board feet in fiscal year 1967?

Mr. CLIFF. Well, with this deficiency appropriation we are quite confident that we can cut that amount. We actually cut 12.1 billion last fiscal year. We had to use some reallocations of funds to attain that figure. We are quite confident that we can meet these goals of 12.5 billion this year. We are already in gear to put this additional timber on the market with manpower and it is a matter of having enough money to pay the bills.

SUMMARY OF HARDWOOD PROGRAM

Mr. DENTON. Let us discuss your \$540,000 request for hardwood lumber. You spoke about this in your opening statement. Can you tell us anything more about this anticipated program and how it will operate?

Mr. CLIFF. Yes, sir. We became concerned about this because hardwood lumber prices were just going out of sight this last winter. This part of the inflationary spiral was causing concern on the part of many people. We made a survey. The hardwood industry is having a hard time getting lumber for their major hardwood users, pallets, construction lumber, and for furniture primarily; also, quality timber is hard to purchase. The mills are having a hard time. Seventy-five percent of the hardwood timber in this country is owned by what we call small owners.

Mr. DENTON. What are you going to do about it?

Mr. CLIFF. We propose to establish six project areas. We have made some surveys and determined there is unused mill capacity that would be capable of cutting about 500 million board feet additional if they had the timber supplies. We are picking six areas where the opportunities for success in increasing the supply is the greatest. We plan on establishing a project coordinator in each of these areas and about four utilization and marketing foresters to work with the landowners and with the lumber mills to help them get supplies lined up.

These are private timber lands and we are trying to bring the owners of the timber and the users of the timber together and help them get their supplies.

Also, there will be employed in each of these project areas usually two sawmill specialists that will work with millowners. These are predominantly small mills. We will work with millowners and try to help them increase their efficiency in the use of the timber. There will be workshops, such as the walnut workshop we held earlier this year, and we think that by following this course of action we can succeed in getting a half a billion board feet of additional hardwood timber marketed under sound forest management.

AVAILABILITY OF HARDWOOD TIMBER

Mr. DENTON. It would take 100 years to raise hardwood timber.

Mr. CLIFF. This hardwood timber is available.

Mr. DENTON. You are going to try to get timber that is available and has not been utilized?

Mr. CLIFF. It is not being used, that is right.

HARDWOOD LUMBER PRODUCTION

Mr. DENTON. You said that you will produce an additional 500 million board feet of hardwood lumber. How firm is that estimate?

Mr. CLIFF. We have made a survey of the areas where there is mill capacity available and where they are having trouble getting adequate supply of logs. The capacity is there. The desire to purchase the timber is there. The incentives are there because prices are good. One of the problems is to get landowners who own some of this better hardwood to practice forestry, practice multiple-use forestry, and sell their timber and help them line up markets and help them market the timber under good forestry practices so that they do not destroy the natural beauty of productive land.

Mr. DENTON. Do you run into any nails in those?

Mr. CLIFF. Yes, sir. This is quite common, especially in agricultural areas where they have strung wire on the trees for pasture. Quite often the mill on a butt log will run into some metal.

Mr. DENTON. Ruins the saw, does it not?

Mr. CLIFF. It does not do it any good.

BENEFITS OF ADVISORY PROGRAM

Mr. DENTON. As I understand, this program will be pretty much on an advisory basis with no real power on your part to compel compliance with suggestions for better growing and marketing. How will you be able to determine the beneficial results for the administering of this program?

Mr. CLIFF. It is true it will be mainly advisory. We try to accomplish this through leadership. We propose to work with the State foresters and encourage the landowners to have their timber marked properly for selective cutting. The way we judge the success of it, I guess, is to analyze the production that they are getting under present conditions and compare that with the results that we get after the program gets underway.

Mr. DENTON. That is, you have to give it a try to see how it works out?

Mr. CLIFF. That is right. We have had experience in this field before during World War II when we had timber supply problems in the East where we set up what we called the timber production for war projects. We sent foresters out on about the same basis as we are now proposing to stimulate production, and it was very successful.

LIST OF SIX HARDWOOD IMPROVEMENT PROJECTS

Mr. DENTON. Please insert in the record at this point a listing of where the six hardwood improvement projects will be located, and indicate the personnel by grade and number to be assigned to each project.

Mr. CLIFF. We will be glad to do that.

(The information follows:)

<i>Location</i>	<i>Staffing</i>
1. Southwest Indiana-southeast Illinois	1 project coordinator, GS-12. 1 project sawmill specialist, GS-9. 2 project foresters, GS-9. 1 project clerk, GS-4.
2. Lower Michigan	1 project coordinator, GS-12. 2 project foresters, GS-9. 1 project clerk, GS-4.
3. Southwest Maine-Vermont	1 project coordinator, GS-12. 1 project sawmill specialist, GS-9. 2 project foresters, GS-9. 1 project clerk, GS-4.
4. Western West Virginia-southeast Ohio.	1 project coordinator, GS-12. 1 project sawmill specialist, GS-9. 2 project foresters, GS-9. 1 project clerk, GS-4.
5. Western Virginia-eastern Kentucky	1 project coordinator, GS-12. 1 project sawmill specialist, GS-9. 2 project foresters, GS-9. 1 project clerk, GS-4.
6. Western North Carolina-eastern Tennessee.	1 project coordinator, GS-12. 1 project sawmill specialist, GS-9. 2 project foresters, GS-9. 1 project clerk, GS-4.

In addition to the above project staffing there will be a Utilization and Marketing Generalist, GS-13, located at the Forest Products Laboratory and two Area Sawmill Specialists, GS-12, headquartered in the Northeastern and Southeastern State and Private Forestry Areas.

Full staffing on each of the six projects will require two project sawmill specialists and four project foresters. The State Foresters in the States involved will provide the needed additional personnel.

UTILIZATION OF ADDITIONAL PERMANENT POSITIONS REQUESTED

Mr. DENTON. I note from the personnel summary sheet of your justifications this supplemental would finance 296 additional permanent positions. How does that figure break down between your sales administration program and your hardwood program?

Mr. CLIFF. The softwood sales accelerated program would require 264 man-years and the hardwood production 32. That makes 296.

CONTINUATION OF HARDWOOD PROGRAM

Mr. DENTON. Do you anticipate that your hardwood program will continue beyond 1967 fiscal year?

Mr. CLIFF. Yes, sir; I think it should continue for several years, probably 3 to 5 years. We are thinking in our budget planning now for our regular budget for 1968 that we need to continue this hardwood program.

NEED FOR PERMANENT POSITIONS FOR ACCELERATED CUT

Mr. DENTON. If your accelerated cut program is of a temporary nature, why is it necessary to budget permanent positions for this activity?

Mr. CLIFF. The accelerated cut program I don't think is a temporary program. We will want to continue it at about that same level.

Mr. DENTON. You think this will go on for some time?

Mr. CLIFF. We ought to be cutting the full productivity of the for-

est under sustained yield and we are just approaching that. We have not reached that in all areas yet. We have reached it in some areas in the west coast and many areas in the Rocky Mountains. It is the inland areas that we have not reached the full sustained yield cut.

Mr. DENTON. Mrs. Hansen?

DROP IN MILLING PRODUCTION

Mrs. HANSEN. I was very interested in your production figure being down 6 percent. Is that 6-percent decrease in production level, in the milling, or in the logging, or in both?

Mr. CLIFF. It is in milling. Lumber production since August 1.

Mrs. HANSEN. Which would indicate that that is about the level of Japanese exports, would it not?

Mr. CLIFF. It is the same percentage.

Mrs. HANSEN. I am intrigued. I think we have been through this several times before.

In the Forest Service they always tell me it is an unappreciable volume going to Japan, so I am interested in that relationship.

Mr. CLIFF. I do not know if there is any direct relationship. It happens the Japanese export last year was just about 6 percent of the total production of lumber on the west coast last year.

Mrs. HANSEN. Very interesting the way the figure is determined.

Mr. CLIFF. It looks like the Japanese export for all indications are going to be higher this current year.

IMPACT OF BIDDING ON TIMBER COST

Mrs. HANSEN. This entire bidding process is a very complicated thing because of the fact that all Federal timberland that is bid and sold means higher returns for school districts and for roads within counties on one side. On the other side, you have the problem of almost pricing—or a tendency, let us call it that, a tendency of the large number of bids to put some of the prices beyond the ability of the American miller to compete.

As you know, you have the competitive features, North, South, and the problem of the shipping and so on.

How much additional impact is this bidding going to have on the timber costs? What is it eventually going to do to the American, particularly the western timber industry?

Mr. CLIFF. Mrs. Hansen, actually, we do not put much weight on the actual bidding in appraising timber out there where there is very high overbidding. That is strongly discounted. This past year the average bidding was something like 180 percent of the appraised price. I am told the overbid was 100 percent of the appraised price. In other words, on the average out there on the west coast, the bidders were bidding twice what we appraised the timber for, which indicates a short supply of logs.

RELATIONSHIP OF JAPANESE TRADE AND BIDDING

Mrs. HANSEN. Does the Japanese trade have any relationship to this at all?

Mr. CLIFF. I am sure it does. I am sure it does because the avail-

ability of a foreign market gives the logger an opportunity to sell his logs, gives him another customer outlet. I think that he is more inclined to bid high if he feels he has improved his bargaining position. This situation has improved the bargaining position of the small independent logger for one thing.

Mrs. HANSEN. How about the small independent miller?

Mr. CLIFF. It does not improve his bargaining position except that many of them sort their logs and do sell some to the export market.

Mrs. HANSEN. I am well aware of that.

Mr. CLIFF. They sell an element in their log inventory that they can make more money out of by selling export. Very often many mills will sort their logs and sell part of them to the export market and mill the others that are more advantageous to them.

PRODUCTION IN SMALL MILLS

Mrs. HANSEN. What is happening in this entire process, though, is that some smaller mills are being forced to curtail their production because of a combination of Japanese exports and tight money. Isn't that true?

Mr. CLIFF. I know of no mills that have gone out of business.

EFFECTS OF EXPORTS ON ECONOMY

Mrs. HANSEN. Occasionally I see a headline. My district is not entirely a timber district. Congressman Wyatt, across the river, has a large timber district. Congressman Meeds has a large timber district. There are many others. It has not been occasional that where employment has been curtailed, a shift is down. This is in the milling process due to the fact that they say—this is their quote—"Due to the fact that it is the result of the impact of tight money and the result of the number of logs going to Japan rather than into their mills."

If they are wrong, say so, and if not, I would like to know.

Mr. CLIFF. I am sure that the Japanese export business has had an inflationary effect on log prices or on stumpage prices. Just how much is hard to determine. As I said, it gives them an additional outlet for timber. Obviously there is the extraordinary high bidding that has prevailed out there on the west coast for several years now and indicates a shortage of supply to meet the total demand, both domestic and export.

Mrs. HANSEN. You can see what the result is. The logging industry and the longshoremen and the port districts and so on are pleased with the additional volume but you have almost changed the employment pattern. It is not going to be reflected all at once, but it is a changing pattern of employment.

Mr. CLIFF. Actually, 94 percent has been going into our domestic mills.

EFFECT OF VIETNAM ON ECONOMY

Mrs. HANSEN. Does the market to Vietnam for our military construction pick up the slack caused by the impact of the high interest rates?

Mr. CLIFF. I do not know. I am not sure that it does. There is increased demand for military purposes. Of course, the big purchase

last winter caused or touched off an inflationary spiral. It was not a large enough volume to affect the whole lumber market but it was a factor in this inflationary spiral. Vietnam has demanded additional timber, too, for stateside use. It is used in the United States for packaging, crating, dunnage. I do not know how much is going in to supply the military for military shipments. There is the stateside use which is a domestic use and then there is the timber that is exported there for military construction.

Mrs. HANSEN. You probably can not get it ready for this record but I think every member of the committee might be interested to find out the relationship between the Vietnam supply coming out of our domestic mills and construction housing which is down.

Mr. CLIFF. I think in fact the mills have had an outlet there that has tended to offset the reduced demand because of the slowdown in housing starts. If it had not been for that, the war production, we might have been down more, that is the lumber demand might have been down more.

Mrs. HANSEN. You are well aware of the impact of the decrease in housing, and what that has done to the lumber market. Timber products are always involved with competitive materials. Then it always has another fight to maintain its position on the same equality with cheaper materials.

I cannot urge too strongly that your research continue to achieve the best uses of our lumber and the most modern concept of lumber treatment.

Thank you.

Mr. DENTON. Mr. Marsh?

Mr. MARSH. Thank you, Mr. Chairman.

Just one question.

PERMANENT POSITIONS FISCAL YEAR 1966 VERSUS 1967

Here on your personnel summary you have the total number of permanent positions with your proposed supplement of 296. What was the similar figure in your regular request for fiscal year 1967 as opposed to fiscal year 1966?

Mr. CLIFF. I really cannot answer that.

Mr. MARSH. How much was 1967 up over 1966?

You may want to furnish that for the record.

Mr. CLIFF. Be glad to.

(The information follows:)

The information requested is as follows:

Total number of permanent positions shown in regular request for fiscal year 1967

Fiscal year 1966-----	13, 985
Fiscal year 1967-----	14, 220

Mr. MARSH. The increase 1967 showed over 1966?

Mr. CLIFF. Yes, sir.

Mr. MARSH. That is all, Mr. Chairman.

Mr. DENTON. Mr. Reifel?

Mr. REIFEL. Just two questions.

Chief Cliff, in your statement of the 900 million board feet, \$11.3 million, three-fourths of that was returned to the Treasury, was it not?

Mr. CLIFF. That is correct.

Mr. REIFEL. Out of this expenditure of almost \$3 million?

Mr. CLIFF. That is correct.

HARDWOOD PROGRAM GOAL

Mr. REIFEL. Your goal as far as the hardwoods are concerned, is to get an additional 6,250 man years of employment and about \$35 million into these rural areas?

Mr. CLIFF. That is correct. We would hope that after a period of several years the State foresters would pick up this hardwood program and keep it moving.

LOCATION OF HARDWOOD PROJECTS

Mr. REIFEL. These are in the low-employment areas, I suppose?

Mr. CLIFF. Predominantly it is in the areas of low employment.

Mr. REIFEL. The Appalachia section of the country?

Mr. CLIFF. Yes. As a matter of fact, two of the projects that we would plan on putting into forests are in the southern Appalachians. One is in Indiana and Illinois and one is in West Virginia and Ohio and one is in the State of Maine. One is in the Lower Michigan Peninsula hardwood-producing areas there. In all of these areas they have a history of underemployment.

Mr. REIFEL. It looks like they have a good approach to that, if it works out.

Thank you.

Mr. DENTON. Mr. McDade?

Mr. McDADÉ. No questions.

Mr. DENTON. Thank you very much, gentlemen.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

WITNESSES

HARRY R. PAULEY, MEMBER

ROBERT J. FREEHLING, GENERAL COUNSEL

SALARIES AND EXPENSES

Object classification

[In thousands of dollars]

	1967 request pending	1967 proposed amendment	1967 revised request
Personnel compensation:			
11.1 Permanent positions.....	38	20	58
11.3 Positions other than permanent.....	7	26	33
Total personnel compensation.....	45	46	91
12.0 Personnel benefits.....	3	3	6
21.0 Travel and transportation of persons.....	3	39	42
23.0 Rent, communications, and utilities.....	1	3	4
24.0 Printing and reproduction.....		2	2
25.1 Other services.....		22	22
25.2 Services of other agencies.....	8	1	9
26.0 Supplies and materials.....	1		1
31.0 Equipment.....	1	1	1
99.0 Total obligations.....	61	117	178

Mr. DENTON. The next item for consideration is the request of \$117,000 by the Federal Coal Mine Safety Board of Review. We have two of our colleagues, Mr. Kee and Mr. Slack, who will introduce the principal witness for this request.

Mr. SLACK. I would like permission, if it is agreeable with the committee, to request that our colleague, Mr. Kee, introduce Mr. Harry Pauley, a member of the Coal Mine Safety Review Board from West Virginia.

Mr. DENTON. Very well.

Mr. SLACK. Thank you very much, Mr. Chairman.

Mr. DENTON. We are glad to have you with us, Mr. Kee.

Mr. KEE. Mr. Chairman, I am grateful to you and the members of your committee for the privilege of appearing before your committee for the specific purpose of introducing the Honorable Harry R. Pauley. Mr. Pauley is a constituent of mine from the Fifth Congressional District of West Virginia. He is now a member of the Coal Mine Safety Review Board. I might state, Mr. Pauley is a very distinguished West Virginian. He has contributed substantially to the development of our State. He has served as the speaker of our West Virginia House of Delegates. He is also now the majority leader, and I am very happy and grateful to present to you and the members of the committee Mr. Pauley.

Mr. DENTON. Thank you very much. We are glad to have you with us, Mr. Pauley.

BIOGRAPHY OF MR. HARRY R. PAULEY

Do you have a biographical statement you can put in the record since this is the first time you have appeared before this committee?

Mr. PAULEY. We can supply that.

(The biography follows:)

BIOGRAPHICAL SKETCH OF HARRY R. PAULEY

Mr. Pauley was born on February 19, 1907, in Keystone, McDowell County, West Virginia. His present residence is in Jaeger, McDowell County, West Virginia, where he has resided since 1920.

Mr. Pauley was raised in a coal mining section of West Virginia and had his first association with the mines at the age of 16, as a worker in his father's mine. From 1937 to 1940, he was employed as an inspector with the West Virginia Workman's Compensation Commission, where he was engaged, for the most part, in investigating mine accidents, and where he gained a keen insight into mine safety and the causes of mine accidents.

Since 1948, Mr. Pauley has been actively engaged as an operator in the mining business, including the overseeing of the operations of a number of small coal mines. In his management role, Mr. Pauley has been deeply aware of the great responsibility on management for the safety of its workers, and has insisted on strict compliance with safety rules in order to bring about the best possible working conditions. Significantly in this regard, his operations were among the first to employ the "roof bolt" method in small mines, and he has supervised the careful adherence to such safety practices as roof bolting, timbering, rock-dusting, ventilation, and gas testing.

Mr. Pauley has also been elected to nine terms in the West Virginia House of Delegates, including two terms as Speaker of the House, and is currently the Majority Leader in the House of Delegates. During the mid-1950's, he was chairman of the Mining Committee in the West Virginia Legislature, at which time the State mining laws were completely revised and modernized, to become among the most advanced mining laws of any State in the nation.

Following nomination by the President and confirmation by the Senate, Mr. Pauley was appointed as a member of the Federal Coal Mine Safety Board of Review on September 1, 1966, to serve as representative of the viewpoint of the small coal mine operators on the Board. His term of office expires July 15, 1970.

JUSTIFICATION MATERIAL

Mr. DENTON. We will insert in the record at this point the item from page 11 of House Document 505 and the justifications. (The information follows:)

"FEDERAL COAL MINE SAFETY BOARD OF REVIEW

"SALARIES AND EXPENSES

"For an additional amount for 'Salaries and expenses', \$117,000."

The Federal Coal Mine Safety Board of Review is reconstituted, under the Act of March 26, 1966 (Public Law 89-376), with five rather than three members. The two additional Board members will aid in handling the new and wider range of cases that may arise from the required inspections of over 5,000 small coal mines now covered by this Act. The requested funds are needed to cover these costs plus the increased costs of travel since the Board is required under this legislation, at the request of the coal mine operator, to hold hearings at the county seat of the county in which any coal mine involved in a safety proceeding is located.

Since the paramount purpose of the Act is to reduce casualties in coal mines, it is desirable that it be put into effect with minimum delay.

FEDERAL COAL MINE SAFETY BOARD OF REVIEW

JUSTIFICATION OF 1967 REVISED APPROPRIATION

The Board originally requested an appropriation of \$61,400 for fiscal year 1967. A revised appropriation of \$178,000, or an increase of approximately \$117,000 over the original amount sought, is now requested for fiscal year 1967. This increase is required to meet the estimated additional costs deriving from the "Federal Coal Mine Safety Act Amendments of 1965", approved by the President on March 26, 1966 (P.L. 89-376, 80 Stat. 84).¹

Under the new amendments, as mentioned in the supplemental request for 1966, the jurisdiction of Title II of the Federal Coal Mine Safety Act is extended more than sixfold to cover approximately 6,000 coal mines regularly employing less than 15 men underground, which were previously exempt from the enforceable safety provisions of that act. In addition, a new category of mine closing orders, referred to as "reinspection closing orders", has been added to the imminent danger closing orders, elapsed time closing orders, and gassy classification orders, already subject to appeal to this agency. (Although the reinspection closing orders will not apply to the previously exempt mines for 6 months after the adoption of the amendments, no such "grace period" is granted with respect to the other closing or classification orders; also, the underground mines previously covered by Title II are not accorded a similar period of exemption from the new reinspection closing orders.) The Board continues to be required, under the amendments, to take prompt action in hearing and determining all appeals, in order to avert the danger of disaster to the workers, and the destruction of property, in the underground mines.

Aside from the foregoing substantive changes in Title II, the new amendments expand the membership of the Board from three to five members. The two additional positions represent the viewpoints of the workers and operators of the newly covered small mines, respectively; two of the prior positions represent the viewpoints of the workers and operators of the larger mines, respectively; and the chairman, who is required to be an engineer experienced in the coal-mining industry and without recent connections with the groups concerned, continues to serve in effect as the public representative.

¹ A supplemental request for the balance of fiscal year 1966 was submitted separately and was approved on May 13, 1966, P.L. 89-426.

Further, it is now mandatory under the amendments that, upon request of the operator, the Board must conduct its hearings (both for temporary relief and on the merits), and other proceedings, at the county seat of the county in which the mine is located, or at some other place mutually agreed to by the operator and the chairman. Three Board members, instead of two, are required to constitute a quorum and, in any official action, the members representing the viewpoints of the size of the mine involved must participate. While the Board may still conduct a hearing by less than the full Board and submit the transcript to the full Board for its action thereon, the amendments provide that, before final action, a copy of the transcript must be made available to the parties; an opportunity to appear before the full Board must be afforded the parties; and the parties may be afforded an opportunity to submit additional evidence.

The revised appropriation is designed to meet the increased costs for personnel, travel, reporting services, and related expenses, which, it is estimated, will be required for the first complete fiscal year under the newly enacted amendments. In this connection, the additional amount requested is intended primarily to finance an increased caseload which has been projected, to the best of the Board's ability, on the basis of the prior experience of this agency under Title II. As required by the amendments, hearings on these cases must be conducted in the field near the mines involved, and these hearings are responsible almost entirely for the increased costs in such objects as Board member and other personnel compensation, travel and transportation, and reporting services, in the amounts estimated in the attached schedules.

However, the actual number of such appeals, and the related expenses, may vary greatly, depending on the rate at which new orders are issued by the Bureau of Mines; the wishes of the individual mine operators; the geographical locations of the mines from which appeals are taken; the length of the hearings; and the like. Consequently, the additional cost to the Board cannot be estimated with precision. Needless to say, if the caseload, and the expenses applicable thereto, prove less than anticipated during the fiscal year, the requested funds will not be fully expended and will revert to the Treasury.

It is estimated that the requested funds will be needed for obligation, and for expenditure, by about October 31, 1966.

To repeat, the additional funds are needed to meet the estimated expenses deriving from the newly enacted "Federal Coal Mine Safety Act Amendments of 1965". This agency, since its inception in 1952, has consistently operated with the minimum funds required to perform its statutory duties. The Board will continue rigidly to adhere to this policy under the amended act and will expend only those funds absolutely necessary to accomplish its statutory mission.

Federal Coal Mine Safety Board of Review

	1967 request pending	1967 proposed amendment	1967 revised request
Salaries and expenses.....	\$61,400	\$116,600	\$178,000

Program and financing

[In thousands of dollars]

	1967 request pending	1967 proposed amendment	1967 revised request
Program by activities: Adjudication and administration (cost-obligations).....	61	117	178
Financing: New obligational authority.....	61	117	178
Relation of obligations to expenditures:			
Total obligations (affecting expenditures).....	61	117	178
Obligated balance, start of year.....	3	3	3
Obligated balance, end of year.....	-3	-3	-3
Expenditures.....	61	117	178

GENERAL STATEMENT

Mr. DENTON. Mr. Pauley, we shall be glad to have your statement at this time.

Mr. PAULEY. The Board is requesting a revised appropriation of \$178,000 for fiscal year 1967. This increase of approximately \$117,000, over the amount originally sought, is necessary to meet the estimated additional costs for Board operations under the newly enacted Federal Coal Mine Safety Act Amendments of 1965, approved by the President on March 26, 1966.

The new amendments, insofar as they relate to the increased jurisdiction, membership and functions of the Board, are detailed in the justification already submitted to the committee, and will not be repeated in the present statement. The additional funds requested are intended, almost exclusively, to cover an increased caseload under these amendments, which the Board has projected on the basis of its past experience under title II of the act. Hearings on these cases must be conducted near the mines involved, and such hearings and their determination account in substance for each of the major additions to the original appropriation request.

However, it must be emphasized that the specific number of appeals and the applicable expenses which will be incurred at the hearings on these appeals, cannot be predicted with exactness. These hearings and related expenses depend, among other things, on the rate at which orders are issued by the Bureau of Mines, the wishes of the individual operators in taking appeals to the Board, the geographical locations of the mines involved, the nature of the relief sought, the extent of the respective hearings, and the like. Of course, if such caseload and the derivative expenses prove less than anticipated, the requested funds will not be fully expended and will revert to the Treasury.

But the possibility that the increased expenses will be less than anticipated is extremely remote, particularly in view of the "State plan" covering all underground mines in the State of Virginia, approved on August 29, 1966. As you may recall, in a State having an approved "State plan," any imminent danger, elapsed time, or reinspection, closing order issued by the Bureau of Mines can be annulled or revised only by appeal to the Board, and not by action of the inspector or by appeal to the Director of the Bureau. The extension of the "State plan" program to the State of Virginia now means that all mine closing orders issued with respect to any of the approximately 1,200 underground mines in that State will require a Board determination before any such order can be annulled or revised, and these determinations could number in the hundreds for that State alone during the current fiscal year. Such additional appeals would severely tax the capacity of the Board to operate effectively even under the revised appropriation, but the Board will make every effort to do so.

You are assured that, as the past record of this agency fully establishes, the Board will limit its expenditures to the absolute minimum required to meet its statutory responsibilities.

OTHER SERVICES

Mr. DENTON. \$22,000 is budgeted for "Other services." For what purpose will these funds be used?

Mr. PAULEY. I will refer that to Mr. Freehling, the General Counsel.

Mr. FREEHLING. Mr. Chairman, this money is intended for court reporter services. In the past the Board has received its transcripts without charge from the court reporter. Under the amended act, these hearings must be conducted out in small towns. The mine owners will generally be small mine owners so they probably will not be able to afford copies of the transcript. The Board now will have to buy its own transcripts. The Board has inquired with all leading court reporters in an effort to find the minimum charge for such services and this figure is based on the minimum charge that we could obtain, projected on the caseload we anticipate.

TRAVEL BUDGET

Mr. DENTON. \$39,000 is budgeted for travel and transportation of persons. What is the basis for this estimate?

Mr. FREEHLING. As you know, Mr. Chairman, the Board members are paid on a WAE basis, plus their expenses. This additional cost is primarily for Board member expenses when they travel out in the field to hear cases. This amount varies in direct proportion to the number of cases we have out in the field. Again it is based on a projection derived from our own experience. Except for some minor expenses for the regular personnel accompanying the Board members, it reflects almost entirely the Board member expenses as they go out to the cases.

PAY OF BOARD MEMBERS

Mr. DENTON. \$25,300 is budgeted for positions other than permanent. What is the basis for this estimate?

Mr. FREEHLING. As I mentioned the Board members are paid on a WAE basis. This money is for the five Board members to handle this projected workload. It is based on 130 days per Board member in order to retain their status as special Government employees. We are not at all confident that their number of days can be held down to 130 days but this is the projection we make, 130 days per individual Board member at \$50 a day.

ADDITIONAL COSTS OF BOARD

Mr. DENTON. The legislation (Public Law 89-376) on which you base this request is relatively new. It will undoubtedly take some time before your operations are at a level anticipated by Public Law 89-376. Apparently you recognize this possibility since in your justification you state "Consequently, the additional cost to the Board cannot be estimated with precision." On that basis, is it not probable that your estimated operating cost for 1967 could be somewhat on the high side?

Mr. FREEHLING. Sir, as Mr. Pauley said in his opening statement, this projection, if anything, may well be on the low side, because at the time the projection was made, we did not have a State plan entered into with the State of Virginia. As Mr. Pauley said, in these State-plan situations only the Board can annul or revise an order. This will add a potential, as he mentioned, of possibly several hun-

dred cases. This plan was signed on August 29. It was not part of our projection. There is also some consideration by other States of joining this State-plan situation. If they join, it could add even more cases to the required caseload of the Board. So the chances of the estimate being on the high side, as Mr. Pauley said, are rather remote.

STATE PLANS

Mr. DENTON. You mentioned entering into a State plan with Virginia. What is the significance of that? Is this the first State to consummate this type of agreement?

Mr. FREEHLING. There are seven States that have a State plan. Virginia is the first major State. Virginia has approximately 1,200 mines which will come under this State plan.

Mr. DENTON. What are they?

Mr. FREEHLING. I do not have them all. Washington is one.

Mr. DENTON. Put the information in the record.

Mr. FREEHLING. Yes, sir.

(The information follows:)

Wyoming, Washington, Oklahoma, North Dakota, North Carolina, Alaska, and Virginia.

BUDGET ESTIMATE COVERS FULL YEAR

Mr. DENTON. Your justification would indicate that this estimate is for all the fiscal year 1967. Three and a half months of the fiscal year 1967 have already elapsed. Would it not be in order to scale down your request accordingly?

Mr. FREEHLING. Careful consideration was given to that possibility. As I mentioned, when this projection was made, it was without considering the State plan which was entered on August 29.

Mr. DENTON. Apparently your estimate is for 12 months, and you are going to operate for only 8 months.

Mr. FREEHLING. That is right. But those 8 months can be extremely intensive months because of the unanticipated State plan, which does not permit us to reduce the estimate.

Mr. DENTON. Why is a State plan so costly?

Mr. FREEHLING. In a State plan you have to have a decision by the Board to annul or revise each order. That means the Board has to consider these cases in order to prevent any kind of explosion, fire, flood, and so on. These matters become the responsibility of the Board.

STATE PLAN DEFINED

Mr. MARSH. Mr. Pauley, I heard about your arrival here from Mr. Kee, your very able Representative. As a matter of fact, he tried to get around to tell everyone you would be here. I am very much impressed by the background you bring to this particular agency.

I noted your comments in reference to the State plan, particularly as it concerned Virginia. Would you explain that a little bit? What is the State plan? Is that a shifting over to a State function?

Mr. PAULEY. I have only been on this Board a short period. The State plan is an agreement entered into by the State and the Federal

Bureau of Mines, that when a mine is closed for cause, and when the cause for which the mine was closed has been removed, under the agreement, then, the mine cannot be opened solely because the authority that closed it says it is all right to open it. Rather, the mine operator has to come to the Board, and the Board, by majority action, has to open that mine. It cannot be reopened solely because the official of the mine department who closed it says it is all right, that the cause has been removed or abated. It still must go before the Board according to the act, as amended. That adds appreciably to the duties of the Board.

VOLUNTARY STATE PLANS

Mr. MARSH. Does every State have to come in with a State plan?

Mr. FREEHLING. No, sir; they don't. The State plan is a voluntary cooperative scheme between the Bureau of Mines and the individual State.

In the recent amendments signed March 26, the act directs the head of the Bureau of Mines to make every effort to have a cooperative arrangement with the States. Up to August 29 there had been only six States which had such plans under the original act, but Congress made it clear in the amendments that the Director of the Bureau is to make every effort to cooperate with the States in the enforcement of the act.

The formal cooperative plans are these State plans. Other States have indicated an interest to join in this cooperative arrangement.

In the State plans you have joint inspections. You have inspections participated in by State and Federal inspectors. Annulment or revision of those orders requires action by the Board, which is an independent agency. This is the statutory scheme adopted in 1952 and, with slight modifications, it was continued and expanded in the recent amendments.

Mr. PAULEY. I might point out, if I might interrupt, that West Virginia, the State with which I am more familiar than some of the others, has under consideration the adoption of a State plan. If they do, that will add a caseload relating to some 1,700 more mines for this budget consideration.

FUNDING FOR INSPECTIONS

Mrs. HANSEN. Then could you say prior to the adoption of this program that the States had to assume full responsibility for the funding of their inspections and now, through the cooperative programing, that the Federal Government is now assuming some share of that funding?

Mr. PAULEY. No, I don't believe it could be construed that way. If I may use West Virginia as an example again, we have what we consider and what is considered by most States as a model State mining law. They didn't urgently need this new law but since they are associated with it by Federal law, it doesn't cost them any more and they don't contribute anything to the administration of the law, as I understand it, here in Washington. What it does, if they participate in the State plan, they are saying, in effect, "Our State inspectors are going

to work with the Federal inspectors and we are going to work in concert to close the mines" and then, the mines having been once closed, then they can only be reopened after the cause for which they are closed is removed and by action of the Federal Coal Mine Safety Board of Review. That would add expense to the Appeals Board, which I think you have reflected in the budget here, but it has no impact whatever on the cost, or contribution of West Virginia.

STATE PLANS SUBMITTED

Mrs. HANSEN. This is exactly what I am asking about.

How many States with substantial mining problems did not have plans?

Mr. PAULEY. I think as Mr. Freehling said, Virginia is the only one of major consequence, that is, with any appreciable amount of mining that I know of that has joined the State plan.

In a conversation I had with our chief of the Department of Mines a few weeks ago, he is considering going into the State plan which I understand is a voluntary matter but, once adopted it becomes a matter of agreement.

SAFETY BENEFITS

Mr. REIFEL. Mr. Pauley, could you tell me just what additional safety may result from this approach?

You explained West Virginia probably didn't need this law and I believe you said it more positively than that, that it didn't need it, but now that it has it, it is going to cooperate.

Mr. PAULEY. Being associated with an operators association which is for the most part for the benefit of the small operators, that is, those employing 14 or less in the operation of the mine, these mines operated under the State mine department. We maintained we didn't need any Federal regulation, that is true. But if inspection was good in West Virginia, certainly if it is joined in by the Federal mining inspectors, it would appear to be better.

Mr. REIFEL. You feel you have more precautions and safety resulting from this approach?

Mr. PAULEY. Yes. The Federal requirements and inspections are possibly a little more intense and a little more in depth than the States.

Mr. REIFEL. I am sure every member of this committee and all Members of Congress are terribly distressed when any accident occurs in a mine and I, for one, want to encourage whatever can be done to save human life anywhere. If this will improve it, we want to go along with it.

Mr. PAULEY. My only purpose in serving on this Board is to improve the safety levels.

Mr. REIFEL. We appreciate your willingness to serve on the Board as a contribution to human safety.

INCREASED WORKLOAD

Mr. McDADE. You indicated you were afraid there would be an increased State workload if other States adopted the State plan as Virginia has, because if there is a decision made to close the mine, the Federal inspector must reopen it. If a Federal inspector closes a mine, and goes back and sees that the hazardous condition is cleared up, all he can do is write you a letter. Why this administrative burden?

Mr. FREEHLING. Because the Board has the responsibility of judging the propriety of annulling or revising the order.

Mr. McDADE. Whom do you depend on to make the decision? Don't you depend on the Federal inspectors?

Mr. FREEHLING. Certainly the Board depends on the inspectors for the facts, but the Board is a group of mine safety experts and they have many questions to ask to assure themselves. This is true not only in State-plan situations, but in litigated cases where the responsibility also falls on the Board. The Board is conscious of the responsibility and they want to be sure the requirements of the act have been fulfilled in the inspection procedures. This is the kind of inquiry they make and this is what the act requires them to do. Under the act the Board has this responsibility.

Mr. McDADE. The affirmative evidence that corrective action has been taken stems from your State and Federal mine inspectors?

Mr. FREEHLING. Yes.

DUTIES OF BOARD MEMBERS

Mr. McDADE. If a man closes a mine in March and tells you in April the situation is remedied, wouldn't you take his word for it?

Mr. FREEHLING. After being sure that his word is consonant with the provisions of the act.

The Board members, under the provisions of the act, must make that decision. When I said it added administrative expense, we can assume a stipulated case. Assume everybody agrees and the Board recognizes it. The Board members are paid on a WAE basis. They must be consulted and if there are any questions they have—frequently there are questions—they will want clarification before they put their stamp on reopening that mine because, as I said, the responsibility is ultimately theirs in a State plan. That is a Board decision and the Board expenses are dependent in a large measure on Board actions.

Assume you have a stipulated case that, the Board decides, fulfills all the requirements. Our administrative expense necessarily goes up in any event, because the Board members must participate in that decision.

NUMBER OF LITIGATED CASES

Mr. McDADE. How many litigated cases did you have before this act was passed, within the last year?

Mr. FREEHLING. In the year 1965—I will have to give it approximately—in 1965 there were 18 or 20 cases, of which the Board was able to resolve approximately—

Mr. McDADE. These are litigated cases we are talking about?

Mr. FREEHLING. These are cases where a dispute existed. Three of those cases proceeded to formal docketing. That is, the Board did not resolve them at the findings level. Approximately 15 were advice cases resolved before they got to the docketed stage which is a better thing from the standpoint of safety and economy. In 1965 we had 18 or 20 cases. This was before the expansion.

Mr. McDADE. Most of your cases then were stipulated cases?

Mr. FREEHLING. No, sir; those were advice cases where the Board was able to resolve them before they got to the litigation stage.

Mr. McDADE. That is all, Mr. Chairman.

Mr. DENTON. Do I understand when there is a State plan that the Government does the work the States previously did in inspecting mines?

Mr. FREEHLING. No, as Mr. Pauley said, they work in concert.

OPERATIONAL CHANGES UNDER THE ACT

Mr. DENTON. How do you work differently than you did before? Where you have a State plan, how does the Government act differently than it did before?

Mr. FREEHLING. Of course, now, you are talking in part about the Bureau level and the Bureau works out a system of joint inspections.

Mr. DENTON. How do you work differently than you did before?

Mr. FREEHLING. In those cases where they finally issue orders, those orders must come to the Board instead of being subject to annulment or revision by the Director of the Bureau or, in some instances, by the immediate inspector.

ADOPTION OF VIRGINIA STATE PLAN

Mr. DENTON. When was the Virginia State plan adopted?

Mr. FREEHLING. August 29, 1966.

Mr. DENTON. Have you requested additional funds for that?

Mr. FREEHLING. No, sir.

Mr. DENTON. You haven't made any request?

Mr. FREEHLING. No, sir. We hope to try to be able to absorb it within the budget that has been requested.

NATIONAL COUNCIL ON MARINE RESOURCES AND ENGINEERING DEVELOPMENT, AND COMMISSION ON MARINE SCIENCE, ENGINEERING AND RESOURCES

WITNESSES

DR. EDWARD WENK, JR., EXECUTIVE SECRETARY, NATIONAL COUNCIL ON MARINE RESOURCES AND ENGINEERING DEVELOPMENT
 JOHN J. MULLEN, ACTING EXECUTIVE OFFICER, NATIONAL COUNCIL ON MARINE RESOURCES AND ENGINEERING DEVELOPMENT
 ENOCH L. DILLON, PROGRAM PLANNING AND BUDGET OFFICER, NATIONAL COUNCIL ON MARINE RESOURCES AND ENGINEERING DEVELOPMENT

Object classification

[In thousands of dollars]

	1967 estimate
Personnel compensation:	
11.1 Permanent positions.....	272
11.3 Positions other than permanent.....	118
Total personnel compensation.....	390
12.0 Personnel benefits.....	30
21.0 Travel and transportation of persons.....	70
23.0 Rent, communications, and utilities.....	70
24.0 Printing and reproduction.....	40
25.1 Other services.....	540
25.2 Services of other agencies.....	100
26.0 Supplies and materials.....	10
31.0 Equipment.....	50
99.0 Total obligations.....	1,300

Personnel summary

1967
estimate

Total number of permanent positions.....	25
Full-time equivalent of other positions.....	8
Average number of all employees.....	27

Mr. DENTON. We will now consider the budget request in the amount of \$1.3 million for the National Council on Marine Resources and Engineering Development, and Commission on Marine Science, Engineering and Resources.

We shall insert in the record at this point the item on page 7 of House Document No. 505 and the justifications.

(The information follows:)

"EXECUTIVE OFFICE OF THE PRESIDENT

"NATIONAL COUNCIL ON MARINE RESOURCES AND ENGINEERING DEVELOPMENT,
AND COMMISSION OF MARINE SCIENCE, ENGINEERING, AND RESOURCES

"SALARIES AND EXPENSES

"For expenses necessary in carrying out the provisions of the Marine Resources and Engineering Development Act of 1966 (Public Law 89-454, approved June 17, 1966), including services as authorized by the Act of August 2, 1946 (5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals, and hire of passenger motor vehicles, \$1,300,000, to be available from July 1, 1966."

This proposed appropriation will finance the National Council on Marine Resources and Engineering Development and the Commission on Marine Science, Engineering, and Resources authorized by Public Law 89-454, approved June 17, 1966.

The Council and the Commission will advise and assist in developing a comprehensive program in marine science, engineering, exploration, and utilization of resources through policy planning, coordination, program review, and independent studies. These funds will permit the Council to make its initial recommendations by the time the new Congress convenes in January.

	1967 estimate
Program by activities:	
1. Planning, policy development and program coordination, Council (costs, obligations)-----	920
2. Reviews of marine science, engineering, and resources programs, Commission (costs, obligations)-----	380
10. Total costs, obligations-----	1,300
Financing:	
40. New obligational authority-----	1,300
Relation of obligations to expenditures:	
71. Total obligations (affecting expenditures)-----	1,300
72. Obligated balance, start of year-----	
74. Obligated balance, end of year-----	300
90. Expenditures-----	1,000
<i>Justification of estimates for fiscal year 1967</i>	
1966 appropriation-----	0
1967 estimate-----	\$1.3

THE NATIONAL POLICY AND PROGRAM

Public Law 89-454, the "Marine Resources and Engineering Development Act of 1966," established the national policy of the United States to develop, encourage and maintain a coordinated and comprehensive, long-range program in marine science for the benefit of mankind. This policy looks forward to the accelerated development of marine resources, the expansion of our knowledge of the sea, and the improvement of our capabilities to operate in and exploit the marine environment.

The Law established a Council and directs the President to establish a Commission. These organizations form the basis for the Budget Activities described below:

(1) *Planning, policy development and program coordination (Council).*—This activity will finance the work and studies of the National Council on Marine Resources and Engineering Development. These functions relate to exploration, description and prediction of the marine environment to enable exploitation of the ocean's resources and potentials. The Council will advise and assist the President by (1) reviewing work of the agencies of the federal government, (2) developing long-range comprehensive policies and programs of marine science activities and (3) preparing an annual report. The Council will undertake legal, economic and other studies related to national security, resource development, enhancement of commerce, transportation, protection of life and property and other benefits resulting from programs in marine resources, engineering and science.

(2) *Reviews of marine science, engineering and resources programs (Commission).*—This activity will provide for the public advisory Commission on Marine Science, Engineering, and Resources. Representing industry, universities, state and federal government, the Commission with four advisors from the Congress will (1) review the known and contemplated needs for marine science, surveys, and natural resources, (2) review the adequacy of existing programs and (3) recommend to the President, via the Council, and to the Congress, such organizational and other measures as they deem necessary.

THE COUNCIL

Public Law 89-454, the "Marine Resources and Engineering Development Act of 1966," designates the Vice President as Chairman of the Council. It also designates as members the Secretaries of State, Navy, Interior, Commerce, Health, Education and Welfare, Treasury, and the Chairman of the Atomic Energy Commission, and the Director of the National Science Foundation. In addition, heads of the National Aeronautics and Space Administration, the Smithsonian Institution, the Office of Science and Technology, and the Bureau of the Budget have been invited as observers to the Council.

The budget estimate for the Council provides for a small professional staff of senior specialists representing the fields of science, engineering, economics, public administration, and law to prepare federal policies and to review and coordinate the programs of each of the nine agencies and their twenty-three subdivisions engaged in marine science and technology. This staff will not have operational or management duties in connection with the agencies' programs, but will develop policies and programs for the National Council on Marine Resources and Engineering Development. The Council itself, composed of the Vice President and the responsible cabinet officers and agency heads, will in turn recommend necessary policies and programs to the President. The Executive Secretary of the Council, appointed by the President, is responsible for administering this appropriation, supervising the staff of the Council, and providing liaison with the Commission. Expertise of the Council staff will be supplemented by consultants and contract studies.

THE COMMISSION

In addition to the Council, the statute provides for an independent Commission on Marine Science, Engineering, and Resources. The Commission's report to the President, due in 18 months, will be submitted through the Council.

These estimates provide for the Commissioners and for a small staff. This staff will be supplemented by assistance from the Council staff and from appropriate government agencies, in order that the Commission may have ready and adequate access to all information necessary to carry on their functions. It is anticipated that specialized panels of additional consultants will be required.

ESTIMATE FOR FISCAL YEAR 1967

The budget activities in the attached appropriation request are designed to provide financial support for the Council and the Commission. The budget estimate for fiscal year 1967 is for \$1.3 million of the \$1.5 million authorized. This estimate will provide for the Commissioners, staff, studies and operating expenses required to carry out the provisions of Public Law 89-454. Scientific, economic and legal studies will be conducted to determine the potential benefits to the United States economy, security, health and welfare to be gained from marine resources, engineering and science. These studies will be aimed at establishing goals, cost/benefit relationships and feasibility of various programs concerned with such areas as fisheries, minerals, weather prediction, prevention of beach and coastal erosion, and the pollution of estuaries. The Council and Commission will also use such contracting and consulting services as are necessary for these purposes.

EXPLANATION OF ESTIMATES

11.1 *Personal services, \$272,000.*—These funds will provide for the salaries of the 25 professional and clerical personnel required, lapsed to deduct first quarter costs.

11.3 *Personal services other than permanent, \$118,000.*—These funds will provide for the per diem costs for the non-federal Commissioners (the federal Commissioners will be paid by their parent government agencies). Also included are funds for compensation of consultants and experts for both the Council and Commission.

12 *Personnel benefits, \$30,000.*—Includes contributions to retirement fund, health benefits, and group insurance.

21 *Travel, \$70,000.*—This class of expenditures will finance essential travel for the Commissioners, Council and Commission staff, and consultants.

23 *Rent, communications, and utilities, \$70,000.*—This will finance rental of leased space for the Commissioners, Council and Commission staff, and for consultants and experts. Also includes telephone, telegraph, postage, utilities and related costs.

24 *Printing and reproduction, \$40,000.*—This will provide for interim reports, duplicating services, and other reproduction costs.

25.1 *Other Services, \$540,000.*—These funds will provide for necessary contract studies, including cost/benefit analyses, feasibility assays, and legal and economic evaluations.

25.2 *Services of other agencies, \$100,000.*—This will provide for GSA administrative support, and for services such as special studies and surveys obtained

from any of the twenty-three agencies and bureaus currently involved in marine science and technology fields.

26 *Supplies and materials, \$10,000.*—This will finance the purchase of operating supplies, scientific journals and publications, etc., for both the Council and Commission staffs.

31 *Equipment, \$50,000.*—This will provide funds for furniture and furnishings, typewriters, office machines, etc., for the Council and Commission staff.

These estimates have been based on experience with similar Councils and Commissions. In addition, we are complying with the President's instructions with regard to personnel ceilings, and the allowance of 25 staff positions was approved by the Bureau of the Budget.

The Act specifies a termination date for the Commission by requiring their report be completed 18 months after the Commission's appointment. The Council terminates 4 months later. The President has requested the Council to provide initial recommendations in January, 1967. Consequently, the Vice President has interpreted the legislative mandate as requiring immediate action.

The Council has already held two meetings, in August and September. The Council staff have been instructed to commence studies for the Council of priority budgetary and legislative matters in the FY 1968 time frame, concerning Government-wide activities in marine science and technology.

"SALARIES AND EXPENSES

"For expenses necessary in carrying out the provisions of the Marine Resources and Engineering Development Act of 1966 (Public Law 89-454, approved June 17, 1966), including services as authorized by the Act of August 2, 1946 (5 U.S.C. 55a), but at rates not to exceed \$100 per diem for individuals, and hire of passenger motor vehicles, \$1,300,000, to be available from July 1, 1966."

This proposed appropriation will finance the National Council on Marine Resources and Engineering Development and the Commission on Marine Science, Engineering, and Resources authorized by Public Law 89-454 approved June 17, 1966.

The Council and the Commission will advise and assist in developing a comprehensive program in marine science, engineering, exploration, and utilization of resources through policy planning, coordination, program review, and independent studies. These funds will permit the Council to meet the President's request for initial recommendations by the time the new Congress convenes in January.

Mr. DENTON. This is a new activity created by enactment of Public Law 89-454, the "Marine Resources and Engineering Development Act of 1966."

The committee is very pleased to have before it as principal witness to justify this request, Dr. Edward Wenk, Jr., Executive Secretary of the National Council on Marine Resources and Engineering.

Dr. Wenk, in reviewing the provisions of the act, it would seem to me you have a quite formidable job ahead of you to accomplish, but with your background I am sure there is a good chance of the Council achieving its goal. Since this is your first appearance before this committee, I think it would be appropriate for you to insert in the record at this point a brief summary of your biography.

BIOGRAPHY OF DR. EDWARD WENK, JR.

Dr. WENK. Yes, sir. Thank you very much, Mr. Chairman.
(The information follows:)

BIOGRAPHICAL SKETCH OF EDWARD WENK, JR.

Born in Baltimore, Maryland, in 1920, Dr. Wenk received a Bachelor of Engineering degree in civil engineering from The Johns Hopkins University in 1940, with honors. He studied Architecture at the Harvard Graduate School of Design; holds a Master of Science degree in applied mechanics from Harvard Uni-

versity (1947), and a Doctor of Engineering degree in civil engineering from Johns Hopkins (1950).

From 1942 to 1956 he was a naval research scientist and administrator at the David Taylor Model Basin in Washington. He served part of this interval as a Naval Officer. In 1950 he was assigned responsibility for the Navy's ship structural research program, and became the Navy's specialist in submarine strength analysis.

From 1956 until 1959, he served as an industrial research executive, as Chairman of the Department of Engineering Mechanics at the Southwest Research Institute in San Antonio, Texas, responsible for programs of structural and hydromechanics research on submarines, hydrofoils, building structures, missile boosters, helicopters, and offshore drilling rigs, for both Government and industrial sponsors. In 1957 while at the Institute, he formulated concepts for deep-running submarines reflected in recent naval and oceanographic research craft, and was designer of the 15,000-foot depth submarine ALUMINAUT.

From 1959 to 1961, Dr. Wenk served as the first Senior Specialist in Science and Technology in the Library of Congress' Legislative Reference Service. He was author of policy studies on space telecommunications on science information, and on oceanography.

In 1961, he was appointed to the White House staff as Assistant to the President's Science Advisor and moved to the President's Office of Science and Technology when it was established in 1962. His primary assignment was Executive Secretary of the Federal Council for Science and Technology, but he also served as staff specialist in long-range planning, oceanography, Federal organization for science, and scientific manpower.

In September 1964, Dr. Wenk returned to the Legislative Reference Service to head a new Science Policy Research Division, established in response to Congressional recommendations to strengthen its consulting and policy research staff in this area, similar in function to the White House Office of Science and Technology.

He concurrently served as Special Advisor to the Librarian in Science and Engineering.

On August 13, 1966, President Johnson announced his intention to appoint Dr. Wenk as Executive Secretary of a new National Council on Marine Resources and Engineering Development—a cabinet-level body chaired by Vice President Humphrey charged with planning and coordinating Federal programs in oceanography.

Dr. Wenk has been a Special Lecturer at numerous universities; was appointed a 1966 Sigma Xi national lecturer, and 1966 SESA Murray Lecturer. He is author of professional articles and Government reports in several fields of applied mechanics, ocean engineering, and in science policy affairs. He holds several patents in the field of experimental stress analysis.

Dr. Wenk has served as National President of the Society for Experimental Stress Analysis; a member of the honorary societies Tau Beta Pi, Sigma Xi, and Chi Epsilon, he is also a member of the American Society of Civil Engineers; American Society of Mechanical Engineers, the National Society of Professional Engineers, and fellow of the American Association for the Advancement of Science. He is a registered professional engineer.

GENERAL STATEMENT

Mr. DENTON. At this point in the record we will insert your prepared statement and ask you to give us a brief oral summary of it.

Dr. WENK. All right.

(The information follows:)

Mr. Chairman, members of the Appropriations Committee, it is great privilege to appear before you to provide information and justification for the FY 1967 appropriations of the National Council on Marine Resources and Engineering Development and the Commission on Marine Science Engineering and Resources.

This will be the first occasion for the Congress to examine plans for these activities. As a very recent Appointee of the President to serve as Executive Secretary of the Council, this is my first formal appearance before the Congress in this capacity.

By way of a brief historical background, Federal interests in marine science affairs were established as functions of our government by our earliest scientist—

statesmen. Benjamin Franklin discovered the Gulf Stream when routing merchant ships to outsail foreign competition. Thomas Jefferson, in 1807, founded the Coast Survey—the very first government agency devoted to science or technology.

Our interest in ocean sciences subsequently waxed and waned. It was the Congress, however, in 1959, that took initiative to determine how the potential of the oceans might better serve the Nation. Extensive studies, hearings and proposals for legislation have developed in the intervening six years.

The Marine Resources and Development Act that was signed into law June 17, 1966, as PL 89-454, under which we operate, was originated by the Congress. It represents for the first time in our national history a mandate "to develop, encourage, and maintain a coordinated, comprehensive and long range national program in marine science for the benefit of mankind."

This Country has earned world recognition by its scientific achievements. We are building an outstanding fleet of research ships and laboratory facilities, and expanding the base of professional talent.

This new legislation, however, marks an important transition, to translate a vigorous ocean science to a mature ocean technology. With the support of both parties, both Houses of Congress, and both branches of government, we have a favorable climate combined with a national engineering capability that should end the confusion and unsteadiness of purpose for the marine application of this Nation's scientific capability.

The Act provides that marine science activities contribute to the following objectives:

1. To maintain naval science and technology to meet all defense needs.
2. To explore and assure exploitation of marine resources of fish, minerals, fossil fuels and other energy sources—by mapping; by exploration; by development of necessary engineering capabilities; and by formulating means for public/private collaboration.
3. To enhance our capabilities for describing and predicting the marine environment and weather, with such services available to all marine interests.
4. To protect life and property at sea and along our sea coasts.
5. To anticipate, abate and prevent pollution of our estuaries and sea coasts and to conserve their economic, recreational and aesthetic values.
6. To support U.S. foreign policy objectives of international understanding, cooperation, and technical assistance to developing Nations; and to formulate a legal framework for the management, use, development, recovery and regulation of marine resources.
7. To nourish the basic knowledge, the scientific facilities, scientific and technological manpower necessary to fuel this entire enterprise.

None of these functions are new. They have been carried out by some 23 bureau level groups in the Federal government.

We believe it is the congressional intent that these diverse activities now be developed in the framework of consistent policies and programs by which goals are more clearly established and programs developed with a minimum amount of unnecessary duplication and unproductive effort.

To implement these policies, the Act established two bodies: 1) a planning and coordinating council to advise and assist the President on a continuing basis, and 2) a Citizens Advisory Commission to be appointed by the President.

The National Council on Marine Resources and Engineering Development is chaired by the Vice President and includes five cabinet officers and three agency heads. The Council met for the first time on August 17th. The Advisory Commission comprises 15 distinguished citizens from federal and state governments, industry and universities, with four advisory members from the Congress. I understand that the President expects to appoint this commission shortly.

The Council has been established as an interim measure to correct the past lack of direction and momentum for our multi-agency Federal program. The Commission is short-termed. During the next 18 months or so, both of these instruments are charged with reviewing plans and programs, and developing proposals for policies to meet the legislative intent, including possible changes in Federal organization and potentials for private investment.

President Johnson, in a July 13th address at the commissioning of the new research ship OCEANOGRAPHER stated that:

"This Council will survey all marine science activities to provide for this Nation a comprehensive program in this field. I will ask them to complete their initial recommendations by the time the new Congress convenes next January."

In considering this charge from the Congress and the President, the Vice

President did not believe that the Council should delay reviewing and evaluating current activities and developing proposals to bring before the Congress next year. We have begun immediately to staff and to prepare budgetary and legislative proposals this fall, in time for the FY 1968 budget cycle.

In short, the Congress has provided clear and urgent sailing orders. The President and the Vice President have intended that this mandate be implemented without delay.

The appropriations request which the President has transmitted to the Congress includes \$1.3 million for both the Council and the Commission. This is below the \$1.5 million authorized by the Congress. It is, however, the minimum that we believe necessary to cover such a wide scope of policy issues and program components, and to meet the deadlines which have been imposed by the President and by the Congress.

We are just beginning to formulate our goals and our operations. It is obviously too early to reflect accomplishments. On the other hand, with the guidelines provided by the Vice President, we are intent on carrying out the Congressional instructions that reflect a reawakened national interest in the Sea—a quest for new ways to turn its promise into practical achievements.

Dr. WENK. Mr. Chairman, the enactment of this legislation represents a landmark in establishing national policies as to this country's interests in the sea. The Congress, since 1959, has been endeavoring to determine what research we should do in the oceans and how to transfer those discoveries to practical benefit. This law, Public Law 89-454, represents for the first time in our national history a mandate "to develop, to encourage, and maintain a coordinated, comprehensive, and long-range program in marine science for the benefit of mankind."

This new legislation marks an important transition from our ocean sciences to ocean engineering and to ocean technology. It is significant that both of our political parties, both Houses of the Congress, and both branches of the Government agree that this action was necessary.

The act provides that these marine science activities contribute to the following objectives: To maintain our naval science and technology to meet our defense needs; to explore and assure exploitation of marine resources; to enhance our capabilities to improve weather prediction; to protect life and property at sea; to anticipate and control pollution of our seashores and estuaries; to support our foreign policy objectives; and to nourish basic research and education.

None of these functions are new. They have been carried out by 23 different agencies of our Federal Government. What is really new is that for the first time we have 1 agency that will try to bring together all of these goals, all of these policies, and all of these programs of 23 agencies and to try to provide for the executive branch and for the legislative branch 1 coherent, unified program in the national interest. It should maximize our productivity; it should be an important step, at this time when budgets are tight, "to get more bang for the buck."

The legislation provides two instruments for this purpose. One is a coordinating, policy planning council. The other is an advisory commission. In its wisdom the Congress provided two of the most important elements to get this job done. The Council on a day-to-day basis provides advice and assistance to the President. The Advisory Commission is made up largely of people from outside the Government, and provides an opportunity to consider the relationship between

our public and our private interests and thereby to get the benefit of these different points of view while these policies are being made.

LIST OF COUNCIL AND COMMISSION MEMBERS

Mr. DENTON. Thank you. I think it would be well for you to insert in the record at this point a listing of the membership of the Council and the Commission.

(The information follows:)

MEMBERS OF THE MARINE SCIENCES COUNCIL

The Vice President, Chairman.

The Honorable Dean Rusk, Secretary of State.

The Honorable Paul H. Nitze, Secretary of the Navy.

The Honorable Stewart L. Udall, Secretary of the Interior.

The Honorable John T. Connor, Secretary of Commerce.

The Honorable Henry H. Fowler, Secretary of the Treasury.

The Honorable John W. Gardner, Secretary of Health, Education, and Welfare.

The Honorable Glenn T. Seaborg, Chairman, Atomic Energy Commission.

The Honorable Leland J. Haworth, Director, National Science Foundation.

Dr. WENK. The Commission has not yet been appointed by the President. We expect that appointment momentarily. We do have the members of the Council. If the Commission were appointed within a day or two we could add those names.

SUMMARY OF PROGRAM

Mr. DENTON. You have already covered this to some extent, but I wish you would take a few moments at this time and just generally explain for the committee what you propose to do and how you will go about it? We would be particularly interested in your use of consultants and also the scope of your legal research.

Dr. WENK. Our Council has four primary jobs. First, we intend to review all of the ongoing programs of these 23 agencies, to determine what their goals and purposes are, and try to identify to the extent possible any unnecessary duplication. Second, we intend to evaluate these programs. By that I mean to determine whether or not there is the proper mix of scientific resources, ships, laboratories, and funding in order to get on with the job. Third, we will be looking ahead, trying to identify the manner in which oceanography may serve these different national interests and to lay out a framework of policies by which these different agencies can correlate their activities and, therefore, work in cooperation rather than competition.

Finally, we will prepare each year for the President to transmit to the Congress a report that embodies these evaluations, lays out the budget components of all of the different 23 agencies that are cooperating in the ocean sciences, and set forth any legislative recommendations.

USE OF CONSULTANTS

Mr. DENTON. What about consultants?

Dr. WENK. In order to do this, we feel we need a number of different types of expertise—marine biologists, geologists, mechanical engineers, economists, specialists in public administration, law, and so on. Our own small staff allowance will not accommodate the many different types of specialists. We therefore expect to amplify and extend our own in-house capabilities through the use of consultants.

Mr. DENTON. What about legal research?

Dr. WENK. We shall draw on legal expertise, both on our staff and through consultants.

PAY OF CONSULTANTS AND LEGAL EXPERTS

Mr. DENTON. What do you expect to pay the consultants and legal experts?

Dr. WENK. The law provides we may pay up to \$100 per day for consultants. However, as a matter of practice, we have found that we can get men of competence and distinction using the maximum on-going rate provided by most other Federal agencies. As a consequence, we have so far set a limit of \$85. We feel, however, that the members of the Commission, who are men of special distinction, appointed by the President, are required by law to be paid the \$100 per day.

COOPERATION OF GOVERNMENT AGENCIES

Mr. DENTON. When this bill was debated on the Senate floor the statement was made that not one of the administrative agencies involved favorably recommended enactment of the legislation. Could this be an indication there might be a lack of cooperation and coordination by these agencies in the performance of their work.

Dr. WENK. Mr. Chairman, your recollection of the record is absolutely right. The Administration was not very enthusiastic about this method of coordination, primarily, I believe, because there has been a very modest past record of accomplishment of interagency committees and councils. However, the Congress was perceptive in looking at the different alternatives. I do not know of any area in which both Houses examined an issue in more detail than did the Congress on this one. It deemed that this Council was the proper mechanism, and even with some possible threat of Presidential veto decided to go ahead. Once the Congress had passed this act and the administration began to examine it more carefully, I think it is fair to say they have changed their minds.

Two things have happened. First of all, the President has gotten behind this legislation himself. Secondly, the Vice President, who is chairman of the Council, has already had the Council meet twice since the law was enacted and has given me sailing orders to get on with the job with dispatch. I think it is fair to say that the administration has changed its mind.

METHOD OF ARRIVING AT COUNCIL RECOMMENDATIONS

Mr. DENTON. Could you explain in a little more detail for the committee just what weight the recommendations of the Council and the Commission will have?

For example, if you were to make a recommendation regarding the oceanographic activity of the Defense Department, and the military experts were opposed to such a recommendation, what would happen?

Dr. WENK. This hazard exists not only with Defense, but any of the other agencies that are members of the Council. In the first instance I think we would try to make sure that both the Council, oper-

ating in plenary session, and whatever agency was contesting its view, both had the same facts. We found time and time again when there are disagreements of this sort they often result from a different body of information. If we find that the basic information is sound, and there is still a difference of opinion, then the usual problem develops in Government of trying to persuade one or the other party that they are right. If that issue is not resolved between the Vice President as Chairman of the Council and the agency head, it would go to the President. It would have to be resolved in one manner or another before it comes to the Congress.

INTERNATIONAL SCOPE OF ACTIVITIES

Mr. DENTON. To what extent will your activities be international in scope?

Dr. WENK. Section 6 of the act specifically enjoins this Council to assume responsibility, under foreign policy guidance of the President, for international cooperation in the field of marine sciences.

I visualize this as falling into three different areas: First, international cooperation in scientific expeditions. The data about the oceans that this country needs to help our weather forecasting, for example, can be collected by other nations with their ships, and the data exchanged. This was done during the International Geophysical Year. It has been done with a recent expedition in the Indian Ocean. I would expect that cooperation to continue. Secondly, we have had a long history of bilateral and multilateral agreements in connection with fisheries, in connection with the conservation of our resources. I would expect that to be intensified. Lastly, we see this area, as many others of science, contributing to our foreign policy objectives, through the United Nations or bilateral agreements with other nations. This is an area in which the Vice President has indicated special interest, and the Council will take special steps to encourage our State Department to examine as carefully as possible what the potential is for the seas to serve our national interests.

PAY OF COUNCIL MEMBERS

Mr. DENTON. Briefly explain for the committee the remuneration members of the Council and the Commission will be entitled to.

Dr. WENK. Sir, as I understand from the act the members of the Commission and their consultants are entitled to \$100 per day. I believe that is provided for in section 5 (d).

The members of the Council who are already employees of the Federal Government will not receive any additional compensation. The staff of the Council as provided for in the act includes the Executive Secretary, plus seven positions that are excepted from the Civil Service. Though there is no limit through the legislation on the number of additional employees, in our budget we request we have asked for only 20 for the Council.

Compensation for the consultants which we would employ in the Council are not provided for explicitly in the legislation. At the present time the authority under which we are employing consultants is derived from the authority under which we are now operating, with funds that we have borrowed from the Navy and from the National

Science Foundation until such time as our first appropriation is granted.

LEASED SPACE FOR CONSULTANTS AND EXPERTS

Mr. DENTON. It is noted in your justifications that you have provided \$70,000 for rent, communications, and utilities and you have stated:

This will finance rental of leased space for the commissioners, council, and commission staff, and for consultants and experts.

To what extent will you be furnishing leased space for consultants and experts?

Dr. WENK. A small amount of the space that we have had earmarked for us in a leased building is for those consultants that we feel need to be brought on duty on a full-time basis, but for short intervals. We feel it is necessary that consultants interact with members of our own staff, because each brings a different kind of expertise. We may employ a lawyer or we may have a foreign affairs expert or economist for a month or so. He would not be effective working with our other specialists if he were in his own home office. We feel we have to provide office space in the same vicinity as the offices for our own staff.

LOCATION AND SQUARE FOOTAGE OF OFFICE SPACE

Mr. DENTON. Where will your office be located and what will be the square footage of your office space?

Dr. WENK. At the moment we have headquarters in the Executive Office Building, and this consists of two rooms for the Executive Secretary and a small staff. The main office quarters are in leased space at 19th Street and Pennsylvania Avenue NW., on the northeast corner in an older building across from the World Bank. We are planning for approximately 7500 square feet, for both the Commission and the Council.

NUMBER OF POSITIONS AUTHORIZED AND FILLED

Mr. DENTON. Your justification indicates a total of 25 positions. How many of these are actually employed now?

Dr. WENK. We have five on board, specific commitments to two others.

FUND AVAILABILITY

Mr. DENTON. With what funds are you paying these employees?

Dr. WENK. In order that we respond to the President and the Vice President's interest in moving ahead promptly, we had borrowed \$25,000 from the Navy Department and \$25,000 from the National Science Foundation under authority of 31 U.S.C. 691.

FILLING VACANT POSITIONS

Mr. DENTON. What prospects do you have of immediately filling the remainder of these positions you have established?

Dr. WENK. Rather good, despite the fact that specialists of this caliber are very hard to find. There is a sense of excitement in the profession about this legislation. We are having a large number of unsolicited applications for employment from first-rate people. I do

not believe we will have any great difficulty in finding the men of the caliber we need.

Mr. DENTON. If you do not fill them immediately, there will be some lapse?

Dr. WENK. The budget estimate does provide for a lapse figure of 25 percent.

BUDGET FOR OTHER SERVICES

Mr. DENTON. You have budgeted \$540,000 for other services. What does this cover and how firm is this estimate?

Dr. WENK. Let me begin by saying that the total request of \$1.3 million is below the one and a half million authorized by the Congress. It has been carefully reviewed by the Vice President and the Bureau of the Budget and by the President. As you know, at this budget season, it has been screened from every possible direction. We feel this is the absolute minimum we can get by with.

PROVIDING CONTRACT STUDIES AND HIRING EXPERTS

Mr. DENTON. What does it cover?

Dr. WENK. The \$540,000 that is provided is for contract studies to provide us with some capability of meeting our needs without the necessity of expanding our own in-house staff capabilities.

Mr. DENTON. You mean to put on more people?

Dr. WENK. No, sir. These are studies by experts, who would not be put on our staff, but who would look at different questions that are related to our operation. Perhaps I can give you an example or two of the sort of studies we have in mind. Among other things, newer types of instruments are being developed which permit measurements at sea from satellites, from buoys, or from helicopters, rather than from ships. We want to find out what the most economical method is of making such measurements. In the past everyone has thought it should be done from a ship. Now we are not so sure.

CONSULTING OUTSIDE EXPERTS

Mr. DENTON. Who will do this?

Dr. WENK. This is a matter of going to the outside for experts, people like those from the Batelle Memorial Institute, the Stanford Research Institute, or some of the universities who have experts that have worked in this field.

RELATIONSHIP WITH GEOLOGICAL SURVEY

Mr. DENTON. Geological Survey has plans for Project EROS, which is practically the same thing. How will you work with them?

Dr. WENK. The Geological Survey has undertaken some studies, as have some of the other agencies. Quite honestly, we are not satisfied with the studies conducted on contract by several of the agencies. We feel there are two kinds of problems. The first is that the contractors when they undertake studies are inclined to come up with results that always favor that sponsoring agency. We are looking at this from a Government-wide point of view and believe that outside studies must maintain the same degree of objectivity.

MR. DENTON. Do you think we ought to eliminate the appropriation for that activity from your funds or theirs?

DR. WENK. I do not believe there is any duplication in these studies. I think we have found in a new area of this kind, that sometimes more than one study of exactly the same critical issue is necessary. Also a second study may be called for if the first is unsatisfactory. Some of the other studies—

MR. DENTON. You do not think that is duplication?

DR. WENK. I am not sure what particular study you are referring to. If I may go off the record—

THE CHAIRMAN. Very well.

(Discussion off the record.)

MR. DENTON. Mrs. Hansen?

SCOPE OF WORK

MRS. HANSEN. On page 3 you have:

These studies will be aimed at establishing goals, cost benefits relationships, and feasibility of various programs concerned with such areas as fisheries.

Let us stop right there. In what realm are you going to operate in fisheries? Are you going to try to suggest how evaluations of off-shore fishing resources may be made, inventories, and the type of habitat for conservation? Are you going to work toward some kind of international conservation program?

DR. WENK. This fisheries area is one that is capturing our immediate attention, because a number of specialists have felt that fish offer some solution to protein deficiency throughout the world. A large number of people are suffering from malnutrition. The fish protein concentrate, a fish meal or fish flour made from dried fish, appears to be a solution. One of the first studies we want to undertake is to determine whether or not it is cheaper to get protein from the sea or whether it is cheaper to get it from beef cattle or cereals or some artificial process. If we find that the results of that study are affirmative, then the next step is to study the potential stocks of different fish not now being caught for food.

FORM OF COUNCIL RECOMMENDATIONS

MRS. HANSEN. Would you ever have the courage to come before Congress and tell the fishermen that their resources are not worthwhile and beef cattle is the resource to be concentrated on?

DR. WENK. I have to admit that is going to be a great hazard. I think it has to be looked at.

MRS. HANSEN. I know it has to be looked at but I am wondering who is going to get the original courage.

DR. WENK. We may be in a fortunate situation in that regard because the United States is not a large-fishing Nation. It is not a large fish-eating Nation. Some of the potential in this area lies not in the United States fishing in the seas, but in the United States developing and exporting the technology, by using some of the expertise we have developed through our space program, but applied in an entirely different area.

MRS. HANSEN. We may not be the largest fish-eating Nation or the greatest fishing Nation, but it doesn't mean that there is any less interest among the people who are doing the fishing.

Dr. WENK. What you say is certainly true. The study that we intend to undertake here, though, would be a necessary background to any major change in direction at the present time. If in fact the seas offer a solution of this problem of worldwide malnutrition, rather than simply recognizing this as a problem on the one hand and a potential solution on the other, I think part of our obligation to the President is to identify for him modes of solution that are compatible with our approach to fishing, and in our using science in our national interest.

Mrs. HANSEN. Thank you.

Mr. DENTON. Mr. Marsh.

Mr. MARSH. Thank you, Mr. Chairman. Dr. Wenk, I bid you welcome on your first appearance before this committee.

Dr. WENK. Thank you, sir.

Mr. MARSH. Your presentation is a very fine one. I believe they have a very capable individual to head up this new Council. I wish you every success. Your agency came into being in June 1966?

Dr. WENK. The law was signed by the President June 17. The agency, I suppose, could have been said by historians to have been born on August 17, the date, coincidentally, of the first meeting of the Council chaired by the Vice President and my appointment as Executive Secretary.

Mr. MARSH. This is your first appearance before the committee?

Dr. WENK. Yes.

Mr. MARSH. And you are here to get these funds in order to get underway?

Dr. WENK. Yes, sir.

OPERATIONS IN FISCAL YEAR 1966

Mr. MARSH. You were not engaged in an operation in 1966?

Dr. WENK. No, sir. My biography will reveal that at that time I was working for the Congress as Chief of the Science Policy Research Division in the Legislative Reference Service.

DATE OF SUPPLEMENTAL

Mr. MARSH. I notice that your request for supplemental appropriations dates back to July 1. Why do you date back to July 1?

Dr. WENK. In the first instance, we would like to be able to reimburse the two agencies who have lent us money to get started, the National Science Foundation and the Navy Department. They understand that they may not be reimbursed, but I feel from a policy point of view we should stand on our own feet. To every extent possible I would seek through the language of the appropriation request to be able to reimburse them.

EXPENDITURES TO DATE

Mr. MARSH. You have spent money between July 1 and this date?

Dr. WENK. Yes, sir.

Mr. MARSH. For what have you spent these funds?

Dr. WENK. Primarily in salaries for our staff. We have also made some commitments in anticipation of occupying the space at 19th and Pennsylvania Avenue.

Mr. MARSH. How much have you spent?

Dr. WENK. I have those numbers handy or I can provide them for the record.

Mr. MULLEN. Approximately \$42,000 through October.

Dr. WENK. Total commitments (not obligations), \$41,500, of which a portion, a substantial portion, is for furniture and furnishings.

AUTHORIZATION TO EXPEND FUNDS

Mr. MARSH. You were not authorized to spend this money by the Appropriations Committee.

Dr. WENK. That is correct. The authority under which we operate, and we checked this with our counsel, was the authority associated with the funds lent to us. The authority for those funds derived from the fact that officers of those two agencies are members of our Council.

NATURE OF EXPENDITURES

Mr. MARSH. The \$42,000 you have spent has really been preliminary in order to get your furniture and your office underway?

Dr. WENK. Yes, sir.

Mr. MARSH. You have not been requested by either the Department of the Navy or the National Science Foundation who loaned you this money to do a study specifically for them?

Dr. WENK. No, sir; not at all. There have been no strings attached.

Mr. MARSH. So it was not to do some work for them at their specific request?

Dr. WENK. That is right. The request was made entirely to carry out the mandate of the legislation, and the authority under which the money was granted lay in the fact that officers of those two agencies are members of our Council.

EFFECT OF THE CONTINUING RESOLUTION

Mr. MARSH. You are aware of the continuing resolution of the Congress on the 30th of June that no funds should be used to initiate or to resume a project that was not already initiated or underway in 1966. You are aware of that resolution.

Dr. WENK. No, sir; I have to confess I have not been aware of that resolution.

Mr. MARSH. You were not aware that the Congress had enacted into law a provision that no funds could be used to begin a new project pending enactment of 1967 appropriations. I will read you this particular section. This is section 104 of Public Law 89-481:

"No appropriation or fund made available or authority granted pursuant to this Joint Resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1966."

In light of the mandate of that statute how do you justify the borrowing and expenditure of funds prior to your appearance before this committee for supplemental appropriations?

Dr. WENK. I have been operating under the advice both from the Bureau of the Budget and the General Services Administration, which provide us with administrative assistance, and the agencies from whom the funds were obtained.

AGENCY AUTHORIZATION TO EXPEND FUNDS

Mr. MARSH. You cited Section 691 of the United States Code.

Dr. WENK. Yes, sir.

Mr. MARSH. Section 691 does authorize the interchange of funds, so to speak, between various agencies of the Government, but those are for projects apparently being conducted by the other agency for the benefit of the agency making the request.

Dr. WENK. May I read the language that I understood applicable here in this regard; namely, "appropriations of executive departments and independent establishments of the Government shall be available for the expenses of committees, boards or other interagency groups engaged in authorized activities of common interest to such departments and establishments, and composed in whole or in part of representatives thereof who receive no additional compensation by virtue of such membership."

This was the provision under which I felt that both the Bureau of the Budget and the General Services Administration gave me an OK to proceed. I was not aware of that particular act that you mentioned. I was cautious about the necessity of being on firm ground before proceeding at all so that I checked with both agencies and had affirmative advice from them. Further, the agencies from whom the funds were borrowed did not raise any question of legality when they agreed to make the requested funds available.

VIOLATION OF CONTINUING RESOLUTION

Mr. MARSH. I admire your ability and desire to get the job done, but you see the Congress enacted this law to establish the Council and enacted a law shortly thereafter that would provide, in effect, that you should come in in the ensuing fiscal year for funds. We meet here as legislative and executive branches. To me this is a violation and you are frustrating the legislative process and the appropriations process.

Dr. WENK. I am sure you realize there was no intent to do that at all. We operated in good faith. To the contrary, our intent was to get on with the job as quickly as possible and we have a special problem in this regard. The law under which we operate gives us a very short time to do this job.

The authority is temporary and exists only for 22 months after the advisory commission is appointed. This is a very ambitious set of tasks that the Congress had given us to perform under a very limited time scale. It was necessary to respond promptly this Fall if we were to bring proposals into the FY1968 time frame. It is for that reason—that is, with the initiative that the Congress gave to the legislation, and now with the support that the administration has given to the legislation and the leadership the Vice President is giving to the program, we felt we were enjoined to move as promptly as possible. Such action has been long in coming—it has been 6 years since the Congress has looked at this question before coming to a solution satisfactory to all parties.

When I was brought on board, the first thing I asked was, "Where do I get funds?" And the Bureau of the Budget, at least within the executive branch, was as great an authority as I could find.

Mr. MARSH. I can appreciate your position in wanting to do this, but suppose the Congress decided it would not appropriate funds in fiscal year 1967 for this particular activity? There are many programs that are authorized that are frequently not carried to fruition, as you know better than I.

Dr. WENK. I discussed that possibility with the agencies from which we borrowed the money. We had to anticipate all possible contingencies, and I indicated that if that occurred they would not be reimbursed. In other words, the expenditures we made were consistent with their authority and if we did not obtain our requested appropriations, there would be no monies with which to reimburse them.

SCOPE OF CONTINUING RESOLUTION

Mr. MARSH. Here is the problem: The injunction which was directed to your agency as a blanket injunction was also an injunction to the sources from where you borrowed your money. They were not supposed to lend you money to begin a new project not already under way in 1966.

The law is not aimed and directed just to the new agency. The law goes to the existing agency and tells them they are not to authorize these cross-transfers of funds unless the project was underway in 1966. That is fiscal year 1966.

How do you reconcile that?

Dr. WENK. In this case, I would like the advice of counsel. In its absence, I would suggest the following: The legislation was signed into law June 17. It, therefore, was enacted last fiscal year, not the current one.

Mr. DILLON. The function of coordinating interagency activities has been going on for some time and is not a new activity.

Mr. McDADE. This isn't a new activity?

Mr. DILLON. It is the function of coordination. The function is not. I agree, this particular organization is certainly new; I wouldn't deny that.

Mr. McDADE. You mean people talk to each other downtown occasionally about what is going on?

Mr. DILLON. There have been committee meetings and organizations for years that have tried to handle this problem.

DATE OPERATIONS STARTED

Mr. MARSH. You are not telling me that section 104 of the continuing resolution doesn't apply in this case, are you? It didn't apply to the Navy or to the federal agency from whence you borrowed the funds—I will read it to you again. The law says that:

No appropriation or fund made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1966.

You have already stated on the record that you began really in August, 1966, which is well past the fiscal year.

Dr. WENK. I would say that the Council as a viable body began August 17, but it is certainly fair to say there was a good deal of activity after June 17 in order to recruit personnel and in order to develop even the budget request that now appears before you. So, when

I identified August 17 as a point in history, it is because this was the first time there was some public identification of the agency. There was a great deal of activity going on before that time.

Mr. MARSH. It was not enacted into law until June 17 of this year.

Dr. WENK. Yes, sir. Again I feel I need to consult counsel on this point, but my impression is that our agencies would not be considered within the terms of reference of your resolution.

(The following additional information was furnished later:)

The transfer of funds for support of the National Council on Marine Resources and Engineering Development was arranged after consultation with all appropriate officials. The funds provided were transferred out of no-year appropriations which had balances of prior year funds. These funds were not appropriated by the continuing resolution nor subject to its restrictions. The appropriations providing the funds were:

Salaries and Expenses, National Science Foundation—49X0100

Research, Development Test and Evaluation, Navy—17X1319

In addition, both these organizations have for years conducted broad programs in oceanography. These programs and their coordination and planning have been underway for several years. Therefore, it is considered that the Congress in Public Law 89-454 directed not a new project or activity, but a new national policy and a new mandate to provide better planning and review of the various on-going marine science and technology programs of the Government.

Mr. MARSH. Well, I still believe it is, but I believe, too, Dr. Wenk, that you see, and we both agree that this type of financing does damage to the legislative process. The problem that members of Congress have is that we have to go out and reconcile these things—as we should—to people who say, "Why are executive agencies permitted to do this?"

I read your statement here, that the Vice President wanted your people to move forward. I can appreciate, you being a very capable administrator, wanting to accomplish these things, but it is a question of whether you are going to have a government of laws, or a government of men. This is a worthwhile project and many things will be accomplished, but how do you distinguish between the good things and the bad things when you violate the legislative process in this way?

Mrs. HANSEN. Will the gentleman yield at this point?

Mr. MARSH. Yes.

CURTAILMENT OF FUNDED PROGRAMS

Mrs. HANSEN. We wouldn't be quite so perturbed if programs that were already going on, and which were most important, weren't already curtailed. They were appropriated, funded by the Appropriations Committee, and then the Bureau of the Budget comes along as a super-budget agency and curtails these activities. Then in this instance they permit the beginning of a new activity in a time that has been stipulated by the Appropriations Committee, or by the Congress, that no new activity shall take place. I think this is one of the very maddening instances of the executive branch not recognizing the legislative branch and the authority vested in the Congress.

CONTRACTS FOR STUDIES

Mr. MARSH. Have you entered into any contracts for studies with consultants?

Dr. WENK. No, sir.

FUNDING FOR FY 1967

Mr. MARSH. Your \$1,300,000 is for the whole year, so the quarter that has already expired—this includes the quarter that has already expired.

Dr. WENK. I am sorry, sir, I missed the first of your question.

Mr. MARSH. The \$1,300,000 automatically goes back and relates to July 1?

Dr. WENK. Yes.

EXPENDITURES

Mr. MARSH. During the period in which you have spent \$42,000, you have not entered into any other contract beyond the \$42,000?

Dr. WENK. This might be a fine point. We have not actually spent the money. The amount of money that has actually been spent for salaries is far less than that. We have committed funds, and I would say not even obligated because the purchases for furniture have not yet been placed. Though I was not aware of this particular resolution, I sensed the congressional interest, and I have tried to move as slowly as possible and still accomplish something. Now, I don't know whether that sounds inconsistent, but I have endeavored to do this because I have been aware of the fact that I was operating without any appropriation of my own, and I felt very much that I didn't want to get my people or you folks in any awkward position. Therefore, I have been interviewing people, but not making all possible offers until we had satisfactory approval from the Congress.

If I have transgressed, I must say it was completely out of ignorance and with the intent to meet the congressional mandate. I realize that is no excuse, but I was not aware of that resolution, and I was not made aware of it by any of the counsel that I consulted. They must have been aware of the resolution, however, and convinced it did not apply.

Mr. MARSH. Thank you.

Mr. REIFEL. I would like to say, Dr. Wenk is an excellent witness and I hope the issue can be worked out. I appreciate the opportunity of listening to you. Thank you very much.

Mr. McDADE. I would just like to make a comment.

First, I want to compliment our colleague, John Marsh, for noticing this. I think it is important. Although we all sympathize and look upon the work that you are doing as mighty important, we have a function of control, too, and it is being overlooked sometimes.

I personally will be very much interested in your work and I know the committee will. I recall having lunch with the man who heads up the program with the University of Miami.

Dr. WENK. Walton Smith.

Mr. McDADE. Yes, Walton Smith. In his speech, Mr. Smith said, the human race could fail to get to the moon and it would be disastrous to no one, but if the human race didn't develop the research for this project, it would be a calamity.

I hope you can really pull these programs together and show us something. It is something we all look forward to.

Dr. WENK. Thank you, sir. It is quite a responsibility.

Mr. McDADE. Will you have liaison with the universities?

Dr. WENK. Yes.

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