

DEPARTMENT OF AGRICULTURE APPROPRIATIONS FOR 1969

HEARINGS BEFORE A SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS HOUSE OF REPRESENTATIVES NINETIETH CONGRESS SECOND SESSION

PART 1

BUDGET FOR THE DEPARTMENT OF AGRICULTURE
GENERAL AGRICULTURAL OUTLOOK
SECRETARY OF AGRICULTURE
SOIL CONSERVATION SERVICE

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DEPARTMENT OF AGRICULTURE APPROPRIATIONS
FOR FISCAL YEAR 1969

MONDAY, MARCH 4, 1968

GENERAL BUDGET STATEMENT

WITNESSES

JOSEPH M. ROBERTSON, ASSISTANT SECRETARY FOR ADMINISTRATION

CHARLES L. GRANT, DIRECTOR OF FINANCE, DEPARTMENT OF AGRICULTURE

JEROME A. MILES, DEPUTY DIRECTOR OF FINANCE, DEPARTMENT OF AGRICULTURE

HAROLD M. VINDAL, CHIEF, DIVISION OF BUDGET POLICIES AND OPERATIONS, OFFICE OF BUDGET AND FINANCE

Mr. WHITTEN. The committee will come to order.

We start the hearings on the 1969 Budget for the Department of Agriculture, of which, incidentally, more than 50 percent is probably of direct benefit to the consumers of this Nation.

As we begin we start with the USDA budget director's presentation of the general budget statement. We have Mr. Robertson, Assistant Secretary for Administration here with us, together with Mr. Grant, Director of Finance, and his associates.

Mr. Robertson, do you have any statement preceding that of Mr. Grant?

Mr. ROBERTSON. No, sir. Mr. Grant speaks for the Department of Agriculture, sir.

Mr. WHITTEN. We also have with us Mr. Jerome A. Miles, Deputy Director of Finance, and Mr. Harold M. Vindal, Chief of the Division of Budget Policies and Operations.

DEPUTY DIRECTOR OF FINANCE

Mr. Miles, I believe you are new to the committee. We will be glad to have the record carry a brief summary of your background and experience.

I believe Mr. Vindal has been with us before.

(Biographical sketch of Jerome A. Miles follows:)

Jerome A. Miles is Deputy Director of the Office of Budget and Finance, U.S. Department of Agriculture.

He was born on a farm in Spink County, S. Dak., on January 17, 1931, and attended public schools in that State. In 1952, he was graduated with honors from South Dakota State College receiving a bachelor of science degree. He was awarded a fellowship by the Maxwell School of Citizenship and Public Affairs, Syracuse University, where he received his master of public administration degree in 1953.

After serving 2 years as an enlisted man in the Army, he came to work as a management intern in the Office of Budget and Finance, U.S. Department of

Agriculture. In 1956, he transferred to the Agricultural Stabilization and Conservation Service and was made Director of the Operations Analysis Staff in 1962. In 1966, he was appointed Deputy Director of the Office of Budget and Finance, U.S. Department of Commerce, and in December 1967, transferred to his current position in the Department of Agriculture.

REDUCTIONS IN 1968 OBLIGATIONS AND PROGRAMS

Mr. WHITTEN. We have a rather unusual budgetary situation, Mr. Grant, at this time. It has been a little difficult for many of us in Congress, and I am sure for many in your Department, in that during the present fiscal year it was necessary to scale back the overall expenditures of Government.

Prior to those efforts by our Committee on Appropriations, which of course were subject to the approval of Congress, we had passed many of the appropriation bills for the various Departments and agencies for the present year. Also, prior to this action by the committee and the Congress to scale back expenditures, certain programs were frozen by the Bureau of the Budget at the direction of the President.

I would like for the record to show just what funds and programs were frozen prior to this action of the Congress.

When this bill which was enacted pursuant to House Joint Resolution 888 came before the House, seeing that the requests in the 1968 budget were far in excess of 1967 in many areas of Government, other than agriculture, I offered a substitute for the committee bill. My proposal would have required the scaling back of the overall governmental expenditures with a few exceptions to the 1967 level. This would have left the Department of Agriculture able to operate at the then existing level, and at the same time would have scaled back some of these new proposals to a level which would have reduced the overall budget for 1968 by some \$6 or \$7 billion.

AMENDMENT PROPOSED BY MR. WHITTEN

In other words, my provision, which I would like included in the record at this point, would have maintained the 1967 level for programs charged with looking after the health and well-being of our own country such as soil and water conservation activities.

(The Whitten version of House Joint Resolution 888 follows:)

[H.J. Res. 888, 90th Cong., first sess.]

JOINT RESOLUTION Making continuing appropriations for the fiscal year 1968, and for other purposes

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled,

That the joint resolution of October 5, 1967 (Public Law 90-102) is hereby amended by striking out "October 23, 1967" and inserting in lieu thereof "November 23, 1967" and by adding the following language:

Provided further that for fiscal year 1968, unless hostilities in Viet Nam and Southeast Asia should cease earlier, Federal spending of appropriated funds except expenditures from trust funds by each Department and Agency of government, including the Legislative and Judicial branches, except for military expenditures of the Department of Defense directly related to our involvement in Southeast Asia, including pay of all military personnel, the payment of interest on the National Debt, payments under the Social Security Act, veterans and other retirement benefits, medicare and old age assistance payments, shall not exceed the amount expended during fiscal year 1967, except that the limita-

tion on the Department of Transportation shall not be more than 95 percentum of the Budgeted amount for 1968. Provided further that where deemed necessary to maintain mail service, the President is authorized to exempt the Post Office Department from the provisions of this Act; and provided further, should the President deem it necessary for collection of revenue, he is authorized to exempt, to the extent necessary, the Internal Revenue and the Customs Services.

Provided further that such reduction of expenditures insofar as practical may be made by stretching out the time schedule of performance and payment on contracts so as not to require the elimination of new construction starts, and by each Department and Agency not filling vacancies.

"Provided further, that net aggregate administrative budget expenditures during the fiscal year ending June 30, 1968 shall not exceed \$131,500,000,000, except by those expenditures in excess of \$22 billion that the President may determine are necessary in behalf of our military effort in Southeast Asia."

"Provided further, that appropriations made by Public Law 90-102, as amended, shall be available for activities budgeted under "Office of Economic Opportunity, Economic Opportunity Program" at a rate not in excess of that which would be provided for by an appropriation of \$1,200,000,000 for the fiscal year ending June 30, 1968.

SEC. —. Obligations during the period by section 1 hereof for activities to be authorized by the Foreign Assistance Act of 1967 (S. 1872 or similar legislation) shall not exceed an annual rate of \$2,000,000,000 during the fiscal year ending June 30, 1968.

Passed the House of Representatives October 18, 1967.

Attest:

W. PAT JENNINGS,
Clerk.

MR. WHITTEN. You will recall that the Senate, for quite a long time, would not consider the measure. Also, you will recall that it took several months to work out a conference agreement.

CONFERENCE REPORT

I would like to have the pertinent provisions of the final conference report included in the record at this point.

(Pertinent provisions of conference report follow:)

[H. Rept. No. 1011, 90th Cong., first sess.]

CONTINUING APPROPRIATIONS, FISCAL YEAR 1968

* * * * *

BACKGROUND OF THE MOTION TO BE OFFERED

While Congress throughout the year has recognized the need to effect economies and reduce Federal spending wherever it seemed reasonably possible to do so in actions on appropriation bills, and while considerable success has been attained as evidenced by the prospective appropriation reductions of close to \$6 billion for fiscal 1968, the fact is that current estimates of the size of the Federal budget deficit, recent upheavals in international monetary circles, continuing inflationary pressures, and increasing pressure on the dollar throughout the world, make it imperative that still further reductions in Federal outlays be made. The fiscal outlook for 1968 is now vastly different than it was when the 1968 budget came last January—a deficit in excess of perhaps \$20 billion in contrast to the original projection of \$8.1 billion.

It has become increasingly necessary in recent years to enact continuing resolutions in the latter months of each session of Congress to make funds available for departments and agencies for which appropriation bills have not been passed by the beginning of the new fiscal year on July 1. Lack of more timely annual authorization for appropriations for many of these has been a major factor in these delays. Continuing resolutions for October and subsequent periods became the vehicle this year for various reduction proposals and expenditure limitations.

It will be recalled that two continuing resolutions (H.J. Res. 652 and H.J. Res. 804) making interim appropriations for July-August, and for September, for

agencies of Government for which regular 1968 appropriation bills had not been enacted were processed through Congress without event.

On September 27, however, by a record vote of 202 yeas to 181 nays, the House recommitteed (without specific instructions) the October continuing resolution (H.J. Res. 849, H. Rept. 708). This recommitment action was a manifestation of desire in the House for further economies beyond the multibillion-dollar reductions already made—and in prospect—in the 15 appropriation bills.

On October 3, the House adopted House Joint Resolution 853 (H. Rept. 724) which provided for the extension of the continuing resolution expiration date to October 10 in lieu of October 31. On October 4, the Senate adopted House Joint Resolution 853, amended to extend the date through October 23, and on the same day the House agreed to the Senate amendment and the resolution was enacted into law.

On October 16, the Committee on Appropriations of the House after considerable study of possible courses of action in response to the desires manifested by the House in recommitting the earlier resolution on September 27, reported House Joint Resolution 888 (H. Rept. 785) which proposed to extend the date another 30 days—to November 23. It also included language—

To temporarily curtail (for 30 days) the incurring of obligations for new construction, research, demonstration, training, service, and similar activities not directly related to the military effort in Southeast Asia.

To reduce by 5 percent the funds for civilian personnel, and require that all amounts withheld pursuant to the above requirements be rescinded.

To reduce by 10 percent the funds for research and development, accompanied by rescission language.

To so adjust program obligation schedules as to permit complete absorption of the civilian pay increase that the House had recently voted.

It was estimated to reduce budgeted expenditures by about \$1.5 billion, or something in that area, in fiscal 1968, in addition to the estimated fiscal 1968 expenditure reduction approaching \$2 billion as a result of actions in the 15 appropriation bills enacted or to be enacted for 1968.

On October 18, by record vote of 239 to 164, the House substituted for the committee propositions (except for the date of November 23) an amendment intended to hold expenditures—by each department and agency—to the 1967 level (with a number of major exceptions). Appended to the amendment was an overall ceiling of \$131.5 billion on net administrative budget expenditures for fiscal 1968 except for those relating to our military effort in Southeast Asia. Also, a temporary obligation rate of not to exceed \$2 billion for the foreign assistance program was added, as was a \$1.2 billion temporary obligation rate for the antipoverty program.

The best calculations available indicate that under the provisions of the resolution as passed by the House, fiscal 1968 budgeted expenditures would be reduced by roughly \$7 billion, gross, against which would be offset the 1968 expenditure value—estimated at close to \$2 billion—that would result from appropriation bill reduction actions made or expected to be made. Thus the net additional spending reduction that would have resulted was calculated at approximately \$5 billion. This was not a rescission of funds, but rather to some degree a postponement or deferral through limitations on department and agency spending during fiscal 1968.

On October 20, the Senate Committee on Appropriations reported House Joint Resolution 888, trimming the expiration date back to November 15 (amendment No. 1), and striking all of the House provisions relating to reduced expenditures, the expenditure ceiling, and temporary obligation rates. On October 25, the Senate passed House Joint Resolution 888 as reported, by record vote 59 to 26, after rejecting various floor amendments.

The conferees on House Joint Resolution 888 have met a total of six times since late October. Due to the extremely complex and controversial nature of broad reduction propositions, and in view of the fact that it is closely related to the administration's pending tax surcharge proposals, the conferees have experienced great difficulty in arriving at a final compromise. The managers on the part of the House were committed to further expenditure reductions. The Senate conferees were governed somewhat by the rejection of such limitations during Senate consideration. The position of both sets of conferees was fully supported by strong votes by their respective bodies.

THE OBLIGATION AND EXPENDITURE MOTION TO BE OFFERED

The conference agreement to be submitted in a motion to be offered in the House is estimated to result in an expenditure reduction of approximately \$4.1 billion below the President's budget request for fiscal 1968 by reducing budgeted obligations in that fiscal year by not less than \$9 billion. These are reductions from the budget amounts, and thus include—in the case of the \$9 billion—the 1968 obligations that will be reduced by reason of the expected cuts by Congress of close to \$6 billion in new appropriation requests. And the \$4.1 billion expenditure reduction figure would also thus include the effect of Congressional appropriation reductions—of about \$1.5 billion to date and perhaps \$1.9 to \$2 billion when the two appropriation bills still pending are cleared. Of course, the expenditure savings not realized in fiscal 1968 from the close to \$6 billion cut would be realized in subsequent fiscal years.

For the most part, the specific substitute language agreed upon by the conferees is that language which was submitted by the administration on November 29 as title II of the proposed Tax Surcharge and Expenditure Reduction Act legislation. Certain perfecting amendments were agreed to in conference, but the basic thrust of the administration's proposal has been maintained.

The substitute as agreed upon in conference would establish a mandatory reduction in the obligations of each civilian department and agency of the executive branch in fiscal 1968 by an amount equal to 2 percent of obligations estimated in the budget for personnel compensation and benefits, plus an amount equal to 10 percent of estimated budget obligations for other controllable items. Where Congress has reduced the appropriations of a department or agency by more than the amounts specified in the 2-plus-10-percent formula, the more restrictive congressional action would prevail.

The substitute as agreed upon in conference is specific as to amounts of reductions to be made at the department or agency level. The allocation of the reductions within the various departments and agencies would be determined by the officials of the departments and agencies, and would be subject to the approval of the President. Personnel reductions are not absolutely mandatory, although undoubtedly in many cases reductions will be made in civilian compensation costs. Departments and agencies may choose to cut other expenses an amount equal to 2 percent of personal services estimates and maintain personnel levels. Of course, no individual employee's salary will be reduced by the operation of this title.

Under the substitute agreed upon by the conferees, budgeted obligations of the Department of Defense will be reduced by an amount equal to 10 percent of the new obligational authority for non-Vietnam purposes. It is anticipated that funds realized by the resultant defense savings and postponements will be utilized to cover added expenditures expected to be needed during the fiscal year 1968 for the war in Vietnam. Further, the substitute provides that the President may exempt from the operation of this title any obligations for national defense which he deems to be essential for the purposes of national defense.

As is generally true in all such broadly based proposals, it is necessary to make some exceptions to the general rule, and to introduce some discretionary administrative flexibility, so as to prevent unintended harmful consequences in some instances. Accordingly, the substitute language agreed upon provides that the reduction provisions shall not apply to—

- (1) Permanent appropriations (such as interest);
- (2) Trust funds (social security, etc.);
- (3) Items included in the budget as "relatively uncontrollable" including, among others—
 - (a) Veterans pensions, compensation, and insurance,
 - (b) Public assistance grants,
 - (c) Farm price supports,
 - (d) Postal public service costs and revenue deficit,
 - (e) Health insurance payments to trust funds,
 - (f) The legislative and judiciary branches,
 - (g) Interest (largely public debt); and
- (4) Programs, projects or purposes, the sum total of which may not exceed \$300 million, which the President may exempt from his determination that such exemption is vital to the national interest or security, except that no program, project, or purpose shall be funded in excess of amounts approved therefor by Congress.

The substitute language of the resolution agreed upon further provides that, to the maximum extent practical, reductions in obligations for personnel shall be accomplished by not filling vacancies, and that reductions in obligations for construction be accomplished, insofar as practical, by stretching out time schedules or starting new projects and performing on contracts so as not to preclude new construction starts.

It is the sense of the conferees that, insofar as practical, reductions made under this title shall be applied in such manner as to maintain the level of operation of any program in fiscal year 1968 at not less than that maintained in the fiscal year 1967, except where otherwise provided in the 1968 appropriation bills or other acts of Congress.

The conferees fully realize that large reductions in obligations and expenditures cannot be accomplished without denying funds for purposes considered by many to be praiseworthy. Nevertheless, fiscal deficits of the magnitude currently anticipated are recognized to hold some danger for the Nation's economic well-being, and therefore are unacceptable. The executive branch has urged that the Congress join in a program of fiscal restraint.

There are those who would prefer deeper cuts. There are those who would prefer smaller cuts. There may be those who would prefer no further cuts. It is generally believed, however, that the reductions which would be accomplished by the plan worked out by the conferees and proposed herewith is a proper and workable compromise.

TEXT OF SUBSTITUTE MOTION TO BE OFFERED

The full text of the substitute motion agreed upon by the conferees and to be offered in the motion follows:

"TITLE II—REDUCTIONS IN OBLIGATIONS AND EXPENDITURES

"SEC. 201. In view of developments which constitute a threat to the economy with resulting inflation, the Congress hereby finds and determines that, taking into account action on appropriation bills to date, Federal obligations and expenditures in controllable programs for the fiscal year 1968 should be reduced by no less than \$9,000,000,000 and \$4,000,000,000, respectively, below the President's budget requests. The limitations hereafter required are necessary for that purpose.

"SEC. 202. (a) During the fiscal year 1968 no department or agency of the executive branch of the Government shall incur obligations in excess of the lesser of—

"(1) the aggregate amount available to each such department or agency as obligational authority in the fiscal year 1968 through appropriation Acts or other laws, or

"(2) an amount determined by reducing the aggregate budget estimate of obligations for such department or agency in the fiscal year 1968 by—

"(i) 2 per centum of the amount included in such estimate for personnel compensation and benefits, plus

"(ii) 10 per centum of the amount included in such estimate for objects other than personnel compensation and benefits.

"(b) As used in this section, the terms 'obligational authority' and 'budget estimate of obligations' include authority derived from, and estimates of reservations to be made and obligations to be incurred pursuant to, appropriations and authority to enter into contracts in advance of appropriations.

"(c) The reference in this section to budget estimates of obligations are to such estimates as contained in the Budget Appendix for the fiscal year 1968 (House Document Numbered 16, Ninetieth Congress, first session), as amended during the first session of the Ninetieth Congress.

"SEC. 203. (a) This title shall not apply to obligations for (1) permanent appropriations; (2) trust funds; (3) items included under the heading 'relatively uncontrollable' in the table appearing on page 14 of the Budget for the fiscal year 1968 (House Document Numbered 15, part 1, Ninetieth Congress, first session), and other items required by law in the fiscal year 1968; or (4) programs, projects, or purposes, not exceeding \$300,000,000 in the aggregate, determined by the President to be vital to the national interest or security, except that no program, project, or purpose shall be funded in excess of amounts approved therefor by Congress.

"(b) This title shall not be so applied as to require a reduction in obligations for national defense exceeding 10 per centum of the new obligational authority

(excluding special Vietnam costs) requested in the Budget for the fiscal year 1968 (House Document Numbered 15, part 1, and House Document Numbered 16), as amended during the first session of the Ninetieth Congress: *Provided*, That the President may exempt from the operation of this title any obligations for national defense which he deems to be essential for the purposes of national defense.

"SEC. 204. In the administration of any program as to which (1) the amount of obligations is limited by section 202(a)(2) of this title, and (2) the allocation, grant apportionment, or other distribution of funds among recipients is required to be determined by application of a formula involving the amount appropriated or otherwise made available for distribution, the amount available for obligation as limited by that section or as determined by the head of the agency concerned pursuant to that section shall be substituted for the amount appropriated or otherwise made available in the application of the formula.

"SEC. 205. To the maximum extent practical, reductions in obligations for personnel compensation and benefits under this title shall be accomplished by not filling vacancies. Insofar as practical, reductions in obligations for construction under this title may be made by stretching out the time schedule of starting new projects and performing on contracts so as not to require the elimination of new construction starts.

"SEC. 206. The amount of any appropriation or authorization which (1) is unused because of the limitation on obligations imposed by section 202(a)(2) of this title and (2) would not be available for use after June 30, 1968, shall be used only for such purposes and in such manner and amounts as may be prescribed by law in the second session of the Ninetieth Congress."

FREEZING OF FUNDS BY EXECUTIVE

Mr. WHITTEN. Many of us on this committee were very strongly opposed to cutting back certain agricultural programs beneath the 1967 spending level. We went along with the final conference agreement because the President had previously indicated that he had frozen these funds and would make certain reductions regardless of the action taken by Congress.

REDUCTIONS OF FUNDS BELOW FISCAL YEAR 1967 LEVEL

Also, we went along on the basis that the 1967 level should prevail generally in making reductions in 1968 funds.

In that connection I would read from the report which has just been included in the record the following paragraph:

It is the sense of the conferees that, insofar as practical, reductions made under this title shall be applied in such manner as to maintain the level of operation of any program in fiscal year 1968 at not less than that maintained in the fiscal year 1967, except where otherwise provided in the 1968 appropriation bills or other acts of Congress.

In other words, the conferees on House Joint Resolution 888 agreed that as a practical matter the 1967 spending level should be maintained. This would have let Agriculture go ahead at the then prevailing operating level for its important programs.

Now, with that background, you might proceed to discuss this matter, showing funds for 1967 and 1968, reductions made for 1968, and then your 1969 budget requests. Also, we want full information as to what was frozen and what funds remain frozen now.

LETTER FROM BUDGET DIRECTOR ON CUTS

I might add that I had assurances from the Director of the Budget Bureau when I went along with the conference report on House Joint Resolution 888 that certain things would not be done. I think some of

those were done despite these assurances. I would like the substance of this included in the record prior to your statement.
(Budget Director's letter follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., December 7, 1967.

HON. JAMIE L. WHITTEN,
*Chairman, Subcommittee on Agriculture,
Committee on Appropriations, House of Representatives, Washington, D.C.*

DEAR JAMIE: In response to your inquiry, I am furnishing you with information concerning the administration's plans for carrying out the proposed amendment to the Continuing Resolution which would reduce fiscal year 1968 obligations and expenditures.

We will take no action which will result in truly disproportionate reductions in major programs. While there may be small projects or activities within some Federal programs which will be deleted in fiscal year 1968 or deferred from 1968 to 1969 or reduced substantially in 1968, we will not use the proposed amendment as a basis for deleting or crippling programs under any budget account.

More particularly, you asked for information on particular programs:

For construction programs involving water resources, we will not—

Eliminate any new construction starts funded in 1968 (rather, we will stretch out the commencement of these construction projects over a longer time period than contemplated in the 1968 budget).

Stop work on any project now underway, although we will maintain the rate of certain construction at somewhat lower levels than proposed in the January budget.

In the Department of Agriculture, we will not reduce loan programs of the Rural Electrification Administration and operating loans of the Farmers Home Administration disproportionately to other programs.

In the Veterans' Administration, we do not plan to achieve the reduction by closing any hospitals.

In summary, you may be assured that reductions in 1968 obligations and expenditures will be fairly and equitably designed, and will not be used to destroy or to cripple any important program or objective approved by the Congress.

Sincerely,

CHARLES L. SCHULTZE, *Director.*

Mr. WHITTEN. Mr. Grant, will you now tell us briefly what amounts you had for 1967 and what you propose for 1968 and 1969.

STATEMENT OF THE DIRECTOR OF FINANCE OBLIGATIONS

Mr. GRANT. All right. Obligations for 1967, for the items to which the joint resolution applies, totaled \$4,604,172,000. This excludes the Commodity Credit Corporation, trust funds, permanent appropriations, and revolving funds. It also excludes several other items, which the 1968 budget designated as "relatively uncontrollable"; namely, the conservation reserve program, the Sugar Act, and the barter program.

Obligations estimated in the 1968 budget for the same group of items totaled \$4,959,195,000. The reductions required under the formula that was prescribed—

Mr. WHITTEN. Prescribed by whom?

Mr. GRANT. By the wording of the joint resolution—Public Law 90-218.

Mr. WHITTEN. Taking into consideration the President's directive to freeze certain funds, as well as the provisions of the resolution?

Mr. GRANT. Yes, sir. The law requires a reduction in obligations for 1968, as reflected in the 1968 budget, equivalent to 2 percent of per-

sonal services and benefits and 10 percent of all other obligations. This calculates to a reduction of \$437,794,000 below the 1968 budget. When the \$4,959,195,000 included in the budget is reduced by the \$437,794,000 calculated under the formula, the result is a limitation on 1968 obligations of \$4,521,401,000 for these programs and items. This is about \$83,000,000 less than the obligations for 1967.

The next step in applying the law was to relate the limitation on obligations of \$4,521,000,000 to our revised estimates of obligations for 1968, reflecting the appropriations made by the Congress, changes in carryover funds, and other similar up-dating. This revised estimate of obligations was the starting point from which the actual reductions would have to be made.

FREEZE OF FUNDS BY EXECUTIVE

Mr. WHITTEN. How did that apply with regard to the funds that had already been held up by the Budget Bureau?

Mr. GRANT. Prior to the action on the appropriation bill, on October 4, 1967, every department was requested to withhold obligations for construction, and to forego every possible commitment and expenditure, consistent with national security and well-being, until Congressional judgment on the budget became clear.

Mr. WHITTEN. Was that a request or directive?

Mr. GRANT. It was a directive, sir.

Mr. WHITTEN. Could we have that for the record?

Mr. GRANT. Yes, we will provide that.

(The directive is as follows:)

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., October 6, 1967.

Memorandum for the heads of departments and agencies:

At a Cabinet meeting on Wednesday, October 4, and in a subsequent note to the heads of all departments and agencies, the President asked each agency head, during the period immediately ahead, to keep budget expenditure and commitments to as low a level as possible, consistent with the national security and well-being. On Wednesday evening, Deputy Budget Director Hughes and I telephoned the heads of agencies with relatively large budgets and reiterated these instructions, giving particular emphasis to the temporary suspension of construction contract awards.

I believe a full understanding of the purpose of the President's instructions will be helpful to Cabinet Officers and agency heads in carrying them out.

Holding commitments, which will involve future spending, to a minimum during the period immediately ahead is not the first step in a plan for massive expenditure reduction. Rather, we are endeavoring to maintain the maximum flexibility on the part of the executive branch to comply with whatever the Congress ultimately decides about the level of the Federal budget for fiscal 1968.

Two weeks ago, the House of Representatives recommitted the continuing appropriations resolution in the context of a debate which indicated that a majority of Members then voting wished to reduce nonmilitary spending by \$5 billion through the application of an overall limitation on budget expenditures. Last week, a short extension of the continuing resolution was passed by the House, but after a very close vote on the same \$5 billion reduction. Such a reduction in fiscal 1968 expenditures would require a cut of about \$10 billion in program levels—over 25 percent of controllable programs. Only four of the regular appropriations bills have been enacted and the conference report on one bill has been recommitted.

These events have created great uncertainty about the level and composition of the budget in fiscal 1968.

To administer efficiently whatever level and composition of the budget is finally enacted, it is essential that the executive branch, during this period of uncertainty, be most careful in making commitments which involve future expenditures. By exercising such care now, we will be in a much better position to adapt to whatever budget levels are later determined. Minimizing commitments at the present time, does not, of course, imply that actions should be taken which would seriously disrupt or impair the orderly processes of Government or which would wreck important programs. The President's objective is precisely the opposite—namely, to bring about a situation in which the executive branch can effectively and efficiently respond to whatever decision the Congress may ultimately make about the budget.

CHARLES L. SCHULTZE, *Director.*

MR. GRANT. At that time, Mr. Chairman, we did not place any specific amounts in budgetary reserve. We advised all our agencies that they were to comply with this directive until further notice. Later on, after the joint resolution became law, the restriction was lifted.

MR. WHITTEN. The point is that the resolution was passed at a time when the funds were already frozen by directive of the executive branch. So you can look at it either of two ways, one that Congress was putting a stamp of approval on the holdback, and second that it was perhaps releasing funds in excess of the required reduction which were frozen at the direction of the executive.

Now, go ahead.

REDUCTION IN OBLIGATIONS

MR. GRANT. Yes, sir. When we related the ceiling on obligations to the obligations estimated at that time, taking into consideration action by the Congress on the appropriation bills and other revised estimates, it involved a reduction of \$386,530,000. This reduction was allocated among the various appropriations and programs using the best judgment available in the Department.

The Secretary and his assistants personally worked on this for many hours, evenings and weekends, and did the very best he could to make the reductions in the places where they could be made as fairly and equitably as possible.

This was not an easy job.

The programs of the Department have been in operation for a long time. They have been reviewed and scrutinized many times in the executive branch and in the Congress and in this committee. It is not easy to make reductions of this magnitude without reducing real services to the people of the country.

I believe, Mr. Chairman, that summarizes it.

We have a summary table which can be included in the record if you so desire. It shows the calculations and reductions by individual items. Also, there is additional backup material giving more detail that the committee might like to have.

MR. WHITTEN. We would be glad to have the summary table included in the record at this point. We may wish to add additional information at a later date.

(The table follows:)

U.S. DEPARTMENT OF AGRICULTURE
1968 OBLIGATION REDUCTIONS UNDER PUBLIC LAW 90-218
[In thousands of dollars]

Agency and account	Calculation of formula to establish departmentwide limitation on obligations			Distribution of limitation on obligations			
	1967 obligations (1)	1968 obligations in budget, revised (2)	Reductions required by 2 percent-10 percent formula (3)	Column 2, less column 3 (4)	Estimated obligations prior to reductions (5)	Reductions (6)	Limitation on 1968 obligations after reductions (col. 5-col. 6) (7)
Items subject to limitation, under Public Law 90-218:							
Agricultural Research Service:							
Salaries and expenses.....	217,361	260,391	-14,975	245,416	262,733	-25,141	237,592
Proposed for separate transmittal.....	9,574	15,770	-1,570	14,200	1,536	-----	1,536
Salaries and expenses, special foreign currency program.....	-----	-----	-----	-----	9,180	-----	9,180
Total, Agricultural Research Service.....	226,935	274,625	-16,504	258,121	270,377	-25,141	245,236
Cooperative State research service.....							
Extension service.....	58,599	63,113	-6,214	56,899	63,113	-4,201	58,912
Farmer cooperative service.....	92,334	96,602	-8,751	87,851	96,602	-3,387	93,215
Soil Conservation Service:	1,195	1,404	-54	1,350	1,304	-----	1,303
Conservation operations.....	111,264	113,995	-3,595	110,400	113,438	-2,025	111,413
Watershed planning.....	6,440	6,377	-221	6,156	6,372	-----	6,369
Watershed protection.....	74,948	72,404	-4,944	67,460	72,909	-15,510	57,399
Flood prevention.....	26,408	27,453	-1,928	25,525	29,782	-7,005	22,777
Great Plains conservation program.....	18,526	16,336	1,371	14,965	16,396	-----	14,543
Resource conservation and development.....	5,898	7,629	-498	7,131	8,779	-----	8,776
Total, Soil Conservation Service.....	243,484	244,194	-12,557	231,637	247,676	-26,399	221,277
Economic Research Service.....							
Statistical Reporting Service.....	12,336	13,646	-546	13,100	12,421	-----	12,413
Consumer and Marketing Service:	13,728	13,864	-549	13,315	13,819	-90	13,729
Consumer protective, marketing and regulatory programs.....	83,501	89,522	-2,750	86,772	89,276	-1,198	88,078
Proposed for separate transmittal.....	-----	11,526	+435	-11,091	-11,526	-----	-11,526
Payments to States and possessions.....	1,750	1,750	-175	1,575	1,750	-----	1,750
School lunch program.....	211,846	243,735	-24,238	219,497	227,825	-5,676	222,149
Special milk program.....	100,227	104,000	-10,363	93,637	104,000	-----	104,000
Food stamp program.....	116,299	195,000	-18,928	176,072	184,945	-----	184,939
Total, Consumer and Marketing Service.....	513,623	622,481	-56,019	566,462	596,270	-6,880	589,390

See footnote at end of table, p. 13.

U.S. DEPARTMENT OF AGRICULTURE—Continued
1968 OBLIGATION REDUCTIONS UNDER PUBLIC LAW 90-218—Continued
[In thousands of dollars]

Agency and account	Calculation of formula to establish departmentwide limitation on obligations				Distribution of limitation on obligations		
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Items subject to limitation, under Public Law 90-218—Continued							
Foreign Agricultural Service:							
Salaries and expenses.....	24,315	25,729	-1,883	23,846	25,238	-1,255	25,003
Special foreign currency program.....	996	1,000	-92	908	1,000		
Total, Foreign Agricultural Service.....	25,311	26,729	-1,975	24,754	26,238	-1,255	25,003
Commodity Exchange Authority.....	1,366	1,491	-44	1,447	1,486	-1	1,485
Agricultural Stabilization and Conservation Service:							
Expenses, Agricultural Stabilization and Conservation Service.....	129,944	152,665	-13,306	139,359	137,935	-32	137,903
Agricultural conservation program.....	211,244	100,000	-10,000	90,000	220,000	-24,500	195,500
Cropland adjustment program.....	62,000	90,000	-9,000	81,000	84,500		84,500
Emergency conservation measures.....	8,896	5,000	-500	4,500	13,000		13,000
Cropland conversion program.....	7,489	7,000	-700	6,300	8,300	-8,300	
Total, Agricultural Stabilization and Conservation Service.....	419,573	354,665	-33,506	321,159	463,735	-32,832	430,903
Foreign assistance programs: Public Law 480.....	1,617,000	1,772,500	-177,250	1,595,250	1,634,500	-167,000	1,467,500
Federal Crop Insurance Corporation: Administrative and operating expenses.....	8,683	11,533	-509	11,024	10,206	-3	10,201
Rural Electrification Administration:							
Loan authorizations.....	470,984	515,000	-51,500	463,500	515,000	-45,000	470,000
Proposed for separate transmittal.....		-331,000	+33,100	-297,900	-331,000		-331,000
Salaries and expenses.....	12,341	12,457	-365	12,092	12,457	-6	12,451
Total, Rural Electrification Administration.....	483,325	196,457	-18,765	177,692	196,457	-45,006	151,451

Farmers Home Administration:						
Rural water and waste disposal grants.....	26,000	30,000	-3,000	27,000	30,000	28,000
Rural renewal.....	1,363	2,000	-174	1,826	1,683	1,683
Rural housing for domestic farm labor.....	2,578	4,000	-400	3,600	4,665	3,965
Direct loan account:						
Farm ownership loans.....	5,000	5,000	-500	4,500	10,000	5,000
Soil and water loans.....	84,995	105,000	-10,500	94,500	100,000	81,000
Operating loans.....	300,000	300,000	-23,000	270,000	300,000	279,000
SCS loans.....	14,274	15,000	-1,500	13,500	7,500	6,500
Rural housing direct loans.....	52,336	60,840	-1,974	58,866	15,000	19,000
Salaries and expenses.....	486,646	521,840	-48,048	473,792	527,539	58,644
Total, Farmers Home Administration.....						474,792
Rural Community Development Service.....						
Office of the Inspector General.....	623	450	-15	435	450	450
Packers and Stockyards Administration.....	11,464	12,323	-480	11,843	11,976	11,970
Office of the General Counsel.....	2,521	2,789	-93	2,696	2,569	2,568
Office of Information.....	4,163	4,740	-122	4,618	4,325	4,324
National Agricultural Library.....	1,878	1,928	-103	1,825	1,928	1,927
Office of Management Services.....	8,766	2,900	-159	2,741	3,372	3,371
General Administration.....	2,626	2,749	-82	2,667	2,667	2,665
	3,764	4,563	-139	4,424	4,487	4,485
Forest Service:						
Forest protection and utilization.....	260,118	244,521	-12,817	232,404	246,746	240,269
Cooperative range improvements.....	700	700			700	700
Forest roads and trails.....	102,531	120,500	-8,750	111,750	121,027	105,992
Acquisition of lands for national forests.....	312	80	-7	73	331	281
Timber development organization loans and technical assistance.....	66	746	-71	675	480	480
Assistance to States for tree planting.....	1,002	1,000	-89	911	1,045	1,045
Total, Forest Service.....	364,029	367,547	-21,734	345,813	370,329	348,767
Total, all above items.....	4,604,172	4,615,133	-404,218	4,210,915	4,563,866	4,177,336
Adjustment to exclude the effect of proposed legislation for REA and for ARS and C. & M.S. user charges.....						
Total as adjusted.....	4,604,172	4,959,195	-437,794	4,521,401	4,907,928	4,521,398

Note.—The reductions shown in column 6 above are subject to change as the year progresses.

1 Less than \$500.

Mr. GRANT. I want to point out that this reduces obligations. It does not reduce appropriations. The appropriations are still in the amounts made by the Congress.

USE OF DEFERRED FUNDS

I have a supplementary table showing the total reductions, and what is proposed to be done with those reductions. Of course, the use of any of these amounts requires congressional approval.

Of the total reduction of \$386,530,000, we propose to use \$15,237,000 for increased pay and postage costs in 1968.

Mr. WHITTEN. Which otherwise would have had to have been appropriated for?

Mr. GRANT. That is right.

Another \$11,709,000 would be transferred between accounts, if the Congress approves, for pay and postage costs. This, also, is in lieu of appropriations which would otherwise have to be made.

A total of \$261,906,000 is being carried over into 1969 to provide part of the cost of financing 1969 programs, and \$96,381,000 lapses at the end of fiscal year 1968.

REDUCTION OF OBLIGATIONS BY AGENCY

Mr. WHITTEN. Could you give us in detail the items that cover the reductions made for 1968?

Do you have them itemized in the table?

Mr. GRANT. That is right. In the table which has been put into the record. For example, for the Agricultural Research Service, 1968 obligations in the budget were \$274,625,000 for 1968. After action by the Congress, the revised estimate over in column 5 of the table is \$270,377,000. This was reduced by \$25,141,000. Almost half of the reduction is deferral of construction of laboratories, for which the funds will carry forward and be available for obligation in subsequent years.

In the case of obligations for the research program, it meant closing out some research and deferring some research until next year.

For the Cooperative State Research Service, the reduction was \$4,201,000.

In the Extension Service, principally for payments to States, it was \$3,387,000.

The principal reductions in the Soil Conservation Service were: conservation operations, \$2,025,000; watershed protection, \$15,510,000; and flood prevention, \$7,005,000.

Mr. WHITTEN. You didn't apply this 10 percent and 2 percent by item. You used your own judgment as to how to apply this.

Mr. GRANT. Yes sir. It reflected the judgment of a good many people, primarily the Secretary and his assistants, as to how reductions might be made with the least harm to programs.

Mr. WHITTEN. You didn't treat each item alike. When you cut over \$25 million in soil conservation programs, that is far beyond their pro rata share, isn't it?

Mr. GRANT. If you look at it in terms of individual items, yes, sir. It is not pro rata.

Mr. WHITTEN. You might go ahead.

Mr. GRANT. To mention the major items, in the Consumer and Marketing Service, marketing regulatory programs, a reduction of \$1,198,000, and in the school lunch program, \$5,676,000; in the For-

eign Agricultural Service, a reduction of \$1,255,000 primarily in the market development work.

In the Agricultural Stabilization and Conservation Service a \$24,500,000 reduction in the program level for the 1968 agricultural conservation program.

Mr. MORRIS. Which column is that?

Mr. GRANT. Column 6.

Mr. WHITTEN. Page 2.

Mr. GRANT. That column shows the reduction in obligations during the current year.

In the cropland conversion program there was a total available of \$8,300,000. Rather than starting a program for 1968 with those carry-over balances, we picked up the \$8,300,000 as a reduction.

In Public Law 480, a reduction of \$167 million. That is consistent with the action taken by the Congress in reducing the appropriation last year.

In the Rural Electrification Administration, a reduction in loans of \$45 million. This reduced the program level from \$390 million projected in the budget for electric loans to \$350 million—roughly the same as the 1967 program.

In the Farmers Home Administration the reductions were: rural water and waste disposal grants, \$2 million; farm ownership loans, \$5 million; soil and water loans, \$19 million; operating loans, \$25 million; and watershed and flood prevention loans, \$1 million.

The only remaining large items are in the Forest Service—in forest protection and utilization, a reduction of \$6,477,000; and in forest roads and trails, \$15,035,000.

Mr. WHITTEN. I repeat again for the record that, while Forestry is in the Department of Agriculture, it is not handled by this subcommittee. We need the figures for information only.

Mr. GRANT. Yes, sir. In connection with the operation of this law, however, it applies to the Department as a whole and, therefore, Forest Service is covered by it.

Mr. WHITTEN. Insofar as this subcommittee is concerned, cuts in the Forest Service are beyond our control. But being a part of the Department, I feel that it is properly here for discussion purposes. I just wanted to call attention to the fact that we do not control it.

Mr. GRANT. Yes. Unless there are further questions on this particular matter—

Mr. WHITTEN. The conference report carried the language which I read into the record earlier which attempts to maintain, insofar as possible, the 1967 operating level. But the language also requires that "No program, project, or purpose shall be funded in excess of amounts approved therefore by Congress."

Have you spent more than was approved by the Congress?

Mr. GRANT. No, sir. There is a reduction in every instance.

BUDGET REQUESTS FOR FISCAL 1969

Mr. WHITTEN. Now, Mr. Grant, we will proceed to a review of the 1969 budget requests. At this point we wish the record to carry the usual tables showing the 1969 requests compared with prior year funds and the increases requested. These are usually designated as tables 1 through 9.

OVERALL TABLES IN DEPARTMENT'S BUDGET

U.S. DEPARTMENT OF AGRICULTURE

TABLE 1.—BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND REA AND FHA LOAN AUTHORIZATIONS, 1968

Amounts in the "1968 appropriations adjusted" column are adjusted for comparability with the appropriation structure proposed in the 1969 budget estimates and include proposed transfers for pay act costs. Amounts in parentheses are not included in totals

Agency or item	1968 appropriations	1968 appropriations adjusted	Budget estimates 1969	Budget estimate compared with—	
				1968 appropriations	1968 appropriations adjusted
General activities:					
Agricultural Research Service:					
Research.....	\$136,775,500	\$131,769,100	\$136,273,100	-\$502,400	+\$4,504,000
Transfer from sec. 32.....	(15,000,000)	(15,000,000)	(15,000,000)		
Total.....	(151,775,500)	(146,769,100)	(151,273,100)	(-502,400)	(+4,504,000)
Plant and animal disease and pest control.....	85,802,000	87,598,500	88,647,500	+2,845,500	+1,049,000
Special fund (reappropriation).....	(2,000,000)	(2,000,000)	(2,000,000)		
Total salaries and expenses.....	222,577,500	219,367,600	224,920,600	+2,343,100	+5,553,000
Special foreign currency program.....	8,500,000	8,500,000	12,700,000	+4,200,000	+4,200,000
Total, Agricultural Research Service.....	231,077,500	227,867,600	237,620,600	+6,543,100	+9,753,000
Cooperative State research service (principally payments to States).....	63,113,000	63,113,000	62,179,000	-934,000	-934,000
Extension Service (principally payments to States).....	96,602,000	96,602,000	97,629,000	+1,027,000	+1,027,000
Farmer Cooperative Service.....	1,304,000	1,341,000	1,846,000	+544,000	+507,000
Total, Agricultural Research Service.....	113,500,000	114,893,000	116,313,000	+2,813,000	+1,420,000
Soil Conservation Service:					
Conservation operations.....	6,000,000	7,165,000	6,221,000	-774,000	+159,000
Watershed planning.....	70,403,000	70,360,000	67,148,000	-28,252,000	-28,212,000
Watershed protection.....	25,753,000	23,731,000	12,493,000	-13,238,000	-13,356,000
Flood prevention.....	16,356,000	16,356,000	13,314,000	-3,042,000	-2,922,000
Great Plains conservation program.....	6,129,000	6,236,000	6,477,000	+348,000	+218,000
Resource conservation and development.....	238,121,000	239,761,000	196,968,000	-41,153,000	-42,793,000
Total, Soil Conservation Service.....	12,422,000	12,789,000	13,964,000	+1,543,000	+1,175,000
Economic Research Service.....	13,830,500	14,235,500	14,674,000	+843,500	+438,500
Statistical Reporting Service.....					
Consumer and Marketing Service:					
Consumer protective, marketing, and regulatory programs.....	89,310,000	92,109,000	119,846,000	+30,536,000	+27,737,000
Payments to States and possessions.....	1,750,000	1,750,000	1,750,000		
Special milk program, transfer from sec. 32.....	(104,000,000)	(104,000,000)	(104,000,000)		
School lunch program.....	182,825,000	182,825,000	184,443,000	+1,618,000	+1,618,000

Transfer from sec. 32.....	(45,000,000)	(45,000,000)	(64,325,000)	(+19,325,000)	(+19,325,000)
Total.....	(227,825,000)	(227,825,000)	(248,768,000)	(+120,943,000)	(+120,943,000)
Food stamp program.....	161,800,000	161,745,000	153,200,000	+8,545,000	+8,545,000
Reappropriation.....	(23,200,000)	(23,200,000)	225,000,000	(-202,800,000)	(-202,800,000)
Total.....	(185,000,000)	(184,945,000)	(225,000,000)	(+40,000,000)	(+40,055,000)
Total, Consumer and Marketing Service.....	495,685,000	498,429,000	531,039,000	+95,354,000	+92,610,000
Foreign Agricultural Service.....	22,141,500	22,141,500	22,414,500	+273,000	+273,000
Transfer from sec. 32.....	(3,117,000)	(3,117,000)	(3,117,000)		
Total.....	(25,258,500)	(25,258,500)	(25,531,500)	(+273,000)	(+273,000)
Commodity Exchange Authority.....	1,491,000	1,550,000	1,584,000	+93,000	+54,000
Agricultural Stabilization and Conservation Service:					
Expenses, Agricultural Stabilization and Conservation Service.....	137,935,400	141,031,400	143,933,700	+5,998,300	+2,902,300
Transfer from the Commodity Credit Corporation.....	(38,608,600)	(38,608,600)	(62,764,100)	(+24,155,500)	(+4,155,500)
Total.....	(196,544,000)	(199,640,000)	(206,697,800)	(+10,153,800)	(+7,057,800)
Sugar Act program.....	80,000,000	80,000,000	82,300,000	+2,300,000	+2,300,000
Agricultural conservation program.....	220,000,000	220,000,000	195,500,000	+24,500,000	+24,500,000
Cropland adjustment program.....	84,500,000	84,500,000	85,700,000	+1,200,000	+1,200,000
Conservation reserve program.....	123,000,000	123,000,000	109,500,000	+13,500,000	+13,500,000
Emergency conservation measures.....	5,000,000	5,000,000	5,000,000		
Total, Agricultural Stabilization and Conservation Service.....	650,435,400	653,531,400	621,933,700	+28,501,700	-31,597,700
Rural Community Development Service.....	450,000	463,000	469,000	+19,000	+6,000
Office of the Inspector General.....	11,993,000	12,276,000	12,867,000	+874,000	+891,000
Packers and Stockyards Administration.....	2,589,300	2,585,300	3,166,000	+596,700	+600,700
Office of the General Counsel.....	4,325,000	4,461,000	5,033,000	+708,000	+572,000
Office of Information.....	1,928,000	1,997,000	1,965,000	+32,000	+32,000
National Agricultural Library.....	2,608,500*	2,666,500	3,419,000	+810,500	+752,500
Office of Management Services.....	2,667,000	2,821,000	2,910,000	+243,000	+89,000
General Administration.....	4,487,000	4,614,000	4,664,000	+177,000	+50,000
Forest Service.....	388,406,000	388,526,000	342,899,000	+45,627,000	+45,627,000
Total, annual appropriations for general activities.....	2,155,655,700	2,161,698,800	2,179,277,800	+23,622,100	+17,579,000
Deduct amount for Forest Service.....	388,406,000	388,526,000	342,899,000	+45,627,000	+45,627,000
Total, annual appropriations for general activities (as shown in subcommittee print).....	1,797,249,700	1,803,172,800	1,836,378,800	+39,129,100	+33,206,000
Credit agencies:					
Rural Electrification Administration:					
Rural electrification loans.....	(314,000,000)	(314,000,000)	(304,000,000)	(-10,000,000)	(-10,000,000)
Rural telephone loans.....	(120,600,000)	(120,600,000)	(120,000,000)	(-600,000)	(-600,000)
Total, loan authorizations.....	(434,600,000)	(434,600,000)	(424,000,000)	(-10,600,000)	(-10,600,000)
Salaries and expenses.....	12,457,000	12,805,000	12,937,000	+348,000	+132,000
Total, Rural Electrification Administration.....	12,457,000	12,805,000	12,937,000	+348,000	+132,000

Food for peace (Public Law 480):						
Sales for foreign currency and long-term credit (title I)-----	1,276,000,000	1,276,000,000	1,348,850,000	+72,850,000	+72,850,000	+72,850,000
Donations of commodities (title II)-----	425,000,000	423,000,000	442,150,000	+17,150,000	+17,150,000	+17,150,000
Total program level-----	1,701,000,000	1,701,000,000	1,791,000,000	+90,000,000	+90,000,000	+90,000,000
Adjustment to reflect carryover balances and receipts-----	-95,500,000	-95,500,000	-872,857,000	-777,357,000	-777,357,000	-777,357,000
Net, food for peace-----	1,605,500,000	1,605,500,000	918,143,000	-687,357,000	-687,357,000	-687,357,000
Bartered materials for supplemental stockpile-----	23,000,000	23,000,000		-23,000,000	-23,000,000	-23,000,000
Total, corporations-----	3,038,708,000	3,038,712,000	4,578,649,000	+1,539,941,000	+1,539,941,000	+1,539,941,000
Total, above items (as shown in subcommittee print):	4,952,770,700	4,952,698,800	6,520,946,800	+1,568,176,100	+1,568,176,100	+1,568,176,100
Direct appropriation-----	(867,100,000)	(867,100,000)	(791,900,000)	(-75,200,000)	(-75,200,000)	(-75,200,000)
Loan authorizations-----						
Permanent appropriations:						
Removal of surplus agricultural commodities (sec. 32)-----	578,911,603	578,911,603	600,000,000	+21,088,397	+21,088,397	+21,088,397
National Wool Act-----	34,792,675	34,792,675	63,700,000	+28,907,325	+28,907,325	+28,907,325
All other permanent appropriations-----	73,655,257	73,655,257	78,241,600	+4,586,343	+4,586,343	+4,586,343
Total, permanent appropriations-----	687,359,535	687,359,535	741,941,600	+54,582,065	+54,582,065	+54,582,065
Deduct permanent appropriations for the Forest Service-----	72,950,257	72,950,257	77,010,000	+4,459,743	+4,459,743	+4,459,743
Total, permanent appropriations-----	614,809,278	614,809,278	664,931,600	+50,122,322	+50,122,322	+50,122,322
Proposed for separate transmittal:						
Under existing legislation:						
Consumer and Marketing Service: For meat and poultry inspection	5,722,000	5,722,000		-5,722,000	-5,722,000	-5,722,000
Office of the General Counsel: For legal services under Wholesome Meat Act	200,000	200,000		-200,000	-200,000	-200,000
Forest Service: Fighting forest fires-----	41,000,000	41,000,000		-41,000,000	-41,000,000	-41,000,000
Total, supplementals under existing legislation (including Forest Service)-----	46,922,000	46,922,000		-46,922,000	-46,922,000	-46,922,000
Deduct Forest Service supplemental-----	41,000,000	41,000,000		-41,000,000	-41,000,000	-41,000,000
Total, supplementals under existing legislation-----	5,922,000	5,922,000		-5,922,000	-5,922,000	-5,922,000
Under proposed new legislation:						
Agricultural Research Service: To place certain plant and animal disease and pest						
control activities on a self-supporting basis-----			-1,536,000	-1,536,000	-1,536,000	-1,536,000
Consumer and Marketing Service:						
Fees for various marketing services and repeal of Standard Container, Tobacco Seed	4,766,000	4,766,000	-11,655,000	-16,421,000	-16,421,000	-16,421,000
and Plant, Naval Stores, and Wool Acts-----			20,000,000	+20,000,000	+20,000,000	+20,000,000
Expansion of food stamp program-----						
Total, supplementals under proposed legislation-----	4,766,000	4,766,000	6,809,000	+2,043,000	+2,043,000	+2,043,000
Total, proposed for separate transmittal-----	10,688,000	10,688,000	6,809,000	-3,879,000	-3,879,000	-3,879,000

TABLE 1A.—RECONCILIATION BETWEEN 1968 APPROPRIATIONS AS SHOWN IN APPROPRIATION ACT AND 1968 APPROPRIATIONS ADJUSTED TO REFLECT TRANSFERS FOR SPACE RENTAL, PAY COSTS, AND TRANSFERS IN ESTIMATES

Agency or item	Adjustments			1968 appropriations adjusted
	1968 appropriations	Transfers to GSA for space rental	Transfers from other accounts for pay costs		Other
General activities:				
Agricultural Research Service:				
Research:				
Transfer from sec. 32	\$136,775,500 (15,000,000)	-\$4,400	-\$5,277,000	1 +\$275,000 \$131,769,100 (15,000,000)
Total	(151,775,500)	(-4,400)	(-5,277,000)	(-146,769,100)
Plant and animal disease and pest control:	85,802,000	-29,500	+1,826,000	87,598,500
Special fund (reappropriation)	(2,000,000)			(2,000,000)
Total salaries and expenses	222,577,000	-33,900	-3,451,000	219,367,600
Special foreign currency program	8,500,000			8,500,000
Total, Agricultural Research Service	231,077,560	-33,900	-3,451,000	227,867,600
Cooperative State Research Service (principally payments to States)	63,113,000			63,113,000
Extension Service (principally payments to States)	96,602,000			96,602,000
Farmer Cooperative Service	1,304,000		+37,000	1,341,000
Soil Conservation Service:				
Conservation operations	113,500,000	-62,000	+1,455,000	114,893,000
Watershed planning	6,000,000	-10,000	+175,000	6,165,000
Watershed protection	70,403,000	-43,000		70,360,000
Flood prevention	25,753,000	-2,000		25,751,000
Great Plains conservation program	16,336,000			16,336,000
Resource conservation and development	6,129,000	-8,000	+135,000	6,256,000
Total, Soil Conservation Service	238,121,000	-125,000	+1,765,000	239,761,000
Economic Research Service	12,421,000		+368,000	12,789,000
Statistical Reporting Service	13,830,500	-11,000	+416,000	14,235,500
Consumer and Marketing Service:				
Consumer protective, marketing, and regulatory programs	89,310,000	-34,000	+2,833,000	92,109,000
Payments to States and possessions	1,750,000			1,750,000
Special milk program, transfer from sec. 32	(104,000,000)			(104,000,000)
School lunch program	182,825,000			182,825,000
Transfer from sec. 32	(45,000,000)			(45,000,000)
Total	(227,825,000)			(227,825,000)
Food stamp program	161,800,000	-55,000		161,745,000
Reappropriation	(23,200,000)			(23,200,000)
Total	(185,000,000)	(-55,000)		(184,945,000)

Total, Consumer and Marketing Service.....	435,685,000	-89,000	+2,833,000	438,429,000
Foreign Agricultural Service.....	22,141,500			22,141,500
Transfer from sec. 32.....	(3,117,000)			(3,117,000)
Total.....	(25,258,500)			(25,258,500)
Commodity Exchange Authority.....	1,491,000	-5,000	+44,000	1,530,000
Agricultural Stabilization and Conservation Service:	137,935,400		+3,096,000	141,031,400
Expenses, Agricultural Stabilization and Conservation Service.....	(58,608,600)			(58,608,600)
Total from the Commodity Credit Corporation.....	(196,544,000)		(+3,096,000)	(199,640,000)
Total.....	80,000,000			80,000,000
Sugar Act program.....	220,000,000			220,000,000
Agricultural conservation program.....	84,500,000			84,500,000
Cropland adjustment program.....	123,000,000			123,000,000
Conservation reserve program.....	5,000,000			5,000,000
Emergency conservation measures.....	650,435,400		+3,096,000	653,531,400
Total, Agricultural Stabilization and Conservation Service.....	450,000	+13,000		463,000
Rural Community Development Service.....	11,993,000	+300,000		12,276,000
Office of the Inspector General.....	2,569,300	-17,000		2,565,300
Packers and Stockyards Administration.....	4,325,000	+136,000	2 -75,000	4,461,000
Office of the General Counsel.....	1,928,000	+37,000		1,965,000
Office of Information.....	2,608,500	+58,000		2,666,500
National Agricultural Library.....	2,667,000	+79,000	2 +75,000	2,821,000
Office of Management Services.....	4,487,000	+127,000		4,614,000
General administration.....	358,406,000	-280,000	3 +400,000	358,526,000
Forest Service.....	2,155,655,700	-560,900	+5,929,000	2,161,698,800
Total, annual appropriations for general activities.....	358,406,000	-280,000	+400,000	358,526,000
Deduct annual appropriations for Forest Service.....	1,797,249,700	-280,900	+275,000	1,803,172,800
Total, annual appropriations for general activities (as shown in subcommittee print).....	(314,000,000)			(314,000,000)
Credit agencies:	(120,600,000)			(120,600,000)
Rural Electrification Administration:	(434,600,000)			(434,600,000)
Rural electrification loans.....	12,457,000		+348,000	12,805,000
Rural telephone loans.....	12,457,000		+348,000	12,805,000
Total, loan authorizations.....				
Salaries and expenses.....				
Total, Rural Electrification Administration.....				

See footnotes at end of table, p. 23.

TABLE I A.—RECONCILIATION BETWEEN 1968 APPROPRIATIONS AS SHOWN IN APPROPRIATION ACT AND 1968 APPROPRIATIONS ADJUSTED TO REFLECT TRANSFERS FOR SPACE RENTAL, PAY COSTS, AND TRANSFERS IN ESTIMATES—Continued

Agency or item	1968 appropriations	Adjustments		1968 appropriations adjusted
		Transfers to GSA for space rental	Transfers from other accounts for pay costs		Other
Credit agencies—Continued				
Farmers Home Administration:				
Direct loan account:				
Real estate loans.....	(\$110,000,000)			(\$110,000,000)
Operating loans.....	(300,000,000)			(300,000,000)
Soil Conservation Service loans.....	(7,500,000)			(7,500,000)
Rural housing direct loan account.....	(45,000,000)			(45,000,000)
Participation sales authorization.....	(30,268,000)			(30,268,000)
Payment of sales insurances.....	30,000,000			30,000,000
Rural water and waste disposal grants.....	1,600,000			1,600,000
Rural renewal.....	3,500,000			3,500,000
Rural housing for domestic farm labor.....	55,988,000	-\$47,000	+\$1,700,000	57,641,000
Salaries and expenses.....	(2,750,000)			(2,750,000)
Transfer from loan accounts.....				
Total.....	(58,738,000)	(-47,000)	(+1,700,000)	(60,391,000)
Total, Farmers Home Administration.....	104,356,000	-47,000	+1,700,000	106,009,000
Total, credit agencies:	(867,100,000)			(867,100,000)
loan authorizations.....	116,813,000			116,813,000
Direct appropriations.....		-47,000	+2,048,000	1,901,000
Corporations:				
Federal Crop Insurance Corporation:				
Administrative and operating expenses.....	10,208,000		+281,000	10,487,000
Federal crop insurance fund (operating expenses payable from premium income).....	(2,850,000)			(2,850,000)
Total, Federal Crop Insurance Corporation.....	(13,058,000)	(-2,000)	(+281,000)	(13,337,000)
Commodity Credit Corporation:				
Reimbursement for net realized losses.....	1,400,000,000			1,399,725,000
Limitation on administrative expenses.....	(31,500,000)		1 -\$275,000	(31,500,000)
Total, Commodity Credit Corporation.....	(1,431,500,000)		(-275,000)	(1,431,225,000)
Food for peace (Public Law 480):				
Sales for foreign currency and long-term credit (title I).....	1,276,000,000			1,276,000,000
Donations of commodities (title II).....	425,000,000			425,000,000
Total, program level.....	1,701,000,000			1,701,000,000

Adjustment to reflect carryover balances and receipts.....	-95,500,000		-95,500,000
Net, food for peace.....	1,605,500,000		1,605,500,000
Bartered materials for supplemental stockpile.....	23,000,000		23,000,000
Total, corporations.....	3,038,708,000	+281,000	3,038,712,000
Total, above items (as shown in subcommittee print):			
Direct appropriation.....	4,952,770,700	-329,900	4,960,698,800
Loan authorizations.....	(867,100,000)		(867,100,000)
Permanent appropriations:			
Removal of surplus agricultural commodities (Sec. 32).....	578,911,603		578,911,603
National Wool Act.....	34,792,675		34,792,675
All other permanent appropriations.....	73,655,257		73,655,257
Total, permanent appropriations.....	687,359,535		687,359,535
Deduct permanent appropriations for the Forest Service.....	72,550,257		72,550,257
Total, permanent appropriations.....	614,809,278		614,809,278
Proposed for separate transmittal:			
Under existing legislation:			
Consumer and Marketing Service: For meat and poultry inspection.....	5,722,000		5,722,000
Office of the General Counsel: For legal services under Wholesome Meat Act.....	200,000		200,000
Forest Service: Fighting forest fires.....	41,000,000		41,000,000
Total, supplementals under existing legislation (including Forest Service).....	46,922,000		46,922,000
Deduct Forest Service supplemental.....	41,000,000		41,000,000
Total, proposed for separate transmittal.....	5,922,000		5,922,000
Under proposed new legislation:			
Consumer and Marketing Service: Fees for various marketing services and repeal of Standard Container, Tobacco Seed and Plant, Naval Stores, and Wool Acts.....	4,766,000		4,766,000
Total, supplementals under proposed legislation.....	4,766,000		4,766,000
Total, proposed for separate transmittal.....	10,688,000		10,688,000

¹ Transferred from CCC to ABS for research on short staple cotton and mechanical classing methods for cotton by the Department of Agriculture and Related Agencies Appropriation Act, 1968.

² Comparative transfer from Packers and Stockyards Administration to the Office of Management Services to finance administrative service costs.

³ Transferred from "Timber development organization loans and technical assistance" by the Department of the Interior and Related Agencies Appropriation Act, 1968.

TABLE 2.—SUBAPPROPRIATIONS, APPROPRIATIONS, AND REA AND FHA LOAN AUTHORIZATIONS, 1967, 1968, AND BUDGET ESTIMATES, 1969

[Note amounts for 1967 and 1968 include all supplemental appropriations to date and are adjusted for comparability with the appropriation structure proposed in the 1969 budget estimates. Amounts in parentheses not included in totals]

Agency or item	Appropriations and loan authorizations, 1967	1968 appropriations adjusted	Budget estimates, 1969	Change budget estimates 1969 compared with 1968 appropriations adjusted
GENERAL ACTIVITIES				
Agricultural Research Service:				
Research.....	\$126,021,965	\$131,769,100	\$136,273,100	+\$4,504,000
Transfer from sec. 32.....	(25,000,000)	(15,000,000)	(15,000,000)	
Total.....	(151,021,965)	(146,769,100)	(151,273,100)	(+4,504,000)
Plant and animal disease and pest control ¹	82,657,198	87,598,500	88,647,500	+1,049,000
Special fund (reappropriation).....	(2,000,000)	(2,000,000)	(2,000,000)	
Total, salaries and expenses.....	208,679,163	219,367,600	224,920,600	+5,553,000
Special foreign currency program.....	4,500,000	8,500,000	12,700,000	+4,200,000
Total, Agricultural Research Service.....	213,179,163	227,867,600	237,620,600	+9,753,000
Cooperative State Research Service:				
Payments to agricultural experiment stations.....	51,113,000	54,965,000	54,965,000	
Grants for cooperative forestry research.....	3,000,000	3,485,000	3,485,000	
Contracts and grants for scientific research.....	2,000,000	1,988,000	2,000,000	+12,000
Grants for facilities.....	2,000,000	2,000,000	1,000,000	-1,000,000
Penalty mail.....	310,000	310,000	310,000	
Federal administration.....	353,000	365,000	419,000	+54,000
Total, Cooperative State Research Service.....	58,776,000	63,113,000	62,179,000	-934,000
Extension Service:				
Payments to States and Puerto Rico.....	78,652,500	81,646,500	81,917,500	+271,000
Retirement costs for extension agents.....	8,305,500	8,818,500	9,333,500	+515,000
Penalty mail.....	3,113,000	3,299,000	3,500,000	+201,000
Federal Extension Service.....	2,741,757	2,838,000	2,878,000	+40,000
Total, Extension Service.....	92,812,757	96,602,000	97,629,000	+1,027,000
Farmer Cooperative Service.....	1,204,000	1,341,000	1,848,000	+507,000
Soil Conservation Service:				
Conservation operations.....	112,328,491	114,893,000	116,313,000	+1,420,000
Watershed planning ²	6,327,052	6,165,000	6,224,000	+59,000
Watershed protection ²	70,081,984	70,360,000	42,148,000	-28,212,000
Flood prevention ²	25,683,943	25,751,000	12,395,000	-13,356,000
Great Plains conservation program ²	18,504,300	16,336,000	13,414,000	-2,922,000
Resource conservation and development ²	4,663,862	6,256,000	6,474,000	+218,000
Total, Soil Conservation Service.....	237,589,632	239,761,000	196,968,000	-42,793,000
Economic Research Service.....	12,421,000	12,789,000	13,964,000	+1,175,000
Statistical Reporting Service.....	13,815,217	14,235,500	14,674,000	+438,500
Consumer and Marketing Service:				
Consumer protective, marketing, and regulatory programs.....	85,759,863	92,109,000	119,846,000	+27,737,000
Payments to States and possessions.....	1,750,000	1,750,000	1,750,000	
Special milk program.....	51,000,000			
Transfer from sec. 32.....	(53,000,000)	(104,000,000)	(104,000,000)	
Total.....	(104,000,000)	(104,000,000)	(104,000,000)	
School lunch program.....	168,605,000	182,825,000	184,443,000	+1,618,000
Transfer from sec. 32.....	(45,000,000)	(45,000,000)	(64,325,000)	(-19,325,000)
Total.....	(213,605,000)	(227,825,000)	(248,768,000)	(+20,943,000)
Food stamp program.....	109,975,800	161,745,000	225,000,000	+63,255,000
Reappropriation.....	³ (29,524,587)	(23,200,000)		(-23,200,000)
Total.....	(139,500,387)	(184,945,000)	(225,000,000)	(+40,055,000)
Total, Consumer and Marketing Service.....	417,090,663	438,429,000	531,039,000	+92,610,000
Foreign Agricultural Service:				
Transfer from sec. 32.....	21,441,500	22,141,500	22,414,500	+273,000
Transfer from sec. 32.....	(3,117,000)	(3,117,000)	(3,117,000)	
Total.....	(24,558,500)	(25,259,500)	(25,531,500)	(+273,000)

See footnotes at end of table, p. 27.

TABLE 2.—SUBAPPROPRIATIONS, APPROPRIATIONS, AND REA AND FHA LOAN AUTHORIZATIONS, 1967, 1968, AND BUDGET ESTIMATES, 1969—Continued

Agency or item	Appropriations and loan authorizations 1967	1968 appropriations adjusted	Budget estimates, 1969	Change budget estimates 1969 compared with 1968 appropriations adjusted
GENERAL ACTIVITIES—Con.				
Commodity Exchange Authority.....	\$1,434,000	\$1,530,000	\$1,584,000	+\$54,000
Agricultural Stabilization and Conservation Service:				
Expenses Agricultural Stabilization and Conservation Service.....	129,952,000	141,031,400	143,933,700	+2,902,300
Transfer from the Commodity Credit Corporation.....	(76,406,500)	(58,608,600)	(62,764,100)	(+4,155,500)
Total.....	(206,358,500)	(199,640,000)	(206,697,800)	(+7,057,800)
Sugar Act program.....	80,000,000	80,000,000	82,300,000	+2,300,000
Agricultural conservation program ⁴	220,000,000	220,000,000	195,500,000	-24,500,000
Cropland adjustment program.....	62,000,000	84,500,000	85,700,000	+1,200,000
Conservation reserve program ⁵	140,650,000	123,000,000	109,500,000	-13,500,000
Emergency conservation measures ⁵	5,000,000	5,000,000	5,000,000	-----
Cropland conversion program.....	7,500,000	-----	-----	-----
Appalachian region conservation program.....	3,000,000	-----	-----	-----
Reappropriation.....	⁶ (360,104)	-----	-----	-----
Total.....	(3,360,104)	-----	-----	-----
Total Agricultural Stabilization and Conservation Service ⁷				
Rural Community Development Service.....	648,102,000	653,531,400	621,933,700	-31,597,700
Office of the Inspector General.....	652,000	463,000	469,000	+6,000
Packers and Stockyards Administration.....	11,692,639	12,276,000	12,867,000	+591,000
Office of the General Counsel.....	2,569,300	2,565,300	3,166,000	+600,700
Office of Information.....	4,322,933	4,461,000	5,033,000	+572,000
National Agricultural Library: Salaries and expenses.....	1,882,000	1,965,000	1,997,000	+32,000
Office of Management Services.....	2,458,500	2,666,500	3,419,000	+752,500
General administration.....	2,667,000	2,821,000	2,910,000	+89,000
-----	4,052,000	4,614,000	4,664,000	+50,000
Forest Service:				
Forest protection and utilization:				
Forest land management ⁴	203,388,062	185,285,000	189,175,000	+3,890,000
Forest research.....	38,459,113	41,643,000	40,127,000	-1,516,000
State and private forestry cooperation.....	18,151,000	19,818,000	19,847,000	+29,000
Total, forest protection and utilization.....	259,998,175	246,746,000	249,149,000	+2,403,000
Forest roads and trails ⁵	101,230,000	110,000,000	91,970,000	-18,030,000
Acquisition of lands for national forests:				
Special acts.....	80,000	80,000	80,000	-----
Uinta National Forest.....	300,000	-----	-----	-----
Cooperative range improvements ⁵	700,000	700,000	700,000	-----
Assistance to States for tree planting ⁵	1,000,000	1,000,000	1,000,000	-----
Total, Forest Service.....	363,308,175	358,526,000	342,899,000	-15,627,000
Total, general activities.....	2,111,470,479	2,161,698,800	2,179,277,800	+17,579,000
Deduct amount for Forest Service.....	363,308,175	358,526,000	342,899,000	-15,627,000
Total, annual appropriations for general activities (as shown in subcommittee print).....	1,748,162,304	1,803,172,800	1,836,378,800	+33,206,000
CREDIT AGENCIES				
Rural Electrification Administration:				
Loan authorizations:				
Electrification ¹⁰	(375,000,000)	(314,000,000)	(304,000,000)	(-10,000,000)
Telephone ¹¹	(117,000,000)	(120,600,000)	(120,000,000)	(-600,000)
Total, loan authorizations.....	(492,000,000)	(434,600,000)	(424,000,000)	(-10,600,000)
Salaries and expenses.....	12,425,800	12,805,000	12,937,000	+132,000
Total, Rural Electrification Administration.....	12,425,800	12,805,000	12,937,000	+132,000

See footnotes at end of table, p. 27.

TABLE 2.—SUBAPPROPRIATIONS, APPROPRIATIONS, AND REA AND FHA LOAN AUTHORIZATIONS, 1967, 1968, AND BUDGET ESTIMATES, 1969—Continued

Agency or item	Appropriations and loan authorizations 1967	1968 appropriations adjusted	Budget estimates, 1969	Change budget estimates 1969 compared with 1968 appropriations adjusted
CREDIT AGENCIES—Continued				
Farmers Home Administration:				
Direct loan account:				
Real estate loans.....	(\$90,000,000)	(\$110,000,000)	(\$83,000,000)	(-\$27,000,000)
Operating loans..... ¹³	(350,000,000)	(300,000,000)	(250,000,000)	(-50,000,000)
Soil Conservation Service loans.....		(7,500,000)	(4,900,000)	(-2,600,000)
Total, direct loan account.....	(440,000,000)	(417,500,000)	(337,900,000)	(-79,600,000)
Rural housing direct loan account.....	(15,000,000)	(15,000,000)	(30,000,000)	(+15,000,000)
Participation sales authorization.....	(600,000,000)	(750,000,000)	(425,000,000)	(-325,000,000)
Payment of sales insufficiencies.....		13,268,000		-13,268,000
Rural water and waste disposal grants.....	26,000,000	30,000,000	27,250,000	-2,750,000
Rural renewal ¹⁴	1,200,000	1,600,000	1,600,000	
Rural housing for domestic farm labor.....	3,000,000	3,500,000	5,000,000	+1,500,000
Salaries and expenses.....	52,388,026	57,641,000	59,132,000	+1,491,000
Transfer from loan accounts.....	(2,750,000)	(2,750,000)	(2,750,000)	
Total, salaries and expenses.....	(55,138,028)	(60,391,000)	(61,882,000)	(+1,491,000)
Total, Farmers Home Administration..	82,588,026	106,009,000	92,982,000	-13,027,000
Total, credit agencies:				
Loan authorizations.....	(947,000,000)	(867,100,000)	(791,900,000)	(-75,200,000)
Direct appropriations.....	95,013,826	118,814,000	105,919,000	-12,895,000
CORPORATIONS				
Federal Crop Insurance Corporation:				
Administrative and operating expenses:				
Appropriation.....	8,683,004	10,487,000	12,000,000	+1,513,000
Premium income..... ¹⁵	(4,100,000)	(2,850,000)	(1,430,000)	(-1,420,000)
Total, Federal Crop Insurance Corporation.....	8,683,004	10,487,000	12,000,000	+1,513,000
Commodity Credit Corporation:				
Reimbursement for net realized losses.....	3,555,855,000	1,399,725,000	3,648,506,000	+2,248,781,000
Limitation on administrative expenses ¹⁶ ..	(34,300,000)	(31,500,000)	(31,500,000)	(-)
Total, Commodity Credit Corporation..	3,555,855,000	1,399,725,000	3,648,506,000	+2,248,781,000
Foreign assistance programs:				
Food for peace (Public Law 480):				
Sales for foreign currency and long-term credit (title I).....	1,289,427,000	1,276,000,000	1,348,850,000	+72,850,000
Donations of commodities (title II)....	381,374,000	425,000,000	442,150,000	+17,150,000
Total, program level.....	1,670,801,000	1,701,000,000	1,791,000,000	+90,000,000
Adjustment to reflect carryover balances and receipts.....	-53,801,000	-95,500,000	-872,857,000	-777,357,000
Total, food for peace.....	1,617,000,000	1,605,500,000	918,143,000	-687,357,000
Bartered materials for supplemental stockpile.....		23,000,000		-23,000,000
Total, foreign assistance programs....	1,617,000,000	1,628,500,000	918,143,000	-710,357,000
Total, corporations.....	5,181,538,004	3,038,712,000	4,578,649,000	+1,539,937,000
Total, above items (as shown in sub-committee print):				
Direct appropriations.....	7,024,714,134	4,960,698,800	6,520,946,800	+1,560,248,000
Loan authorizations.....	(947,000,000)	(867,100,000)	(791,900,000)	(-75,200,000)
Permanent appropriations:				
Removal of surplus agricultural commodities (sec. 32) ¹⁷	493,935,754	578,911,603	600,000,000	+21,088,397
National Wool Act.....	38,260,163	34,792,675	63,700,000	+28,907,325
Payment to school funds, Arizona and New Mexico.....	102,931	106,086	110,000	+3,914
Perishable Agricultural Commodities Act fund ¹⁴	894,451	905,000	905,000	
Roads and trails for States, national forests receipts.....	16,778,480	17,566,480	18,800,000	+1,233,520
Expenses, brush disposal ¹⁴	9,874,679	10,300,000	10,400,000	+100,000
Forest fire prevention ¹⁴	42,179	45,000	60,000	+15,000

See footnotes at end of table, p. 27.

TABLE 2.—SUBAPPROPRIATIONS, APPROPRIATIONS, AND REA AND FHA LOAN AUTHORIZATIONS, 1967, 1968, AND BUDGET ESTIMATES, 1969—Continued

Agency or item	Appropriations and loan authorizations 1967	1968 appropriations adjusted	Budget estimates, 1969	Change budget estimates 1969 compared with 1968 appropriations adjusted
CORPORATIONS—Continued				
Permanent appropriations—Continued				
Restoration of forest lands and improvements	\$9,543	\$25,000	\$25,000	
Payments to Minnesota: Cook, Lake, and St. Louis Counties, from national forests fund	144,815	145,448	145,000	-\$448
Payments to counties, national grasslands	451,432	450,000	450,000	
Payments to States, national forests fund	41,942,319	43,912,243	47,020,000	+3,107,757
Animal quarantine station		290,000	326,600	+126,600
Total, permanent appropriations	602,436,746	687,359,535	741,941,600	+54,582,065
Deduct permanent appropriations for Forest Service	69,346,378	72,550,257	77,010,000	+4,459,743
Total, permanent appropriations	533,090,368	614,809,278	664,931,600	+50,122,322
Proposed for separate transmittal:				
Under existing legislation:				
Consumer and Marketing Service: For meat and poultry inspection		5,722,000		-5,722,000
Office of the General Counsel: For legal services under the Wholesome Meat Act		200,000		-200,000
Forest Service: Fighting forest fires		41,000,000		-41,000,000
Total, supplementals under existing legislation (including Forest Service)		46,922,000		-46,922,000
Deduct Forest Service supplemental		41,000,000		-41,000,000
Total, supplementals under existing legislation		5,922,000		-5,922,000
Under proposed new legislation:				
Agricultural Research Service: To place certain plant and animal disease and pest control activities on a self-supporting basis			-1,536,000	-1,536,000
Consumer and Marketing Service: Fees for various marketing services and repeal of Standard Container, Tobacco Seed and Plant, Naval Stores, and Wool Standards Acts		4,766,000	-11,655,000	-16,421,000
Expansion of food stamp program			20,000,000	+20,000,000
Total, supplementals under proposed new legislation		4,766,000	6,809,000	+2,043,000
Total, proposed for separate transmittal		10,688,000	6,809,000	-3,879,000

¹ Includes contingency funds of \$1,500,000 for use to the extent necessary to meet emergency outbreaks of insects and plant diseases.

² In addition, prior year balances are available.

³ The 1967 appropriation act authorized a reappropriation of \$30,000,000 from prior year funds.

⁴ The 1969 budget estimates propose an advance authorization of \$100,000,000 (excluding administration) for the 1969 crop year program for which an appropriation will be requested in 1970.

⁵ In addition, prior year balances are available.

⁶ The 1967 appropriation act authorized a reappropriation of \$1,375,000.

⁷ In addition, transfers from the Office of Economic Opportunity for indemnity payments to dairy farmers are available as follows: 1967, \$400,000, and 1968, \$500,000.

⁸ Includes contingency funds to the extent necessary as follows: \$5,000,000 for emergency firefighting and \$1,910,000 for insect and disease control.

⁹ Including carryover balances and rescissions of prior year loans, electrification loans totaling \$352,428,000 were approved in 1967 and are estimated at \$350,000,000 in 1968 and \$345,000,000 in 1969.

¹⁰ Includes contingency reserve authorization of \$30,000,000.

¹¹ Including carryover balances and rescissions or prior year loans, telephone loans totaling \$118,556,000 were approved in 1967 and are estimated at \$120,000,000 in 1968 and \$125,000,000 in 1969.

¹² Includes contingency reserve authorization of \$15,000,000.

¹³ Includes a contingency reserve of \$25,000,000.

¹⁴ In addition, prior year balances are available.

¹⁵ In addition, authority was provided to borrow on a temporary basis, not to exceed \$500,000, from the Commodity Credit Corporation.

¹⁶ Appropriation acts and budget estimates provide that not less than 7 percent of the limitation shall be placed in reserve for use only as necessary to carry out program operations.

¹⁷ In addition, prior year balances not to exceed \$300,000,000 are available.

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968

Estimated 1968 appropriations are adjusted for comparability with proposed 1969 budget structure and include proposed funding of increased pay costs]

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES				
Agricultural Research Service:				
Research:				
Decrease for activities discontinued in 1968 pursuant to Public Law 90-218	\$1,265,500		-\$1,265,500	
Increase of \$7,377,900 in obligations to provide for research activities authorized in the 1968 Appropriation Act but deferred pursuant to Public Law 90-218:				
For staffing, equipping, and operating new research facilities and to meet other program needs			+2,986,700	\$2,986,700
For research conducted by Agricultural Research Service			+522,400	522,400
For research conducted under research contracts, grants, and cooperative agreements			+3,368,800	3,368,800
To restore contingency research fund	500,000		+500,000	1,000,000
Subtotal	500,000		+7,377,900	7,877,900
For additional farm, utilization, nutrition, and marketing research in existing facilities	1,996,600	+\$20,200	+1,212,200	3,229,000
Staffing, equipping, and operating new research laboratories	22,921,000	+241,500	+1,837,400	24,999,900
Subtotal, program changes	26,683,100	+261,700	+9,162,000	36,106,800
Construction and improvements			+290,000	290,000
Planning funds for facilities			+710,000	710,000
Nonrecurring planning and construction funds provided in 1968	4,350,000		-4,350,000	
Subtotal, facilities	4,350,000		-3,350,000	1,000,000
All other	113,068,000	1,098,300		114,166,300
Subtotal	144,101,100	+1,360,000	+5,812,000	151,273,100
Balance of 1968 reduction under Public Law 90-218 lapsing	2,668,000		-2,668,000	
Total, research	146,769,100	+1,360,000	+3,144,000	151,273,100
Less transfer from sec. 32	15,000,000			15,000,000
Total, direct appropriation for research	131,769,100	+1,360,000	+3,144,000	136,273,100
Plant and animal disease and pest control:				
Plant quarantine inspection	11,519,300	+135,800	+328,000	11,983,100
Animal inspection and quarantine	2,320,000	+22,500	+155,000	2,497,500
For expanded activity on Salmonella	705,000	+3,200	+140,000	848,200
To assure the safety and potency of veterinary biologics under the Virus-Serum-Toxin Act	2,448,000	+25,400	+303,000	2,776,400
For mandatory registration and enforcement activities under the Federal Insecticide, Fungicides, and Rodenticide Act	3,644,900	+37,600	+255,000	3,937,500
Decrease in fire ant program	4,138,800	+20,200	-200,000	3,959,000
Decrease in hog cholera program	4,659,100	+46,700	-403,000	4,302,800
Construction of animal quarantine facility			+2,000,000	2,000,000
All other	55,863,400	+479,600		56,343,000
Subtotal	85,298,500	+771,000	+2,578,000	88,647,500
Balance of 1968 reduction under Public Law 90-218 lapsing (fire ant)	2,300,000		-2,300,000	
Total, plant and animal disease and pest control	87,598,500	+771,000	+278,000	88,647,500

See footnotes at end of table, p. 36.

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
Agricultural Research Service—Continued				
Plant and animal diseases, etc.—Con.				
Special foreign currency program:				
Market development research.....	\$2,100,000		+\$600,000	\$2,700,000
Agricultural and forestry research.....	6,200,000		+3,400,000	9,600,000
Translation and dissemination of scientific publications.....	200,000		+200,000	400,000
Total.....	8,500,000		+4,200,000	12,700,000
Total, Agricultural Research Service.....	227,867,600	\$2,131,000	+7,622,000	237,620,600
Cooperative State Research Service:				
Payments to agricultural experiment stations under the Hatch Act:				
a. Research program.....	49,803,221		+3,736,440	53,539,661
b. Set-aside for Federal administration (3 percent of increase).....	1,309,779		+115,560	1,425,339
Total under Hatch Act.....	51,113,000		+3,852,000	54,965,000
Grants for cooperative forestry research.....	3,370,000		+115,000	3,485,000
Contracts and grants for scientific research.....	1,800,000		+200,000	2,000,000
Grants for facilities.....	2,000,000		-1,000,000	1,000,000
Penalty mail.....	310,000			310,000
Federal administration (direct appropriation).....	365,000	+21,000	+33,000	419,000
Balance of 1968 reduction under Public Law 90-218 lapsing.....	4,155,000		-4,155,000	
Total, Cooperative State Research Service.....	63,113,000	+21,000	-955,000	62,179,000
Extension Service:				
Payments to States and Puerto Rico:				
Payments for cooperative agricultural extension work under secs. 3(b) and 3(c) of the Smith-Lever Act:				
1. Program.....	76,432,000			76,432,000
2. Set-aside for Federal administration.....	650,500			650,500
Subtotal.....	77,082,500			77,082,500
Payments under sec. 8 of the Smith-Lever Act.....			+3,385,000	3,385,000
Total, payments to States and Puerto Rico.....	77,082,500		+3,385,000	80,467,500
Retirement and employees' compensation fund costs for extension agents.....	8,818,500		+515,000	9,333,500
Penalty mail.....	3,299,000		+201,000	3,500,000
Federal Extension Service.....	2,838,000	+36,000	+4,000	2,878,000
All other.....	1,450,000			1,450,000
Balance of 1968 reduction under Public Law 90-218 lapsing.....	3,114,000		-3,114,000	
Total, Extension Service.....	96,602,000	+36,000	+991,000	97,629,000
Farmer Cooperative Service:				
Technical assistance to cooperatives.....	513,000	+11,000	+438,000	962,000
Community improvement research.....	31,000	+1,000	+47,000	79,000
All other.....	797,000	+10,000		807,000
Total, Farmer Cooperative Service.....	1,341,000	+22,000	+485,000	1,848,000
Soil Conservation Service:				
Conservation operations.....	114,893,000	+1,420,000		116,313,000
Watershed planning.....	6,165,000	+59,000		6,224,000

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
Soil Conservation Service—Continued				
Watershed protection:				
Installing works of improvement in pilot watersheds.....	\$303,000	+\$1,000	-\$101,000	\$203,000
Installing works of improvement in Public Law 566 watersheds.....	47,857,454	+303,000	-959,454	47,201,000
Loans and related expenses.....	701,084	+5,000	-256,084	450,000
River basin surveys and investigations.....	9,561,255	+70,000	-851,255	8,780,000
Total obligations.....	58,422,793	+379,000	-2,167,793	56,634,000
Balance carried forward (net).....	+11,937,207	-----	-26,423,207	-14,486,000
Total appropriation.....	70,360,000	+379,000	-28,591,000	42,148,000
Flood prevention:				
Works of improvement.....	22,069,657	+107,000	-3,953,495	18,223,162
Loans and loan services.....	1,004,000	+1,000	-124,162	880,838
Total obligations.....	23,073,657	+108,000	-4,077,657	19,104,000
Balance carried forward (net).....	+2,677,343	-----	-9,386,343	-6,709,000
Total appropriation adjusted.....	25,751,000	+108,000	-13,464,000	12,395,000
Great Plains conservation program:				
For cost-sharing assistance to program participants.....	10,636,000	-----	+514,000	11,150,000
Technical services on application of conservation measures.....	4,023,958	+36,000	-59,958	4,000,000
Total obligations.....	14,659,958	+36,000	+454,042	15,150,000
Balance carried forward (net).....	+1,676,042	-----	-3,412,042	-1,736,000
Total appropriation.....	16,336,000	+36,000	-2,958,000	13,414,000
Resource conservation and development:				
Project investigations and planning.....	771,000	+8,000	-518,000	261,000
Resource development and technical services.....	6,639,027	+38,000	-621,027	6,056,000
Loan and loan services.....	1,503,874	+8,000	-1,354,874	157,000
Total obligations.....	8,913,901	+54,000	-2,493,901	6,474,000
Balance carried forward.....	-2,657,901	-----	+2,657,901	-----
Total appropriation adjusted.....	6,256,000	+54,000	+164,000	6,474,000
Total, Soil Conservation Service.....	239,761,000	+2,056,000	-44,849,000	196,968,000
Economic Research Service:				
Studies of capital and labor problems in farming.....	608,000	+7,000	+124,000	739,000
To analyze the relationships between land resource base and economic development.....	-----	-----	+104,000	104,000
For economic studies of water quality management and use in agriculture.....	15,000	-----	+104,000	119,000
To develop economic indicators of change in the rural economy.....	25,000	-----	+603,000	628,000
For foreign agricultural development.....	-----	-----	+104,000	104,000
All other.....	12,141,000	+129,000	-----	12,270,000
Total, Economic Research Service.....	12,789,000	+136,000	+1,039,000	13,964,000
Statistical Reporting Service:				
Improve data collection and dissemination.....	292,500	+2,000	+30,000	324,500
Postage and fees paid.....	1,067,000	-----	+149,000	1,216,000
Research to improve agricultural statistics.....	330,000	+5,000	+21,000	356,000
Appraisal of statistical techniques.....	-----	-----	+155,500	155,500
Expenditure surveys of revision of parity index.....	51,000	-----	-51,000	-----
All other.....	12,495,000	+127,000	-----	12,622,000
Total, Statistical Reporting Service.....	14,235,500	+134,000	+304,500	14,674,000

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1958.—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
Consumer and Marketing Service:				
Consumer protective, marketing, and regulatory programs:				
Market news service.....	\$6,783,800	+\$119,600	+\$399,000	\$7,302,400
Meat inspection.....	47,712,000	+389,500	+22,825,000	70,926,500
Poultry inspection.....	21,140,000	+174,000	+3,492,000	24,806,000
All other (program increases are for grading equipment and work on transportation rates and Federal Seed and U.S. Warehouse Acts).....	16,473,200	+197,900	+140,000	16,811,100
Total, consumer protective marketing and regulatory programs.....	92,109,000	+881,000	+26,856,000	119,846,000
Payments to States and possessions.....	1,750,000			1,750,000
Special milk program:				
Cash payments to States.....	103,332,000	-7,000		103,325,000
Operating expenses.....	668,000	+7,000		675,000
Total, special milk program.....	104,000,000			104,000,000
Less transfer from sec. 32.....	104,000,000			104,000,000
Appropriation.....				
School lunch program:				
Cash payments to States.....	155,000,000		+2,097,000	157,097,000
Special cash assistance.....	5,000,000		+5,000,000	10,000,000
Commodity procurement.....	55,825,000		+8,500,000	64,325,000
Pilot school breakfast.....	3,500,000		+3,000,000	6,500,000
Nonfood assistance.....	750,000		+5,250,000	6,000,000
State administrative expenses.....			+2,300,000	2,300,000
Operating expenses.....	2,127,000	+19,000	+400,000	2,546,000
Total obligations.....	222,202,000	+19,000	+26,547,000	248,768,000
Balance of 1968 reduction under Public Law 90-218 lapsing.....	5,623,000		-5,623,000	
Total, school lunch program.....	227,825,000	+19,000	+20,924,000	248,768,000
Food stamp program:				
Program costs.....	175,787,000		+34,723,000	210,510,000
Operating expenses.....	9,158,000		+5,332,000	14,490,000
Total, food stamp program.....	184,945,000		+40,055,000	225,000,000
Less reappropriation.....	23,200,000		-23,200,000	
Total appropriation.....	161,745,000		+63,255,000	225,000,000
Total, Consumer and Marketing Service.....				
	438,429,000	+900,000	+91,710,000	531,039,000
Foreign Agricultural Service:				
To maintain minimum surveillance in import controls.....	752,000	+8,000	+20,000	780,000
To increase the effectiveness of the Agricultural Attaché Service.....	5,126,500	+21,000	+259,000	5,406,500
To meet increasing needs under the commodity program activity.....	3,013,000	+34,000	+135,000	3,182,000
To expand market development projects.....	13,912,000		+775,000	14,687,000
All other.....	1,467,299	+8,701		1,476,000
Obligations.....	24,270,799	+71,701	+1,189,000	25,531,500
Balance of 1968 reduction under Public Law 90-218 lapsing.....	987,701		-987,701	
Subtotal.....	25,258,500	+71,701	+201,299	25,531,500
Less transfer from sec. 32.....	3,117,000			3,117,000
Total appropriation.....	22,141,500	+71,701	+201,299	22,414,500
Commodity Exchange Authority: To provide accounting capability to handle projected increase in volume of audit work.....				
	1,530,000	+17,000	+37,000	1,584,000
Less transfer from sec. 32.....	45,000,000		+19,325,000	64,325,000
Appropriation.....	182,825,000	+19,000	+1,599,000	184,443,000

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969, COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
Agricultural Stabilization and Conservation Service:				
Expenses, ASCS:				
Net increase in workload:				
Appropriation	\$141,031,400	+\$2,902,300		\$143,933,700
Transfers from CCC	58,608,600	+1,734,950	-\$136,550	60,480,100
Restoration of CCC contingency reserve used in 1968 to cover pay costs			+2,284,000	2,284,000
Total, expenses, ASCS	199,640,000	+4,637,250	+2,420,550	206,697,800
Deduct transfer from CCC	-58,608,600	+1,734,950	+2,420,550	62,764,100
Total appropriation	141,031,400	+2,902,300		143,933,700
Sugar Act program (for payments to sugar producers)	80,000,000		+2,300,000	82,300,000
Agricultural conservation program—Decrease in cost-sharing assistance to farmers	220,000,000		-24,500,000	195,500,000
Cropland adjustment program:				
Adjustment payments on agreements signed in fiscal year 1966	35,807,000		-1,707,000	34,100,000
Adjustment payments, cost-sharing, and technical services on agreements signed in Fiscal Year 1967	48,693,000		-893,000	47,800,000
Estimate of partial adjustment and cost-sharing payments on agreements to be signed in Fiscal Year 1969			+3,800,000	3,800,000
Total, cropland adjustment program	84,500,000		+1,200,000	85,700,000
Conservation reserve program—Decrease in rental payments due to decreased acreage under program	123,000,000		-13,500,000	109,500,000
Emergency Conservation Measures	5,000,000			5,000,000
Total, Agricultural Stabilization and Conservation Service	653,531,400	+2,902,300	-34,500,000	621,933,700
Rural Community Development Service	463,000	+6,000		469,000
Office of the Inspector General:				
For auditing the food stamp program	999,000	+10,000	+280,000	1,289,000
For audit of the Federal-State meat inspection program			+130,000	130,000
For audit of Farmers Home Administration county offices	782,000	+8,000	+62,000	852,000
All other	10,495,000	+101,000		10,596,000
Total, Office of the Inspector General	12,276,000	+119,000	+472,000	12,867,000
Packers and Stockyards Administration:				
Packer and merchandising procurement practices	377,400	+4,100	+223,000	604,500
Maintenance of effective competition	231,400	+2,500	+115,700	349,600
Poultry marketing practices	32,900	+400	+192,000	225,300
Livestock, carcass, and poultry scale testing	9,600	+100	+42,300	52,000
All other	1,914,000	+20,600		1,934,600
Total, Packers and Stockyards Administration	2,565,300	+27,700	+573,000	3,166,000
Office of the General Counsel:				
For legal services incident to:				
Commodity and production stabilization programs	1,143,000	+13,000		1,156,000
Marketing programs, regulatory laws, research, and operations	1,194,000	+13,000	+443,000	1,650,000
Rural development and conservation programs	2,124,000	+23,000	+80,000	2,227,000
Total, Office of the General Counsel	4,461,000	+49,000	+523,000	5,033,000
Office of Information	1,965,000	+32,000		1,997,000

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
National Agricultural Library: Program increase is to occupy and partially equip the new library at Beltsville, Md.....	\$2,666,500	+\$21,000	+\$731,500	\$3,419,000
Office of Management Services: Program increase is to meet additional management support activities of agencies serviced.....	2,821,000	+36,000	+53,000	2,910,000
General administration.....	4,614,000	+50,000	-----	4,664,000
Forest Service:				
Forest land management:				
To increase volume of timber cut and sold.....	36,657,000	+353,000	+1,063,000	38,073,000
To upgrade present waste treatment systems at recreation sites and operate new recreation sites.....	35,132,000	+254,000	+2,180,000	37,566,000
Cooperative wildlife planning with State fish and wildlife agencies.....	4,284,000	+34,000	+128,000	4,446,000
To put better soil and forage cover on depleted land.....	2,895,000	+17,000	+212,000	3,124,000
To help stabilize grazing use and improve range conditions.....	2,796,000	+22,000	+850,000	3,668,000
To finance fixed costs of specialized firefighting equipment.....	26,643,000	+221,000	+725,000	27,589,000
Additional payments to employees' compensation fund.....	759,000	-----	+359,000	1,118,000
For additional insect and disease control operations on State and private lands.....	11,776,000	+87,000	+106,000	11,969,000
To correct water pollution problems at 4 critical sites in Arizona, Colorado, and Idaho.....	-----	-----	+111,000	111,000
To finance fixed costs of specialized firefighting equipment (related transfer of costs see above).....	5,000,000	-----	-725,000	4,275,000
Decrease for construction and maintenance of improvements for fire and general purposes (including communications).....	9,738,000	+62,000	-1,118,000	8,682,000
All other, including restoration of reduction made pursuant to Public Law 90-218.....	47,951,000	+333,000	+270,000	48,554,000
Total, forest land management.....	183,631,000	+1,383,000	+4,161,000	189,175,000
Forest research:				
Research on breeding and culture of high-value hardwoods.....	8,947,000	-----	+23,000	8,970,000
Research on sedimentation.....	3,793,000	+37,000	+114,000	3,944,000
Research on changes in vegetation resulting from weather modification.....	1,267,000	-----	+44,000	1,311,000
To strengthen wildlife habitat research.....	935,000	+10,000	+44,000	989,000
To initiate additional studies on recreation demands and economic opportunities in Central States, and other parts of the East.....	828,000	+6,000	+60,000	894,000
To strengthen 2 fire research projects at Missoula, Mont.....	3,077,000	+28,000	+218,000	3,323,000
To strengthen research on parasites and diseases of destructive forest insects.....	4,201,000	-----	+43,000	4,244,000
To strengthen research on causes and preventive measures for dieback and decline diseases of hardwood forest trees.....	2,341,000	-----	+34,000	2,375,000
To expand research on broader use of low-grade hardwoods and wood residues.....	6,999,000	-----	+219,000	7,218,000
To strengthen research on development of improved equipment and engineering systems for harvesting timber and other forest products.....	745,000	-----	+104,000	849,000
To develop more efficient techniques for inventories of timber and other forest resources including more frequent localized inventories.....	2,257,000	+22,000	+232,000	2,511,000

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
GENERAL ACTIVITIES—Continued				
Forest Service—Continued				
Forest research—Continued				
To develop methods and information for improving income opportunities from forestry in the Ozarks and surrounding areas, and for research in the South and Pacific Northwest to evaluate costs and benefits of alternative forestry programs.....	\$983,000		+\$190,000	\$1,173,000
Completion of studies aimed at expanding use of wood products in construction.....	27,000		-27,000	
Reduction for nonrecurring research construction projects.....	3,428,000		-3,428,000	
All other, including restoration of reductions made pursuant to Public Law 90-218.....	1,484,000	+\$267,000	+575,000	2,326,000
Total, forest research.....	41,312,000	+370,000	-1,555,000	40,127,000
State and private forestry cooperation.....	19,818,000	+29,000		19,847,000
Unobligated balance of reduction pursuant to Public Law 90-218.....	1,985,000		-1,985,000	
Total, forest protection and utilization.....	246,746,000	+1,782,000	+621,000	249,149,000
Forest roads and trails.....	110,000,000	+353,000	-18,383,000	91,970,000
Acquisition of lands for national forests, special acts.....	80,000			80,000
Cooperative range improvement.....	700,000			700,000
Assistance to States for tree planting.....	1,000,000			1,000,000
Total, Forest Service.....	358,526,000	+2,135,000	-17,762,000	342,899,000
Total, general activities (including Forest Service).....	2,161,698,800	+10,902,701	+6,676,299	2,179,277,800
Less Forest Service.....	358,526,000	+2,135,000	-17,762,000	342,899,000
Total, general activities as shown in subcommittee print.....	1,803,172,800	+8,767,701	+24,438,299	1,836,378,800
CREDIT AGENCIES				
Rural Electrification Administration:				
Loans (authorizations to borrow from Treasury): ¹				
Electricity loans.....	(314,000,000)		(-10,000,000)	(304,000,000)
Telephone loans.....	(120,600,000)		(-600,000)	(120,000,000)
Total, loan authorization.....	(434,600,000)		(-10,600,000)	(424,000,000)
Salaries and expenses.....	12,805,000	+132,000		12,937,000
Farmers Home Administration:				
Direct loan account—loan authorizations:				
Real estate loans:				
Farm ownership loans.....	(5,000,000)			(5,000,000)
Soil and water loans.....	(81,000,000)		(-3,000,000)	(78,000,000)
Operating loans.....	(275,000,000)		(-25,000,000)	(250,000,000)
Soil Conservation Service loans:				
Watershed protection loans.....	(4,800,000)		(-1,800,000)	(3,000,000)
Flood prevention loans.....	(200,000)		(+200,000)	(400,000)
Resource conservation and development loans.....	(1,500,000)			(1,500,000)
Total obligations.....	(367,500,000)		(-29,600,000)	(337,900,000)
Balance of 1968 reduction under Public Law 90-218 lapsing or carried forward.....	(50,000,000)		(-50,000,000)	
Total, direct loan account.....	(417,500,000)		(-79,600,000)	(337,900,000)
Rural housing direct loan account—loan authorizations and proposed loan levels.....	(15,000,000)		(+15,000,000)	(30,000,000)
Participation sales authorization.....	(750,000,000)		(-325,000,000)	(425,000,000)
Participation sales insufficiencies, 1969 budget proposed indefinite authorization.....	13,268,000		-13,268,000	

See footnotes at end table p.36.

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
CREDIT AGENCIES—Continued				
Farmers Home Administration—Continued				
Rural water and waste disposal grants:				
Grants for plans for rural water and waste disposal systems.....	\$5,000,000	-----	-\$1,250,000	\$3,750,000
Grants for development of rural water and waste disposal systems.....	23,000,000	-----	+500,000	23,500,000
Total obligations.....	28,000,000	-----	-750,000	27,250,000
Balance of 1968 reduction under Public Law 90-218 lapsing.....	2,000,000	-----	-2,000,000	-----
Total.....	30,000,000	-----	-2,750,000	27,250,000
Rural renewal.....	1,600,000	-----	-----	1,600,000
Rural housing for domestic farm labor.....	3,500,000	-----	+1,500,000	5,000,000
Salaries and expenses—Administration of grant and direct and insured loan programs.....	60,391,000	+\$678,000	+813,000	61,882,000
Less transfers from other accounts.....	-2,750,000	-----	-----	-2,750,000
Total, appropriation.....	57,641,000	+678,000	+813,000	59,132,000
Total, Farmers Home Administration.....	106,009,000	+678,000	-13,705,000	92,982,000
Total, credit agencies:				
Appropriations.....	118,814,000	+810,000	-13,705,000	105,919,000
Loan authorizations.....	(867,100,000)	(-----)	(-75,200,000)	(791,900,000)
CORPORATIONS				
Federal Crop Insurance Corporation:				
Total administrative and operating expenses.....	13,337,000	+93,000	-----	13,430,000
Less amount paid from premium income.....	2,850,000	-----	-1,420,000	1,430,000
Direct appropriation.....	10,487,000	+93,000	+1,420,000	12,000,000
Commodity Credit Corporation:				
Reimbursement for net realized losses ²	1,399,725,000	-----	+2,248,781,000	3,648,506,000
Food for peace (Public Law 480):				
Sales for foreign currencies and long-term credit sales (title I).....	1,276,000,000	-----	+72,850,000	1,348,850,000
Donations overseas (title II).....	425,000,000	-----	+17,150,000	442,150,000
Total program level.....	1,701,000,000	-----	+90,000,000	1,791,000,000
Adjustment to reflect carry over balances and receipts.....	-95,500,000	-----	-777,357,000	-872,857,000
Food-for-peace appropriations.....	1,605,500,000	-----	-687,357,000	918,143,000
Bartered materials for supplemental stockpile—program being discontinued.....	23,000,000	-----	-23,000,000	-----
Total, corporations.....	3,038,712,000	+93,000	+1,539,844,000	4,578,649,000
Total above items as shown in the subcommittee print.....	4,960,698,800	+9,670,701	+1,550,577,299	6,520,946,800
PERMANENT APPROPRIATIONS				
Agricultural Research Service:				
Sale of animal quarantine facilities at Clifton N.J.....	200,000	-----	+126,600	326,600
Consumer and Marketing Service:				
Removal of surplus agricultural commodities (sec. 32)—Permanent appropriations based on 30 percent of calendar year custom receipts.....	578,911,603	-----	+21,088,397	600,000,000
Perishable Agricultural Commodities Act Fund—Estimated receipts from license fees collected under the act.....	905,000	-----	-----	905,000
Agricultural Stabilization and Conservation Service:				
National Wool Act (reimbursement to Commodity Credit Corporation for costs incurred under this act).....	34,792,675	-----	+28,907,325	63,700,000

See footnotes at end of table, p. 36.

TABLE 3.—STATEMENT OF INCREASES AND DECREASES, BUDGET ESTIMATES, 1969 COMPARED WITH APPROPRIATIONS AND LOAN AUTHORIZATIONS, 1968—Continued

	1968 estimate	Increases or decreases		1969 estimate
		Pay cost	Other	
PERMANENT APPROPRIATIONS—Continued				
Forest Service:				
Roads and trails for States national forests fund (based on 10 percent of national forests receipts).....	\$17,566,480		+\$1,233,520	\$18,800,000
Expenses, brush disposal.....	10,300,000		+100,000	10,400,000
Payments to States national fund (based on 25 percent of national forests receipts).....	43,912,243		+3,107,757	47,020,000
Other Forest Service permanent appropriations.....	771,534		+18,466	790,000
Total Forest Service.....	72,550,257		+4,459,743	77,010,000
Total, permanent appropriation (including Forest Service).....	687,359,535		+54,582,465	741,942,000
Less Forest Service permanent appropriations.....	72,550,257		+4,459,743	77,010,000
Total, permanent appropriations as reflected in subcommittee print.....	614,809,278		+50,122,322	664,931,600
PROPOSED FOR SEPARATE TRANSMITTAL				
Under existing legislation:				
Consumer and Marketing Service:				
For meat and poultry inspection.....	5,722,000		-5,722,000	
Office of the General Counsel:				
For legal services under Wholesome Meat Act.....	200,000		-200,000	
Forest Service: Fighting forest fires.....	41,000,000		-41,000,000	
Total, supplementals under existing legislation (including Forest Service).....	46,922,000		-46,922,000	
Deduct Forest Service supplemental.....	41,000,000		-41,000,000	
Total, supplementals under existing legislation.....	5,922,000		-5,922,000	
Under proposed new legislation:				
Agricultural Research Service:				
To place certain plant and animal disease and pest control activities on a self-supporting basis.....			-1,536,000	-1,536,000
Consumer and Marketing Service:				
Fees for various marketing services and repeal of Standard Container, Tobacco Seed and Plant, Naval Stores and Wool Acts.....	4,766,000		-16,421,000	-11,655,000
Expansion of food stamp program.....			+20,000,000	20,000,000
Total, supplementals under proposed legislation.....	4,766,000		+2,043,000	6,809,000
Total, proposed for separate transmittal in subcommittee print.....	10,688,000		-3,879,000	6,809,000

¹ Estimated loan levels are as follows:

	1968	1969
Electrification.....	\$350,000,000	\$345,000,000
Telephone.....	120,000,000	125,000,000
Total.....	470,000,000	470,000,000

² 1969 appropriation will provide \$1,585,131,389 to fund the balance of 1966 losses and \$2,063,374,611 for partial reimbursement for 1967 losses.

TABLE 4.—APPROPRIATIONS AND REA AND FHA LOAN AUTHORIZATIONS, FISCAL YEARS 1960 THROUGH 1968, AND BUDGET ESTIMATES, 1969
 [Amounts for 1960 through 1968 are adjusted for comparability with the appropriation structure proposed in the 1969 budget estimates. Amounts in parentheses are not included in totals.]

	1960	1961	1962	1963	1964	1965	1966	1967	1968 ¹	Budget estimates, 1969
[Amounts in millions of dollars]										
GENERAL ACTIVITIES										
Agricultural Research Service:										
Salaries and expenses:										
Research:										
Direct appropriation.....	68.3	75.0	81.4	92.9	96.3	122.6	126.0	126.0	131.8	136.3
Transfer from sec. 32.....					(14.5)	(11.8)	(18.1)	(25.0)	(15.0)	(15.0)
Transfer from Commodity Credit Corporation.....					2 64.4	2 71.2	2 75.5	2 82.7	2 87.6	2 88.6
Plant and animal disease and pest control.....	49.8	53.9	58.0	59.5	2 64.4	2 71.2	2 75.5	2 82.7	2 87.6	2 88.6
Special fund (reappropriation).....	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(1.0)	(2.0)	(2.0)	(2.0)	(2.0)
Total, salaries and expenses.....	118.0	128.9	139.5	152.4	160.6	193.8	201.5	208.7	219.4	224.9
Salaries and expenses (special foreign currency program).....	3 11.0	15.1	5.3	5.3	1.3	2.0	3.0	4.5	8.5	12.7
Construction of facilities.....		7.8	.8							
Cooperative State Research Service:										
Payments and expenses:										
Direct appropriation:										
Payments to agricultural experiment stations.....	30.8	31.8	34.7	36.7	38.9	44.0	46.9	49.9	53.7	53.5
Other (grants for cooperative forestry research, con- tract, and grants for scientific research, facilities, penalty mail, and Federal administration).....	1.2	1.2	1.3	1.4	2.5	6.3	7.9	9.0	9.5	8.6
Transfer from sec. 32 for contracts and grants for scientific research.....					(1.5)	(.4)	(.4)			
Extension Service:										
Cooperative extension work, payments, and expenses:										
Payments to States and Puerto Rico.....	53.7	56.6	59.6	63.1	67.1	72.2	75.1	78.0	80.9	81.3
Other (retirement and employee compensation fund costs for extension agents, penalty mail, and Federal Extension Service).....	10.3	10.8	11.1	12.1	13.0	13.6	14.0	14.8	15.7	16.4
Farmer Cooperative Service.....	.9	1.0	1.0	1.0	1.1	1.1	1.2	1.2	1.3	1.8
Soil Conservation Service:										
Conservation operations:										
Direct appropriation.....	82.2	88.5	89.5	93.9	97.7	105.8	108.8	112.3	115.0	116.3
Reappropriation.....		(.6)								
Watershed planning:										
Direct appropriation.....	4.6	5.0	5.4	5.6	5.2	6.3	5.9	6.3	6.2	6.2
Reappropriation.....							(.4)			
Watershed protection.....	18.2	31.7	48.3	55.7	58.2	71.2	66.3	70.1	70.4	42.1
Flood prevention.....	18.0	19.6	20.2	23.3	23.4	26.3	23.6	25.7	23.9	12.4
Great Plains conservation program.....	10.0	10.2	10.2	12.3	13.6	14.9	16.1	18.5	16.3	13.4
Resource conservation and development.....					1.5	1.8	4.3	4.7	6.3	6.5
Water conservation and utilization projects.....	.1	.1	.1	.1	.1	.1	.1	.1	.1	.1
Economic Research Service.....	7.6	8.1	8.5	8.9	9.2	11.2	11.8	12.4	12.8	14.0
Statistical Reporting Service.....	6.3	7.6	8.3	9.4	10.6	11.9	14.1	13.8	14.2	14.7

See footnotes at end of table, p. 41.

General administration.....	2.6	2.8	3.1	3.2	3.6	3.9	4.1	4.6	4.7
Forest Service:									
Forest protection and utilization.....	128.9	159.4	198.0	202.0	226.6	226.6	260.0	246.7	249.1
Forest roads and trails.....	28.0	30.0	44.5	63.2	76.0	102.1	101.2	110.0	92.0
Access roads.....	1.0	1.0	2.0	3	2	1	1	1	1
Acquisition of lands for national forests, special acts.....	.1	.8	2.0	3	2	1	3	1	.1
Acquisition of lands for Uinta National Forest.....	.7	.7	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Cooperative range improvements.....									
Assistance to States for tree planting.....	68.7	68.7							
Acquisition of lands, Klamath Indians.....									
Timber development organization loans and technical assistance.....									
Total, general activities ¹³	1,403.8	1,572.5	1,751.8	1,838.8	1,891.5	2,028.1	2,111.5	2,161.7	2,179.3
CREDIT AGENCIES									
Rural Electrification Administration:									
Loan Authorizations:									
Rural electrification ¹⁴	(136.0)	(170.0)	(400.0)	(425.0)	(365.0)	(365.0)	(375.0)	(314.0)	(304.0)
Rural telephone.....	(104.0)	(140.0)	(80.0)	(70.0)	(70.0)	(97.0)	(117.0)	(120.6)	(120.6)
Total, loan authorizations.....	(240.0)	(310.0)	(480.0)	(495.0)	(435.0)	(462.0)	(492.0)	(434.6)	(424.0)
Salaries and expenses.....	9.6	10.0	10.4	11.1	11.9	12.2	12.4	12.8	12.9
Total, Rural Electrification Administration.....	9.6	10.0	10.4	11.1	11.9	12.2	12.4	12.8	12.9
Farmers Home Administration:									
Direct loan account:									
Real estate loans and operating loans ¹⁵	(226.0)	(267.0)	(336.0)	(360.0)	(360.0)	375.0)	(440.0)	(410.0)	(333.0)
Soil Conservation Service loans.....								(7.5)	(4.9)
Appalachia.....						7.1			
Total, direct loan account.....	(226.0)	(267.0)	(340.0)	(360.0)	(360.0)	(375.0)	(440.0)	(417.5)	(337.9)
Rural housing direct loan account ¹⁶									
Participation sales authorizations.....		(200.0)	1.0	28.5	5.0	2.5	(15.0)	(15.0)	(30.0)
Payments of sales insufficiencies.....							(600.0)	(790.0)	(425.0)
Rural water and waste disposal grants.....						20.0	26.0	30.0	27.3
Rural renewal.....				1.2	1.2	1.2	1.2	1.6	1.6
Rural housing for domestic farm labor.....						3.0	3.0	3.5	5.0
Rural housing grants.....									
Salaries and expenses.....									
Direct appropriation.....	30.1	32.3	35.0	38.1	41.6	49.7	52.4	57.6	59.1
Transfer from loan accounts.....					(2.8)	(2.8)	(2.8)	(2.8)	(2.8)
Rural housing insurance fund.....						100.0			
Emergency credit revolving fund.....						30.0			
Total, Farmers Home Administration.....	30.1	32.3	36.0	67.8	54.9	206.4	82.6	106.0	93.0
Total credit agencies:									
Loan authorizations.....	(466.0)	(777.0)	(820.0)	(855.0)	(795.0)	(837.0)	(947.0)	(867.1)	(791.9)
Appropriations.....	39.7	42.3	46.3	78.9	66.8	218.6	95.0	118.8	105.9

See footnotes at end of table, p. 41.

TABLE 5.—BUDGET OUTLAYS (EXPENDITURES) FROM APPROPRIATIONS, REA AND FHA LOAN AUTHORIZATIONS, AND CORPORATION AND OTHER REVOLVING FUNDS, FISCAL YEARS 1960 THROUGH 1967, AND ESTIMATED 1968 AND 1969

[Amounts reported are based on outlays for the Department of Agriculture as shown in the Budget. Figures are adjusted for comparability with the appropriation structure in the 1969 Budget.]

[In millions of dollars]

	1960	1961	1962	1963	1964	1965	1966	1967	Estimated, 1968	Estimated, 1969
GENERAL ACTIVITIES										
Agricultural Research Service:										
Salaries and expenses.....	111.7	125.0	133.8	146.0	162.6	174.0	200.7	217.9	241.9	252.0
Salaries and expenses (special foreign currency program).....		1.6	3.1	4.2	4.8	6.6	6.5	7.2	6.6	8.9
Construction of facilities.....	8.2	3.6	2.1	4.1	1.7					
Cooperative State Research Service (principally payments to States).....	31.9	33.0	36.0	38.0	41.7	46.9	52.4	56.4	59.2	65.1
Extension Service (principally payments to States).....	63.6	67.2	70.2	74.6	79.3	84.8	89.7	92.5	89.9	97.5
Farmer Cooperative Service.....	0.9	1.0	1.0	1.0	1.1	1.1	1.1	1.2	1.3	1.8
Soil Conservation Service:										
Conservation operations.....	79.2	86.8	88.9	92.9	95.9	104.5	108.7	110.5	114.5	116.0
Watershed planning.....	4.6	5.0	5.4	5.6	5.1	5.0	6.3	6.3	6.5	6.2
Watershed protection.....	22.4	27.6	34.2	47.4	57.6	61.3	67.6	73.9	73.0	61.9
Flood prevention.....	16.8	17.5	19.4	26.5	22.4	25.0	28.4	27.4	26.4	25.0
Great Plains conservation program.....	7.9	8.6	9.0	9.7	11.9	12.5	13.6	15.9	16.4	15.7
Resource conservation and development.....					3	1.0	2.1	4.1	6.2	6.4
Economic Research Service.....	7.6	7.9	8.3	8.8	9.4	10.1	11.0	12.1	12.6	13.8
Statistical Reporting Service.....	6.3	7.5	8.7	9.4	10.5	11.7	14.1	13.3	14.2	14.6
Consumer and Marketing Service:										
Consumer protective, marketing, and regulatory programs.....	43.6	51.1	53.4	59.3	64.1	71.0	74.5	82.9	97.3	119.9
Payments to States and possessions.....	1.2	1.2	1.3	1.4	1.5	1.5	1.8	1.8	1.8	1.8
Special milk program (financed by CCC prior to fiscal year 1963).....				95.3	97.3	86.6	97.0	96.1	102.0	102.0
Special lunch program.....	152.6	154.1	168.8	169.3	180.3	178.6	196.7	208.3	219.8	246.0
Foreign stamp program.....						34.4	69.5	114.1	177.9	223.0
Foreign Agricultural Service:										
Salaries and expenses.....	5.6	6.5	8.2	11.8	16.7	17.1	18.6	20.3	24.1	25.3
Salaries and expenses (special foreign currency program).....		6.3	6.7	4.6	3.1	1.4	1.5	8	1.0	1.0
Commodity Exchange Authority.....	.9	1.0	1.0	1.0	1.1	1.1	1.2	1.3	1.5	1.6
Agricultural Stabilization and Conservation Service:										
Expenses: Agricultural Stabilization and Conservation Service.....	86.7	83.3	95.6	98.4	114.5	107.9	126.5	131.7	140.7	143.7
Sugar Act program.....	71.7	69.7	78.0	76.9	87.1	92.1	89.7	81.7	85	86.7
Agricultural conservation program.....	208.4	219.7	218.2	209.9	213.6	216.1	209.5	213.9	221.5	208.3
Emergency conservation measures.....	.9	.5	8.8	2.7	3.4	10.0	13.2	5.7	7.7	7.7

TABLE 6.—RECEIPTS TO U.S. TREASURY RELATED TO DEPARTMENT OF AGRICULTURE ACTIVITIES, FISCAL YEAR 1967 AND ESTIMATED FISCAL YEARS 1968 AND 1969
 (In thousands of dollars)

Classification and source	Fiscal year 1967 actual		Fiscal year 1968 estimated		Fiscal year 1969 estimated	
	General ¹	Special ²	Total	General ¹	Special ²	Total
Loan programs:						
Farmers Home Administration:						
Interest payments to Treasury:						
On borrowings for rural housing loans.....	\$21,266	-----	\$21,266	\$13,750	-----	\$7,500
On borrowings from farmownership, soil and water, and farm-operat- ing loans.....	16,104	-----	16,104	950	-----	100
On borrowings for loans under agricultural credit insurance fund.....	7,392	-----	7,392	7,500	-----	7,500
Interest on investment, economic opportunity loan fund.....	2,306	-----	2,306	3,300	-----	4,053
Total, Farmers Home Administration.....	47,068	-----	47,068	25,500	-----	19,153
Rural Electrification Administration:						
Collections of principal:						
Electricity loans.....	152,634	-----	152,634	162,000	-----	161,000
Telephone loans.....	27,974	-----	27,974	29,600	-----	28,500
Total, collections of principal.....	180,608	-----	180,608	191,600	-----	189,500
Collections of interest:						
Electricity loans.....	73,810	-----	73,810	81,000	-----	86,000
Telephone loans.....	19,550	-----	19,550	22,900	-----	25,000
Total, collections of interest.....	93,360	-----	93,360	103,900	-----	111,000
Total, Rural Electrification Administration.....	273,968	-----	273,968	295,500	-----	300,500
Total, loan programs.....	321,036	-----	321,036	321,000	-----	319,653
Receipts from operations, and miscellaneous reimbursements and collections:						
Business on the national forests, primarily timber sales, grazing fees, and land and recreational uses.....	112,056	-----	176,120	120,136	-----	189,810
Deposits by timber purchasers for brush disposal.....	\$64,064	-----	9,875	\$69,674	-----	\$71,554
Receipts from Tongass National Forest held pending determination of land ownership ⁴	9,875	-----	9,875	10,300	-----	10,400
Receipts from Oregon and California controverted lands, held pending deter- mination of landownership.....	1,029	-----	1,029	975	-----	975
Use of lands held under title III of the Bankhead-Jones Farm Tenant Act.....	6,838	-----	6,838	7,000	-----	7,000
Fees for licenses under the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Acts.....	1,390	-----	1,853	61,414	-----	1,471
Charge for testing, inspection, and grading services, principally collections under the Cotton Standards, Cotton Futures, and Grain Standards Acts.....	894	-----	894	905	-----	905
Total, miscellaneous reimbursements and collections.....	4,170	-----	4,170	-----	-----	-----
Total, Receipts from operations, and miscellaneous reimbursements and collections.....	189,810	-----	189,810	122,706	-----	194,260
Total, receipts from operations, and miscellaneous reimbursements and collections.....	319,653	-----	319,653	319,653	-----	319,653

(e)

Sales of products not required in connection with the work of the Department, primarily loose cotton samples, long-staple cotton from national stockpile, livestock and livestock products.....

9,680	10,863	10,863	276
879	861	861	861
3,372	3,308	3,610	3,311
83	302	3,610	444
131,547	214,793	226,209	128,568
	89,627		91,749
			220,317

Miscellaneous, chiefly recoveries and refunds.....

Total.....

Trust fund receipts:¹

Contributions from private cooperators for various activities on national and private forest lands.....

32,176

Fees received for inspection and grading of farm products upon application of interested parties.....

29,461

Receipts for miscellaneous special services.....

1,949

Total.....

63,586

Other receipts:

Interest paid to Treasury on CCC borrowings.....

328,787

Interest paid to Treasury on CCC capital stock.....

4,125

Sugar tax collections.....

104,686

Collections for mineral leases, licenses, and permits on public domain national forest lands.....

2,301

Total.....

439,899

Grand total.....

892,482

103,061

1,059,129

869,393

110,238

1,046,439

818,232

112,360

998,867

struction and maintenance of roads and trails (10 percent) in accordance with Public Law 758, 84th Cong.

³ For payment to counties in which such lands are located.

⁶ Beginning in fiscal year 1968, under proposed legislation, collections of fees to cover costs of these services would be deposited into a revolving fund.

⁷ Receipts deposited in trust in the Treasury for expenditure by the Department, as trustee, for specified purposes.

⁸ Distributed to the reclamation fund and to States in which the lands are located.

⁹ Includes trust fund receipts as well as general and special fund receipts.

TABLE 7.—APPROPRIATIONS FOR RESEARCH AND EDUCATION, FISCAL YEARS 1960 THROUGH 1968, AND BUDGET ESTIMATES, 1969 (AMOUNTS ADJUSTED FOR COMPARABILITY WITH THE APPROPRIATION STRUCTURE IN THE 1969 BUDGET)

(In thousands of dollars)

Agency or activity	1960	1961	1962	1963	1964	1965	1966	1967	1968	Budget estimates, 1969	Increase (+) or decrease (-), 1969 compared with 1968
Research:											
Agricultural Research Service.....	68,266	82,715	82,246	92,944	125,778	134,409	144,056	151,022	146,769	151,273	+4,504
Special foreign currency program.....	11,025	15,131	5,265	5,265	1,250	2,000	3,000	4,500	8,500	12,700	+4,200
Cooperative State Research Service:											
Payments to agricultural experiment stations for research under the Hatch Act, as amended.....	30,846	31,815	34,725	36,723	38,906	43,983	46,893	49,893	53,655	53,540	-115
Grants for cooperative forestry research.....	918	1,000	1,094	1,148	1,214	1,461	1,524	1,573	1,675	1,844	+169
Contracts and grants for scientific research.....	753	730	763	797	799	783	749	783	828	886	+58
Grants for facilities.....	7,356	8,097	8,332	8,901	9,242	11,222	11,782	12,421	12,421	13,964	+1,543
Penalty mail.....	250	250	250	250	310	310	310	310	310	310	0
Federal administration.....	918	1,000	1,094	1,148	1,214	1,461	1,524	1,573	1,675	1,844	+169
Farmer Cooperative Service.....	7,356	8,097	8,332	8,901	9,242	11,222	11,782	12,421	12,421	13,964	+1,543
Economic Research Service.....	374	449	449	447	550	655	980	577	595	622	+27
Statistical Reporting Service.....	619	708	765	877	1,062	1,319	1,388	1,966	2,037	2,735	+698
National Agricultural Library.....	14,518	18,747	26,335	25,518	25,888	35,461	37,372	38,459	41,643	40,127	-1,516
Library facilities.....											
Forest Service.....	135,125	159,702	160,424	172,837	207,857	236,561	259,734	268,504	275,956	284,486	+8,530
Total, research.....											
Education:											
Extension Service:											
Cooperative extension work, payments and expenses.....	53,715	56,578	59,590	63,119	67,120	72,220	75,120	77,991	80,865	81,267	+402
Payments to States and Puerto Rico.....											
Retirement and employee compensation fund costs for extensions agents.....	5,674	5,961	6,260	6,765	7,273	7,543	7,857	8,306	8,819	9,334	+515
Penalty mail.....	2,491	2,490	2,490	2,801	3,113	3,113	3,113	3,299	3,299	3,500	+201
Federal Extension Service.....	2,176	2,330	2,383	2,573	2,578	2,981	3,048	3,403	3,619	3,529	-90
Total, education.....	64,056	67,359	70,723	75,258	80,048	85,857	89,137	92,813	96,602	97,629	+1,027
Total, research and education.....	199,181	227,061	231,147	248,095	287,941	322,418	348,871	361,317	372,558	382,115	+9,557

¹ Includes transfer of \$14,500,000 from sec. 32 funds and \$15,000,000 from Commodity Credit Corporation funds as authorized by the 1964 appropriation act.
² Includes transfers from sec. 32 funds, as follows: 1965, \$11,775,000; 1966, \$18,100,000; 1967, \$25,100,000; 1968, \$15,000,000; and 1969 budget estimates, \$15,000,000.
³ Transfer from sec. 32 funds as authorized by the 1964 appropriation act.
⁴ Includes transfers of \$400,000 from sec. 32 funds as authorized by the 1965 and 1966 appropriation acts.
⁵ Represents 80 percent of \$450,000 appropriated in 1964 for planning of new library building and of \$7,000,000 for construction in 1966. It is estimated that 80 percent of library services is for research purposes.
 Note: Details may not add to totals shown due to rounding.

TABLE 8.—MAN-YEARS, FISCAL YEARS 1967, 1968, AND 1969

[This table reflects man-years for Federal employees under appropriations, transfers, reimbursements and all other funds available or estimated to become available to the respective agencies of the Department. It excludes man-years in county Agricultural Stabilization and Conservation offices, State and county Extension offices, and other non-Federal agencies receiving funds from the Department.]

[In thousands of dollars]

Items in agricultural appropriation bill	1967	1968 estimated	1969 estimated	Increase (+) or decrease (-), 1969 compared with 1968
Agricultural Research Service:				
Research ¹	9,385	9,788	10,116	+328
Plant and animal disease and pest control.....	5,935	6,250	6,329	+79
Total, salaries and expenses.....	15,320	16,038	16,445	+407
Salaries and expenses (special foreign currency program).....	20	20	20	-----
Working capital fund.....	371	382	388	+6
Other USDA appropriations.....	19	27	24	-3
Total, Agricultural Research Service.....	15,730	16,467	16,877	+410
Cooperative State Research Service: Payments and expenses.....				
	98	103	106	+3
Extension Service:				
Payments and expenses.....	211	219	219	-----
Other USDA appropriations.....	1	-----	-----	-----
Total, Extension Service.....	212	219	219	-----
Farmer Cooperative Service: Salaries and expenses.....	87	94	126	+32
Soil Conservation Service:				
Conservation operations.....	11,100	11,025	10,955	-70
Watershed planning.....	530	506	480	-26
Watershed protection.....	2,705	3,071	2,932	-139
Flood prevention.....	858	894	837	-57
Great Plains conservation program.....	410	415	400	-15
Resource conservation and development.....	279	405	362	-43
Other USDA appropriations.....	1,254	1,195	808	-387
Total, Soil Conservation Service.....	17,136	17,511	16,774	-737
Economic Research Service:				
Salaries and expenses.....	897	943	989	+46
Other USDA appropriations.....	124	140	141	+1
Total, Economic Research Service.....	1,021	1,083	1,130	+47
Statistical Reporting Service:				
Salaries and expenses.....	1,296	1,247	1,256	+9
Other USDA appropriations.....	192	168	176	+8
Total, Statistical Reporting Service.....	1,488	1,415	1,432	+17
Consumer and Marketing Service:				
Consumer protective, marketing, and regulatory programs.....	8,342	8,794	9,864	+1,070
School lunch program.....	128	170	210	+40
Special milk program.....	57	65	65	-----
Food stamp program.....	547	907	1,523	+616
Other USDA appropriations.....	261	398	398	-----
Total, Consumer and Marketing Service.....	9,335	10,334	12,060	+1,726
Foreign Agricultural Service:				
Salaries and expenses.....	703	749	783	+34
Salaries and expenses (special foreign currency program).....	27	19	19	-----
Other USDA appropriations.....	145	147	152	+5
Total, Foreign Agricultural Service.....	875	915	954	+39
Commodity Exchange Authority: Salaries and expenses.....	129	140	144	+4

¹ Includes man-years under the reappropriation for temporary labor in the field.

TABLE 8.—MAN-YEARS, FISCAL YEARS 1967, 1968, AND 1969—Continued

[This table reflects man-years for Federal employees under appropriations, transfers, reimbursements and all other funds available or estimated to become available to the respective agencies of the Department. It excludes man-years in county Agricultural Stabilization and Conservation offices, State and county Extension offices, and other non-Federal agencies receiving funds from the Department.]

[In thousands of dollars]

Items in agricultural appropriation bill	1967	1968 estimated	1969 estimated	Increase (+) or decrease (-), 1969 compared with 1968
Agricultural Stabilization and Conservation Service:				
Expenses, Agricultural Stabilization and Conservation Service.....	2,210	2,210	2,217	+7
Transfers from Commodity Credit Corporation.....	2,603	2,480	2,371	-109
Total, expenses, Agricultural Stabilization and Conservation Service.....	4,813	4,690	4,588	-102
Other USDA appropriations.....	128	162	185	+23
Total, Agricultural Stabilization and Conservation Service.....	4,941	4,852	4,773	-79
Federal Crop Insurance Corporation:				
Administrative and operating expenses.....	819	965	1,076	+111
Federal Crop Insurance Corporation fund.....	219	139	.....	-139
Total, Federal Crop Insurance Corporation.....	1,038	1,104	1,076	-28
Rural Electrification Administration: Salaries and expenses.....	905	915	911	-4
Farmers Home Administration:				
Salaries and expenses.....	6,109	6,600	6,680	+80
Rural renewal.....	18	25	25	.....
Other USDA appropriations.....	77	85	44	-41
Total, Farmers Home Administration.....	6,204	6,710	6,749	+39
Rural Community Development Service:				
Salaries and expenses.....	27	26	26	.....
Other USDA appropriations.....	.....	1	.....	-1
Total, Rural Community Development Service.....	27	27	26	-1
Office of Inspector General: Salaries and expenses.....	811	854	885	+31
Packers and Stockyards Administration: Salaries and expenses.....	187	189	217	+28
Office of the General Counsel:				
Salaries and expenses.....	336	345	398	+53
Other USDA appropriations.....	7	9	9	.....
Total, Office of the General Counsel.....	343	354	407	+53
Office of Information:				
Salaries and expenses.....	114	122	122	.....
Working capital fund.....	112	115	115	.....
Other, USDA appropriations.....	3	3	3	.....
Total, Office of Information.....	229	240	240	.....
National Agricultural Library:				
Salaries and expenses.....	170	192	192	.....
Working capital fund.....	4	4	4	.....
Other USDA appropriations.....	1	1	1	.....
Total, National Agricultural Library.....	175	197	197	.....
Office of Management Services:				
Salaries and expenses.....	277	285	297	+12
Other USDA appropriations.....	54	58	51	-7
Total, Office of Management Services.....	331	343	348	+5
General administration:				
Salaries and expenses.....	266	307	307	.....
Working capital fund.....	491	514	514	.....
Other USDA appropriations.....	5	4	4	.....
Total, general administration.....	762	825	825	.....
Total, agricultural appropriation bill.....	62,064	64,891	66,476	+1,585

TABLE 8.—MAN-YEARS, FISCAL YEARS 1967, 1968, AND 1969—Continued

[This table reflects man-years for Federal employees under appropriations, transfers, reimbursements and all other funds available or estimated to become available to the respective agencies of the Department. It excludes man-years in county Agricultural Stabilization and Conservation offices, State and county Extension offices, and other non-Federal agencies receiving funds from the Department.]

[In thousands of dollars]

Items in agricultural appropriation bill	1967	1968 estimated	1969 estimated	Increase (+) or decrease (-), 1969 compared with 1968
Forest Service:				
Forest land management.....	16,045	15,230	15,562	+332
Forest research.....	2,794	2,986	3,080	+94
State and private forestry cooperation.....	178	185	185	-----
Total, forest protection and utilization.....	19,017	18,401	18,827	+426
Forest roads and trails.....	6,454	6,740	5,733	-1,007
Acquisition of lands for national forests.....	2	1	1	-----
Assistance to States for tree planting.....	14	15	15	-----
Working capital fund.....	1,136	1,259	1,201	-58
Other USDA agencies.....	3,072	3,297	3,268	-29
Total, Forest Service (excluding permanent ap- propriations).....	29,695	29,713	29,045	-668
Total, USDA annual appropriations.....	91,759	94,604	95,521	+917
PERMANENT APPROPRIATIONS				
Removal of surplus agricultural commodities (sec. 32).....	419	480	500	+20
Perishable Agricultural Commodities Act fund.....	91	93	97	+4
Forest Service.....	921	997	1,016	+19
Total, permanent appropriations.....	1,431	1,570	1,613	+43
Total, under appropriations to USDA.....	93,190	96,174	97,134	+960
OTHER FUNDS (TRUST FUNDS, ALLOCATIONS AND REIMBURSEMENTS)				
Agricultural Research Service.....	270	250	233	-17
Cooperative State Research Service.....	1	3	8	+5
Extension Service.....	53	93	110	+17
Farmer Cooperative Service.....	10	12	12	-----
Soil Conservation Service.....	402	505	594	+89
Economic Research Service.....	118	113	115	+2
Statistical Reporting Service.....	99	55	50	-5
Consumer and Marketing Service.....	2,904	3,108	3,154	+46
Foreign Agricultural Service.....	26	25	25	-----
International Agricultural Development Service.....	86	184	286	+102
Agricultural Stabilization and Conservation Service.....	13	8	10	+2
Federal Crop Insurance Corporation.....	185	264	253	-11
Rural Electrification Administration.....	2	3	3	-----
Farmers Home Administration.....	899	964	964	-----
Rural Community Development Service.....	5	2	2	-----
Office of the Inspector General.....	31	31	31	-----
Office of the General Counsel.....	7	14	23	+9
Office of Information.....	4	-----	-----	-----
National Agricultural Library.....	2	2	14	+12
Office of Management Services.....	9	9	7	-2
General Administration.....	14	13	13	-----
Forest Service.....	3,149	3,384	3,370	-14
Total, other funds.....	8,289	9,042	9,277	+235
Total man-years for USDA personnel.....	101,479	105,216	106,411	+1,195

TABLE 9.—Increases and Decreases in Man-Years Budget Estimates
1969 Compared with 1968

(This table reflects man-years for Federal employees under appropriations, transfers, reimbursements and all other funds available or estimated to become available to the respective agencies of the Department. It excludes man-years in County Agricultural Stabilization and Conservation offices, State and County Extension offices, and other non-Federal agencies receiving funds from the Department.)

<i>Items in agricultural appropriation bill</i>	
Agricultural Research Service :	<i>Increase (+) or decrease (-)</i>
Research :	
Decrease for activities discontinued in 1968 pursuant to Public Law 90-218.....	-54
Staffing and operating new and expanded research facilities and laboratories	+142
Increase to initiate or expand farm, utilization, nutrition and marketing research.....	+38
For research in 1969 by Federal employees to be financed from funds provided in prior years but used for contract work and for purchase of equipment, supplies, etc.....	+202
Total, research.....	<u>+328</u>
Plant and animal disease and pest control :	
Increased plant and animal inspection and quarantine activities	+40
Increased activities under the Virus-Serum-Toxin Act.....	+13
Expanded pesticides regulation activities.....	+20
Increases for poultry diseases and related investigations.....	+14
Expanded animal disease detection activities.....	+2
Decrease in hog cholera program.....	-10
Total, plant and animal disease and pest control.....	<u>+79</u>
Working capital fund.....	+6
Reimbursable services performed for other USDA agencies.....	-3
Total, Agricultural Research Service.....	<u>+410</u>
Cooperative state research service : Increase in research staff and related support	+3
Farmer cooperative service : Expanded research and technical assistance for agricultural cooperatives.....	+32
Soil conservation service :	
Conservation operations: Decrease in technical program and installation services.....	-70
Watershed planning: Decrease in small watershed project investigations and planning.....	-26
Watershed protection: Decrease in installation of works of improvement in Public Law 566 watersheds.....	-63
Watershed protection: Decrease in surveys and investigations of river basins.....	-76
Total, watershed protection.....	<u>-139</u>
Flood prevention: Decrease in installation of works of improvement	-57
Great plains conservation program: Decrease in installation services	-15
Resource conservation and development: Decrease in project investigations and planning.....	-43
Reimbursable services performed for other USDA agencies (principally agricultural conservation program).....	-387
Total, Soil Conservation Service.....	<u>-737</u>

TABLE 9.—Increases and Decreases in Man-Years Budget Estimates
1969 Compared with 1968—Continued

Items in agricultural appropriation bill—Continued

	<i>Increase (+) or decrease (-)</i>
Economic Research Service:	
Increases for study of rural income and living conditions, water quality management and use problems, and capital and labor problems in farming-----	+46
Reimbursable services performed for other USDA agencies-----	+1
Total, Economic Research Service-----	+47
Statistical Reporting Service:	
Increases to improve crop and livestock estimates-----	+9
Reimbursable services performed for other USDA agencies-----	+8
Total, Statistical Reporting Service-----	+17
Consumer and Marketing Service:	
Consumer protective, marketing, and regulatory programs:	
Market news service-----	+5
Increases to provide meat inspection of intrastate meat plants under the Wholesome Meat Act of 1967 and inspection of additional plants operating in interstate commerce-----	+729
Increases for mandatory poultry inspections-----	+333
Other inspection and regulatory activities-----	+3
Total, consumer protective, marketing and regulatory programs-----	+1,070
School lunch program: For expanded school breakfast, non-food assistance, and lunch programs-----	+40
Food stamp program:	
Expansion of program-----	+616
Total, Consumer and Marketing Service-----	+1,726
Foreign Agricultural Service:	
Increases to maintain minimum surveillance in import controls-----	+2
Increase effectiveness of the Agricultural Attache service-----	+22
Staffing to meet increasing needs under the commodity programs-----	+10
Reimbursable services performed for other USDA agencies-----	+5
Total, Foreign Agricultural Service-----	+39
Commodity Exchange Authority: To improve trade practice investigation capability-----	+4
Agricultural Stabilization and Conservation Service:	
Reduced workload volume in commodity offices-----	-102
Reimbursable services for other USDA agencies-----	+23
Total, Agricultural Stabilization and Conservation Service-----	-79
Federal Crop Insurance Corporation:	
Administrative and operating expenses-----	+111
Federal Crop Insurance Corporation fund (Reflects part shift of administrative and operating expenses from premium income to direct appropriation)-----	-139
Total, Federal Crop Insurance Corporation-----	-28
Rural Electrification Administration: Salaries and expenses-----	-4

TABLE 9.—Increases and Decreases in Man-Years Budget Estimates
1969 Compared with 1968—Continued

Items in agricultural appropriation bill—Continued

	Increase (+) or decrease (-)
Farmers Home Administration:	
For carrying out the increased loan making, and loan servicing activities -----	+80
Reimbursable services performed for other USDA agencies -----	-41
Total, Farmers Home Administration -----	+39
Rural Community Development Service: Reimbursable services performed for other USDA agencies -----	-1
Office of the Inspector General: Increased audit and investigative activities -----	+31
Packers and Stockyards Administration: To improve effectiveness of trade practice investigations -----	+28
Office of the General Counsel: Increased legal services to new and expanded programs of the Department -----	+53
Office of Management Services:	
Increased management support for agencies served -----	+12
Reimbursable services performed for other USDA agencies -----	-7
Total, Office of Management Services -----	+5
Total, items in agricultural appropriation bill -----	+1,585
Forest Service:	
Forest protection and utilization:	
Forest land management:	
Timber sales administration and management -----	+102
Recreation and public uses -----	+170
Wildlife habitat management -----	+9
Range improvements -----	+64
Range revegetation -----	+14
Land classification, adjustments, and surveys -----	+23
Construction and maintenance of improvements for fire and general purposes -----	-55
Pest controls -----	+5
Total, forest land management -----	+332
Forest research -----	+94
Total, forest protection and utilization -----	+426
Forest roads and trails -----	-1,007
Working capital fund -----	-58
Reimbursable services performed for other USDA agencies -----	-29
Total, Forest Service (excluding permanent appropriations) -----	-668
Total, USDA annual appropriations -----	+917
PERMANENT APPROPRIATIONS:	
Removal of surplus agricultural commodities (section 32) -----	+20
Perishable Agricultural Commodities Act fund -----	+4
Forest Service -----	+19
Total, permanent appropriations -----	+43
Total, under appropriations to USDA -----	+960

TABLE 9.—Increases and Decreases in Man-Years Budget Estimates
1969 Compared with 1968—Continued*Items in agricultural appropriation bill—Continued*

OTHER FUNDS: (Trust funds, allocations, and reimbursements):	<i>Increase (+) or decrease (-)</i>
Agricultural Research Service-----	-17
Cooperative State Research Service-----	+5
Extension Service-----	+17
Soil Conservation Service-----	+89
Economic Research Service-----	+2
Statistical Reporting Service-----	-5
Consumer and Marketing Service-----	+46
International Agricultural Development Service-----	+102
Agricultural Stabilization and Conservation Service-----	+2
Federal Crop Insurance Corporation-----	-11
Office of the General Counsel-----	+9
National Agricultural Library-----	+12
Office of Management Services-----	-2
Forest Service-----	-14
 Total, other funds-----	 +235
 Total, net increase under all funds available to the U.S. Department of Agriculture-----	 +1,195

Mr. WHITTEN. Now you might proceed to discuss the increase proposed for 1969.

INCREASED PAY COSTS

Mr. GRANT. Yes, Mr. Chairman. Before we proceed with 1969, I would like to mention that the justifications and our tables reflect increase pay costs under Public Law 90-206. In fiscal year 1968 for items in this bill, there were increased pay costs of \$25,364,863, increased postage costs of \$1,118,651 for a total of \$26,483,514. We propose to finance them by transfers, if the Congress approves, from the funds that would otherwise lapse under the reserve.

Throughout the tables and the justifications you will find that the pay costs have been included. In 1968 these increased pay rates were in effect for about 9 months of the fiscal year. In 1969, there are increases for pay costs totaling about \$9 million for the Department. This increase is needed to cover the new pay rates for the 3 additional months that they will be in effect in 1969.

MAJOR CHANGES PROPOSED FOR 1969

I have a table here which is the same as table 1 in the book of tables. It is a little larger and perhaps a little easier to read. It has some key numbers on the side so that I can identify the particular items if you want to go through the major changes.

In this table, you will see that about halfway down we have a total for annual appropriations for general activities. In 1969 the amount is \$1,836,378,800, or an increase as reflected here in the last column on the right of \$33,206,000. I might just briefly mention some of the major changes.

RESEARCH

AGRICULTURAL RESEARCH SERVICE

For the Agricultural Research Service there is an increase for research of \$4,504,000. That is a net figure consisting of an increase in obligations to restore reductions that were made in 1968 for staffing new laboratories, and for other research work, totaling \$7,377,900.

It also reflects a reduction in non-recurring construction provided in 1968 of \$4,350,000. There is also a further increase of \$1,837,400 for staffing new laboratories in 1969. Item No. 2, marked in red in the right-hand column, is a net increase of \$1,049,000 for plant and animal disease and pest control.

It includes an increase of \$771,000 for pay costs. The rest is for plant quarantine, activities under the Virus-Serum-Toxin Act, and animal inspection and quarantine. The net figure also includes \$2 million for construction of an animal quarantine facility in the New York-New Jersey port and airport area to replace the facility located in Clifton, N.J.

COOPERATIVE STATE RESEARCH SERVICE

There is a reduction of \$934,000 for the Cooperative State Research Service. This reflects restoration of the reduction that was made in 1968, and a decrease of \$1 million for grants for facilities.

EXTENSION SERVICE

For the Extension Service, there is an increase of \$1,027,000. This involves, Mr. Chairman, a restoration of the reduction made in 1968 of \$3,385,000. It is proposed that this amount be provided under section 8 of the Smith-Lever Act, which is a nonformula provision, rather than under section 3(c). The remainder of this net increase is for retirement costs for extension agents and increased penalty mail costs.

FARMER COOPERATIVE SERVICE

The increase of \$507,000 for the Farmer Cooperative Service is primarily for additional technical assistance to cooperatives.

SOIL CONSERVATION SERVICE

Under watershed protection, there is a reduction in appropriations of \$28,212,000. This is due to the fact that the reduction made in 1968 enables us to carry forward \$14,486,000 to 1969.

The actual reduction in obligations in 1969 compared with 1968 is about \$1.8 million. The same is true with respect to flood prevention where there is a reduction of \$13,356,000 in appropriations. There is a balance carried forward of \$6,709,000, with obligations being approximately \$4 million less in 1969 than in 1968.

Mr. WHITTEN. Mr. Grant, we will get into this later in detail, but from my own mail it appears that not only is this hitting people hard, but in many instances the Federal Government has led local drainage districts and other to go to considerable expense. Yet the Budget Bureau's recommendations would cut out the Government's partici-

pation right at the time when you have promoted the incurring of the obligations by the local applicants.

We want to go into this very thoroughly when the time comes.

Mr. GRANT. Yes, sir. It reflects the fact that particularly in getting easements and rights-of-way, the local people work at this for a long period of time. Some of this had been underway quite a long time prior to the action being taken.

Under the Great Plains conservation program there is an increase in obligations of about \$500,000. The decrease in appropriations comes about because of a carryover of about \$1.7 million from 1968.

Mr. WHITTEN. That carryover just means you won't spend it, that you slowed up work to that extent in fiscal 1968.

Mr. GRANT. Yes; it is part of the reduction resulting from the resolution we mentioned earlier.

Mr. WHITTEN. I have to take issue with you. The resolution follows your own action in holding up construction?

Mr. GRANT. Yes, sir. Under resource conservation and development projects there is an increase of \$218,000. This provides for a program at roughly the same level as in 1968, but it does involve beginning planning work on 10 new projects.

ECONOMIC RESEARCH SERVICE

There is an increase of \$1,175,000 under the Economic Research Service for additional economic research on capital and labor problems of farming, economic studies of water quality management, and several other items that go into the agencies here.

CONSUMER AND MARKETING SERVICE

There is an increase of \$27,737,000 for consumer protection, marketing, and regulatory programs. This is largely the additional amount required to carry out the meat and poultry inspection programs. Included is \$22,825,000 for meat inspection under the new Wholesome Meat Act of 1967. About \$3.5 million is for poultry inspection.

For the school lunch program, there is an increase of \$1,618,000 in the appropriation. There is also an increase of about \$19 million in the transfer from Section 32—\$8.5 million of this is for Section 6 purchases. For a number of years, we have been transferring \$45 million from Section 32 for the school lunch program.

Mr. WHITTEN. What is Section 6, for the record?

Mr. GRANT. Section 6 of the School Lunch Act provides for the purchase of additional commodities to supplement foods purchased locally for the lunch program. Through large-volume purchasing by the Federal Government, these commodities can be purchased more economically than by the individual schools. This involves vegetables, fruits, meats, and poultry.

Mr. WHITTEN. To a degree, isn't it an effort to provide a balanced diet?

Mr. GRANT. Yes; this helps to provide more variety and a better balanced diet. We think that this is consistent with the purposes of section 32. For the food stamp program, there is an increase in the program level of \$40 million, but an increase in the appropriation of \$63,200,000. This is all by direct appropriation.

It eliminates the reappropriation which the Congress approved last year of \$23,200,000.

FOREIGN AGRICULTURAL SERVICE

For Foreign Agricultural Service there is a net increase of \$273,000 involving primarily additional work in connection with the market development program and the agricultural attaché service.

COMMODITY EXCHANGE AUTHORITY

An increase of \$54,000 for this agency is mainly for additional licensing and auditing of brokerage houses. I mention this only because the Congress, very recently, amended the Commodity Exchange Act, bringing additional commodities under the act, among other things. We expect that there will be a supplemental estimate and a budget amendment to be submitted for your consideration before the committee completes action on this bill.

AGRICULTURE STABILIZATION AND CONSERVATION SERVICE

In the Agricultural Conservation Program, there is a reduction in the appropriation of \$24.5 million. This reflects the action we took in connection with the reductions for 1968. As a result, the appropriation required in 1969 is reduced by the same amount.

For the 1969 program, the budget proposes an authorization of \$100 million. Under the cropland adjustment program, there is an increase of \$1,200,000 to make some payments in fiscal year 1969 to producers who enter into contracts under the proposed 1969 program. There is no 1968 program. This budget proposes a 1969 program of about 2 million acres and would involve an authorization of \$55.5 million, which will require increased appropriations in 1970.

OFFICE OF THE INSPECTOR GENERAL

An increase of \$591,000 is proposed for the Office of the Inspector General. Of this \$119,000 is for pay costs. The balance of \$472,000 is for additional auditing of the food stamp and meat inspection programs and FHA county offices.

PACKERS AND STOCKYARDS ADMINISTRATION

An increase of \$600,700 is requested for this agency. This is mostly for additional work in connection with packer and merchandising procurement practices, poultry marketing practices, and maintenance of effective competition.

Mr. WHITTEN. What does that mean, maintaining competition? Does that mean keeping somebody in business, or what?

Mr. GRANT. This involves a review of competitive practices at public livestock markets to be sure there are no restrictions on competition that would affect prices received by farmers for their livestock. This is to prevent collusion between buyers, agreements or arrangements to limit competition, apportioning of territories, boycotting, or other restrictive practices.

Mr. WHITTEN. What does the Department of Justice do in that area?

Mr. GRANT. I am not well informed on that, Mr. Chairman, but I believe that the Packers and Stockyards Administration through the General Counsel refer some types of cases to the Department of Justice for possible further action.

Mr. WHITTEN. Usually, as I understand it, the Department of Agriculture or any other department submits its case to the Department of Justice. But does this mean Justice wholly ignores violations of the Federal antitrust acts, Clayton being one of the more common acts, and leaves it entirely up to each department to carry it out and prepare these cases?

Mr. GRANT. Mr. Chairman, I do not know. I would be glad to have a statement put in the record on that.

The statement follows :)

The Department of Justice does not ordinarily investigate competitive conditions at public livestock markets to determine whether the livestock buyers are engaging in free and open competition, so there is no duplication of effort in the area of the requested increase. There are some types of violations of the antitrust laws which could conceivably occur involving public livestock markets. For example, an agreement by purchasers to pay only a certain price for livestock, or a merger of two large packing companies adversely affecting competition could violate the antitrust laws as well as the P&S Act. Whenever P&SA investigates a matter which also could violate the antitrust laws, a copy of P&SA's investigation report is referred to the Department of Justice. For example, P&SA has investigated some recent mergers of meatpackers and has submitted the relevant information to the Department of Justice. In rare instances, the Department of Justice might engage in some independent investigation as to a merger or some other matter relating to competitive practices affecting stockyards. In such cases, they maintain informal liaison with P&SA to prevent duplication.

OFFICE OF THE GENERAL COUNSEL

Mr. GRANT. For the Office of the General Counsel there is an increase of \$572,000. This is almost entirely due to the substantial increase in legal work required under the Wholesome Meat Act of 1967.

NATIONAL AGRICULTURAL LIBRARY

An increase of \$752,500 is proposed for the library. Part of this is for non-recurring costs in connection with moving the library from the South Building and other locations to the new library building which is nearing completion at Beltsville. Sometime during fiscal year 1969 we expect the building to be completed and ready for occupancy, and there will be some heavy costs involved in moving all of the books from four different locations, around town, and getting them placed on the stacks in an orderly manner.

That covers the major changes in the category for general activities.

Mr. WHITTEN. You might proceed.

RURAL ELECTRIFICATION ADMINISTRATION

Mr. GRANT. There is a reduction in the borrowing authorization for rural electrification loans of \$10 million. However, this will involve a reduction of only \$5 million in actual loans. Because of the availability of prior year balances, loans in 1968 are estimated at \$350 million. And in 1969, \$345 million.

Telephone loans will be \$120 million in 1968, and, again because of carryover balances, \$125 million in 1969.

FARMERS HOME ADMINISTRATION

For real estate loans, including both farm ownership and soil and water loans, there is a reduction of \$27 million, from \$110 million down to \$83 million. There will be a reduction of \$5 million in the farm ownership loans and \$22 million in soil and water loans.

For farm operating loans, the budget proposes \$250 million, a reduction of \$50 million from the \$300 million approved in 1968, of which \$275 million is being used.

Mr. MORRIS. Mr. Chairman, may I ask a question here?

Mr. WHITTEN. Certainly.

Mr. MORRIS. You say \$300 million was appropriated last year for operating loans of FHA?

Mr. GRANT. Yes, sir. For 1968 it was \$300 million.

Mr. MORRIS. But \$275 million is being used. So are you saying that the farmers didn't need the other \$25 million?

Mr. GRANT. It is not a question of need so much as the fact that we have a limit on how much we can obligate and spend this year.

Mr. MORRIS. That is a limit set by the Bureau of the Budget?

Mr. GRANT. It is a limit on the total for the Department which arises from the action taken in the resolution last year, Public Law 90-218.

Mr. MORRIS. What happened to the 2 and 10 percent? Ten percent of \$300 million would be \$30 million.

Mr. GRANT. Yes, sir.

Mr. MORRIS. So you took \$25 million?

Mr. GRANT. Yes, sir.

Mr. MORRIS. You testified awhile ago you don't necessarily do it by items.

Mr. GRANT. No sir.

Mr. MORRIS. You just use judgment and great wisdom in making these different adjustments?

Mr. GRANT. Well, I don't know whether I would call it great wisdom, but it is the best we have, sir.

Mr. MORRIS. Well, this is what some people say.

PARTICIPATION SALES AUTHORIZATION

Mr. GRANT. I also want to mention the participation sales authorization which was provided last year in the amount of \$750 million.

In 1969 the amount is \$425 million, a reduction of \$325 million. It is not expected that the full \$750 million will be used this year. Only \$675 million is proposed to be used, leaving a carryover of \$75 million. Total sales in 1969 are estimated at \$500 million.

In that connection, Mr. Chairman, no appropriation is proposed for payment of sales insufficiencies, for which a direct appropriation of about \$13 million was made last year. Actually, we have not had to make any payments so far. The income from the funds invested in connection with these participation sales has been such that we have not had to use the appropriation.

We do not estimate that there will be any need for an appropriation next year.

Mr. MORRIS. How much did you ask in 1968 for payment of sale insufficiencies? You asked for about \$26 million, didn't you?

Mr. GRANT. For the insufficiencies, sir?

Mr. MORRIS. Yes, sir.

Mr. GRANT. No, we didn't ask for a specific amount. The Budget last year proposed an indefinite appropriation. It was just a language item, no specific amount, however, the Congress provided a specific appropriation of \$13 million.

RURAL WATER AND WASTE DISPOSAL

The next item is rural water and waste disposal grants, for which \$30 million was appropriated last year; \$2 million of that I mentioned a moment ago is not being used in 1968, and a reduction of \$2,750,000 is proposed for next year.

For rural housing grants for domestic farm labor, there is an increase of \$1,500,000.

For the Farmers Home Administration, salaries and expenses, there is an increase of \$1,491,000. Of that, \$678,000 is for pay costs, leaving \$813,000 for administration of loans and grants.

FEDERAL CROP INSURANCE CORPORATION

The appropriation for administrative expenses of the Federal Crop Insurance Corporation is an increase of \$1,513,000 in the appropriations and a decrease of \$1,420,000 in the authorization to pay expenses, from premium income, for a net increase of \$93,000. This is all for pay costs.

This will provide direct appropriations up to the full amount of the authorization of \$12 million. This is proposed in order to reduce impairment of the Corporation's capital, particularly because of the rather heavy losses experienced in certain parts of the country last year, primarily in connection with cotton.

Mr. WHITTEN. Some of my area is affected in that way.

COMMODITY CREDIT CORPORATION

Mr. GRANT. Yes, sir. For the Commodity Credit Corporation the budget purposes restoring losses of \$3,648,506,000. This is an increase of a little over \$2,200 million, compared with 1968 appropriations. It will provide an estimated balance of borrowing authority of \$1,963 million at the end of 1969.

FOOD FOR PEACE

For Public Law 480, the appropriation requested is \$918,143,000. This is a reduction of \$687,357,000 in terms of the appropriation. This reduction is possible even though the program is up by \$90 million in 1969, because of receipts from the sale of foreign currencies and repayments of loans coming back to the Commodity Credit Corporation.

There is no estimated request for next year for bartered materials for the supplemental stockpile. This results in a reduction of \$23 million.

SUPPLEMENTAL APPROPRIATIONS

I will mention briefly the supplemental appropriations that are anticipated for meat and poultry inspection for 1968. It is estimated that \$5,722,000 will be required. These have not yet been submitted to the Congress.

A supplemental of \$200,00 is anticipated for the office of General Counsel to cover legal costs in connection with the Wholesome Meat Act. There is also an item of \$41 million here for Forest Service for fighting forest fires.

SUPPLEMENTAL ITEMS UNDER PROPOSED LEGISLATION

In the third column of the table you will find reductions which would result if certain legislation is enacted. These involve putting certain activities on a self-supporting or a fee basis in the Agricultural Research Service and in the Consumer and Marketing Service.

Mr. WHITTEN. Your experience in this area leads you to be very optimistic about Congress passing these.

Mr. GRANT. I'm not overly optimistic.

Mr. MORRIS. Has legislation been introduced?

Mr. GRANT. For some items the legislation has been introduced, but no action taken. In some instances the legislation has not been introduced in the House. I could provide a statement showing the status of these.

(See page 72.)

FOOD STAMP PROGRAM

Mr. GRANT. The next item is legislation which has been submitted to extend or to increase the authorization for the food stamp program in 1969 from \$225 million to \$245 million and which would involve an increase, if the legislation is enacted, of \$20 million.

That, Mr. Chairman, covers the main changes in the 1969 budget.

RECEIPTS

Mr. WHITTEN. Mr. Grant, I wish you would supply to the committee all of the receipts that the Department has had in 1967 and 1968, from whatever source, and what you expect in 1969, from timber sales, repayment on REA loans, and repayment on various other loan programs.

Mr. GRANT. Yes, sir.

(The information follows:)

RECEIPTS FROM NON-FEDERAL SOURCES, FISCAL YEARS 1967 AND ESTIMATED 1968 AND 1969

[In millions of dollars]

	1967	1968 estimate	1969 estimate
Timber sales.....	\$172.8	\$185.4	\$189.3
Rural Electrification Administration loans:			
Repayments.....	180.6	191.6	189.5
Interest.....	93.4	103.9	111.0
Farmers Home Administration loans:			
Repayments.....	429.7	440.0	416.5
Interest.....	95.8	98.6	109.6
Other, chiefly insurance premiums.....	4.5	4.3	4.2
Commodity Credit Corporation:			
Price support loans:			
Loan repayments.....	1,155.2	1,171.8	1,584.6
Sales of commodities and other proceeds.....	1,309.5	813.7	653.7
Redemption of payment-in-kind certificates (feed grain and cotton).....	833.8	402.5	117.0
Short-term export credit sales.....	(1)	175.0	180.0
Other, chiefly interest.....	60.9	58.5	52.0
Public Law 480: Payments by foreign governments and exporters on long-term credit sales of commodities for dollars.....	44.8	80.0	103.6
Federal crop insurance premiums.....	36.9	43.8	47.3
Trust fund receipts (chiefly inspection and grading of commodities, and cooperative forestry work).....	63.6	66.8	68.3
Other miscellaneous receipts (primarily from national forests, sale of stockpile cotton, and services performed).....	57.1	56.9	48.5
Total.....	4,538.6	3,892.8	3,875.1

¹ Not separately identifiable.

CARRYOVER BALANCES

Mr. WHITTEN. Also you might place in the record a statement showing for each appropriation item the actual carryover balances at the end of fiscal year 1967 and the estimated carryover balance at the end of fiscal year 1968-69. This table should show how much of each carryover balance represents unobligated funds as differentiated from unexpended funds.

(The document follows:)

ESTIMATES OF SIGNIFICANT UNEXPENDED BALANCES AT THE END OF FISCAL YEARS 1967, 1968, AND 1969

[In millions]

Agency and item	End of year 1967			End of year 1968			End of year 1969		
	Obligated	Unobligated	Total	Obligated	Unobligated	Total	Obligated	Unobligated	Total
Agricultural Research Service:									
Salaries and expenses.....	\$54.8	\$25.6	\$80.4	\$63.5	\$14.8	\$78.3	\$70.4	\$0.1	\$70.5
Salaries and expenses (special foreign currency).....	19.5	1.0	20.5	22.6	.3	22.9	26.6	-----	26.6
Cooperative State Research Service: Payments and expenses.....	8.4	-----	8.4	8.1	-----	8.1	3.2	-----	3.2
Extension Service: Cooperative extension work, payments and expenses.....	1.4	-----	1.4	3.0	-----	3.0	3.2	-----	3.2
Soil Conservation Service:									
Conservation operations.....	6.1	-----	6.1	6.4	-----	6.4	6.8	-----	6.8
Watershed protection.....	55.5	2.5	58.0	40.8	14.4	55.2	35.5	-----	35.5
Flood prevention.....	13.0	4.1	17.1	9.7	6.7	16.4	3.8	-----	3.8
Great Plains conservation and development.....	28.6	-----	28.6	27.9	1.7	29.6	27.4	-----	27.4
Resource conservation and development.....	2.2	2.7	4.9	4.9	-----	4.9	5.0	-----	5.0
Advances and reimbursements.....	4.5	-----	4.5	4.5	-----	4.5	4.5	-----	4.5
Economic Research Service: Salaries and expenses.....	2.5	-----	2.5	2.7	-----	2.7	2.9	-----	2.9
Statistical Reporting Service: Salaries and expenses.....	1.5	-----	1.5	1.5	-----	1.5	1.5	-----	1.5
Consumer and Marketing Service:									
Consumer, protective, marketing, and regulatory programs.....	3.9	-----	3.9	4.2	-----	4.2	4.6	-----	4.6
Special milk.....	15.9	-----	15.9	17.9	-----	17.9	19.9	-----	19.9
School lunch program.....	22.0	-----	22.0	24.4	-----	24.4	27.1	-----	27.1
Food stamp program.....	3.9	-----	3.9	10.9	-----	10.9	12.9	-----	12.9
Research and Extension Service:									
Research and Extension Service: Agricultural commodities.....	45.2	300.0	345.2	46.3	300.0	346.3	46.1	300.0	346.1
Foreign Agricultural Service:									
Salaries and expenses.....	28.4	-----	28.4	28.6	-----	28.6	28.9	-----	28.9
Salaries and expenses (special foreign currency).....	4.1	4.7	8.8	4.1	3.7	7.8	4.1	2.7	6.8
Agricultural Stabilization and Conservation Services:									
Expenses.....	6.5	-----	6.5	7.5	-----	7.5	7.7	-----	7.7
Sugar Act program.....	10.1	-----	10.1	4.4	-----	4.4	4.4	-----	4.4
Agricultural conservation program.....	255.0	-----	255.0	228.9	-----	228.9	120.7	-----	120.7
Cropland adjustment program.....	2.8	-----	2.8	2.7	-----	2.7	5	-----	5
Emergency conservation measures.....	24.6	-----	24.6	21.9	-----	21.9	19.2	-----	19.2
Cropland conversion program.....	12.0	7.0	19.0	7.4	-----	7.4	4.3	-----	4.3
Appalachian region conservation program.....	6.3	-----	6.3	-----	-----	-----	-----	-----	-----
Commodity Credit Corporation: Reimbursement for net realized losses.....	3,362.2	1,015.9	4,378.1	3,917.4	-----	3,917.4	4,423.1	-----	4,423.1
Foreign assistance programs: Public Law 480.....	-----	100.0	100.0	-----	530.0	530.0	-----	-----	-----
Federal Crop Insurance Corporation:									
Administrative and operating expenses.....	1.7	-----	1.7	1.8	-----	1.8	1.8	-----	1.8
FCIC fund.....	-----	37.7	37.3	-----	24.5	22.5	-----	25.0	21.5
Rural Electrification Administration: Loan authorizations.....	1,191.4	82.8	1,274.2	1,190.9	47.4	1,238.3	1,110.9	1.4	1,112.3

Farmers Home Administration:									
Rural water and waste disposal grants	34.6		34.6	35.6	29.1				29.1
Rural renewal	1.2		1.3	1.1	1.3				1.3
Rural housing for domestic farm labor	4.6		5.8	4.8	5.5				5.5
Salaries and expenses	4.3		4.3	3.0	3.7				3.7
Payment of sales insufficiencies									
Direct loan account	35.0	531.4	566.4	30.1	38.0	13.7	13.7	13.7	13.7
Rural housing (direct loan account)	3.3	265.0	261.7	-1.4	430.2	431.6	669.1	871.4	909.4
Rural housing insurance fund	37.5		37.5	58.6	56.8				671.3
Emergency credit revolving fund	-2.0	20.8	18.8	-2.0	41.5	43.5	45.4	45.4	43.5
Agricultural credit insurance fund	137.7		137.7	88.0	84.2	121.5	128.7	128.7	212.9
National Agricultural Library: Library facilities	5.6	8	6.4	2.0	2.0				
General Administration: Working capital fund	-9	1.3	6.4	-7	1.2				4
All other accounts	3.6	1.9	5.5	3.4	3.4	1.5	1.4	1.4	4.8
Total, under Agriculture Appropriation Act	5,452.5	2,406.5	7,859.0	5,937.4	2,482.3	8,419.7	6,244.6	2,060.1	8,304.7
Forest Service:									
Forest protection and utilization	34.0		34.0	40.5	31.7				31.7
Forest roads and trails	45.4	170.0	215.4	39.4	34.6	233.5	272.9	265.1	299.7
Permanent appropriations	4.0	12.2	13.1	9.9	13.7	12.8	13.2	13.2	14.1
Working capital fund	1.7	5.7	9.7	4.0	3.8	6.5	10.5	5.5	9.3
All other Forest Service funds		1.8	2.5	.5	.5				.5
Total, Forest Service	85.0	189.7	274.7	85.3	71.5	252.8	338.1	283.8	355.3
Total, USDA	5,537.5	2,596.2	8,133.7	6,022.7	2,735.1	8,757.8	6,316.1	2,343.9	8,660.0
PROPOSED FOR SEPARATE TRANSMITTAL									
Under existing legislation:									
Consumer and Marketing Service: Consumer protective, marketing, and regulatory programs				5			5		
Forest Service: Forest protection and utilization				2.0			2.0		
Total, under existing legislation				2.5			2.5		
Under proposed legislation:									
Consumer and Marketing Service:									
Consumer protective, marketing, and regulatory programs				4.8			4.8	4.8	4.2
Food stamp program									5.0
Total, under proposed legislation				4.8			4.8	4.8	9.2
Total, proposed for separate transmittal				2.5	4.8	7.3	4.4	4.8	9.2
Total, net balances USDA agencies	5,537.5	2,596.2	8,133.7	6,025.2	2,739.9	8,765.1	6,320.5	2,348.7	8,669.2

Mr. WHITTEN. You might discuss why they were not used in fiscal year 1968 or previously?

Mr. GRANT. Yes, Mr. Chairman.

Mr. WHITTEN. The chairman has asked that we do this with regard to every department. I would like the record to show that we recognize that nobody can estimate the situation right to the dollar. We recognize the value of having some cushion. There are many things involved in some of these programs, and we don't want to push you into spending it or obligating it unless you need the funds for essential work.

AGRICULTURAL CONSERVATION PROGRAM

I am also aware that with regard to the agricultural conservation program in prior years, it has been found essential that you have some money to carry over so you can buy materials early enough to really make the program work. I am familiar with the fact too that once again the Department has asked that the ACP be cut back \$100 million, which to me is selling our own country out while we give foreign aid to nearly every other country in the world.

This committee has almost made a career out of restoring this program. I hope the Congress will continue to recognize that these obligations we have around the world, which are self-imposed in most instances, depends on us maintaining a strong country ourselves.

In that instance, I notice you cut out all of the carryover funds, which I think will strangle the program.

You also might discuss briefly what part of these balances you plan for us to reappropriate or to use in connection with any supplemental that you plan to send up. Do that by items.

CARRYOVER BALANCES

Mr. GRANT. At the end of fiscal year 1968, we estimate there will be total balances of \$8,765 million. Of this amount, \$3.9 billion is in the Commodity Credit Corporation; \$530 million is in Public Law 480.

Mr. WHITTEN. Now, those two items, consist of borrowing authority of the Corporation and the funds do not come from the Treasury until such time as they may be advanced by the Corporation; is that correct?

Mr. GRANT. That is correct, sir.

Mr. WHITTEN. So these are not actual funds, but they are authorizations that now exist in the Corporation.

Mr. GRANT. Yes. Now, there is in addition in the direct loan account of the Farmer's Home Administration \$995 million which is an authorization.

Mr. WHITTEN. Of the same nature.

Mr. GRANT. Of the same nature, and in the rural housing direct loan account, there is \$430 million.

These are balances that are set aside and can be drawn upon only as the Congress may in future years authorize their use.

In addition, \$1,238 million is in the Rural Electrification Administration, where loans have been authorized and approved in prior years, but the borrowers have not drawn down the balances yet.

Therefore, it is not money that can be used by the Department for other purposes, for making new loans; it is the undrawn amount of loans which have been approved.

Mr. WHITTEN. But that money would be listed as obligated.

Mr. GRANT. Yes, sir.

Mr. WHITTEN. But again the funds are not withdrawn from the Treasury until such time as they are actually expended by the borrower for the purposes for which the funds were approved.

Mr. GRANT. That is correct, \$1,190 million of that has already been obligated.

REPAYMENT OF RURAL ELECTRIFICATION LOANS

Mr. WHITTEN. What is the rate of repayment for the rural electrification loans? You can supply it for the record.

Mr. GRANT. Yes, sir; I will include a statement on that.

Mr. WHITTEN. Show the percentage of repayment and the amounts that have been paid in advance.

(The document follows:)

RURAL ELECTRIFICATION ADMINISTRATION—LOANS APPROVED AND REPAYMENT STATUS

	Electrification	Telephone
Total loans approved through Dec. 31, 1967.....	\$6,402,724,281	\$1,439,088,048
Advanced to borrowers.....	5,524,114,490	1,193,344,411
Repayments through Dec. 31, 1967.....	1,892,963,345	168,170,623
Advance repayments included above.....	314,094,878	14,634,213
Principal outstanding as of Dec. 31, 1967.....	3,631,113,908	1,025,173,778
Interest payments.....	909,219,620	131,520,442

CARRYOVER BALANCES

Mr. GRANT. There is also under Section 32 an item of \$300 million which is carried forward each year to meet possible problems that might arise in future years. This is for the protection of producers of perishable commodities which are not covered under the regular price support program.

Mr. WHITTEN. Or worded another way, it represents funds that might be used to buy surplus commodities and divert them to school lunch and other consumer uses. That is one way of describing it; isn't it?

Mr. GRANT. Yes; a better way. That covers the larger items in this statement.

Mr. Chairman, I can add more detail if you wish it for the record.

Mr. WHITTEN. If, in going over it you feel you need to clarify anything, feel free to do so.

OBLIGATIONS AND EXPENDITURES

I would like to have, at the request of the chairman of the full committee, a table showing obligations versus expenditures for the various programs of the Department.

Mr. GRANT. I have two separate tables, Mr. Chairman, one which reflects expenditures or outlays and one which reflects obligations, for the years 1967, 1968 and 1969, item by item. I can put them together into one table if you wish.

Mr. WHITTEN. You can compare them perhaps more easily than by having only one table.

(The document requested follows:)

BUDGET OUTLAYS (EXPENDITURES) AND NET OBLIGATIONS INCURRED FROM APPROPRIATIONS, REA AND FHA LOAN AUTHORIZATIONS, AND CORPORATION AND OTHER REVOLVING FUNDS, FISCAL YEARS 1967 AND ESTIMATED 1968 AND 1969

(In millions of dollars)

	1967		1968 Estimated		1969 Estimated	
	Net obligations	Budget outlays	Net obligations	Budget outlays	Net obligations	Budget outlays
Agricultural Research Service:						
Salaries and expenses.....	219.4	214.4	242.2	233.5	254.7	247.8
Salaries and expenses (special foreign currency program).....	9.6	7.2	9.2	6.6	13.0	8.9
Other.....		.7	.2	.3	.3	.3
Cooperative State Research Service.....	58.6	56.4	59.0	59.2	62.2	65.1
Extension Service.....	92.5	92.5	93.5	89.9	97.6	97.5
Farmer Cooperative Service.....	1.2	1.2	1.3	1.3	1.8	1.8
Soil Conservation Service:						
Conservation operations.....	111.3	110.5	114.9	114.5	116.3	116.0
Watershed planning.....	6.4	6.3	6.5	6.5	6.2	6.2
Watershed protection.....	74.9	73.9	58.4	73.0	56.6	61.9
Flood prevention.....	26.4	27.4	23.1	26.1	19.1	25.0
Great Plains conservation program.....	18.5	15.9	14.7	16.4	15.2	15.7
Resource conservation and development.....	5.9	4.1	8.9	6.2	6.5	6.4
Economic Research Service.....	12.3	12.1	12.8	12.6	14.0	13.8
Statistical Reporting Service.....	13.7	13.3	14.2	14.2	14.7	14.6
Consumer and Marketing Service:						
Consumer protective, marketing and regulatory programs.....	83.8	82.9	92.0	91.7	119.8	119.5
Payments to States and possessions.....	1.8	1.8	1.8	1.8	1.8	1.8
Special milk program.....	100.2	96.1	104.0	102.0	104.0	102.0
School lunch program.....	211.8	208.3	222.2	219.8	248.8	246.0
Food stamp program.....	116.3	114.1	184.9	177.9	225.0	223.0
Perishable Agricultural Commodities Act fund.....	.9	.9	.9	.9	1.0	1.0
Removal of surplus agricultural commodities.....	179.6	145.4	176.1	175.0	179.8	180.0
Foreign Agricultural Service:						
Salaries and expenses.....	24.3	20.3	24.3	24.1	25.5	25.3
Salaries and expenses (special foreign currency program).....	-.1	.8	1.0	1.0	1.0	1.0
International Agricultural Development Service:						
Commodity Exchange Authority.....	1.4	.3	1.5	1.5	1.6	1.6
Agricultural Stabilization and Conservation Service:						
Expenses, Agricultural Stabilization and Conservation Service.....	129.9	131.7	141.0	140.1	143.9	143.7
Sugar Act program.....	80.0	81.7	80.0	85.7	82.3	86.7
Agricultural conservation program.....	220.0	215.6	195.5	221.5	100.0	208.3
Cropland adjustment program.....	62.0	53.6	84.5	84.7	85.7	87.9
Conservation reserve program.....	140.6	140.7	123.0	123.4	109.5	109.5
Emergency conservation measures.....	5.0	5.7	5.0	7.7	5.0	7.7
Cropland conversion program.....	.5	1.7	-1.3	3.3		3.1
Indemnity payments to dairy farmers.....	.4	.2	.5	.5		.3
Appalachian region conservation program.....	3.4	2.8				
Commodity Credit Corporation:						
Price support and related programs.....	1,514.7	1,652.3	3,308.5	2,705.9	3,247.2	2,775.4
Special activities.....	265.2	298.3	130.8	34.2	114.5	83.2
Foreign assistance and special export programs:						
Public Law 480.....	1,517.0	1,451.7	1,175.5	1,315.0	1,448.1	1,444.5
International Wheat Agreement.....	-7.5	-7.5				
Bartered materials for supplemental stockpile.....		32.5	23.0	25.3		1.2
Federal Crop Insurance Corporation:						
Administrative and operating expenses.....	8.7	8.6	10.5	10.4	12.0	12.0
Federal Crop Insurance Corporation fund.....	-6.2	-6.3	13.3	14.8	-.5	.9
Rural Electrification Administration:						
Loans.....	465.2	412.0	470.0	470.5	470.0	550.0
Salaries and expenses.....	12.3	12.2	12.8	12.8	12.9	12.9
Farmers Home Administration:						
Rural water and waste disposal grants.....	26.0	11.1	28.0	27.0	27.2	33.8
Rural renewal.....	1.4	1.1	1.7	1.8	1.6	1.4
Rural housing for domestic farm labor.....	2.7	.2	4.0	3.8	5.7	5.0
Salaries and expenses.....	52.3	52.2	57.6	59.0	59.1	58.4
Direct loan account.....	63.7	3.5	42.5	47.4	23.3	15.4
Rural housing direct loan account.....	-35.6	-34.5	-29.3	-31.2	-9.9	-13.5
Rural housing insurance fund.....	21.9	31.1		-21.1		1.8
Emergency credit revolving fund.....	7.9	8.6	-22.6	-22.6	-2.0	-2.1
Agricultural credit insurance fund.....	71.2	-26.5	-121.5	-71.8	-7.2	-3.4

BUDGET OUTLAYS (EXPENDITURES) AND NET OBLIGATIONS INCURRED FROM APPROPRIATIONS, REA AND FHA LOAN AUTHORIZATIONS, AND CORPORATION AND OTHER REVOLVING FUNDS, FISCAL YEARS 1967 AND ESTIMATED 1968 AND 1969—Continued

[In millions of dollars]

	1967		1968 Estimated		1969 Estimated	
	Net obligations	Budget outlays	Net obligations	Budget outlays	Net obligations	Budget outlays
Rural Community Development Service.....	0.6	0.7	0.5	0.5	0.5	0.5
Office of the Inspector General.....	11.2	11.4	12.3	12.0	12.9	12.6
Packers and Stockyards Administration.....	2.5	2.4	2.6	2.7	3.2	3.1
Office of the General Counsel.....	4.2	4.2	4.5	4.5	5.0	5.0
Office of Information.....	1.9	2.0	2.0	2.0	2.0	2.0
National Agricultural Library:						
Salaries and expenses.....	2.4	1.8	2.7	2.9	3.4	3.5
Library facilities.....	6.3	.8	.8	4.3	-----	2.0
Office of Management Services.....	2.6	2.6	2.7	2.7	2.9	2.9
General Administration.....	3.7	3.7	4.7	4.5	4.7	4.8
Forest Service:						
Forest protection and utilization.....	259.3	262.0	244.8	238.3	249.1	257.9
Forest roads and trails.....	102.5	102.5	106.5	112.6	93.4	98.2
Forest Service permanent appropriations.....	68.4	68.6	72.0	72.0	76.6	76.6
Other activities.....	-.9	.5	1.9	2.2	2.8	2.9
Effects of proposed new legislation:						
User fees for pesticides registration (ARS), marketing services, and repeal of the Standard Container Act, Tobacco Seed and Plant Exportation Act, Naval Stores Act, and Wool Standards Act (C. & M.S.), and meat inspection (C. & M.S.).....			6.0	5.6	-14.7	-13.7
For expansion of the food stamp program (C. & M.S.).....					20.0	15.0
For fighting forest fires (FS).....			41.0	39.0	-----	2.0
Total, above items.....	6,458.0	6,305.7	7,705.5	7,210.2	7,976.8	7,681.4
Add: Trust funds (principally fees for inspection and grading and cooperative forestry work).....	(56.9)	59.0	(63.4)	63.7	(65.2)	65.8
Deduct:						
Receipts from the public (principally timber sales, interest payments to Treasury, and user fees).....	356.5	356.5	376.8	376.8	390.3	390.3
Repayment of REA loans.....	180.2	180.2	191.6	191.6	189.5	189.5
Total as shown in President's budget.....	5,921.2	5,827.9	7,137.1	6,705.5	7,397.0	7,167.3

Note: Details may not add to totals shown due to rounding. Minus figures indicate excess of collections over net obligations or outlays.

Under the new concepts used in the 1969 budget, expenditures from trust funds are included in "outlays" and receipts from the public arising from Department activities which are business type in character are reflected as offsets (credits) to "outlays" and to obligations. The net obligations incurred in table 7 of the budget, however, exclude trust fund obligations.

Mr. WHITTEN. What is the relationship between these two sets of figures? One is obligations and the other is expenditures. We just figured in the record the distinction in REA, where REA has approved certain loans, made certain advances and is obligated to later make additional advances when they are due.

Also, the Commodity Credit Corporation has a borrowing authority to meet obligations that it is bound to meet under the law, but where it hasn't yet made any commitment to any particular individual.

ESTIMATING EXPENDITURES

But by and large how do you go about making expenditure estimate? Obligations are fixed by the Congress or by the enabling act with the approval of Congress later. Expenditures are a different figure and represent a different thing. How do you go about estimating your expenditures?

Mr. GRANT. The estimate of expenditures reflects our best judgment of the time in at which checks would be issued in payment for obligations incurred.

Obligations under annual appropriations must be made within the period for which the appropriation is available and cannot exceed, under the Anti-Deficiency Act, the amount actually appropriated or authorized.

With some items such as salaries and operating expenses, there is only a short lag between the actual incurring of the obligations and the expenditure. For other items, such as REA loans, it may be 1, 2 or 3 years before the disbursement is made. The Farmer's Home Administration is another example, where in the case of operating loans, the disbursement follows very closely behind the approval of the loan itself.

On the other hand, for housing loans or soil and water loans, there may be a lag of anywhere from a month to a year between obligations and expenditures.

So each individual item is based on the best estimate of what we can make taking into consideration the type of transaction and the experience of past years.

EXPENDITURES FROM CURRENT AUTHORIZATIONS

I have a table which I will be glad to provide the committee which shows that in 1968, out of a total expenditure of \$7.2 billion, \$5 billion would be made from authorizations for 1968 and \$2.2 billion from prior year authorizations.

In 1969 we expect a similar situation, with \$5.9 billion being expended from authorizations in the 1969 budget, and \$1.7 billion would be made by way of funds which had been obligated in years prior to 1969.

ESTIMATING EXPENDITURES

Mr. WHITTEN. While you have methods and means whereby you can estimate expenditures, you can't fully estimate what the Commodity Credit Corporation might be called on to do. Nor can you always anticipate whether the Bureau of the Budget will freeze construction funds as they have during the present year.

So even with practice and the best information available, it will always be something of an indefinite estimate as to what you will actually expend?

Mr. GRANT. Yes, sir. It is very difficult to estimate expenditures in some of the items with any degree of preciseness. Weather, exports, and general economic conditions, have an impact on CCC, and other programs. There are so many factors. On things like construction of buildings, you have problems with bids being out of line with the estimates prepared by the Department and agencies and so on.

EXPENDITURE LIMITATIONS

Mr. WHITTEN. What would be involved in limitations controlling expenditure in the event such controls become necessary? Would you have to work a little harder at trying to arrive at a figure? Is it not true that, because of the uncontrollable legal obligations of the Com-

modity Credit Corporation to support prices of certain farm products, regardless of funds available, if you have an overall limit it could of necessity work back to eliminate some other essential things that the Congress may have intended?

Mr. GRANT. No doubt about it, Mr. Chairman. If you had a rigid control on the amount of expenditures, it would be necessary, at the time obligations are incurred, to schedule the exact timing of expenditure and adhere to it.

If you entered into a contract for delivery of goods or the construction of a building, you would have to provide in the contract that the contractor could proceed at only a certain rate, because that would be the only rate at which we could make payments. It would require a whole new system of controls.

Mr. WHITTEN. Have you estimated how much additional cost would be incurred in trying to operate on that basis? How much additional cost for personnel and other expenses would the Department be forced to incur?

Mr. GRANT. I have not, but it would be substantial.

PROPOSED LEGISLATION

Mr. WHITTEN. I notice that a number of the credits that you take against the total amount which you propose for the Department for 1969 are dependent upon passage of legislation by the Congress. Describe the items and the various legislative acts that you contemplate in arriving at the figures which you have given us.

Mr. GRANT. There are several items involving reductions and one, the food stamp program, involving an increase.

The items involving reductions are to charge fees for registration of pesticides, and to recover the cost of inspection of restricted imports by the Agricultural Research Service. Under the Consumer and Marketing Services there is a proposal to recover the direct costs of supervising licensed inspectors under the Grain Standards Act, to charge fees for certain special services under the Cotton Statistics and Estimates Act; to charge fees for similar services under the Tobacco Inspection Act; to charge fees for part of the cost of the U.S. Warehouse Act; to repeal the Standard Container, Tobacco Seed and Plant Exportation Act, and the Naval Stores and Wool Standards Acts.

Mr. WHITTEN. Indicate for the record whether this legislation has been sent up to the Committee on Agriculture and the present status of such legislation.

Mr. GRANT. Yes, sir.

(The material requested follows:)

PROPOSED LEGISLATION FOR USER FEES

Agency and proposal	Amount	Status
Agricultural Research Service:		
To amend the Federal Insecticide, Fungicide and Rodenticide Act to charge fees for the registration of pesticides (fees to be charged to registrants; amount depends on type of registration).	\$1,278,000	Proposal sent to Congress Apr. 13, 1967. S. 1655 introduced Apr. 28, 1967, in Senate. Hearings held by Senate Agriculture Committee Aug. 29, 1967. No action by Congress.
To recover the costs of inspection of restricted imports and establishments receiving such imports (fees to be charged to processors; amount depends on complexity of inspections).	258,000	Proposal sent to Congress Mar. 27, 1967. S. 1476 introduced Apr. 11, 1967, in Senate. Hearings held by Senate Agriculture Committee Aug. 29, 1967. No action by Congress.
Total, Agricultural Research Service.....	1,536,000	
Consumer and Marketing Service:		
To amend the U.S. Grain Standards Act to recover the direct cost of supervising licensed inspectors (increase of 10 percent in fees to be charged to merchandiser, shipping agent, terminal elevator, or exporter).	2,216,400	Proposal sent to Congress Mar. 17, 1967. S. 1480 introduced Apr. 11, 1967, in Senate. No action by Congress.
To amend the Cotton Statistics and Estimates Act to charge fees for special benefit services (fee of 25 cents per classing, to be charged to producer).	4,877,000	Proposal sent to Congress Mar. 17, 1967. S. 14800 introduced Apr. 11, 1967, in Senate. No action by Congress.
To amend the Tobacco Inspection Act to charge fees for special benefit services (fee of 20 cents per 100 pounds inspected, to be charged to producer).	2,957,000	Proposal sent to Congress Mar. 17, 1967. S. 1480 introduced Apr. 11, 1967, in Senate. No action by Congress.
To amend the U.S. Warehouse Act to charge fees to place the service on a self-supporting basis (fee of 5 cents per bale of cotton storage capacity and 6 cents per 100 bushels of grain capacity, to be charged to warehouse owner. Service license fee of \$6 per warehouse employee to be discontinued).	1,483,400	Proposal sent to Congress Mar. 17, 1967. S. 1480 introduced Apr. 11, 1967, in Senate. No action by Congress.
Repeal of Standard Container Acts, Tobacco Seed and Plant Exportation Act, Naval Stores Act, and Wool Standards Act.	120,800	S. 2068 passed Senate Oct. 20, 1967, and referred to House Committee on Science and Astronautics Oct. 23, 1967. H.R. 13058 to repeal Standard Container Acts was reported by House Committee on Science and Astronautics Feb. 27, 1968.
Total, Consumer and Marketing Service....	11,654,600	
Total, department.....	13,190,600	

Note: In addition, legislation has been proposed for user fees of approximately \$1,500,000 to cover a portion of the Federal cost of administering marketing agreements and orders under the permanent appropriation for removal of surplus agricultural commodities (sec. 32). The 10-percent increase in fees would be paid mainly by milk handlers. Proposal sent to Congress Mar. 17, 1967. S. 1716 introduced May 9, 1967, in Senate. No action by the Congress.

PAYMENTS TO COUNCILS AND COMMITTEES

Mr. WHITEN. The conference report on the 1968 appropriation bill, carried language having to do with the Bureau of the Budget notifying the Department that it was required to contribute a pro rata share of the cost of some new commission, board, or some brainstorm somebody had. Your Department has had to contribute its share under such requests even though Congress had never heard of the commission or had never approved it in any way. Could you tell us how many different times you have been called on to do that during the past 2 years and supply the details for the record?

Mr. GRANT. Yes, sir.

Mr. WHITTEN. We will be glad to have that included in the record. (The document follows:)

COUNCILS AND COMMITTEES FINANCED, IN PART, BY THE DEPARTMENT IN FISCAL YEARS 1967 AND 1968, AS OF MAR. 1, 1968

Item	1967	1968
National Advisory Commission on Rural Poverty.....	\$100,000	\$48,500
President's Council on Recreation and Natural Beauty.....	7,800	12,200
Inter-Agency Committee on Mexican-American Affairs.....		100,000
President's Council on Youth Opportunity.....	10,000	32,500
President's Committee on Equal Opportunity in Housing.....	18,000	18,000
Total.....	135,800	211,200

Mr. WHITTEN. On December 12, 1967, Mr. Mahon, the chairman of the committee, addressed a letter to the Bureau of the Budget requesting that the 1969 budget carry a single central account "for the funding of intergovernmental organizations which are now or otherwise would be funded by assessment under authority of title 31, United States Code, section 691."

We have before us the Budget Director's letter of Jan. 31, 1968, which covers this and other matters. However, it is to be noted it is not fully responsive to the request of our chairman, it leaves out such things as the President's Committee on Equal Opportunities, the President's Council on Youth Opportunities, the Inter-Agency Committee on Inter-American Affairs, the National Advisory Commission on Rural Poverty, the Citizens' Advisory Committee on Recreation and Natural Beauty, and similar groups.

I am not attempting to pass on the relative merits of these committees. But do you know of your own knowledge whether there has been any congressional hearing in connection with the creation of these committees?

Mr. GRANT. No, sir. I am not familiar with that proposal.

Mr. WHITTEN. As far as you know, your Department has had no opportunity to say one way or the other?

Mr. GRANT. No, sir, I have not heard of this proposal.

Mr. WHITTEN. Do you carry any item in your budget request to take care of these groups, or do you just get all of the money you can, hoping you will have enough left over?

Mr. GRANT. We don't have any funds specifically earmarked for this. When we get a request of this nature, we have to make a judgment to reduce something else.

Mr. WHITTEN. You say request, but when the Bureau of the Budget is the operating arm of the Executive Department, you accept it as a directive, do you not?

Mr. GRANT. Yes, sir.

Mr. WHITTEN. And act accordingly?

Mr. GRANT. Yes, sir.

Mr. WHITTEN. I think it would be well, since we have raised this point, that we supply for the record the chairman's letter and pertinent portions of the letter from the Director of the Bureau of the Budget.

(The documents follow:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON APPROPRIATIONS,
Washington, D.C., December 12, 1967.

HON. CHARLES L. SCHULTZE,
Director, Bureau of the Budget,
Washington, D. C.

DEAR MR. DIRECTOR: In House Report 1607, 87th Congress, page 32, the committee stated its position with respect to the funding of interagency boards, commissions, and so forth. This position was concurred in by the Senate (S. Rept. 1578, 87th Cong., p. 41).

The matter has become the subject of greater contention since that time, and as you know, certain such groups this year were in some financial jeopardy as a result of committee reluctance to approve the necessary reprogramings.

In the preparation and presentation of the budget for fiscal year 1969, a single central account should be provided for the funding of interdepartmental organizations which are now, or otherwise would be, funded by assessment under authority of 31 U.S.C. 691.

Sincerely,

GEORGE MAHON, *Chairman.*

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., January 31, 1963.

HON. GEORGE H. MAHON,
Chairman, Committee on Appropriations,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Following our annual practice, some of the more significant technical changes reflected in the 1969 budget are set forth below to assist you and the other members of the Committee on Appropriations in your review of the President's recommendations.

* * * * *

In accordance with the wishes of Congress expressed during consideration of 1968 appropriations, centralized financing is provided for interagency boards of examiners and the civil defense and defense mobilization functions in the 1969 budget. These requirements are now reflected, respectively, in the recommendations for the Civil Service Commission and the Office of Emergency Planning.

* * * * *

USE OF DISCOUNTING TECHNIQUES

Mr. WHITTEN. In the report to the Joint Economic Committee of the Congress on January 29, 1968, the Comptroller General provides information concerning the use of discounting techniques in evaluating programs of the various departments and agencies of the Government. I note the Department of Agriculture is listed as one of the agencies which uses the discounting technique.

At page 19, I notice it is used in connection with various loans and grant programs of FHA and REA. Would you describe this technique to the committee and discuss its use in developing budget estimates for the various programs in the Department of Agriculture?

Mr. GRANT. Mr. Chairman, I am not directly informed on this matter. The various officials within the agencies and the Department do make calculations for the purpose of evaluating the effectiveness or comparative effectiveness of programs by using this discounting technique. To my knowledge, it has not played any direct role in the determination of budget estimates. Perhaps Mr. Robertson may wish to comment on that further. But that is my understanding.

Mr. WHITTEN. Do you have any further comments, Mr. Robertson?

Mr. ROBERTSON. To my knowledge, that is correct, Mr. Chairman, as Mr. Grant says. We got a questionnaire from the Comptroller General. This study indicates he questioned all of the Government departments. We responded to that questionnaire and saw the report that he sent to the Congress. This is something that he is very much interested in. To my knowledge, it has not entered into our budget calculations in the Department thus far, sir.

Mr. WHITTEN. You may feel free to enlarge your reply in case it is called for.

(The additional material follows:)

DISCOUNTING PRACTICES IN USDA

USDA uses discount rates in calculating the benefit/cost ratio for water resource development projects in conformance with the practices set forth in Senate Document 97. The interest rate used in the one specified by Senate Document 97—the average rate payable on outstanding U.S. securities having a maturity of 15 years or more, or about 3.2 percent.

The questionnaire used by GAO in its survey last fall specifically excluded water resource development projects from the scope of the survey.

The use of interest rates for other programs last year in USDA was done on an experimental basis to see whether this procedure could be usefully adapted to programs other than water resource programs. Loan programs were selected because the Budget treats loans as "costs" and thus tends to overstate true budget costs for loans and places loan programs at a disadvantage. A preliminary attempt was made to develop a method of calculating the true cost of loans to the Government, using an interest rate representing the cost of money to the Treasury, in order to show more clearly that loan programs can be a low cost but effective way to meet program needs.

EMPLOYMENT AND OBLIGATIONS

Mr. WHITTEN. I would like you to insert here a table showing the latest employment figures for various agencies of the Department compared to similar figures for June 30, 1966, or 1967. Also, insert a table showing obligations for the latest available date compared with funds available for obligations after application of reductions under Public Law 90-218.

Mr. GRANT. Yes, sir.

(The information follows:)

EMPLOYMENT

Agency	June 1966			June 1967			January 1968		
	Permanent full time	Other 1	Total	Permanent full time	Other 1	Total	Permanent full time	Other 1	Total
Forest Service.....	21,790	19,737	41,527	22,574	20,849	43,423	22,514	8,043	30,557
Agricultural Research Service.....	14,448	2,853	17,301	14,832	2,755	17,587	14,990	1,458	16,448
Cooperative State Research Service.....	14,105	2	14,107	97	5	102	94	6	100
Federal Extension Service.....	244	20	264	279	8	287	285	11	296
Farmer Cooperative Service.....	15,906	3,967	19,873	15,758	4,307	20,065	15,389	2,248	17,637
Soil Conservation Service.....	1,138	64	1,202	1,146	113	1,259	1,111	74	1,185
Economic Research Service.....	1,299	1,376	2,675	1,300	1,497	2,797	1,270	237	1,507
Statistical Reporting Service.....	12,181	1,488	13,669	13,076	1,634	14,710	13,339	2,403	15,742
Consumer and Marketing Service.....	79	12	91	888	37	925	929	28	957
Foreign Agricultural Service.....	130	1	131	94	13	107	103	8	111
International Agricultural Development Service.....	4,789	593	5,382	4,445	547	4,992	4,403	424	4,827
Commodity Exchange Authority.....	663	738	1,401	665	817	1,482	669	1,275	1,944
Agricultural Stabilization and Conservation Service.....	922	25	947	892	921	983	873	16	889
Federal Crop Insurance Corporation.....	6,420	3,513	9,933	6,546	3,354	9,900	6,483	6,442	12,925
Rural Electrification Administration.....	40	1	41	25	2	27	26	1	26
Farmers Home Administration.....	869	2	871	845	17	862	841	13	854
Rural Community Development Service.....	185	1	186	185	5	190	178	1	179
Office of the Inspector General.....	335	2	337	349	14	363	344	11	355
Packers and Stockyards Administration.....	1,788	1	1,789	1,788	13	1,801	1,777	5	1,782
Office of the General Counsel.....	584	1	585	584	19	603	584	19	603
Office of Information.....	76	6	82	90	3	93	80	7	87
National Agricultural Library.....	249	62	311	240	74	314	218	78	296
Office of the Secretary.....	245	1	246	247	10	257	243	246	489
Office of Management Improvement.....	77	1	78	74	4	78	78	2	80
Office of Budget and Finance.....	7	7	14	7	7	14	7	7	14
Office of Plant and Operations.....	9	9	18	9	9	18	9	9	18
Office of Personnel.....	84,070	34,515	118,585	85,723	36,148	121,871	85,516	22,802	108,318
Office of Hearing Examiners.....									
Judicial officer.....									
Total.....	84,070	34,515	118,585	85,723	36,148	121,871	85,516	22,802	108,318

1

Represents intermittent, casual, part-time, and temporary employees.

FUNDS AVAILABLE FOR OBLIGATION IN FISCAL YEAR 1968, AFTER REDUCTIONS UNDER PUBLIC LAW 90-218,
AND ESTIMATED OBLIGATIONS THROUGH JAN. 31, 1968

[In thousands of dollars]

Agency or item	Amounts available after reductions under Public Law 90-218 ¹	Obligations through Jan. 31, 1968
Agricultural Research Service:		
Salaries and expenses:		
Research.....	\$138,195	\$74,133
Research, construction.....	15,959	4,366
Plant and animal disease and pest control.....	83,437	48,776
Salaries and expenses (special foreign currency program).....	9,180	677
Total, Agricultural Research Service.....	246,771	127,952
Cooperative State Research Service.....	58,912	43,266
Extension Service.....	93,215	68,546
Farmer Cooperative Service.....	1,303	778
Soil Conservation Service:		
Conservation operations.....	111,413	66,830
Watershed planning.....	6,369	3,603
Watershed protection.....	57,399	32,521
Flood prevention.....	22,777	10,819
Great Plains conservation program.....	14,543	8,305
Resource conservation and development.....	8,776	3,050
Total, Soil Conservation Service.....	221,277	125,128
Economic Research Service.....	12,413	7,871
Statistical Reporting Service.....	13,729	9,458
Consumer and Marketing Service:		
Consumer protective, marketing, and regulatory programs.....	88,078	55,802
Payment to States and possessions.....	1,750	1,039
Special milk program.....	104,000	102,651
School lunch program.....	222,149	221,141
Food stamp program.....	184,939	101,963
Total, Consumer and Marketing Service.....	600,916	482,596
Foreign Agricultural Service: Salaries and expenses and salaries and expenses (special foreign currency program).....	25,003	10,952
Commodity Exchange Authority.....	1,485	829
Agricultural Stabilization and Conservation Service:		
Expenses, ASCS.....	137,903	79,434
Sugar Act program.....	80,000	80,000
Agricultural conservation program (contract authorization).....	195,500	195,500
Emergency conservation measures.....	13,000	5,000
Conservation reserve program.....	123,000	123,000
Cropland adjustment program.....	84,500	84,500
Total, Agricultural Stabilization and Conservation Service.....	633,903	567,434
Rural Community Development Service.....	450	267
Office of the Inspector General.....	11,970	7,268
Packers and Stockyards Administration.....	2,568	1,467
Office of the General Counsel.....	4,324	2,658
Office of Information.....	1,927	1,229
National Agricultural Library:		
Salaries and expenses.....	2,607	1,197
Library facilities.....	764	10
Total, National Agricultural Library.....	3,371	1,207
Office of Management Services.....	2,665	1,706
General administration.....	4,485	2,557
Forest Service:		
Forest protection and utilization:		
Forest land management.....	180,135	145,920
Forest research.....	40,385	22,476
State and private forestry cooperation.....	19,749	17,093
Total, Forest protection and utilization.....	240,269	185,489
Cooperative range improvements.....	700	700
Forest roads and trails (contract authorization).....	105,992	52,861
Acquisition of lands for national forests.....	281	28
Assistance to States for tree planting.....	1,045	877
Timber development organization loans and technical assistance.....	480	44
Total, Forest Service.....	348,767	239,999

See footnotes at end of table, p. 78.

FUNDS AVAILABLE FOR OBLIGATION IN FISCAL YEAR 1968, AFTER REDUCTIONS UNDER PUBLIC LAW 90-218,
AND ESTIMATED OBLIGATIONS THROUGH JAN. 31, 1968—Continued

[In thousands of dollars]

Agency or item	Amounts available after reductions under Public Law 90-218 ¹	Obligations through Jan. 31, 1968
Credit agencies:		
Rural Electrification Administration:		
Rural electrification loans.....	350,000	149,186
Rural telephone loans.....	120,000	73,487
Total, loans (authorizations to borrow from Treasury).....	470,000	222,673
Salaries and expenses.....	12,451	7,391
Total, Rural Electrification Administration.....	482,451	230,064
Farmers Home Administration:		
Direct loan account:		
Farm ownership and soil and water loans.....	86,000	66,726
Soil and water loans to individuals.....	6,939	254
Operating loans.....	275,000	170,094
Soil Conservation Service loans.....	6,500	3,370
Total, Direct loan account².....	374,439	240,444
Rural housing direct loan account ²	15,000	8,356
Payment of sales insufficiencies.....	13,268	-----
Rural water and waste disposal grants.....	28,000	23,725
Rural renewal.....	1,683	450
Rural housing for domestic farm labor.....	3,965	150
Salaries and expenses.....	58,644	33,133
Rural housing insurance fund ²	490,000	275,000
Agricultural credit insurance fund ²	327,000	213,813
Emergency credit revolving fund.....	69,778	46,633
Total, Farmers Home Administration.....	1,381,777	841,704
Corporations:		
Federal Crop Insurance Corporation: Administrative and operating expenses.....	10,201	7,329
Commodity Credit Corporation: (Limitation on administrative expenses).....	31,500	20,001
Foreign assistance programs:		
Public Law 480.....	1,467,500	1,175,500
Bartered material for supplemental stockpile.....	23,000	23,000
Total, foreign assistance programs.....	1,490,500	1,198,500
Total, above items (excluding Forest Service).....	5,337,116	3,760,767
Permanent appropriations:		
Perishable Agricultural Commodities Act fund.....	905	521
Removal of surplus agricultural commodities ³	404,351	79,613
Roads and trails for States, national forests fund.....	17,567	17,567
Payments to school funds, Arizona and New Mexico.....	106	106
Expenses, brush disposal.....	10,300	5,689
Forest fire prevention.....	45	21
Restoration of forest lands and improvement.....	25	5
Payments to Minnesota (Cook, Lake, and St. Louis Counties).....	145	145
Payments to counties, national grasslands.....	450	433
Payments to States, national forest fund.....	43,912	43,912
Total, permanent appropriations.....	477,806	148,012

¹ Represents the limitations on obligations established pursuant to Public Law 90-218 except for those items specifically excluded. Corporate authorities and obligations are excluded. Excludes estimated transfers of funds required to meet increased pay and postage costs under Public Law 90-206.

² Represents new programs authorized and related obligations.

³ Represents receipts appropriated in 1968, excluding transfers to other accounts amounting to \$174,561.

EMPLOYMENT IN WASHINGTON, D.C., METROPOLITAN AREA

MR. WHITTEN. Mr. Grant, please insert information relative to personnel in the Washington area engaged in supervisory or program-support activities during 1967, 1968, 1969.

(The information follows:)

EMPLOYMENT IN THE WASHINGTON, D.C., METROPOLITAN AREA

In accordance with the respect of the House Appropriations Committee report on the 1968 Department of Agriculture and related agencies appropriation bill, a procedure has been established to control employment in the Washington area. Attached is a memorandum to heads of Department agencies, dated November 1, 1967, relating to this subject.

The Washington, D.C. metropolitan area, as defined for employment reporting purposes (Civil Service Commission Bulletin No. 291-52, July 21, 1967), includes the District of Columbia; the cities of Alexandria, Fairfax, and Falls Church, Va.; Arlington, Fairfax, Loudoun, and Prince William Counties, Va.; and Montgomery and Prince Georges Counties, Md.

Thus total employment in the area includes a number of research and service activities at Beltsville, Md. (as distinguished from direction and supervision of national programs); State offices of Soil Conservation Service and Agricultural Stabilization and Conservation Service at College Park, Md.; meat and poultry inspection in the District of Columbia; plant quarantine at Dulles International Airport; and SCS and FHA local offices at Upper Marlboro and Rockville, Md., and Manassas, Fairfax, and Leesburg, Va.

Attached is a statement defining program support which is being used as a basis for identifying and reporting man-years of employment in the Washington, D.C. metropolitan area engaged in supervision, direction and servicing of programs as distinguished from those in activities of a direct research or operational nature (not associated with overall national direction and supervision).

There is attached a summary tabulation showing the total man-years in the Washington metropolitan area for 1967 as reflected in the budget proposed a year ago for 1968, and the latest estimates for fiscal years 1968 and 1969 for program support. Due primarily to the late passage of the appropriation bill for 1968 and the fact that it was necessary to proceed with the work of the Department in the interim, there are net increases of 63.4 man-years in program support in the Washington area in 1968. An additional increase of 83.6 man-years is projected for 1969.

The Department appreciates the concern of the committee in holding down employment in this area of work and will take steps to see that man-years used for this purpose in 1969 will be at the lowest possible level. Our goal will be to reduce such employment to a level not in excess of that proposed last year for 1967. This may make it necessary to relocate some of the work outside the Washington area.

U.S. DEPARTMENT OF AGRICULTURE,
OFFICE OF THE SECRETARY,
Washington, D.C., November 1, 1967.

Memorandum to heads of department agencies:

Employment in the Washington, D.C., Area.—From time to time questions are raised about the number of Department employees located in the Washington metropolitan area.

I realize the necessity for adequate supervision and direction of our programs. At the same time I believe that the rather steady increase in employment in recent years in this area should be stopped except where there is no reasonable and practical alternative.

The House Committee on Appropriations, in its report on the 1968 agricultural appropriation bill, stated that with two exceptions employment in the Washington area for the supervision, direction and servicing of Department programs throughout the country should be held to the 1967 level. The Department agreed to follow this guideline.

Therefore, I am requesting you to establish the necessary procedures to hold total employment in the Washington metropolitan area to the number of man-years you reported for the fiscal year 1967 in response to Budget and Finance Memorandum No. 609, dated December 27, 1966. This requirement applies to all funds regardless of source.

If you find, after a careful review, that you believe you should increase employment in the Washington area above the 1967 level, you should submit to the office of Budget and Finance a request for approval therefor in advance. Such request should point out specifically the nature of the work and why it cannot be performed outside the Washington area. It should also explain why it is impracticable to shift other work out of the Washington area. If additional space is required the request should so indicate.

The Office of Budget and Finance will review these requests and bring them to the attention of the Secretary's office for decision. Proposals involving supervision, direction and servicing will be brought to the attention of the Appropriations Committees. It is expected that this procedure will be continued in future years through the regular budget process.

JOSEPH M. ROBERTSON,
Assistant Secretary for Administration.

DEFINITION OF PROGRAM SUPPORT

1. Program direction and control

Includes all functions of the agency concerned with directing, coordinating, controlling, and supervising the program activities of the agency. Included are activities dealing with national supervision, direction, and servicing of programs.

2. Administrative support

Includes functions concerned with personnel management, budgetary and financial administration (including both administrative and program accounting), procurement and supply management, organization and management analyses, planning evaluation and programing, information services, legal services, internal auditing and investigations, and administrative services such as mail, messenger, centralized printing and duplication, and similar activities.

MAN-YEARS IN THE WASHINGTON, D.C., METROPOLITAN AREA FOR PROGRAM SUPPORT

	1967 as proposed in 1968 budget	1968 estimate	Change from 1967	1969 estimate	Change from 1968
Agricultural Research Service.....	1,340.5	1,413.8	+73.3	1,435.8	+22.0
Cooperative State Research Service.....	23.2	23.0	-.2	23.0	-----
Extension Service.....	78.7	81.1	+2.4	80.6	-.5
Farmer Cooperative Service.....	8.7	9.0	+3	9.0	-----
Soil Conservation Service.....	223.3	235.4	+12.1	240.0	+4.6
Economic Research Service.....	42.0	42.0	-----	42.0	-----
Statistical Reporting Service.....	22.0	24.0	+2.0	24.0	-----
Consumer and Marketing Service.....	488.2	484.0	-4.2	515.6	+31.6
Foreign Agricultural Service.....	123.0	121.8	-1.2	123.8	+2.0
International Agricultural Development Service.....	12.6	15.4	+2.8	14.8	-.6
Commodity Exchange Authority.....	11.1	11.5	+.4	11.5	-----
Agricultural Stabilization and Conservation Service.....	412.7	389.5	-23.2	389.5	-----
Federal Crop Insurance Corporation.....	91.3	91.3	-----	91.3	-----
Rural Electrification Administration.....	151.2	144.0	-7.2	144.0	-----
Farmers Home Administration.....	244.0	232.0	-12.0	234.0	+2.0
Rural Community Development Service.....	24.0	29.0	+5.0	28.0	-1.0
Office of the Inspector General.....	233.5	225.0	-8.5	227.0	+2.0
Packers and Stockyards Administration.....	7.3	17.0	+9.7	21.5	+4.5
Office of the General Counsel.....	198.6	207.6	+9.0	221.6	+14.0
Office of Information.....	240.0	240.0	-----	240.0	-----
National Agricultural Library.....	8.1	8.0	-.1	8.0	-----
Office of Management Services.....	351.0	352.0	+1.0	355.0	+3.0
General administration (including working capital fund).....	541.0	540.0	-1.0	540.0	-----
Subtotal.....	4,876.0	4,936.4	+60.4	5,020.0	+83.6
Forest Service.....	325.0	328.0	+3.0	328.0	-----
Total.....	5,201.0	5,264.4	+63.4	5,348.0	+83.6

Increases in man-years for program support, 1968 compared with 1967

Agricultural Research Service.....	+72.3
Due to new and expanded programs authorized in the 1968 Appropriation Act and to provide for positions in 1968 which were filled on a part-year basis in 1967.	
Extension Service	+2.4
To provide for positions in 1968 which were filled on a part-year basis in 1967.	
Soil Conservation Service.....	+12.1
To provide for positions in 1968 which were filled on a part-year basis in 1967.	
Rural Community Development Service.....	+5.0
Due to a shift from a Washington-field to a Washington-only operation.	
Packers and Stockyards Administration.....	+9.7
Increase results from establishment of the Packers and Stockyards Administration as a separate agency.	
Office of the General Counsel.....	+9.0
Increase due to anticipated 1968 supplemental appropriation for the Wholesome Meat Act.	

PRESIDENT'S FARM MESSAGE

Mr. WHITTEN. I believe it would be just as well, because it will come up later in the week, that we include the President's farm message of a few days ago. That is not controlling on the Congress, of course, but it is directed to the Congress for its consideration since it deals to a great degree with funds. I would like to have that incorporated in the record at this point.

(The President's message follows:)

AGRICULTURE MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

To the Congress of the United States:

The farm was here before the factory.

It was the promise of productive land that pushed our people westward, and America was built on a foundation of farms and ranches supplying the food and fiber for a bountiful and restless Nation.

It was the farmer's qualities—his hard work and perseverance, his independence and initiative—which gave strength to a Nation's character.

Agriculture, our first industry, remains our greatest. It is the vital center of our economy—fueling our industry and commerce, feeding our people and the hungry of the world.

- Almost 18 million Americans work at growing our crops, processing them and shipping them to market, and supplying our farmers.
- Americans spend \$125 billion yearly for the products of our agriculture—which brings the family the most nourishing food in the world, at a modest share of its income.
- The harvest of one out of every four acres moves into foreign markets. Last year American farm exports set a new record—\$6.8 billion.
- Millions of people in other lands live today because of food grown and shipped from American farms.
- Agricultural technology, combined with modern machinery, seeds, and fertilizers, has revolutionized production. Each farmer today grows enough food for 40 persons, compared to only 10 thirty years ago.

But the American farmer, who helped to build America's prosperity, still does not fully—or fairly—share in it.

While retail food prices have risen in recent years, the prices the farmer receives have actually declined 9 percent in the past two decades.

Too many rural communities have been by-passed in the climb to abundance, the poverty of its people standing in stark contrast to the wealth of the land.

THE RECORD TO DATE

Farm-led and farm-fed, the depression of the 1930's plunged American agriculture into its darkest hour. The plight of the farmer was intolerable—five cent cotton and 20 cent corn, failure and foreclosure.

Out of those grim days, as the Nation regained strength, the basic principles of a national farm policy evolved, guiding the farmer's recovery. Through conservation and credit, price stabilization and research, a partnership with government grew. It was a new concept, but it rested on an honored American tradition—that the Nation's strength lies in independent, land-owning farmers and ranchers.

When Franklin Roosevelt signed the Agriculture Adjustment Act of 1938—30 years ago this month—he could tell America: "By experience we have learned what must be done to assure agriculture a fair share of an increasing national income, to provide consumers with abundant supplies of food and fiber, to stop waste of soil, and to reduce the gap between huge surpluses and disastrous shortages."

The farmer rose to the challenge of the time as he fed and clothed America's victorious armies of World War II—and, in its aftermath, fed a war-ravaged world.

But in the middle fifties the farmer fell victim to his own progress and to government indifference. Production increased while Federal programs faltered. As a result:

- Farm income from 1952 to 1960 dropped by almost 20%. Farmers netted \$2¼ billion less per year than in 1952.
- Farm surpluses swelled. By 1960, the Commodity Credit Corporation had accumulated over \$8 billion in stocks.
- Exports, a major source of farm income, failed to keep pace with rising production.

While farm programs cost the taxpayer more, farmers received less and less.

These were bitter disappointments—and from them we learned much. They led to the constructive programs of the sixties which have already shown these signs of progress:

- Today, net income per farm is 55% higher than at the beginning of the decade.
- 1966 set an all time record for gross farm income and net income per farm.
- 1967 produced the second highest per farm income in two decades, even after a disappointing price drop.
- Exports soared to a record \$6.8 billion last year, up 51% from 1960.
- Price-depressing surpluses in most commodities have been eliminated. Commodity Credit Corporation investments are down \$4.5 billion from 1960. Inventories are below \$1 billion for the first time since 1953.

THE PROBLEM TODAY

But as significant as these achievements are, their importance to the farmer is diminished by the realities he faces:

- His income lags. It is less than two-thirds the per capita income of the city dweller.
- His production costs are rising, and he is trapped in a vicious price-cost squeeze.
- For most commodities, he has no practical means of tailoring his output to total demand. Now he grows his crop or raises his livestock—and hopes for a good market. If that market does not come, he will not receive a fair price for the fruits of his toil.

WHAT IS REQUIRED

Much will be required to assure the farmer his fair and full share of America's abundance.

First, we must reinforce the partnership between the farmer and his Government.

Like any sound businessman, the agricultural producer seeks a fair return for his efforts and his risks. Yet, because of the individual nature of his operation he does not have the means to assure this return. It is here that he needs the helping hand of his Government.

That partnership works to the benefit of all. For the prosperity of the farmer is of concern to all—from the factory worker who makes the tools and machines the farmer buys, to the family who buys the food and fiber the farmer grows, and to the whole economy which is strengthened by a steady flow of farm income.

Second, we must seek out new ways to solve an old problem—overproduction, the consequence of the American farmer's enormous capacity to produce far more food than we are able to consume. For more than thirty years we have tried to balance supply and demand, to shatter the income-depressing cycle of glut and scarcity.

We have not yet succeeded in reaching that difficult goal—but in recent years we have made great strides. The foundation for progress is now in place with the Food and Agriculture Act of 1965. That Act gives us the machinery to tailor production to demand, to produce the right kind of food—at the right time—in the right amounts.

We are learning to operate that new machinery more skillfully now in cooperation with farmers and their organizations.

Still, more is needed to reach the farmer's just goal of parity of income—a fair return for his labor, management and investment.

I believe 1968 can be the year in which we move closer than ever before to that elusive goal. It can be a year of decision for the American farmer.

I propose a 7-point plan to bring new prosperity to rural America.

1. Permanent extension of the farmer's basic charter—the Food and Agriculture Act of 1965.
2. Continuation of the Food for Freedom Program through 1971.
3. Creation of a National Food Bank—a security reserve of wheat, feed grains and soybeans to protect the consumer against food scarcity and the farmer against falling prices.
4. New bargaining authority for the farmer, to give him a stronger voice in setting terms and conditions for the sale of his products.

5. Stronger regulatory programs to guard the farmer against fraud in the market place.
6. Aid and hope for the small farmer.
7. Continued revitalization of America's rural heartland by improving men's lives through decent housing, better jobs, and more rapid community development.

Taken together, these measures can hasten the day when the men and women who grow our food can share more fully in the abundance they help to create.

THE FOOD AND AGRICULTURE ACT

The Food and Agriculture Act of 1965 is the backbone of our support for the farmer.

- For the first time, it recognized that stabilizing the market supply of our basic commodities—wheat, feed grains, and cotton—is a continuing, not a temporary, problem.
- It established price supports at near-world levels for these major commodities—with payments to stabilize incomes and acreage allotment programs to prevent surpluses from piling up.
- It provided the flexibility to adjust the farmer's production to meet domestic needs, export demand and projected shipments under the Food for Freedom Program.

Two years after its passage, the Act faced a severe test. Larger wheat and feed grain allotments for 1967 crops set under the Act were followed by a series of unforeseen events: world-wide bumper crops, smaller total demand—and lower prices for the farmer. These are the uncertainties to which every estimate—involving millions of acres, millions of tons of food and the variability of weather—is subject.

Those events of 1967 once more spurred the old cry: "get the government out of agriculture."

But the 1965 Act did not fail the farmer.

Direct payments under the Act provided the margin between profit and loss for many producers: an additional 48 cents for each bushel of wheat, 15 cents for each pound of cotton, 20 cents for each bushel of corn.

To terminate the 1965 Act would bring catastrophe and ruin to many farmers.

Cash prices to the farmer would fall—and there would be no government payments to cushion the impact. Farm income could drop by as much as one-third—back to 1959 levels.

- Wheat prices would drop to about \$1.10 a bushel—compared with the 1967 blend price of \$1.89, including the wheat certificate.
- Corn prices would drop to about 75 cents a bushel, compared with a blend price of \$1.30 in 1967.
- Cotton would sell for 18 cents a pound, compared with 42 cents in 1967 with price support payments.
- With lower grain prices, livestock supplies would soon overburden the market so that livestock prices would decline by at least 10%.

Certainly the Act can be improved. Suggestions to strengthen it should be carefully reviewed. But it must be continued.

This should be permanent legislative authority. The need for price protection will not end in one—or two—or even the four years provided in the 1965 Act.

While the Congress may choose to modify these programs in future years, the farmer should not run the risk of sudden termination of this vital protection. Only permanent authority will assure that he is never the innocent victim of a program lapse.

Although the Act does not expire until 1969, it should be extended this year. Before this Congress adjourns, the 1969 wheat program must be announced. And before Congress meets in 1969, final year programs for all the other commodities under the current Act must be announced.

The agricultural producer, like all prudent businessmen, should be in a position to make his plans well in advance.

To postpone consideration of this vital legislation until next year would create grave risks for the American farmer.

I recommend that the Congress begin hearings at the earliest possible date to extend the Food and Agriculture Act of 1965.

FOOD FOR FREEDOM

The clock continues to tick in the developing nations—as the shadow of hunger threatens to turn into a nightmare of famine.

That awesome problem has long summoned America's attention. Since World War II, we have helped meet world food needs with contributions from the storehouse of our agricultural abundance.

In 1966, I proposed that the United States lead the world in a war against hunger. At that time, I asked the Congress to join in a new and concerted food aid program—Food for Freedom. Two years of achievement show that the program was wise as well as compassionate:

- The bounty from America's farmlands and granaries has rescued millions of people from the brink of starvation.
- Developing nations are helping themselves through national policies centering on agricultural development.
- Sales are now shifting from foreign currencies to dollars. This repayment trend will improve our own balance of payments.
- Food shipments are creating future overseas markets for the products of our farms and our industry, as the economies of developing nations grow stronger.

This lifeline of hope to the needy of the world cannot be withdrawn. The Food for Freedom Program expires at the end of this year.

I recommend that the Congress continue the Food for Freedom Program for three more years—to December 31, 1971.

As before, our efforts must be rooted in self-help. Aid that does not encourage the maximum effort of each nation to feed its own people is illusory—and a deception to those who receive it.

Our efforts must also continue to be grounded in world cooperation, because hunger is a world problem which must be met by many nations.

The Kennedy Round turned that principle to action as other nations joined the United States in the International Grains Agreement.

I recently asked the Senate to approve that Agreement. It calls for a three-year program of food aid. Participating nations have agreed to

supply 4.5 million tons of grain annually. The U.S. share—1.9 million tons—will be met as part of the Food for Freedom Program.

The Grains Agreement is good news for the American farmer. It provides new insurance against falling wheat prices. And it builds new cash customers for his products.

I again urge the Senate to ratify the International Grains Agreement at the earliest possible time.

SECURITY COMMODITY RESERVE—A NATIONAL FOOD BANK

When the talk is of farm surpluses, the term “food scarcity” has an unrealistic ring. Yet even America is not completely immune from a natural disaster or some other emergency that could imperil our food supply.

America’s food stocks are also affected by another factor—our humane response to the hardship and hunger that may strike other nations.

In the light of these contingencies, *we must develop a national food strategy* to assure that:

- Production is sufficient to meet domestic needs.
- Additional production is scaled to meet requirements for exports and food aid shipments.
- A security reserve is on hand to protect against unforeseen emergencies or variations between production estimates and actual need.

The Food and Agriculture Act of 1965 and the Food for Freedom Program provide a solid basis for this national strategy. Acreage allotments established under the 1965 Act are based on anticipated domestic consumption and foreign demand. Food for Freedom shipments furnished an important part of that total demand.

But, as we have learned, no system of estimates can be precise. Searing winds, drought and flood can deplete production quickly and cause scarcity. And as we have also learned, surplus stocks—even when temporary—can depress the farmer’s income.

What America needs is a National Food Bank—where deposits can be made in time of plenty, and withdrawals in time of shortage.

Last year, legislation was introduced to create such a Bank—a Security Reserve of wheat, feed grains, and soybeans. Hearings have been held in both Houses.

I urge the Congress to complete consideration of this important legislation at the earliest possible date. This Administration will continue its strong support of a measure which includes these principles:

- The establishment of a reserve owned by farmers through strengthened resale provisions in the price support program. The farmer would control sales from a part of this reserve, but some of these stocks would be held under long-term arrangements for emergency use.
- Authority for the Secretary of Agriculture to purchase an additional reserve at market prices. It should not be necessary for prices to drop to the support levels to add to the reserve stocks held by the government.
- Insulation of this food bank from the commercial market. The Secretary of Agriculture should not sell reserve stocks at less than parity adjusted for government payments.

A National Food Bank can provide important protection for *all* Americans.

- The *farmer* will not have to bear the burden of depressed prices when production exceeds current needs.
- The *consumer* will be protected from unanticipated food scarcity.
- The *government* will have a reserve stock "cushion" in making acreage allotment decisions, and in responding to international emergencies.

FARMER BARGAINING POWER

Government programs for wheat, feed grains, cotton, or other basic commodities strengthen the bargaining power of participating farmers. Under the loan program with its recently expanded resale privileges, the farmer can hold his crop for a better market.

But items which provide 60 percent of gross farm income—including livestock, poultry, fruits and vegetables—are not covered by Government price support and payment programs.

The producer sells these commodities for what the market will bear. This is fair enough—if the farmer has the power to bargain effectively with those to whom he sells. But he does not.

—There are millions of farmers and their power is diffused and fragmented. In contrast, the distributors and processors who buy the farmer's products are relatively few and well organized.

—Farmers do not have the means to tailor carefully their production to market demands. If they produce too much, they have little hope for a decent price at market time.

—Most businessmen can set a price for their goods. Most farmers must sell their products for "what they can get."

In some ways, government action helps the farmer to bargain for better terms in the market place. Government purchases under Section 32, Food Stamp, School Lunch, Milk, and commodity distribution programs create additional demand—and even out over supplies which could depress prices.

Still, the Government is—and can be—a customer for only a fraction of the total market.

The fact remains that the farmer does not have the bargaining power he needs—he still does not have the ability to price his products for a fair profit.

Some farmers—in cooperatives and marketing associations—have found that their collective voice is far stronger than individual efforts. They have utilized marketing orders and marketing contracts to achieve higher prices and better terms of sale.

They are the pioneers.

Now thousands of other farmers are beginning to think about farmer bargaining.

They seek an end to the frustration caused by their lack of bargaining power.

They see the opportunities for lower costs and better prices through market organization and coordination of supply.

They know the value of transforming haphazard farm production into steady flows of products of uniform quality—fitted to the needs of our modern food industry.

Several months ago, I directed the Secretary of Agriculture to study the various bargaining and marketing tools available to agricultural producers.

I asked agricultural economists and other experts from outside the government to participate in this effort. The farm organizations have taken leading roles in advancing bargaining techniques.

It is now time for the Congress to join this effort.

I urge the House and Senate Committees on Agriculture to hold hearings this session on the various means of strengthening farmer bargaining power in the market place.

Among the issues the hearings should consider are these:

- Will bargaining efforts be equally effective for all commodities?
- What kind of bargaining unit should farmers establish?
- For what should farmers bargain? Better price? Uniform quality? Other terms of sale?
- Should the bargaining unit be able to limit marketing or production to meet bargaining objectives? If so, how should these limitations be administered or enforced?

One matter is clear. The government may act as an advisor, or it may serve as an umpire. But the plan must be designed for farmers to use if they choose. It cannot be forced upon them. Under any proposal, farmers must make their own decisions and control their own destinies.

Upon completion of these studies and the Congressional hearings, we will make specific recommendations for action.

FRAUDULENT PRACTICES

Fraudulent and deceptive practices sap the vitality of our economy. In the case of the farmer, they impose special hazards and handicaps. Wherever these practices are found, they must be rooted out.

Last week, I was proud to sign a measure guarding against fraud and manipulation in the Nation's commodity exchanges.

But there is still unfinished farmer protection business before Congress.

I urge the Congress to modernize the Packers and Stockyards Act.

This Act is intended to safeguard livestock and poultry producers against cases of deceit, fraud and unfair competition. The present law has failed to keep pace with developments in the livestock and poultry industries since the Act was first adopted almost half a century ago.

LIFE IN RURAL AMERICA

The proposals I have discussed to this point are designed to place American commercial agriculture on a sounder and stronger footing.

But this is only half the battle.

For there are thousands of men and women in rural America who need a different kind of help.

The statistics tell the grim story:

- Farm employment has fallen by 46% between 1950 and 1967.
- Nearly 1.5 million small farmers earn less than \$5,000 per year. Their resources are meager and they have little to sell. Their existence may hang on a thin thread: a few acres of tobacco and cotton, and old-age pension, and the Food Stamp Program.
- The rate of unemployment and underemployment in rural America far exceeds the national average.
- 10 million people in rural America—one in every five falls under the poverty line, and millions of families live in housing that shames a modern nation.

What promise is there for the sharecropper who has been replaced by a machine? What new job will open up to the 50-year-old farmer who has spent his entire life working the soil? What future can a young farm boy aspire to, when only one out of ten can expect to earn a living as a full-time farmer?

Unprepared and untrained—with nowhere else to go—they have left the land they know and streamed into the teeming slums of American cities.

The problem they pose touches us all. It is a problem of urban America no less than rural America.

We have long spoken of parity of opportunity for rural Americans. I speak now of making that promise a reality.

It will require action—both long and short range. The foundation of that effort has been built.

—The war on poverty is quietly transforming the lives of thousands of men and women in rural America.

—“Operation Outreach,” launched last year, brings 90 Federal programs, from health to housing, from education to economic development, to the countryside. Under the coordination of the Secretary of Agriculture, Technical Action Panels organized at the regional, state, district and county level are assuring that these programs turn into effective action for the people.

FOOD STAMPS

But some people still go hungry in rural America.

The Food Stamp Program has been an effective instrument to supplement the purchasing power of low-income families. When I signed the Food Stamp Act of 1964, the program was being tested in 43 areas. Today, it is operating in over 850 counties. By early summer, it will extend to 1200, providing the basic essentials of life to over two million needy men, women and children.

I recommend that the 1969 appropriation authorization for the Food Stamp Program be increased from \$225 million to \$245 million.

THE SMALL FARMER

Many of our poorest farmers cannot leave the farm for other work. They are untrained. And they have passed the age when job opportunities can open up a new life. They are boxed in.

They cannot “go into something else,” for there is no place else to go. But they can be aided more effectively—and economically—on the farm.

I have directed the Secretary of Agriculture to focus the full range of the programs under his jurisdiction to help the small farmer.

I am also proposing legislation that will:

—Increase funds available to small farmers to begin new farm and non-farm enterprises; and to provide credit to help the farmer to convert his land into income producing recreation areas.

—Improve the loan program for grazing associations.

—Establish a credit program for rural cooperatives now ineligible for assistance from the Banks for Cooperatives or the poverty program.

I am also asking the Congress to appropriate additional funds to help low-income ranchers, who depend on National Forest lands for

much of their livestock grazing, and to increase technical assistance to cooperatives owned by small farmers.

RURAL ELECTRIFICATION

Thirty years ago, the lights went on across the farmlands of America. Rural electrification liberated the farmer and his family from the tyranny of darkness. Lights, appliances, radios—all the conveniences of modern living—replaced the kerosene lamp and the flickering candle. Electricity eased the farmer's burden, and brought industry and jobs to rural America.

Rural electrification is a great American success story.

We must advance that success and bring it up to date by assuring the growth of the nation's rural electrification systems in the areas they have been called upon to serve. Those systems must have access, under fair and reasonable rates, to bulk power supplies. In this way, they can continue to provide a reliable, uninterrupted, and inexpensive flow of electricity into America's farm communities on a par with more populous communities.

RURAL HOUSING

There are places in the hollows and small country towns that look as if America had never moved forward from the grim days of depression.

Over three million families outside our metropolitan areas live in ramshackle and dilapidated dwellings.

More than half of the Nation's 6 million substandard housing units are outside our metropolitan areas.

But our federal housing programs have not been able to reach effectively enough into those dusty roads of a by-passed America.

I propose that we move now to correct this situation.

First, I have already recommended legislation to launch a new program, in cooperation with industry and labor, to add 6 million new housing units over the next 10 years for families with low and moderate incomes.

I am directing the Secretary of Agriculture to work with the Secretary of Housing and Urban Development in bringing this new program to our rural areas.

Much of the necessary assistance can be rendered by the Farmers Home Administration. For more than three decades, it has helped provide home financing for rural citizens.

I want to make certain that the residents of rural America participate fully in this important housing program.

Second, I have recommended legislation which will:

—Authorize the Secretary of Agriculture to reduce the interest rates for low and moderate income families so they can borrow under existing rural housing loan programs.

—Broaden the eligibility for credit under the rural housing loan program.

—Make low-income non-rural residents who have jobs in rural areas eligible for housing loans.

Third, I have directed the Secretary of Housing and Urban Development to insure that the rent supplement program has maximum impact in rural as well as urban areas.

Jobs and Rural Development

The rural American displaced by technology has a proud heritage of hard work. He does not want welfare. He wants a job.

If the jobs are in the cities, men will move there.

Eighteen months ago, in Dallastown, Pennsylvania, I said:

History records a long, hard struggle to establish man's right to go where he pleases and to live where he chooses . . . We lose that freedom when our children are obliged to live someplace else if they want a job or if they want a decent education. Not just sentiment demands that we do more to help our farms and rural communities. I think the welfare of this Nation demands it. And . . . I think the future of the cities of America demands it, too.

Today 70 percent of our people live on 1 percent of our land. By the turn of the century—if present trends continue—there will be 240 million Americans living in urban areas occupying only 4 percent of this great and spacious nation.

I think we can change this trend by setting a goal of full parity of opportunity for Rural America. Industry, technology and transportation can bring jobs to the countryside rather than people to the cities. And government must help.

In our growing economy, private enterprise—today—is creating thousands of new jobs in the small towns of America. We can do more to develop job opportunities and to provide assistance to those who want work.

With legislation now on the books, we can move to reduce rural underemployment and unemployment by the end of 1968. I have directed:

- The Secretaries of Commerce and Agriculture to develop an expanded credit program for firms seeking to locate new plants in rural areas.
- The Secretary of Commerce and the Administrator of the Small Business Administration to give top priority to loans for the construction of industrial buildings in rural areas.
- The Secretary of Labor to extend work training and job counseling programs. With the Census Bureau, he will undertake regular surveys of labor market conditions in rural areas.
- The Secretaries of Agriculture, Labor, and Health, Education, and Welfare and the Director of the Office of Economic Opportunity to coordinate expanded area-wide manpower planning, and concerted education and training services.
- The Secretary of Housing and Urban Development and the Director of the Office of Economic Opportunity to help finance the creation of additional community centers where the rural resident can have access to all the programs designed to help him and his family.
- The Secretary of Labor to extend the Concentrated Employment Program, which brings together a wide range of manpower and related services in selected geographical areas, to an additional 70 areas—35 of them rural.

In addition, I have recommended legislation which would provide training facilities—and temporary housing during training—to enable low-income rural residents prepare for improved employment opportunities.

But jobs alone are not enough to make the countryside more livable and more convenient for rural Americans. What is needed is a restora-

tion of rural-urban balance—a balance that assures rural America its full, fair share of educational, economic, social and cultural opportunity.

To help accomplish this, I recommend that the Congress:

- Increase Federal programs to assist rural communities in building modern water and sewer systems.
- Extend the period of eligibility for grants for comprehensive water and sewer projects.
- Authorize recreation projects in Resource Conservation and Development areas.
- Appropriate funds for ten new multi-county, multi-purpose Resource Conservation and Development areas during Fiscal 1969. This will give the Nation fifty-one such areas, encompassing 100 million acres.

In addition, I urge the Congress to take action on two important measures pending before it:

- To finance comprehensive planning for groups of rural counties. Such planning can help rural communities attract business and industry and make better use of Federal programs. It can help neighboring communities pool their resources—health, education, training—to meet the common needs of their people.
- To provide additional sources of financing for rural telephone systems. We must continue to build and upgrade our telephone systems to speed economic development and community growth.

THE SPECIAL NEED

Our earliest destiny was shaped by those who, in Jefferson's words, "labor in the earth."

The hand that worked the plow—that led the team—that husked the corn—was the hand that guided America to its greatness.

The stability and endurance of the farmer are a priceless part of our nation's heritage. His love of the land expresses the American dream—that a man should be able to shape his own destiny with his own hands.

The American farmer today stands in the proud tradition of generations of his fathers.

But he is faced, as no generation before him, with the problems of an accelerating technology. It is bringing fundamental and forceful change to the farmer and the rural community.

The farmer and the rural community need government's help, and government must respond.

Since I have been President, I have been proud to sign 184 measures designed to assist farmer and the rural community. Each of these has filled a special need.

The proposals I have outlined in this message continue that vital work.

This is a total program—one for the years ahead as well as for today—through which the American farmer can claim his place and privilege in the life of his Nation.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *February 27, 1968.*

Mr. WHITTEN. If there are no other questions, I believe that is all.
 Mr. GRANT. Thank you very much, Mr. Chairman.
 Mr. WHITTEN. Thank you, Mr. Grant and Mr. Robertson.

MONDAY, MARCH 4, 1968.

GENERAL AGRICULTURAL OUTLOOK

WITNESSES

DR. WALTER W. WILCOX, DIRECTOR, AGRICULTURAL ECONOMICS
 DR. M. L. UPCHURCH, ADMINISTRATOR, ECONOMIC RESEARCH
 SERVICE
 C. KYLE RANDALL, CHIEF, FARM INCOME BRANCH, ECONOMIC RE-
 SEARCH SERVICE
 CHARLES L. GRANT, DIRECTOR OF FINANCE, DEPARTMENT OF
 AGRICULTURE

Mr. WHITTEN. Dr. Wilcox, we are glad to see you again.

Dr. WILCOX. Mr. Chairman, I have Dr. Upchurch, the administrator of the Economic Research Service, and Kyle Randall, the head of the farm income section in the Economic Research Service.

Mr. WHITTEN. We are glad to have them.

Dr. WILCOX. Mr. Chairman, we have prepared some materials on the economic position of agriculture similar to those presented to this committee in recent years.

These include a number of charts and descriptive legends that emphasize basic economic trends and forces affecting American agriculture.

Before turning to the charts, however, I would like to present a brief statement which summarizes the current farm price and income situation.

Mr. WHITTEN. Proceed, Dr. Wilcox.

STATEMENT, DIRECTOR, AGRICULTURAL ECONOMICS

REVIEW OF 1967

Dr. WILCOX. The year 1967 proved to be one of relatively large supplies of American and foreign farm products.

GRAINS

The year began, however, with sharp concern over the adequacy of the Nation's grain stocks. Some feared that stocks were being reduced to dangerously low levels.

The strong demand for grains and anticipated smaller carryover stocks resulted in prices for wheat and corn 14 and 8 cents a bushel higher during the first 5 months of 1967 than in 1966.

But by late spring, there were signs that both feed grain export and domestic utilization would be less than anticipated earlier. Good crops of both wheat and feed grains throughout most of the world had taken the edge off world grain prices. Exporting countries of the

Southern Hemisphere were offering sharp competition in world markets for feed grains as well as for other farm commodities.

It became apparent that the carryout of both wheat and feed grains would not be reduced to the danger levels that some had feared the previous falls.

LIVESTOCK

The year 1967 also began with a high level of livestock slaughter—which was largely a response to the favorable livestock feeding ratios which prevailed in early 1966.

Commercial production of red meat during the first 3 months of 1967 totaled 10 percent larger than a year earlier. Beef production was up 5 percent—steer and heifer beef output was up about 12 percent. January–March pork production was 22 percent more than a year earlier. Sheep and lamb slaughter was up 14 percent from a year earlier. In addition, poultry meat production was about 11 percent higher.

These substantial increases in meat supplies more than offset the Nation's larger population and increased buying power.

Prices were sharply lower, particularly for hogs and broilers. Hog prices averaged \$7.60 per 100 pounds—eight-market average—below the first quarter of 1966. Broilers were more than 2 cents below a year earlier and down to near 1964 levels. Fed lambs averaged over \$4 lower. Prices of Choice steers at Chicago averaged \$3 lower than in the first quarter of 1966.

Farmers responded to these lower livestock prices by cutting back some from the high first-quarter production levels. Fed beef output declined seasonally during the summer, and although it remained larger than a year earlier, fed cattle prices strengthened. Choice steers at Chicago moved above year-earlier levels in June and by the year's end were about \$1.50 higher than at the end of 1966.

Hog production likewise showed a declining rate of increase over the previous year. But the volume of marketings remained large enough to hold prices below year-earlier levels throughout the year. At the year's end, hog prices were about \$1.75 below year-earlier levels.

Increased production and sharply lower prices for turkeys also affected both hog and cattle prices in the latter half of the year.

Late in the spring, with prospects for good 1967 crops both at home and elsewhere in the world, grain prices declined sharply. At harvest-time wheat prices were 30 cents and corn 22 cents a bushel below a year earlier. A complicating matter was a wet fall that resulted in exasperating harvesting delays and in a corn crop carrying much more moisture than usual.

DEMAND SITUATION

Domestic demand for farm products continued strong throughout 1967. Civilian employment averaged 74.4 million, a gain of 1.5 million over 1966. Spendable income in the hands of consumers rose from \$509 billion in 1966 to \$545 billion in 1967, a gain of 7 percent.

Expenditures for food rose from \$93 billion to \$96.4 billion, a gain of 4 percent. These expenditures were only 17.7 percent of disposable personal income, again a new low, and down from 18.3 per-

cent in the previous year. Only 5 cents of each dollar of consumers' disposable income goes directly to the farmer. American consumers obtain a wide variety of high-quality food for a lower proportion of their income than any people in the world at any time in history.

Exports of farm commodities in the fiscal year 1966-67, at \$6.8 billion, were 1 percent above the \$6.7 billion of the previous year. Major increases in exports of cotton, tobacco, rice, soybeans, and soybean meal were partly offset by decreases in exports of feed grains, wheat, and dairy and poultry products. The total value of exports of agricultural products exceeded that for imports by approximately \$2.3 billion.

BALANCE OF PAYMENTS

I have a little revision in the next statement from what I sent up earlier. It reads on balance-of-payments accounting basis, in the absence of agriculture's net contribution, the U.S. balance-of-payments deficit would have been almost \$1 billion greater than it was in 1967. Total farm output in 1967 was 3 percent above a year earlier, and the volume of farm marketings increased a like percentage.

FARM INCOME

Gross farm income in 1967, at \$48.9 billion, was about 2 percent under the record high reached in 1966. Both receipts from marketings and Government payments were down slightly. Production expenses, however, continued to move upward, increasing by about \$1 billion. As a result, realized net income of farm operators dropped from \$16.4 billion in 1966 to \$14.5 in 1967, a decline of 12 percent.

The per capita disposable income of farm people from all sources averaged \$1,692 or \$25 less than in 1966. The per capita income of the farm population from all sources averaged about 61 percent of the income of nonfarm people compared with 65 percent in 1966 and 55 percent in 1960.

Mr. MORRIS. Is this per capita disposable income of farm people, for each member of the farm family?

Dr. WILCOX. Yes.

FARM PRICES

The rise in farm prices that began in late 1965 reached a peak of 272 (1910-14=100) in August 1966. Prices weakened through late 1966 and early 1967. There was some recovery from the low in April, yet prices received in 1967 averaged 5 percent lower than a year earlier.

The decline in farm prices in the latter part of 1966 and early 1967 was mainly the result of increased supplies of meat animals, and poultry and eggs described earlier. Market prices for grains and soybeans also were lower as the larger 1967 harvests moved to market. Cotton prices were higher, however, reflecting the lower production associated with acreage reductions and unfavorable growing conditions throughout the Cotton Belt during the last 2 years.

These developments reemphasize the extreme inelasticity of the demand for farm products, and the urgent need for programs to maintain a balance between supply and demand and to improve farm income.

EFFECT OF FARM PROGRAMS ON FARM PRICES AND FARM INCOME

Farm prices now, while below the postwar highs, are somewhat higher than in most of the 1950's and the early 1960's. For major export commodities, they are at competitive levels in world trade. And farm income is being supplemented by direct payments.

Nevertheless, a severe cost-price squeeze continues for most farmers. Prices paid by farmers including interest, taxes and wage rates continue to rise, with the parity index increasing from 260 (1910-14=100) in 1948 to 346 in January 1968.

Only the increases in productive efficiency permitted farmers to improve their net farm income. Yet these same increases have resulted in continued excess capacity in agriculture. About 5 percent of the production of our farms is distributed at home and abroad outside commercial markets. In addition, U.S. agriculture continues to have a reserve capacity of about 7 percent which must be diverted from commercial production if a severe price drop is to be avoided.

Studies indicate that if the price support and production adjustment programs were dropped, net farm income would decline drastically, probably over 30 percent from the current level.

OTHER EFFECTS OF FARM PROGRAMS

The effects of the farm programs, however, go beyond the immediate income benefits to farmers. The stabilization of market supplies and prices of the major farm products has stimulated farmers to adopt the newer technologies and improved practices, and has made it possible for farmers to obtain credit for modernization and farm enlargement.

Farmers in no other country in the world produce so abundantly and receive such a small fraction of the consumer's income—only 5 cents out of each dollar—for their products.

This high level of performance is a direct result of the research and development programs largely authorized and financed by the Congress over the past 100 years, together with the credit, price, and income stabilization programs of the past 35 years.

Costs of the farm program also must be considered. But these costs are relatively small. For the fiscal year 1966-67, expenditures for price support and related programs represented only about 1 percent of total Federal Government expenditures and less than half of 1 percent of the disposable income of consumers.

FINANCIAL CONDITION OF U.S. AGRICULTURE, 1957-67

Mr. Chairman, we have organized a large amount of financial information relating to agriculture 1957 to 1967. With your permission I would like to include it in the record at this point.

This will be included in a publication of the Economic Research Service very soon, and with your permission I would like to include it in the record.

Mr. WHITTEN. We will be glad to have it.

Dr. WILCOX. It indicates that although farm prices and income were less favorable in 1967 than in 1966, agriculture has made substantial progress in the past 10 years.

(The table referred to follows:)

FINANCIAL CONDITION OF AGRICULTURE, 1957-67

Industry	Liabilities as a percent of assets	
	Jan. 1, 1957	Jan. 1, 1967
Agriculture.....	10.9	16.9
All manufacturing.....	36.1	41.2
Transportation equipment.....	46.7	46.9
Motor vehicles and equipment.....	38.9	48.5
Primary iron and steel.....	32.9	38.6
Stone, clay, and glass products.....	28.6	35.2
Lumber and wood, except furniture.....	35.5	46.3
Food and kindred products.....	37.7	44.2
Textile mill products.....	31.8	24.6
Paper and allied products.....	32.0	40.4
Chemical and allied products.....	31.8	40.0
Petroleum refining.....	28.0	31.3

Note: Farm debt has risen more rapidly than debt in manufacturing industries since 1957, but remains smaller relative to asset values than in manufacturing industries.

Source: Federal Trade Commission and Securities and Exchange Commission.

Improvement in farm incomes over the past decade reflects the increase in productive efficiencies on farms, stronger demand for farm products including increased export demand, and improved federal programs. Prices of farmland and other assets have risen as buyers bid strongly for resources to enlarge their farming units, often increasing their debts to do so.

Item	Unit or base period	1957	1960	1963	1966	1967 ¹
Cash receipts from marketings.....	Billion dollars.....	29.7	34.0	37.2	43.2	42.5
Realized net farm income.....	do.....	10.7	11.7	12.5	16.4	14.5
Gross income per farm.....	Dollars.....	7,777	9,601	11,773	15,289	15,415
Net income per farm.....	do.....	2,449	2,956	3,497	5,049	4,573
Per capita disposable income of farm population.....	do.....	927	1,108	1,294	1,717	1,692
Financial assets (Dec. 31) ²	Billion dollars.....	18.3	18.0	19.1	21.2	22.0
Non-real-estate assets (Dec. 31) ³	do.....	51.6	54.5	49.8	66.3	67.7
Total assets (Dec. 31).....	do.....	185.8	203.9	230.0	269.5	281.2
Total liabilities (Dec. 31).....	do.....	20.4	26.2	34.9	45.7	49.9
Proprietors' equities (Dec. 31).....	do.....	165.4	177.7	195.1	223.8	231.3
Deposits in country banks: ⁴						
Demand.....	1947-49=100.....	121	121	131	146	⁵ 147
Time.....	1947-49=100.....	190	269	417	636	⁵ 678
Value of farm production assets (Jan. 1):						
Per farm.....	Dollars.....	31,805	42,465	51,536	67,259	73,120
Per farmworker.....	do.....	16,972	21,304	25,673	36,216	41,307
Delinquent farm mortgage loans of 2 groups of major lenders (Jan. 1).	Number.....	21,927	20,778	19,359	16,833	14,866
Foreclosures of farms ⁶	do.....	7,900	5,500	3,800	2,700	2,400

¹ All data for 1967 are preliminary.

² Includes bank deposits, savings bonds, and investments in co-ops.

³ Includes livestock, equipment, crop inventories, and household furnishings.

⁴ Financial assets (shown above) owned by farmers include their time and savings deposits; deposits in country banks are owned by farmers and other rural people.

⁵ Average of 1st half of year.

⁶ Year ending Mar. 1.

RELATIONSHIP OF FARM RETURNS TO OTHER SEGMENTS OF THE ECONOMY

Mr. WHITTEN. Dr. Wilcox, I thank you for a very fine statement. We on this committee are thoroughly familiar with some of the problems involved in trying to keep a balance in this country. I have frequently said the one group that we cannot afford to have get its fair share of the income by practicing scarcity is agriculture. If we attempt to force the price at the marketplace by holding the supply tight, the supply will never be at the right place. With about 94 percent of our people classified as consumers, I doubt if the 94 percent would put up with that very long.

I have observed in times past the 94 percent can get the attention of the press and the 6 percent can't hold it. We see the effect of that in all of the programs we have had.

I think you have heard me say this before, but in preparing for a talk I was going to make a couple of years ago to the Society of Agricultural Engineers at Cornell, I asked the Library of Congress to supply me with the best figures available on how much the consumers' costs were raised by reason of minimum wages, and the right of labor to organize. I recall that I got a nine-page reply but the substance of the letter was in the second sentence which said: "We cannot estimate it."

It is awfully hard to keep the Congress and the public aware that we have many laws which tend to build up the share of the consumer dollar that can go to organized labor, or other labor which rides under their umbrella. That cost is passed on to the consumer. But that which goes to the farmer is easily identifiable. For that reason it often takes the heat for some of the things that the consumers like to complain about. I know you have had broad experience in the whole economics field, not just in this limited area. From your studies do you see any cure for some of the things that I briefly touched on?

Dr. WILCOX. I am sorry to say, Mr. Chairman, that I don't.

Mr. WHITTEN. You can give us figures, but if the public won't read them, that is a problem, isn't it?

Dr. WILCOX. That is right. I do think the President's message this year sets forth about as clearly as has ever been set forth the reason for the need for continuing farm programs. It indicates that he looks upon these as being not emergency, short-term programs, but continuing ones.

NEED TO PRESENT AGRICULTURE PROBLEMS TO THE PUBLIC

Mr. WHITTEN. As you know, I have tried to deal with this subject many, many times here as chairman of this committee and in speeches and even in a book that I wrote. I have come up with one conclusion, and I am sure I picked up the thought elsewhere, if not the language, that the standard of living of almost any people is determined by how much of their time they have to put in on providing the basics, such as food, clothing, and shelter.

The division in our country is 6 percent on the farm and 94 percent off the farm. I don't believe any nation in the world has a better record than that. This is probably the answer to our higher standard of living. But it is hard to get the public to read that.

A few months ago I spoke to a national farm group, where they were giving prizes to those who had increased production of soybeans. They had therefore increased the availability of soybeans, both domestically and for foreign markets where they bring in a great share of our dollars, dollars which are so badly needed to maintain our dollar balance. The prizes ran as high as \$30,000 tractors. I talked to this group and despite the fact that the newspaper involved has been friendly to me, I got probably 5 inches in this newspaper.

A few days after that I persuaded the U.S. Corps of Engineers to review the water levels in four reservoirs at the low peak. They had been letting the water reach a very low level, which made it undesirable for fishing. The same newspaper carried that with about six times as much space. They had my picture. That story was reprinted in at least

10 newspapers. I got resolutions of thanks from the chambers of commerce and the board of aldermen in a number of cities throughout my area.

Now understand I was the principal involved in both instances. It was the same newspaper. It just comes back to the fact that, where you do something that is of interest to the 94 percent, it is big news. And the newspaper's judgment, unfortunately, is about right. The 94 percent is interested in reading one thing, and the other 6 percent something else. But that is what I run into in trying to get any attention to agriculture's problems.

Dr. WILCOX. Yes. The figure that I think is remarkable is that, of the consumer's disposable income, only 5 cents out of the dollar goes to the farmer for the food products produced on the American farms.

Mr. WHITTEN. That brings to mind another statement I have come to use. The man known as a farmer in your and my day has been replaced today by what I term an "agricultural producer." He must not only get together the amount of money necessary for farming, but he must also keep up with what is happening at home and internationally.

Recently I spoke to the Arkansas Bankers Association where I said the farmer today must have enough money to start a bank and enough nerve to rob one—and there is much in that. Dr. Wilcox we are in sympathy with what you show us, but we have this need of getting the other people to look at it.

Dr. WILCOX. That is very true.

Shall I present the charts then?

Mr. WHITTEN. Yes, proceed.

FARMERS' PRICES

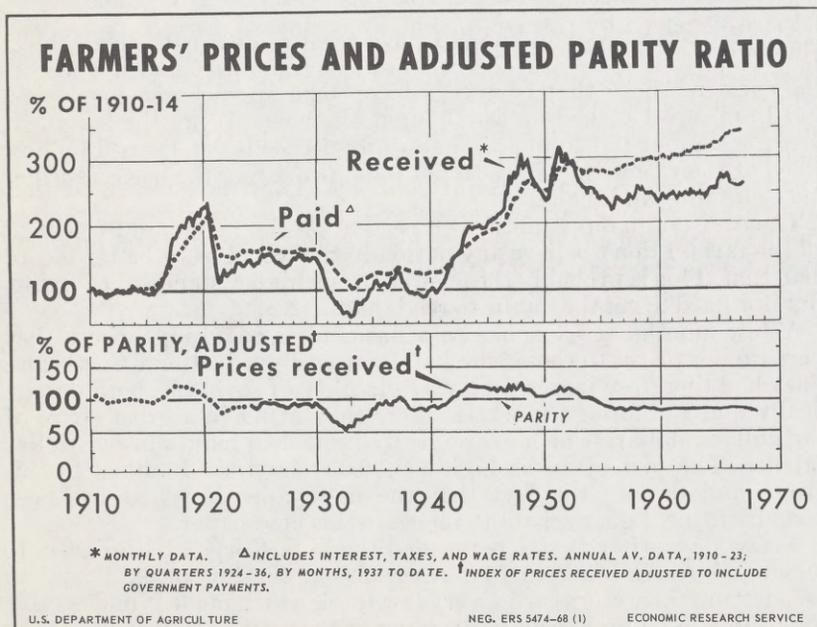


CHART 1—Farmers' Prices

Prices received by farmers in 1967 averaged 252 (1910-14=100), down 5 percent from 1966. Except for 1966, the 1967 average index is the highest since 1953 and 6 percent higher than in 1960.

Both of the major components of the prices received index—all crops at 224 and livestock and products at 276—averaged about 5 percent lower in 1967 than in 1966.

Prices received for dairy products were up 4 percent from 1966. Prices for the poultry and egg group were down 18 percent and those for meat animals averaged 6 percent below 1966.

All the sub-groups in the crop component were lower than in 1966 except tobacco which was essentially the same. The commercial vegetable and potato, sweet potato and dry bean groups recorded modest declines of 1 and 3 percent respectively. Prices of food grains and feed crops were down 4 percent. Prices received for oil-bearing crops were down 6 percent, and fruit 7 percent. Cotton prices were down 11 percent but under the 1967 cotton program the price support loan level is based on world market prices and producers who participate in the program receive price support and acreage diversion payments.

The parity index (prices paid by farmers, interest taxes and farm wage rates) averaged 342, up over 2 percent from 1966. This was the 12th successive annual increase in this index. The largest percent gains were recorded by interest (10 percent), wage rates (8 percent) and taxes (75 percent). Prices paid by farmers for items used in family maintenance and farm production were up less than 2 percent.

The parity ratio adjusted to take account of direct payments averaged 79 in 1967. In 1966 the adjusted parity ratio was 86. Excluding the adjustment for direct payments, the average parity ratio in 1967 was 74.

Although prices received by farmers in the last quarter of 1967 averaged nearly 4 percent below the last quarter of 1966, by mid-January they were 255, the same as January 1967. For the first half of 1968, prices received by farmers may average a little higher than in the first 6 months of 1967, with prices received for both crops and livestock up some.

The parity index is likely to continue the upward trend that has been underway since 1954. However, the increase may not be as large as the 2.4 percent rise from 1966 to 1967.

Dr. WILCOX. The first chart is the usual chart which shows farm prices and the parity index.

Prices received by farmers in 1967 were down 5 percent from 1966. They were up 6 percent, however, as compared with 1960 and they were the highest for any year since 1953 except for 1966.

I might say the day I was here last year, our SRS report on agricultural prices came out indicating that farm prices were still lower that month than they had been before and they went on down until April. The report that was just out last Thursday, indicated that farm prices in February were higher than a year earlier for the first time since November 1966. We are looking for prices of farm products to continue at a higher level than last year.

DISPOSABLE PERSONAL INCOME

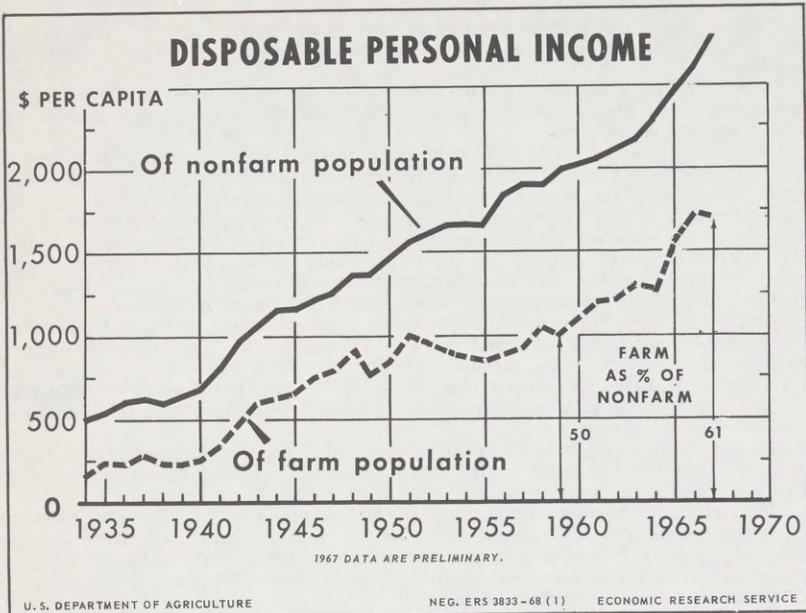


CHART 2.—Disposable personal income

Disposable personal income of the farm population averaged an estimated \$1,692 per person in 1967. This was slightly lower than the average of \$1,717 of 1966, but otherwise the highest of record. A decline in the per capita personal income of the farm population from farming more than offset a further rise in the per capita personal income of the farm population from nonfarm sources.

Per capita disposable income of the nonfarm population averaged \$2,796, up 6 percent from 1966. Disposable income of the farm population per person averaged 61 percent of the nonfarm. In 1966 the figure was 65 percent.

Per capita disposable income of the farm population in 1967 was 52 percent higher than in 1960. Both the increase in aggregate farm income and the decline in the number of people living on farms have contributed to the rise in per capita income of the farm population since 1960. In that year, per capita disposable income of the farm population averaged 55 percent of that of the nonfarm.

A modest increase in the per capita disposable income of the farm population is likely this year, mainly as a result of the continuing decline in farm population.

Dr. WILCOX. This next chart is on disposable personal income. This is the income per capita of all people on farms and the income per capita of all people not on farms. The chart shows that per capita income of the farm population as a percentage of nonfarm increased from 1959, when it was 50 percent, to 55 percent in 1960. In 1966 it got up to 65 percent, and 1967 it was 61 percent.

Mr. WHITTEN. I read the President's speech, and I have read several statements by the Secretary. They refer to income per farmer or income per farm.

If we just had one farmer, he would have the biggest income in the world, wouldn't he?

Dr. WILCOX. Yes.

Mr. WHITTEN. So when you say per farmer and per farm, it is meaningless where you have fewer and fewer farmers and bigger and bigger farms. It doesn't get to the "meat in the coconut."

Dr. WILCOX. Yes.

SOURCE OF INCOME

Mr. WHITTEN. Does that come from Government payments and from letting the farmer work in town for a couple of months during the summer?

Dr. WILCOX. It comes from all sources: farm sources, Government payments, and off-farm work and investments—all income.

Mr. WHITTEN. You mean that could include the stocks and bonds he might have inherited from his cousin who was a banker and who didn't farm?

Dr. WILCOX. That is correct. In the detailed breakdown we show the breakdown between income from farm and nonfarm sources. I don't carry it in my head at this time.

Mr. WHITTEN. You do carry it though?

Dr. WILCOX. Yes, we carry it in the table Economic Research Service puts out.

Mr. WHITTEN. I guess if you count income from all sources that would make it a true comparison.

Mr. RANDALL. Roughly a third of the per capita income of farm people is from nonfarm sources, about two-thirds from farm sources.

Mr. WHITTEN. But that one-third, the income from nonfarm sources, is included in the chart there?

Mr. RANDALL. Yes, this is the income of the farm people from all sources and about one-third is from nonfarm.

Mr. LANGEN. If those two sources of income were divided, wouldn't it be apt to show the nonfarm income went up while the farm income went down?

Dr. WILCOX. If you are talking about 1967 as compared with 1966, yes. If you are talking about 1966 as compared with 1965, it would be no. It depends where you start from.

Mr. LANGEN. Realizing, of course, that the income went down for farm products in 1967, I would raise some question as to the relationship even in 1966. Maybe that will be shown on another chart.

Dr. WILCOX. We are going to shown in detail for two sets of farms. If you were to go back to any particular period, it depends on the base period, you see; which one increases the most.

Mr. LANGEN. I appreciate that.

Dr. WILCOX. This is the point. If you take any particular year—back in 1960, for example, the per capita income from farm sources was \$733 and from nonfarm \$461. And in 1967 it was \$1,200 and \$631. So that the per capita income from farm sources has gone up substantially more than the per capita income from nonfarm sources.

Mr. LANGEN. Well, you are talking about the total amount that it went up. But I am talking about the relationship of one year to the other. So that in the percentage of increase you would have an entirely different combination of figures than you would in just taking the totals.

For 1967, where the farm income dropped, that income probably would have been still lower but for the nonfarm income which had a tendency to hold it up.

Dr. WILCOX. Well, nonfarm income only went up \$32 per person from 1966 to 1967. There hasn't been much change from 1 year to the other in nonfarm income per person.

FOOD CONSUMPTION PER CAPITA

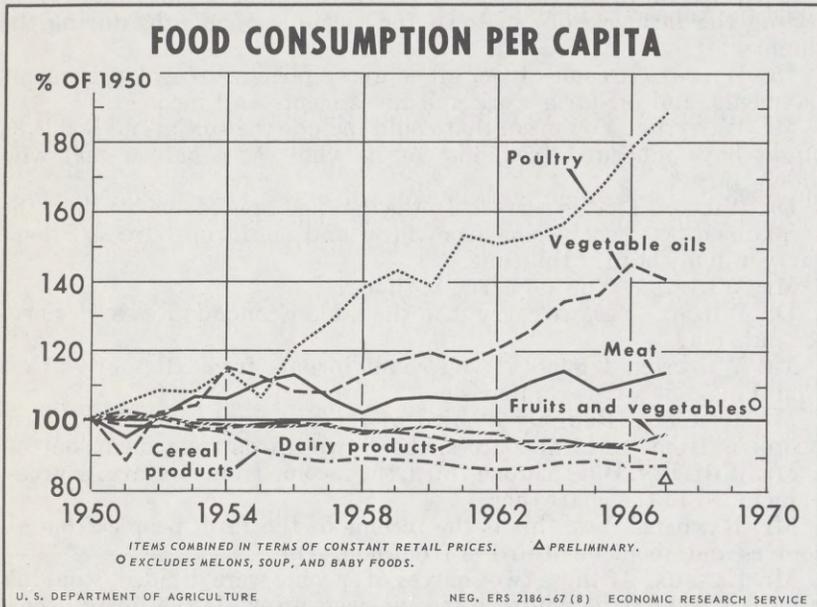


Chart 3.—Food consumption per capita

Food consumption per capita in 1967 was up about 1¼ percent from 1966. At 104.4 (1957-59=100) the index of per capita food consumption was the highest of record and nearly 4 percent higher than 1960.

Both crop and animal food products contributed to the increase with the increase for animal products nearly twice as great as that for crops.

Per capita consumption of meat, poultry and eggs increased. Per capita consumption of dairy products excluding butter was fractionally lower.

Per capita consumption of fruit increased sharply with much of the increase coming from the record large 1966-67 crop of citrus fruit. Per capita consumption of potatoes was also higher. Changes in per capita consumption of other food crops were minor.

Part of the rise in food consumption in 1967 was due to an acceleration of both the Direct Food Donation and Food Stamp Programs.

The increase in per capita food consumption since 1960 is largely an upgrading of diets through increased consumption of meat and poultry. The number of pounds of food consumed per capita was about the same in 1967 as in 1960. Per capita consumption of poultry in 1967 was up 35 percent from 1960. Per capita consumption of beef was up 25 percent over the same period.

Little change is expected in per capita food consumption in 1968.

Dr. WILCOX. Let's turn to the next chart now. I don't want to go any faster than you want.

Mr. WHITTEN. I hope the members of the committee will interrupt when they wish to. This is the type of thing where the questions should be tied in with the charts. So you may proceed, and we will interrupt as we see fit.

Dr. WILCOX. All right. This is the chart we have shown you year after year, indicating the trends in per capita consumption of the various foods. And you will notice that the per capita consumption of meat and poultry is particularly high, with the largest increase in consumption in poultry. If the meat item was broken down the increase would be beef. Per capita consumption of pork in 1967 was about the same as in 1960.

FOOD CONSUMPTION SURVEY

One thing I wanted to call to your attention, if you have seen the news release on the survey of food consumption that was made by ARS, there is evidence that as between 1955 and 1965 the quality of the diet of the average household went down. The amount of riboflavin, calcium, and vitamin A declined. That is associated with the decline in the per capita consumption of fruits and vegetables and the decline in milk and milk products.

The survey figures give a comparison between 1955 and 1965, and our per capita figures extend through 1967. We did have an upturn in 1967 in fruits and vegetables because of the large citrus crop. But there is some decline in per capita consumption of fruits and vegetables and of dairy products, which has meant that a higher proportion of our average family diets are below the standards recommended by the National Bureau.

FARM FOOD MARKETING BILL

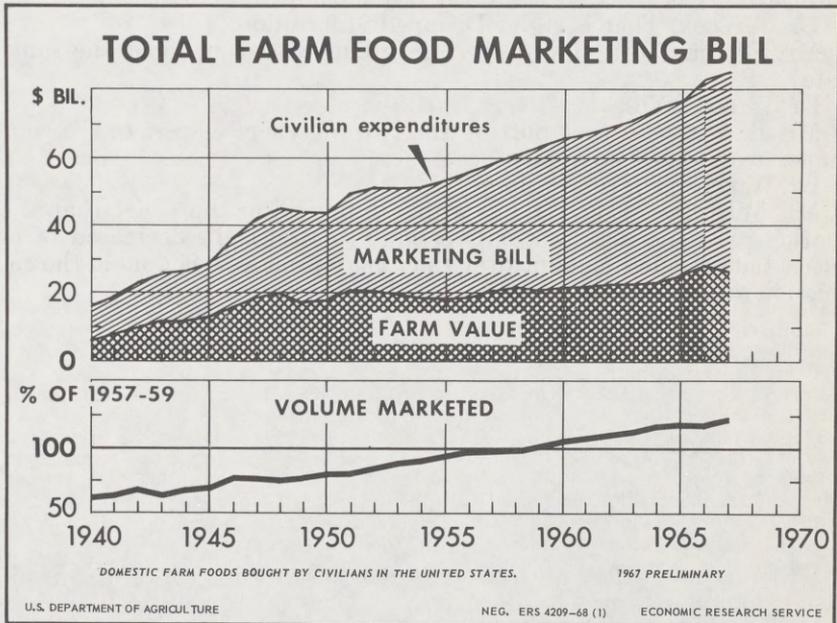


CHART 4.—Total farm food marketing bill

Civilian consumers spent \$85½ billion for domestically produced farm foods in 1967, an increase of about \$2 billion from 1966. The farm value of this food is estimated at \$27½ billion, down about 2 percent from 1966. The marketing bill at \$58 billion was 5 percent higher than a year earlier.

Compared with 1960, consumer expenditures were up 30 percent, the farm value 27 percent and the marketing bill 31 percent. The volume of food marketed was up 16 percent.

More than ⅔ of the increase in consumer expenditures of \$19.6 billion since 1960 occurred in the marketing bill; less than ⅓ in the farm value of foods.

The bill for marketing farm food products is expected to increase again in 1968, as a result of a growing volume of products marketed and rising unit marketing charges. The farm value may also show some increase.

Dr. WILCOX. This is a chart in which there has always been a great deal of interest. It indicates that the civilian consumers spent \$85.5 billion for domestically produced farm food in 1967, an increase of \$2.5 billion from 1966, and of about \$20 billion from 1960.

The farm value of these foods in 1967 was \$26.9 billion, \$1.2 billion less than in 1966. From 1960, the increase in farm values was \$5.2 billion. Compared with 1960, the consumer expenditures are up 30 percent, the farm value is up 27 percent, and the marketing bill is up 31 percent. The volume of food marketed was up 16 percent.

Compared with 1960, the increase in the marketing bill accounts for two-thirds of the increase in consumer expenditures and the increase in the farm value of these farm products accounts for one-third of the increase.

We expect the food marketing bill to increase again in 1968, although we don't expect any change in the farm value.

Mr. LANGEN. One question. If I read the chart correctly, there is an indication that for 1967 the farm value dropped.

Dr. WILCOX. That is right. Dropped \$1.2 billion.

Mr. LANGEN. But the marketing bill increased at about the same rate?

Dr. WILCOX. Yes.

Mr. LANGEN. So that putting the two together the cost to the consumer would still be higher?

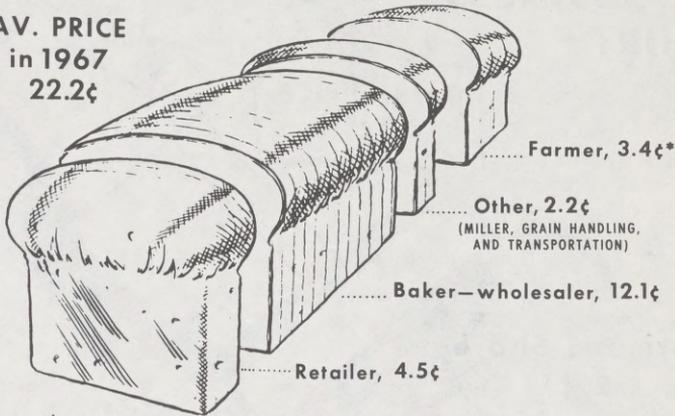
Dr. WILCOX. The total volume, yes.

Mr. WHITTEN. Could I interrupt? I notice on the chart that the market price increased not only enough to absorb the decreased farm price, but an equal amount over that. So its increase is double the reduction in farm prices.

CONSUMER'S BREAD PRICE

*Where It Goes***CONSUMER'S BREAD PRICE**

AV. PRICE
in 1967
22.2¢



*INCLUDES VALUE OF WHEAT MARKETING CERTIFICATE.

U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 828-68 (1)

ECONOMIC RESEARCH SERVICE

CHART 5.—Consumer's bread price

Urban consumers paid an average retail price of 22.2 cents for a one pound loaf of white bread in 1967. This was the same as in 1966. The farmer received 3.4 cents for the wheat and other farm grown ingredients in the loaf of bread. That figure, which includes the value of wheat marketing certificates, was 3/10 cents less than a year earlier. The farmers share was 15 percent of the retail price compared with 16 percent in 1966.

The retailer's share of the retail price was 4.5 cents, up 4/10 cents from 1966. The baker-wholesaler's margin was 12.1 cents, 2/10 cents higher.

Dr. WILCOX. The price of a loaf of bread stayed the same in 1967 as in 1966, but the farmer's share dropped from 3.7 to 3.4 cents, or a drop of three-tenths of a cent. The retailer's share was up nearly a half cent to four and a half cents, and the baker and wholesaler's margin, 12.1 cents, was two-tenths above 1966.

So what we have got is a readjustment, with the farmer's share dropping and the baker and retailer increasing their proportion in 1967 over 1966.

COTTON BUSINESS SHIRT



CHART 6.—What farmer gets for cotton in business shirt

The price of a typical cotton business shirt averaged \$4.38 in 1967, the same as in 1966. The farmer received 22 cents for the raw cotton used in making the shirt. This was 5 percent of the price of the shirt. The value of the cotton was 2 cents less than in 1966. Producers who participated in the cotton program also received price support payments on the cotton produced on their domestic allotments.

Dr. WILCOX. Here is the chart showing what the farmer gets for the cotton in a business shirt. The farmer received 22 cents for the raw cotton used in making the shirt. The average retail price of the shirt was \$4.38, the same as in 1966. The value of the cotton was 5 percent of the price of the shirt and was 2 cents less than in 1966. The cotton producers who participated in the 1967 program received price support payments on cotton produced on domestic allotments in addition to the market price of the cotton that is in the shirt.

Mr. WHITTEN. Adding those two together, where would that leave you?

Dr. WILCOX. Including the price support payments?

Mr. WHITTEN. You might not have that information offhand. But you can figure it out and put it in the record.

Dr. WILCOX. Yes. In the President's message he points out that price support payments were about 15 cents a pound. That won't be very much on the 22 cents.

Mr. RANDALL. About three-quarters of a pound of cotton is used in making the business shirt, so the amount of the price support payment would be around 12 cents.

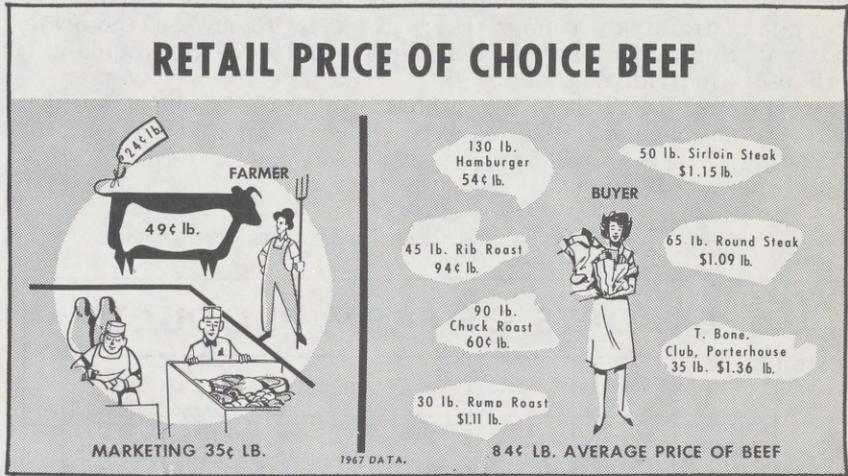
Dr. WILCOX. All right.

Mr. WHITTEN. Of course, I never have believed in being dependent on a Government payment—it is too risky. But for a true comparison, I think we should have that clarified for the record.

(The information requested follows:)

Investigation indicates that about 0.85 pounds of cotton are used in making the business shirt. The price support payment for that much cotton would be about 12¾ cents.

RETAIL PRICE OF CHOICE BEEF



U. S. DEPARTMENT OF AGRICULTURE

NEG. ERS 1423-68 (1) ECONOMIC RESEARCH SERVICE

CHART 7.—Retail price of choice beef

The retail price of major cuts of choice beef averaged 84 cents per pound in 1967. This was 1 cent less than in 1966.

The price of the live steer was 24 cents. In terms of the yield of retail cuts from a 1,000 pound steer, the average price to the farmer was 49 cents per pound, down 1 cent from a year earlier.

The marketing margin based on the average retail price was 35 cents per pound, the same as in each of the 3 previous years.

The prices of the various cuts which make up the average retail price of 84 cents per pound range from 54 cents per pound for the 130 pounds of hamburger to \$1.36 for the 35 pounds of T-bone, club and porterhouse steak. Prices of 3 cuts were 2 cents per pound lower than in 1966. Price of hamburger averaged 1 cent higher.

Dr. WILCOX. I tried to explain what this chart shows without the chart to some nonfarm people a few weeks ago, and I couldn't convince them. But actually the chart compared to the one a year ago shows that the retail price of choice beef averaged 1-cent a pound less in 1967 than it did in 1966. The farmer got 1-cent a pound less for the retail cuts from a thousand-pound steer than he did a year earlier.

Mr. WHITTEN. You don't have any way to fix your figure. The big chain stores announce a sale on beef and the difference in cents per pound is quite great; but the difference in how close they trim it is greater.

Dr. WILCOX. I think we have better data than we have had before, because we now average in the special prices with prices on a weighted

basis. It is rather interesting to me to note that the price of the two cuts, sirloin and round steak were 2 cents lower than in 1966, whereas hamburger averaged a cent a pound higher than in 1966.

Mr. WHITTEN. In that connection, I frequently use the expression—"All anybody wants is a fair advantage." I had a big stockman call me and ask if I would urge the Secretary of Agriculture to buy prime steak for the school lunch program, because the price of steak fixed the price for the other cuts of the animal.

I asked how in the world would anybody think you could get the funds to supply No. 1 porterhouse or T-bone steak for the school lunch program. Certainly the youngsters are just as entitled to it as those who do buy it. But the Government is not in as good shape to provide it as perhaps the individual is.

Dr. WILCOX. Yes. It is rather interesting that this is one case where there was no change in the marketing charge. In other words, the marketing charges on beef were the same as the year previously—35 cents per retail pound.

U.S. EXPORTS OF FARM PRODUCTS

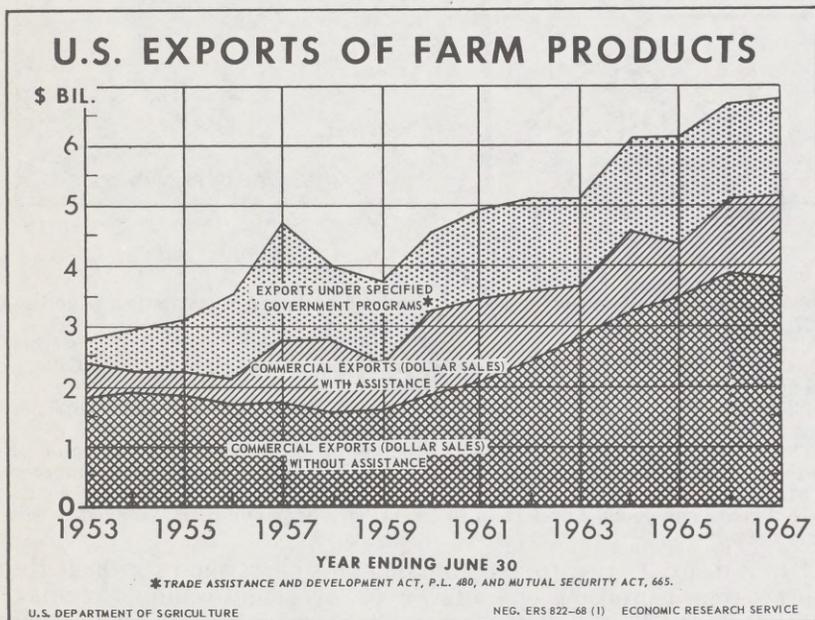


CHART 8.—U.S. exports of farm products

The value of U.S. exports of farm products in fiscal year 1967 was a record high \$6.8 billion, \$100 million higher than the \$6.7 of the preceding fiscal year. Sharp increases in shipments of cotton and tobacco plus smaller gains in shipments of oilseeds and products and vegetables and preparations were more than enough to offset declines in animals and animal products, fruits, and grains.

Commercial sales for dollars rose to \$5.2 billion, an increase of 2½ percent from the preceding fiscal year. This increase of \$100 million in commercial exports accounted for all the increase in the value of U.S. exports. The value of agricultural products shipped under Government-financed programs remained at \$1.6 billion, the same as a year earlier.

To enable major products such as cotton and wheat to meet price competition in foreign markets, the Commodity Credit Corporation makes export payments in cash or in kind or sells stocks at less than domestic market prices. Commercial sales with such assistance totaled \$1.4 billion in fiscal 1967, up \$200 million from fiscal 1966. Larger exports of cotton accounted for much of the increase. About ½ of exports under government-financed programs also received price assistance.

U.S. exports of agricultural products in the fiscal year ending June 30, 1968 are estimated at \$6.7 billion, close to last year's \$6.8 billion export record.

Dr. WILCOX. We turn to the next chart, dealing with U.S. exports of farm products. You have heard those total figures quoted before. I think it is interesting that commercial sales increased \$100 million dollars to \$5.2 billion. Exports under Government-financed programs remained at \$1.6 billion, the same as in fiscal 1966.

Commercial sales assisted by export payments in cash or in kind or sales of CCC stocks at less than market price, were \$1.4 billion, \$200 million higher than in fiscal year 1966. Commercial sales without assistance were \$3.8 billion in fiscal 1967, and \$3.9 billion in fiscal 1966.

Now, we are expecting in fiscal 1968 to have slightly lower, maybe 3 percent lower, farm exports than we had this year. And if we do, it will be partly on the basis of the lower prices for export products as well as slightly smaller volume of exports in a number of fields.

Mr. LANGEN. One moment. Let me see if I read that chart correctly. I note in the "commercial exports (dollar sales) without assistance," just a small amount of drop.

Dr. WILCOX. Yes.

Mr. LANGEN. But in the commercial exports with assistance, a very small increase.

Dr. WILCOX. Yes.

Mr. LANGEN. Now, what accounted for that? It seems to me with the lower prices we should have had a substantial increase.

Dr. WILCOX. I think it was the extension of an export payment to additional types of tobacco. That would be the principal factor. At the moment, I can't think of what other commodities we sold for commercial dollars where we used Government assistance.

Dr. UPCHURCH. Wheat and tobacco were the two chief products.

Mr. LANGEN. Ordinarily we want to imply that when prices are down it places the product in a more competitive position on the world market and should increase exports. Yet in 1967 the price on the overall scene was down, yet it required more dollar assistance to maintain about the same level of total exports in the commercial field.

This kind of surprises me.

Mr. WHITTEN. Until the first of January I represented one of the biggest cotton producing areas in the country, that is the Mississippi side of the Mississippi River Delta. Since redistricting I have some parts of the Delta, but don't have it all. But I have kept fairly familiar with the cotton picture.

We had such a small production of good cotton this year that most of what we had available to sell were the short cottons and finer cottons. Much of this we have had on hand for a long time and doubtless we have had to use some Government assistance in moving it. But a lot of our problem is that we just haven't had the cotton to sell that is desirable.

We have had the leftovers and undesirable types from CCC. So I am sure you will find that is the reason prices are way ahead of the support level. That may be a part of the answer.

Dr. WILCOX. Mr. Langen, this refers to the fiscal year ending July 1, 1967. And our grain prices were high up until then. And we did have Government-assisted wheat, a little bit. So if we had some decline in feed grain, because of the high prices, you see, during this period, why, then, these others would be larger, wheat, and tobacco. I think that explains it.

EXPORTS AS PERCENT OF SALES

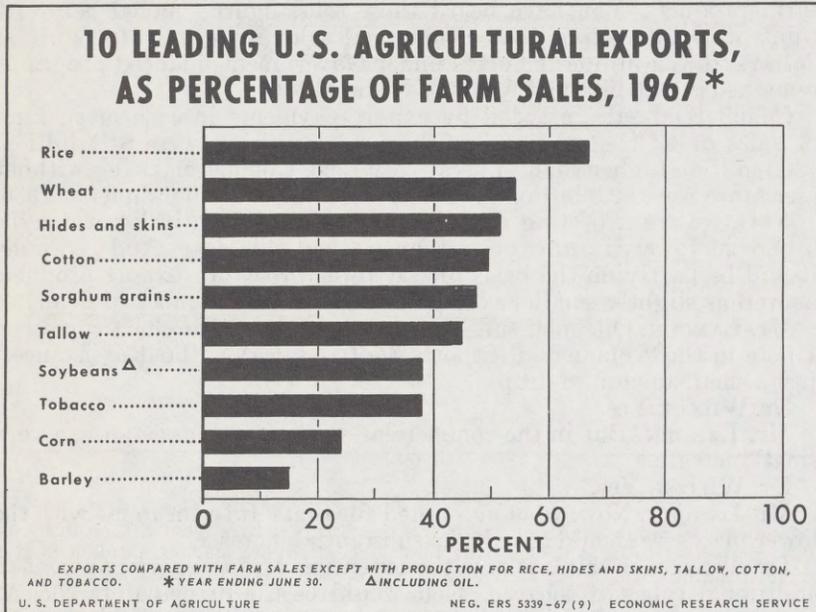


CHART 9.—U.S. exports as percentage of sales

Exports are an important outlet for many U.S. farm products. Exports accounted for $\frac{2}{3}$ of the U.S. production of milled rice, around half of the wheat, hides and skins and cotton; over 40 percent of the sorghums and tallow; nearly 40 percent of the soybeans and tobacco and about $\frac{1}{4}$ of the farm sales of corn. Without these exports, production would have to be curtailed further or prices suffer drastically or both.

Dr. WILCOX. Here is the chart that shows the 10 leading agricultural export products as a percentage of farm sales. Rice leads with about two-thirds of the production going into export. About half the wheat, hides and skins, and cotton, about 40 percent of the sorghum grain, tallow, soybeans, and tobacco, and about one-fourth of the farm sales of corn go to the export market.

COMMERCIAL EXPORTS OF FARM PRODUCTS BY COUNTRY

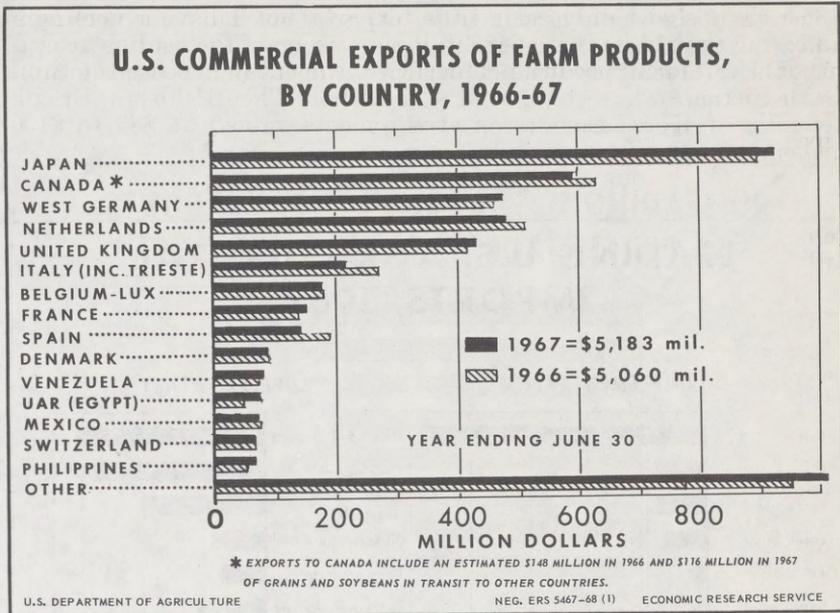


CHART 10.—U.S. commercial exports of farm products

Japan with commercial imports of U.S. farm products of \$929 million in fiscal 1967, continued to be American farmers' largest export market. Canada is the second ranking foreign commercial market for U.S. farm products with imports valued at \$594 million. However, this total includes an estimated \$116 million of grains and soybeans used to finish the loading at Canadian ports of ships moving through the St. Lawrence Seaway. The next 3 ranking import markets for commercial shipments of U.S. farm products were West Germany \$476 million; Netherlands \$471 million and United Kingdom \$434 million. The remaining four countries of the European Economic Community—Italy, Belgium and Luxembourg and France—plus Spain and Denmark complete the list of 10 top dollar markets for U.S. farm products.

Venezuela, Mexico, UAR (Egypt), Philippines, Switzerland, Sweden and Poland also bought significant quantities of U.S. farm products for dollars in fiscal 1967.

India continued to top the list of recipient countries of U.S. agricultural exports under Government financed programs with a total value of \$488 million. This was more than double the \$177 million value of program exports to Vietnam, the second leading country. Pakistan, Brazil, and the Republic of Korea received program shipments valued at \$85-\$108 million. Taiwan, Indonesia, Yugoslavia, Morocco and Tunisia complete the list of the 10 ranking recipient countries for program shipments.

Dr. WILCOX. This chart looks at exports from the standpoint of the country of destination. Japan leads, as it has for several years, with \$929 million of exports last year. Canada was second highest, with \$594 million, although \$116 million of that was grains and soybeans that were used to finish loading the ships moving on the St. Lawrence Seaway.

The next three ranking markets for U.S. farm products are West Germany, the Netherlands, and United Kingdom, with exports of \$400 to \$500 million each. The remaining four countries of the European

Common Market, plus Spain and Denmark, completes the list of the 10 top commercial markets.

The chart shows only commercial exports, but I have a note here indicating that India, with \$488 million, was again the leading recipient of U.S. farm products under Government-financed programs. South Vietnam was second, with \$177 million. Then Pakistan, Brazil, Republic of Korea each received shipments valued at \$85 to \$100 million.

OUR LEADING AGRICULTURE IMPORTS

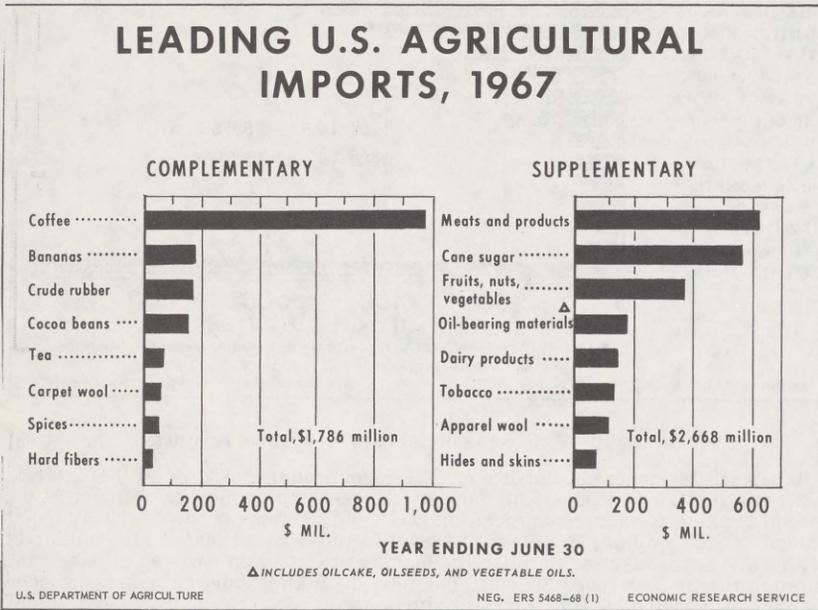


CHART 11.—Our leading agricultural imports

The value of U.S. imports of agricultural products in fiscal year 1967 totaled \$4.5 billion, the same as in the previous fiscal year.

The value of supplementary imports (products produced commercially in this country) was \$2.7 billion, an increase of \$196 million from the previous year. Over half of this increase was accounted for by an increase of \$118 million in the value of imports of cane sugar. The value of imports of animals and products was about the same as a year earlier with declines in the value of imports of apparel wool, dutiable cattle and hides and skins nearly offsetting increases in the value of imports of meats and meat products and dairy products. The ranking supplementary import items in fiscal 1967 were meats and meat products \$632 million, sugar \$572 million, fruits, vegetables and nuts \$365 million and oil-bearing materials \$187 million.

The value of complementary imports (not produced commercially in this country) was \$1.8 billion in fiscal 1967, down 10 percent from a year earlier. This decline offset the increase for supplementary imports and the total value of agricultural imports remained at \$4.5 billion. A decline of nearly \$200 million in the value of coffee imports accounted for the decline. Changes for other complementary import items were offsetting. Both the quantity and price of coffee imports were down from fiscal 1966.

Coffee is the leading agricultural import of the U.S. by a wide margin with an import value of nearly \$1 billion in fiscal 1967. Other ranking complementary items are bananas \$182 million, crude natural rubber \$169 million and cocoa or cocoa beans \$145 million.

Dr. WILCOX. Last year you asked why we didn't have a chart on imports, so here is a chart on imports, in response to that request.

This chart shows the leading agricultural imports, classed as complementary and supplementary. Complementary imports are those where we have no commercial production in this country. Supplementary imports are meat products, cane sugar, fruits and nuts, vegetables, and so forth, which we produce commercially in this country.

The value of the supplementary imports was \$2.7 billion in 1967, up \$196 million from 1966. An increase of \$118 million in imports of sugar accounted for half of the increase in the imports here in the supplementary list.

Mr. WHITTEN. You understand, Doctor, that in the record you may feel free to fully explain the charts.

Dr. WILCOX. Yes; we have a caption to go along with each of the charts, explaining them in considerable detail.

Mr. LANGEN. It is good to see that this chart is included with the rest of them, because of the significance it has to the overall supply of products and the exchange of products with foreign countries. I note that the figures you gave, comparing them to last year, are pretty pertinent to this chart, as well as to the other chart. It is good to know whether they are going up or down, or in what direction they are heading.

Dr. WILCOX. Yes; we carry those figures in the legend we supply with each of the charts. I might say that the value of complementary imports of \$1.8 billion was down 10 percent as compared with the previous year. And that is almost all due to a \$200 million decrease in coffee imports.

Mr. LANGEN. May I ask one further question, Mr. Chairman? The \$2,668 million—does that represent U.S. price? Or foreign?

Dr. WILCOX. Foreign value, I believe.

Mr. LANGEN. Foreign value. How about the American products? Talking about exports now, and the dollar values that are expressed there? Are those U.S. prices or are those the price we received for it?

Dr. WILCOX. This is the price we received for it. Those are port prices.

Mr. LANGEN. Port prices? Here or in the foreign country?

Dr. UPCHURCH. Imports are valued in terms of prices f.o.b. foreign ports. Exports are valued in terms of prices f.a.s. U.S. ports.

Mr. LANGEN. You referred to hides and skins, not produced in this country. Does that include mink?

Dr. WILCOX. I wondered if you wouldn't ask that question. Mink is one that is produced in this country; yes, sir.

Dr. UPCHURCH. That figure does include mink.

Mr. RANDALL. But the big item is such things as sheepskins.

FARM ASSETS AND FARM DEBT

CHART 13.—FARM FINANCIAL DATA, DEC. 31, 1957, 1960, 1963, AND 1967

[Dollar amounts in billions]

	1957	1960	1963	1967 ¹
Assets:				
Financial assets ²	\$18.3	\$18.0	\$19.1	\$22.0
Physical assets:				
Non-real-estate ³	51.6	55.3	58.6	67.7
Real estate.....	115.9	131.4	152.3	191.5
Total	185.8	203.9	230.0	281.2
Liabilities:				
Non-real-estate debt:				
Excluding CCC.....	8.8	12.0	16.2	23.6
CCC.....	1.2	1.4	1.9	1.2
Real estate debt.....	10.4	12.8	16.8	25.0
Total debt	20.4	26.2	34.9	49.9
Proprietors' equities.....	165.4	177.7	195.1	231.3
Debt as percentage of assets.....	11.0	12.8	15.2	17.7
Interest payments as percentage of realized gross income ⁴	2.9	3.6	4.3	5.6

¹ Preliminary.

² Bank deposits, savings bond, and investment in co-ops.

³ Livestock and crop inventories, farm machinery, and household equipment.

⁴ Calendar years.

The total value of farm assets is estimated at \$281 billion at the end of 1967. This was an increase of \$12 billion during 1967 and \$78 billion since the end of 1960.

Farm debt (including CCC loans) totaled \$49.9 billion as of December 31, 1967, an increase of \$4.2 billion in 1967. Total farm debt was up \$23.7 billion from the end of 1960. Farm debt was 17.7 percent of total farm assets at the end of 1967 compared with 12.8 percent at the end of 1960.

At the end of 1967, the value of farm real estate was \$192 billion and accounted for 68 percent of the farm asset total. Other physical assets (machinery and equipment, livestock and crop inventories, etc.) at \$67.7 billion were 24 percent. Financial assets totaled \$22 billion and accounted for 8 percent.

The value of farm real estate increased around 5 percent in 1967. This is a continuation of the uptrend in farm real estate values that has been underway for many years.

The value of productive assets is estimated at \$73,000 per farm at the end of 1966, compared with \$44,000 at the end of 1960.

Dr. WILCOX. I had this chart made up in this way, rather than the line charts, which we showed you in the past because there has been so much discussion about the farm asset and farm debt positions of farmers. This is a section of the more detailed table that I have inserted in the record. It brings out the financial assets, the liabilities, the breakdown of liabilities between non-real-estate debt and real estate debt, the proprietors' equities, and debt as percentage of assets. It also shows interest payments as percentage of realized gross income.

The thing that I want to point out is that financial assets went up from \$18 billion at the end of 1957 to \$22 billion at the end of 1967.

Non-real-estate physical assets are inventories of grain and livestock on hand, farm equipment and so on, and they went up from \$51.6 billion to \$67.7 billion. Farm real estate—this is primarily land and buildings—\$115.9 billion to \$191.5 billion. So that total assets have gone up from about \$186 billion to \$281 billion.

If you come down and look at the liabilities, you find that the non-real-estate debt excluding CCC loans has gone up from \$8.8 billion to \$23.6 billion. CCC debt has stayed about the same. This is CCC loans on price support commodities. Real estate debt has gone up from \$10.4 billion to \$25 billion. Total debt increased from \$20.4 billion to \$49.9 billion.

But, during that same period of time, when debt has more than doubled, assets have gone up more than debts, and proprietors' net equities have gone up about \$66 billion, over twice as much as debts. So that even though debt as a percentage of assets is going up, farmers' assets are greater in each one of these categories than they were back in the fifties or in 1960 or even in 1963. But interest—the cost of carrying debt—is up, it has gone up from 2.9 percent of gross farm income to 5.6 percent.

INCOME VERSUS INVESTMENT

Mr. WHITTEN. Looking at your chart there, I notice the increased assets, financial assets of farming—and I have made this point for numerous years with the Farm Credit Administration and others. His physical assets, which primarily have to do with his farm, can't be realized without quitting farming. Another way of saying it is that in order to farm he has to have that much more money. A farmer is worse off because his real estate taxes are assessed on the so-called value. So his taxes go up and he has to charge those against the real value of his land to him, his income from his land.

If a man gave you a dairy farm, you would do well, perhaps. But you can't buy a farm with the money you make from dairy prices. And we have had pointed out, in other years, one of our problems in the dairy field is that the farms, by and large, are reasonably close to the cities and on rolling lands, and are ideal for subdivisions. So the average dairy farmer's land gets so expensive he can't afford to continue in dairy farming.

He usually ends up retiring and living on the return. I have never been able to follow that chart too well because it is so misleading. And though you are not misleading us, anybody that looks at what a farmer is worth thinks the wrong thing. As a matter of fact it just shows what he has to match his income against.

Dr. WILCOX. Yes.

Mr. LANGEN. I think the chairman makes an excellent point.

Looking at the chart accompanying your statement, I think this is shown even more realistically, because here you have determined the total farm production assets on the per farm basis. It has gone up to some \$73,000-plus, and that compares to an income on a per farm basis of some \$4,500, which in my hurried calculation is only about 6 percent.

Dr. WILCOX. Yes.

Mr. LANGEN. At the same time, going back to 1957 and making the same comparison, the return for the investment is almost 8 percent.

So that relating to the amount of money invested in a per farm operation, it was substantially better in 1957 than it is in 1967 in direct relationship to the total investment.

After all, this is a necessary comparison to make if you are evaluating any business operation.

Mr. WHITTEN. If I might contribute this thought—whether the man inherited his farm or paid for it years ago, or if he continues in business, he has got to match what his property is worth against his income. Otherwise he gets rid of his property and cashes in on the increased value.

Dr. WILCOX. This is very true, yes.

CROP PRODUCTION

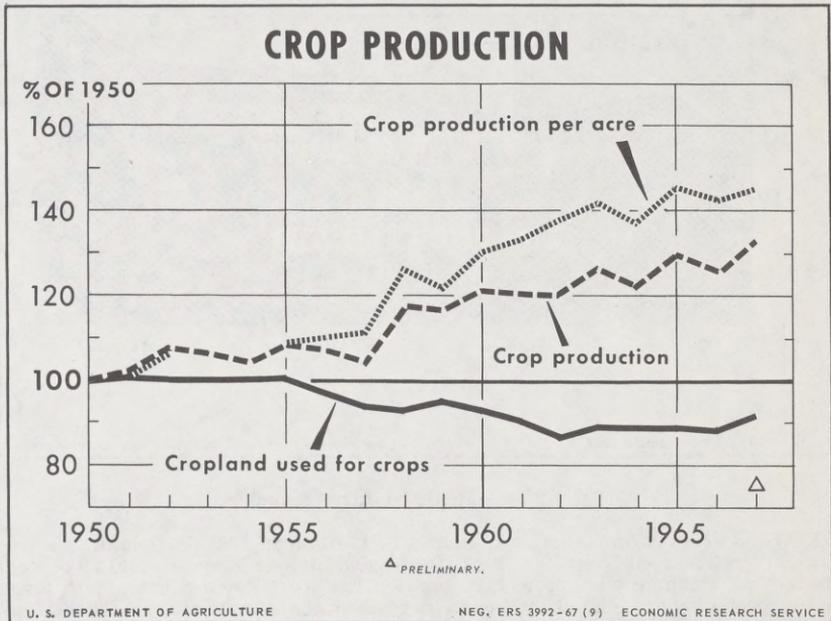


CHART 14.—Crop production

Crop production at 116 (1957-59=100) was record high in 1967. This was an increase of nearly 4 percent from 1966 and was 30 percent more than 1950.

Planted acreage was the most in 7 years. Crop yields were up slightly from 1966 and nearly matched 1965's record high. Production of most major field crops except cotton and sugar crops was higher than a year earlier. Cotton production was the smallest since 1895. Less acreage was planted to cotton, abandonment was record high and average yield per acre was the lowest since 1961. Output of sugar crops was much the same as 1966. Production of fruits and nuts dropped sharply mainly because of unfavorable growing conditions for western fruit crops, primarily in California.

Crop production per acre increased to 121 percent of the 1957-59 average, slightly higher than 1966 but slightly lower than the record high of 1965.

Dr. WILCOX. This is the chart that we have been showing you for several years; total crop production, crop production per acre and cropland used for crops. Crop production was at a record high in 1967, 4 percent higher than in 1966, 30 percent higher than in 1950. Crop production per acre was up slightly from 1966. But it was still not quite

up to 1965. If you look to this year—thinking about 1968 now—we will have fewer acres of wheat and fewer acres of feed grains, so that we will probably have less cropland used for crops and less total crop production in 1968 than we had in 1967, slightly, as a result of our farm program.

REALIZED FARM INCOME

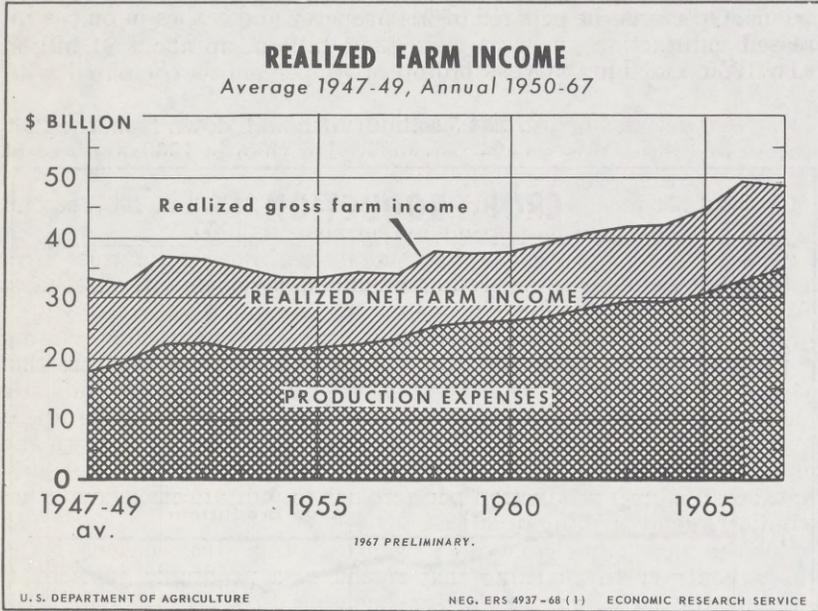


CHART 15.—Realized farm income

Realized gross farm income was nearly \$49 billion in 1967. Although this was down about 2 percent from 1966 it was the second highest of record and 29 percent above 1960. Cash receipts from farm marketings were down a little with lower prices received more than offsetting an increase in the volume of farm marketings. Livestock and products contributed most to the decline in cash receipts from marketings.

Government payments were also down from 1966. Payments under the wheat and cotton programs were up but feed grain payments were down even more.

Farm production expenses continued to rise. At \$34.4 billion they were up over \$1 billion from 1966. Compared with 1960, farm production expenses last year were over \$8 billion or 31 percent higher than 1960. In fact, farm production expenses in 1967 were slightly more than the total amount of realized gross farm income in 1957.

Higher prices paid by farmers for items used in production and increased purchase inputs caused production expenses to increase.

From 1960 to 1967 prices paid for goods used in production were up nearly 10 percent, interest 110 percent, taxes per acre 55 percent and farm wage rates 34 percent. Farmers also continued to substitute purchased inputs for non-purchased items.

With more production expenses deducted from lower gross income, realized net farm income in 1967 was \$14½ billion. Although down from 1966's near record level, this was 24 percent higher than 1960. Except for 1966 it was the highest since 1951.

Realized net income per farm is estimated at \$4,573. This is second only to the record \$5,049 last year and is 55 percent higher than 1960.

Realized gross farm income next year probably will be record high at about \$50 billion, around \$1 billion higher than in 1967. Production expenses are also

expected to be higher. The prospective increase may about offset the increase in realized gross income. So, realized net farm income this year may be about the same as the 1967 level of \$14½ billion.

Dr. WILCOX. This is the chart on realized farm income. Farm production expenses are shown in the bottom sector and realized net farm income in the top sector. Adding the two together gives realized gross farm income. Realized gross farm income was nearly \$49 billion in 1967. This was 2 percent below 1966, but the second highest on record and up 29 percent as compared with 1960.

Farm production expenses were \$34.4 billion, up about \$1 billion from 1966, and up about \$8 billion or 31 percent as compared with 1960.

Realized net income was \$14.5 billion. Although down from the 1966 near record level, this was 24 percent higher than in 1960, and except for 1966, the highest since 1951.

Realized net income per farm is estimated at \$4,573 in 1967, second only to last year and 55 percent higher than in 1960.

Looking on to 1968, we are expecting a small increase in gross farm income, but an increase in production expenses which will offset most of the increase in gross farm income.

Mr. LANGEN. If I may make one comment, and one inquiry relating to the two charts, because I think there is a correlation there that ought to be noted. Looking for a moment at the first chart, it indicates that the crop production per acre has quite consistently gone up. It went up particularly in 1967. However, the net income went down and putting those two together calls to my attention a point that is significant, because crop production per acre has to indicate efficiency, it has to indicate good farming practices.

But the income has gone down even with this great efficiency. And this is contrary to anything that resembles a profitable business. It accounts for a big part of the farm concern that prevails out in the country today.

Those two charts do give you a pretty clear picture of just what that combination means.

Dr. WILCOX. Yes. As I mentioned in my prepared statement, we still held land out of production. And crop production would have been still higher if we hadn't had the programs last year. Income would have dropped even more than it did.

INCOME OF FARM OPERATOR FAMILIES FARMS WITH VALUE OF SALES OF
LESS THAN \$10,000

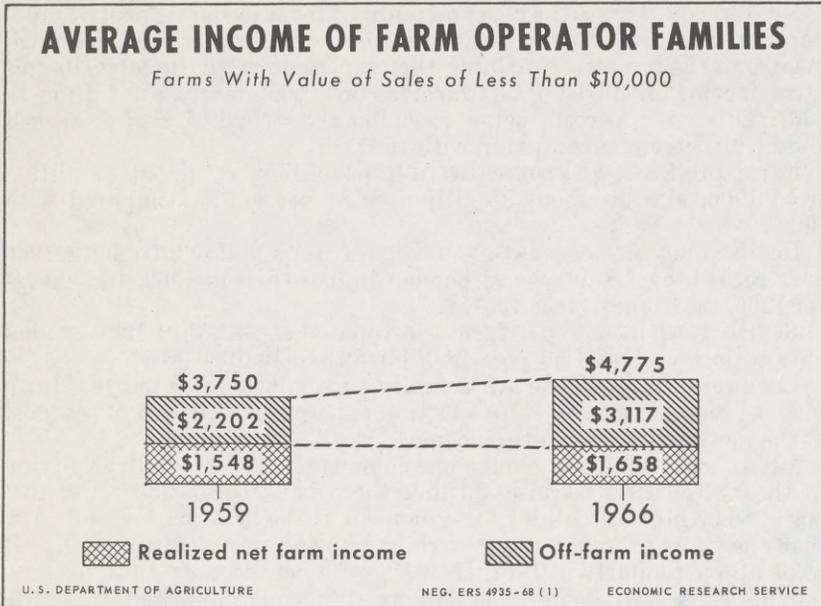


CHART 16.—Average income of farm operator families farms with value of sales of less than \$10,000

The average income from all sources of farm operator families on farms with value of sales of less than \$10,000 was \$4,775 in 1966. This was \$1,025 or 27 percent higher than in 1959. Realized net income per farm rose from \$1,548 to \$1,658 or 7 percent. Off-farm income increased from an average of \$2,202 in 1959 to \$3,117 in 1966 or 42 percent. In 1959 off-farm income exceeded net farm income by over 40 percent on these farms. In 1966 off-farm income was nearly 90 percent more than net farm income.

The number of farms with value of sales of less than \$10,000 declined from 3,269 thousand in 1959 to 2,215 thousand in 1966. In 1959, they accounted for 29 percent of the value of farm products sold. In 1966 this had declined to 15 percent.

Prices paid by farmers for family living items were 9 percent higher in 1966 than in 1959. Thus, in terms of purchasing power in terms of 1959 prices the increase in income of the families on these farms was equivalent to 17 percent.

Rough approximations for 1967 indicate average income per family from all sources was about the same as in 1966. More income from off-farm sources about offset some decline in average realized net income per farm.

Dr. WILCOX. I have here the chart of average income of farm operator families with the farms divided into farms with sales of less than \$10,000 and on the next chart farms with value of sales of over \$10,000.

This chart shows that income from all sources on these farms was \$3,750 in 1959. That is the first year for which we were able to separate our statistics this way. So we started from that base. That is the reason I used 1959 as a comparison—average income from all sources

in 1966 was \$4,775, as you see there. That is 27 percent higher than in 1959. The realized net income per farm only went up 7 percent between those two years from \$1,548 in 1959 to \$1,658 in 1966; whereas, the off-farm income rose from \$2,202 in 1959 to \$3,117 in 1966, or 42 percent.

Now, it is important to note that the number of these farms declined from 3,269,000 in 1959 to 2,215,000 in 1966.

In 1959 these small farms accounted for 29 percent of the value of farm products sold, but this had declined to 15 percent in 1966. So they are a much small proportion of the total.

Rough approximations for 1967—you see this is for 1966, because we don't get this breakdown until July the following year, so we won't have the 1967 figures until July of this year—but rough approximations indicate that income from all sources will be about the same as in 1966, with an increase in off-farm income about offsetting a decrease in realized net income per farm on these farms in 1967.

Mr. LANGEN. Two questions, if I may. First of all, how come you use 1966 figures here, when you are using 1967 figures in other charts?

Dr. WILCOX. This is what I was saying, we are unable to make this breakdown until July of the following year, so we can't give you the 1967 figures in final form until after July of this year, because this is a breakdown between farms that sell less than \$10,000 worth of products and farms that sell over \$10,000 worth.

Mr. LANGEN. Second, what was the percentage increase in the farm income as compared to the off-farm income?

Dr. WILCOX. Farm income was up only 7 percent here and non-farm income was up 42 percent. So this is a 27-percent increase in family income which is due primarily to the increase in off-farm income.

People have asked me, "Well, if you correct for changes in the purchasing power of the dollar, what would you have?" As I remember it, it would be about 17 percent instead of 27, that their income per family has gone up.

Mr. WHITTEN. Your figures there for both 1959 and 1966 clearly demonstrate that any farmer or farm family that produces less than \$10,000 gross has had to look elsewhere for from 50 to 75 percent of their income to maintain any reasonable standard of living.

Dr. WILCOX. Yes. This is an average for all of those farms, of course. The people at the upper end would do a little better than this.

AVERAGE INCOME OF FARM OPERATOR FAMILIES; FARMS WITH VALUE OF SALES OF \$10,000 OR MORE

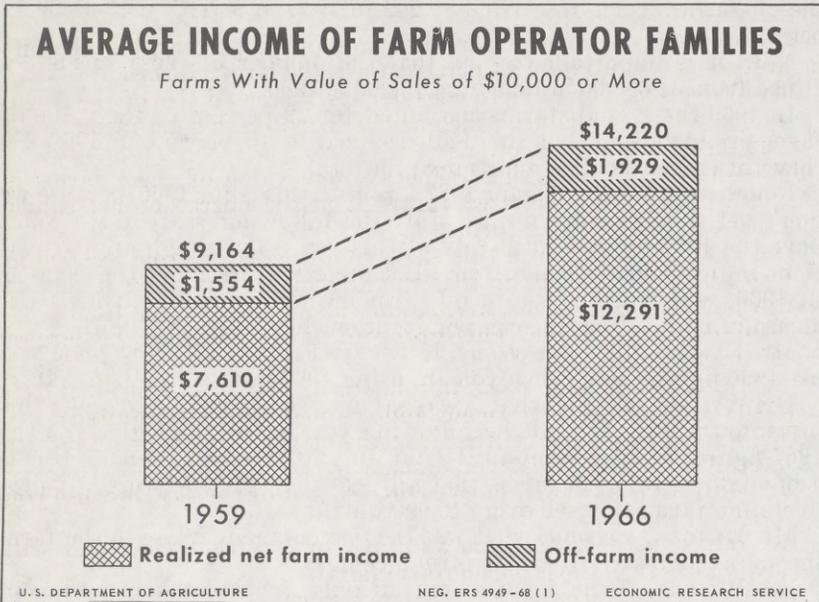


CHART 17.—Average income of farm operator families; farms with value of sales of \$10,000 or more

Average income from all sources of operator families on farms with value of sales of \$10,000 or more rose from \$9,164 in 1959 to \$14,220 in 1966. Realized net income per farm increased from \$7,610 to \$12,291 or 62 percent. Off-farm income increased from \$1,554 in 1959 to \$1,929 in 1966 or 24 percent. The number of farms with value of sales of \$10,000 or more increased 25 percent from 828 thousand in 1959 to 1,037 thousand in 1966. They made up 20 percent of all farms and accounted for 71 percent of the value of farm products sold. In 1966, the comparable figures were 32 percent of the farms and 85 percent of the value of products sold.

Realized net farm income of \$12,291 is the return to the operator family for the capital they own and for the labor and management they supply. There is no completely objective way to allocate net farm income among the several factors of production. However, assuming a modest rate of return of 4¼ percent on the family's equity in productive assets gives an indication of the return to family labor and management.

The equity in productive assets averaged \$95,419 in 1966. Return on this amount at 4¼ percent would be \$4,532. This would leave \$7,759 as the return for labor and management, this would be equivalent to \$3.66 per hour. If a higher rate of return—say 6 percent—were allowed on the operators' equity in productive assets, the balance remaining as return for labor and management would be equivalent to about \$3.10 per hour.

Taking account of the increase in prices paid by farmers for family living items, the purchasing power of the income of the families on these farms was 42 percent higher in 1966 than in 1959.

Rough approximations for 1967 indicate that average income from all sources on these farms was down more than \$1,000 from 1966. All of the decline was in realized net income per farm. Average income from off-farm sources was up slightly.

Dr. WILCOX. The next chart shows the average income of the farm operator families on farms with sales of \$10,000 or more. The average income from all sources rose from \$9,164 in 1959 to \$14,220 in 1966, or an increase of 55 percent.

The realized net income per farm was up 62 percent, but the off-farm income was up only 24 percent for these larger farms.

Mr. WHITTEN. You have to consider the increased size of the farm, the increased value against which he has to match this net income as a percentage of his investment.

Dr. WILCOX. That is right. The average value of these farms is \$121,000. These are good-sized farms. And the operator's net equity was about \$95,000 on these farms.

The number of farms in this size group increased from 828,000 in 1959 to 1,037,000 in 1966. So that these farms, if you allow a rate of return on their investment, are making about the average family income of nonfarm people. This group of farms includes the largest farms that we have.

Mr. WHITTEN. Do you mean in total, or do you mean when matched against the increased investment and the management required?

Dr. WILCOX. You see on this investment you can assume any rate of interest you want to. If you assume 4¾- or 5-percent interest—

Mr. WHITTEN. You will have to do that out of the sky, because you can't do it at the bank.

Dr. WILCOX. No. And if you do it at 6 or 7 percent, then they will be earning less than the large nonfarm family.

Mr. WHITTEN. With that \$121,000 investment.

Dr. WILCOX. After they have allowed interest on their equity in the \$121,000 investment.

Mr. WHITTEN. Of course, I have to point out another factor—if you get a salary, and you practice law as I used to, you don't risk everything. If you are in the farming business you risk your whole capital investment the beginning of every crop year.

Dr. WILCOX. Yes, the way I like to summarize this is after you have allowed for interest on investment these people are earning about the same average return per family as the nonfarm people, as the median nonfarm people.

Mr. LANGEN. In making these comparisons, of farms with a value of sales of \$10,000 or more, is that per farm income on the same size farm in 1966 as it was in 1959 or does it represent a larger unit?

Dr. WILCOX. Do you know that?

Dr. UPCHURCH. It is a larger unit.

Dr. WILCOX. Not only that, but this is also the nonfarm income that comes to that farm family on that farm too, which is shown at the top.

Mr. LANGEN. I appreciate that. But the increase in the realized net farm income also reflects a larger operation?

Dr. WILCOX. Yes.

PRICES RECEIVED BY FARMERS AND RETAIL FOOD PRICES

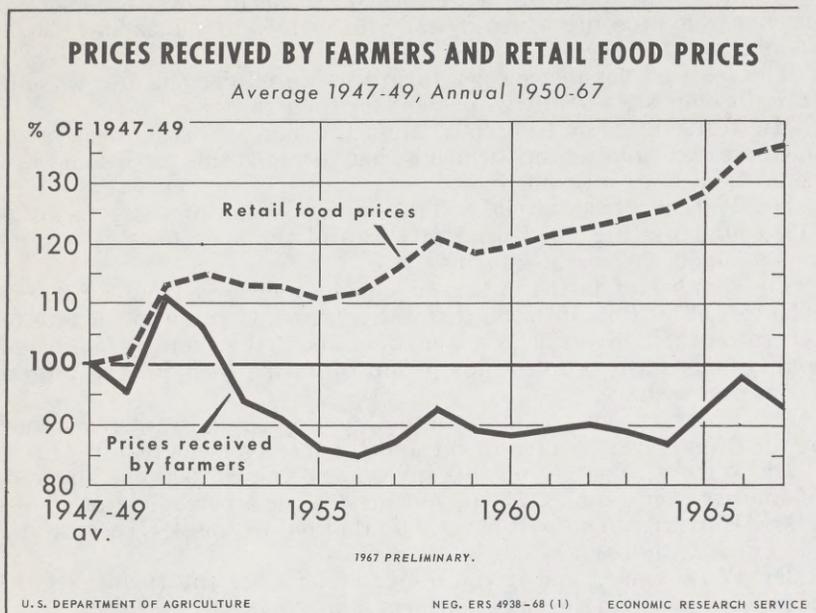


CHART 18.—Prices received by farmers and retail food prices

Prices received by farmers in 1967 declined 5 percent from 1966 and were down 7 percent from the 1947-49 average.

Retail food prices increased less than 1 percent from 1966 to 1967. Retail food prices have climbed steadily since 1959 and in 1967 averaged about 36 percent higher than in 1947-49.

The farmer's share of the retail food dollar was 38 cents in 1967. This was down 2 cents from 1966 and 12 cents below the average for 1947-49 when farmers received 50 cents out of each dollar spent for food at retail.

An advance in food prices at retail stores of around 2 percent appears likely in 1968. Some increase in prices received by farmers is expected to be reflected at retail. In addition, farm-retail margins which were stabilized through most of 1967, likely will resume their previous advance.

Dr. WILCOX. Now this is the chart showing the prices received by farmers and retail food prices, going back to 1947-49, the same chart I presented last year. It shows retail food prices in 1967 were, 36 percent above the 1947-49 average. Whereas farm prices are 7-percent lower than they were in that period.

The farmers' share of the retail food dollar was 38 cents in 1967. This is 2 cents less than in 1966 and 12 cents less than the average for 1947-49 when farmers received 50 cents out of each dollar spent for food at retail.

Retail food prices in 1968 at the grocery store are expected to be just slightly higher than they were in 1967. There was no change at all in 1967 over 1966.

Mr. WHITTEN. I would point out one other thing there. The downward trend from 1966 in prices received by farmers has been more than absorbed by the increase in retail food prices. They have taken up that slack plus a slight addition.

Dr. WILCOX. That is right, yes.

CONSUMER EXPENDITURES FOR FOOD RELATIVE TO INCOME

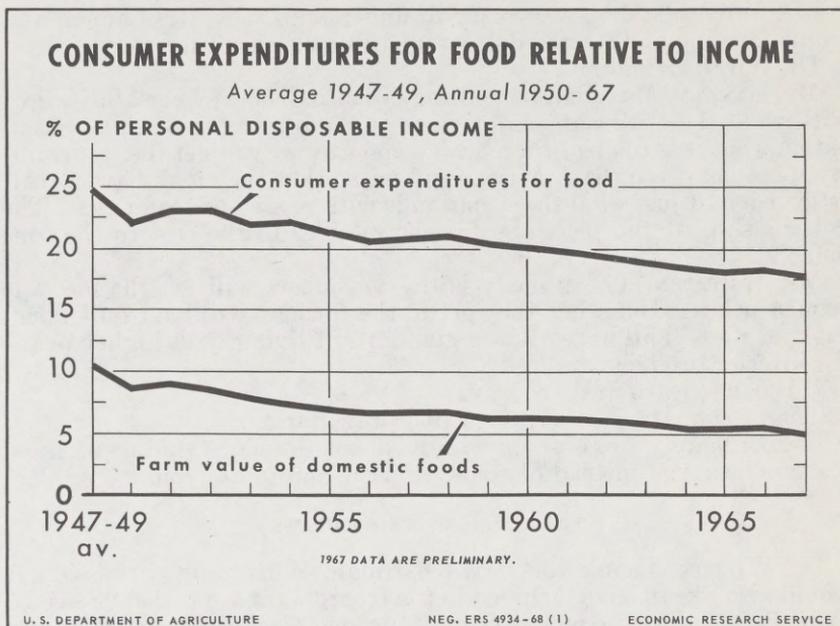


CHART 19.—Consumer expenditures for food relative to income

U.S. consumers spent around \$96½ billion for food in 1967. The increase of 4 percent in food expenditures from a year earlier was less than the increase in consumer income. As a result, the percentage of income spent for food dropped to around 17.7 percent in 1967. Civilian expenditures for U.S. farm foods were \$85.5 billion or 15.7 percent of income. The farm value of these foods was 5.1 percent of income and the marketing bill was equivalent to 10.6 percent.

In 1947-49 civilian expenditures for food required 24.7 percent of consumers' disposable income. Farm foods accounted for 23.8 percent, the farm value 10.4 and the marketing bill 13.4 percent.

Food expenditures this year are expected to advance as much or a little more than in 1967 and may exceed \$100 billion. Consumers' income are also expected to increase. Little change in the percentage of income spent for food is likely this year.

Dr. WILCOX. Now this is consumer expenditures for food relative to income. In 1967, consumer expenditures for food were 17.7 percent of disposable income.

I have some figures here which indicate how you get down to this 5 percent. The lower line of the chart represents the farm value of domestic foods which accounts for only 5 cents out of each dollar the consumers' disposable income.

Mr. WHITTEN. You have separated the farmer from those who might handle his products?

Dr. WILCOX. That is right. Consumers' food expenditures include the farm value of domestically produced farm food, the marketing bill for the U.S. farm food, and nonfarm foods such as fish and imported food.

When you take those out, then we get the farm value of U.S. farm food is 5.1 percent of the income, the marketing bill 10.6 percent and

expenditures for farm food are 15.7 percent of disposable income as compared with 17.7 when you include all imported food and fish.

Mr. WHITTEN. It is very easy to understand why Mr. Langen and I quit farming and started doing something else, isn't it?

Dr. WILCOX. Could be.

Mr. LANGEN. May I add one thing, Mr. Chairman? I certainly agree with what the chairman said earlier, at the beginning of this presentation, that it is too bad there isn't some way we can get the story told by those charts to the American public, so that they may have a realistic vision of just what the situation is with regard to food prices. The relationship of the price the farmer receives to the cost to the consumer.

Mr. WHITTEN. The tragedy is the consumers will get the message sooner or later. But when they get it, the farmers will have quit farming and we will all have a lower standard of living with higher prices for inferior products.

It is bad to learn the hard way.

Thank you, Dr. Wilcox, for a fine presentation.

Unfortunately those of us who have some understanding of these matters hear you instead of some we wish could hear you.

FARM PRICES AND INCOME

Dr. WILCOX. Thank you, Mr. Chairman. With your permission, I would also like to have included in the record a table entitled "Selected Data Relating to Farm Prices and Income, United States, 1939 and 1950-67." This has been inserted in the record in previous years.

(The table referred to follows:).

SELECTED DATA RELATING TO FARM PRICES AND INCOME, UNITED STATES, 1939 AND 1950-67

Year	Prices received and paid			Food market basket ³		Total farm output (1957=100)	Agricultural exports (millions)	Sales, expenses, and realized income of farm operators from farming		Index of farmland values (1957-59=100)	Total farm debt (excluding CCC) Jan. (billions)	
	Prices received by farmers (1910-14=100)	Prices paid or parity index ¹ (1910-14=100)	Parity ratio (percent) ²	Farm value	Marketing margin			Cash receipts from sales	Production expenses			Realized net income
1939	\$95	\$123	\$95	\$172	\$279	\$68	\$655	\$7.9	\$6.3	\$4.3	\$9.6	
1950	258	266	102	432	488	86	2,873	26.5	19.4	12.9	10.8	
1951	302	282	108	497	527	89	4,040	32.9	22.3	14.8	12.3	
1952	288	297	101	482	552	92	3,431	32.5	22.5	14.0	14.0	
1953	255	277	93	445	537	93	2,847	31.9	21.3	13.7	14.9	
1954	246	278	89	396	537	93	2,654	29.9	21.6	12.9	14.6	
1955	232	278	84	371	546	96	3,199	29.5	21.9	11.2	15.5	
1956	235	279	83	366	554	97	3,170	30.4	22.4	11.9	16.9	
1957	255	267	85	380	573	95	4,506	29.7	23.5	10.7	17.8	
1958	230	284	88	407	602	102	3,895	33.5	23.2	12.7	16.2	
1959	240	298	92	377	608	103	3,955	33.5	26.1	11.4	21.2	
1960	238	300	91	380	608	106	4,632	34.0	26.2	11.7	23.6	
1961	240	302	83	380	617	107	5,024	34.9	27.0	12.9	24.8	
1962	244	307	83	384	622	108	5,034	36.2	28.5	12.5	26.7	
1963	243	312	81	374	639	112	5,385	37.2	29.6	12.5	23.7	
1964	237	313	78	374	639	112	6,347	37.1	29.4	13.0	33.0	
1965	248	321	82	408	630	115	6,229	39.1	30.9	13.1	36.0	
1966	266	334	86	443	652	113	6,885	43.2	33.2	16.4	40.2	
1967 ⁴	252	342	79	413	668	117	6,386	42.5	34.4	14.5	44.6	

¹ Prices paid by farmers for goods used in farm family living and production, including allowances for taxes and mortgage interest paid per acre of farm real estate and for hired labor.

² Index of prices received expressed as a percentage of the index of prices paid.

³ The market basket includes estimated quantities of farm food products purchased per household in 1960-61 by urban wage-earner and clerical-worker families and single workers living alone.

⁴ December 31.

⁵ Preliminary.

Source: Compiled from Economic Research Service and Statistical Reporting Service data.

TUESDAY, MARCH 5, 1968.

SOIL CONSERVATION SERVICE

WITNESSES

JOHN A. BAKER, ASSISTANT SECRETARY OF AGRICULTURE
D. A. WILLIAMS, ADMINISTRATOR, SOIL CONSERVATION SERVICE
K. E. GRANT, ASSOCIATE ADMINISTRATOR, SOIL CONSERVATION SERVICE
NORMAN A. BERG, DEPUTY ADMINISTRATOR FOR FIELD SERVICE, SOIL CONSERVATION SERVICE
W. R. VAN DERSAL, DEPUTY ADMINISTRATOR FOR MANAGEMENT, SOIL CONSERVATION SERVICE
H. R. WILLIAMS, DEPUTY ADMINISTRATOR FOR WATERSHEDS, SOIL CONSERVATION SERVICE
CHARLES E. KELLOGG, DEPUTY ADMINISTRATOR FOR SOIL SURVEY, SOIL CONSERVATION SERVICE
C. H. DORNY, DIRECTOR, BUDGET AND FINANCE DIVISION, SOIL CONSERVATION SERVICE
BURR E. DAVIDSON, CHIEF, BUDGET BRANCH, SOIL CONSERVATION SERVICE
W. R. MOORE, DIRECTOR, WATERSHED OPERATIONS STAFF, SOIL CONSERVATION SERVICE
MINOTT SILLIMAN, JR., ACTING DIRECTOR, RESOURCE DEVELOPMENT DIVISION, SOIL CONSERVATION SERVICE
SIDNEY WEITZMAN, DIRECTOR, DIVISION OF FLOOD PREVENTION AND RIVER BASIN PROGRAMS, FOREST SERVICE
CHARLES E. HANSON, CIVIL ENGINEER, ASSOCIATION LOAN DIVISION, FARMERS HOME ADMINISTRATION
CHARLES L. GRANT, DIRECTOR OF FINANCE, DEPARTMENT OF AGRICULTURE

CONSERVATION OPERATIONS

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
Personnel compensation:			
11.1 Permanent positions.....	84,160	86,410	87,050
11.3 Positions other than permanent.....	4,796	5,715	6,000
11.5 Other personnel compensation.....	219	245	250
Total personnel compensation.....	89,175	92,370	93,300
12.0 Personnel benefits.....	7,268	7,400	7,650
13.0 Benefits for former personnel.....	1	2	2
21.0 Travel and transportation of persons.....	2,389	2,450	2,500
22.0 Transportation of things.....	723	906	900
23.0 Rent, communications, and utilities.....	3,317	3,376	3,400
24.0 Printing and reproduction.....	549	600	622
25.1 Other services.....	1,214	1,205	1,200
25.2 Services of other agencies.....	1,290	1,220	1,300
26.0 Supplies and materials.....	3,161	3,174	3,200
31.0 Equipment.....	2,127	2,151	2,200
32.0 Lands and structures.....	31	20	15
42.0 Insurance claims and indemnities.....	26	25	30
Subtotal.....	111,271	114,899	116,319
95.0 Quarters and subsistence charges.....	-6	-6	-6
99.0 Total obligations.....	111,265	114,893	116,313

PERSONNEL SUMMARY

Total number of permanent positions.....	10,523	10,340	10,250
Full-time equivalent of other positions.....	1,150	1,272	1,285
Average number of all employees.....	11,100	11,025	10,955
Average GS grade.....	7.7	7.8	7.9
Average GS salary.....	\$8,252	\$8,689	\$8,771

WATERSHED PLANNING

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
SOIL CONSERVATION SERVICE			
Personnel compensation:			
11.1	4,277	4,387	4,180
11.3	241	245	234
11.5	8	8	6
Total personnel compensation.....			
	4,526	4,640	4,420
12.0	384	386	376
21.0	310	305	274
22.0	48	47	46
23.0	104	112	109
24.0	125	134	110
25.1	156	150	130
25.2	87	81	82
25.3	12	9	9
26.0	90	90	85
31.0	98	90	75
Total obligations, Soil Conservation Service.....			
	5,940	6,044	5,716
ALLOTMENT ACCOUNTS			
Personnel compensation:			
11.1	341	353	360
11.3	17	22	22
11.5	1	1	1
Total personnel compensation.....			
	359	376	383
12.0	33	33	33
21.0	44	37	35
22.0	7	2	2
23.0	3	4	4
24.0	1		
25.1	10	15	15
25.2	2		
26.0	6	3	3
31.0	4	3	3
41.0	31	30	30
Total obligations, allotment accounts.....			
	500	503	508
99.0	6,440	6,547	6,224
Obligations are distributed as follows:			
Soil Conservation Service.....	5,940	6,044	5,716
Economic Research Service.....	27	26	26
Forest Service.....	473	477	482

PERSONNEL SUMMARY

SOIL CONSERVATION SERVICE			
Total number of permanent positions.....	515	470	450
Full-time equivalent of other positions.....	55	54	57
Average number of all employees.....	530	506	480
Average GS grade.....	7.7	7.8	7.9
Average GS salary.....	\$8,252	\$8,689	\$8,771
ALLOTMENT ACCOUNTS			
Total number of permanent positions.....	37	38	38
Full-time equivalent of other positions.....	4	4	4
Average number of all employees.....	37	38	42
Average GS grade.....	7.6	7.7	7.7
Average GS salary.....	\$7,977	\$8,477	\$8,510

WATERSHED PROTECTION
OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
SOIL CONSERVATION SERVICE			
Personnel compensation:			
11.1			
11.3			
11.5			
	19,277	21,900	20,821
	1,776	2,398	2,279
	390	441	429
	Total personnel compensation		
12.0	21,443	24,739	23,529
13.0	1,730	2,202	1,874
13.0	—		
22.0	895	963	935
23.0	189	302	300
23.0	596	649	605
24.0	474	522	471
25.1	1,334	1,596	1,514
25.2	228	246	134
26.0	471	560	506
31.0	659	740	677
31.0	681	705	624
33.0	4		
41.0	37,141	20,659	21,384
42.0	8	4	
	Total obligations, Soil Conservation Service		
	65,852	53,887	52,553
ALLOTMENT ACCOUNTS			
Personnel compensation:			
11.1			
11.3			
11.5			
	1,998	2,342	2,202
	105	100	108
	2	4	4
	Total personnel compensation		
12.0	2,105	2,446	2,314
21.0	180	202	194
22.0	226	265	249
23.0	30	42	44
23.0	45	53	51
24.0	9	11	11
25.1	425	467	438
25.2	43	65	65
26.0	41	71	72
31.0	41	65	64
32.0	36	25	30
33.0	5,483	288	200
41.0	432	536	349
	Total obligations, allotment accounts		
	9,096	4,536	4,081
99.0	74,948	58,423	56,634
Obligations are distributed as follows:			
Department of Agriculture:			
	65,852	53,887	52,553
	1,406	1,720	1,719
	6,002	701	450
	1,590	1,995	1,815
Department of Interior:			
	98	120	97

PERSONNEL SUMMARY

SOIL CONSERVATION SERVICE			
Total number permanent positions	2,451	2,675	2,541
Full-time equivalent of other positions	405	523	510
Average number of all employees	2,705	3,071	2,932
Average GS grade	7.7	7.8	7.9
Average GS salary	\$8,252	\$8,689	\$8,771
ALLOTMENT ACCOUNTS			
Total number permanent positions	230	231	229
Full-time equivalent of other positions	21	18	11
Average number of all employees	222	235	225
Average GS grade	8.0	8.3	8.3
Average GS salary	\$8,486	\$9,279	\$9,603

FLOOD PREVENTION

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
SOIL CONSERVATION SERVICE			
Personnel compensation:			
11.1	5,259	5,561	5,264
11.3	815	938	888
11.5	166	165	156
Total personnel compensation			
	6,240	6,664	6,308
12.0	482	518	493
21.0	161	199	175
22.0	39	65	60
23.0	163	170	170
24.0	128	164	160
25.1	1,273	1,250	1,250
	12,181	7,861	5,527
25.2	124	133	130
25.3	79	110	100
26.0	699	720	710
31.0	158	200	190
41.0	9	564	20
42.0	26		
Total obligations, Soil Conservation Service			
	21,762	18,618	15,293
ALLOTMENT ACCOUNTS			
Personnel compensation:			
11.1	1,442	1,337	1,209
11.3	877	726	588
11.5	31	25	17
Total personnel compensation			
	2,350	2,088	1,814
12.0	168	156	140
21.0	40	41	36
22.0	135	115	105
23.0	130	110	100
24.0	5	5	5
25.1	372	290	220
25.2	146	115	100
25.3	478	355	280
26.0	89	76	60
31.0	143	120	100
32.0	484	880	771
33.0	144	140	110
41.0	3		
42.0			
Subtotal			
	1,687	4,491	3,841
95.0	-41	-35	-30
Total obligations, allotment accounts			
	4,646	4,456	3,811
99.0	26,408	23,074	19,104
Obligations are distributed as follows:			
	21,762	18,618	15,293
Soil Conservation Service	45	47	41
Economic Research Service	601	1,004	881
Farmers Home Administration	4,000	3,405	2,889
Forest Service			

PERSONNEL SUMMARY

SOIL CONSERVATION SERVICE			
Total number of permanent positions	687	700	660
Full-time equivalent of other positions	193	216	202
Average number of all employees	858	894	837
Average GS grade	7.7	7.8	7.9
Average GS salary	\$8,252	\$8,689	\$8,771
ALLOTMENT ACCOUNTS			
Total number of permanent positions	199	172	162
Full-time equivalent of other positions	223	181	144
Average number of all employees	409	345	292
Average GS grade	7.5	7.6	7.9
Average GS salary	\$7,870	\$8,355	\$8,381

GREAT PLAINS CONSERVATION PROGRAM

OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
SOIL CONSERVATION SERVICE			
Personnel compensation:			
11.1	2,740	2,938	2,890
11.3	299	315	325
11.5	3	4	5
Total personnel compensation			
12.0	3,042	3,257	3,220
21.0	245	273	271
22.0	44	53	54
23.0	17	25	25
24.0	55	56	60
25.1	9	11	12
25.2	22	22	27
26.0	34	39	40
31.0	107	113	121
41.0	39	35	30
41.0	14,777	10,636	11,150
Total obligations, Soil Conservation Service			
	18,391	14,520	15,010
ALLOTMENT ACCOUNTS			
Personnel compensation:			
11.1	28	32	32
11.3	4	4	4
Total personnel compensation			
12.0	32	36	36
21.0	3	3	3
24.0	1	1	1
25.1	11	2	3
25.2	11	11	11
25.2	88	87	86
Total obligations, allotment accounts			
	135	140	140
99.0	18,526	14,660	15,150
Obligations are distributed as follows:			
Soil Conservation Service	18,391	14,520	15,010
Agricultural Stabilization and Conservation Service	77	79	79
Economic Research Service	40	43	43
Office of Information	18	18	18

PERSONNEL SUMMARY

SOIL CONSERVATION SERVICE			
Total number of permanent positions	360	368	358
Full-time equivalent of other positions	63	63	65
Average number of all employees	410	415	400
Average GS grade	7.7	7.8	7.9
Average GS salary	\$8,252	\$8,689	\$8,771
ALLOTMENT ACCOUNTS			
Total number of permanent positions	5	5	5
Average number of all employees	4	4	4
Average GS grade	8.4	8.5	8.6
Average GS salary	\$8,960	\$9,427	\$9,508

RESOURCE CONSERVATION AND DEVELOPMENT
OBJECT CLASSIFICATION (IN THOUSANDS OF DOLLARS)

	1967 actual	1968 estimate	1969 estimate
SOIL CONSERVATION SERVICE			
Personnel compensation:			
11.1	2,039	3,079	2,869
11.3	166	254	246
11.5	8	18	15
	2,213	3,351	3,130
12.0	185	286	217
21.0	85	165	85
22.0	18	60	25
23.0	68	110	80
24.0	51	80	50
25.1	189	195	195
	1,030	1,499	1,180
25.2	21	50	30
26.0	72	130	80
31.0	121	130	105
41.0	240	600	500
	4,293	6,656	5,677
ALLOTMENT ACCOUNTS			
Personal compensation:			
11.1	321	565	254
11.3	3	3	3
	324	568	257
12.0	26	44	21
21.0	14	22	13
25.1	5	207	207
26.0	-----	2	4
31.0	1	12	1
32.0	11	139	12
33.0	990	1,039	-----
41.0	234	362	282
	1,605	2,258	797
99.0	5,898	8,914	6,474
Obligations are distributed as follows:			
Soil Conservation Service	4,293	6,656	5,677
Economic Research Service	131	141	104
Farmers Home Administration	1,203	1,504	157
Federal Extension Service	-----	200	200
Forest Service	271	413	336

PERSONNEL SUMMARY

SOIL CONSERVATION SERVICE			
Total number of permanent positions	261	366	340
Full-time equivalent of other positions	38	56	50
Average number of all employees	279	405	362
Average GS grade	7.7	7.8	7.9
Average GS salary	\$8,252	\$8,689	\$8,771
ALLOTMENT ACCOUNTS			
Total number of permanent positions	39	56	24
Average number of all employees	37	55	23
Average GS grade	7.5	7.5	7.9
Average GS salary	\$8,067	\$8,359	\$8,750

Mr. WHITTEN. Gentlemen, we come today to the Soil Conservation Service, an agency with which we have worked for many, many years and of which we are very proud. In addition to working with this Service, we also have worked with the administrator, Mr. Donald A. Williams.

DONALD A. WILLIAMS, ADMINISTRATOR, RECEIVES 1967 ROCKEFELLER
PUBLIC SERVICE AWARD

We are pleased to note for the record that he received the 1967 Rockefeller Public Service Award. We do not always agree with all of these foundations, nor do we always agree with the actions of all of them; but, Don, we are pleased to say that we agree with this one. We wish to take notice of it in the record. You join quite an outstanding group of previous recipients in the Department, because I also note on the list here Drs. Hendricks and Knipling of the Agricultural Research Service, and Mr. Richard E. McArdle of the Forest Service.

VALUE OF OUR LAND

We have spent many years trying to look after the basic things in our country, as I frequently have said, things that we will leave to our children's children. Even with all the money in the world, in a country with wornout land like China and India, they would have nothing on which to build. Money is important as the medium of exchange; but you can give every man and woman and child \$100,000 tomorrow, and we would not add anything to the real wealth of this country, except the value of the cash in the hands of the people.

Unfortunately, many of our folks do not see that our real wealth is based on our land, and I have fought like everything trying to keep the Department of Agriculture's operation on the 1967 level, along with other departments.

FUND REDUCTION IN FISCAL YEAR 1968

I happened to be the author of the version of House Joint Resolution 888 which was adopted by the House. It would have kept most programs at 1967 levels. The Senate refused to go along. In the meantime, the executive branch had frozen construction work, both by the Soil Conservation Service and the Corps of Engineers, with perhaps a few exceptions. We were advised that unless the Congress took action to make an overall reduction, that the Bureau of the Budget was going to make substantial cuts at such points as they wished.

So, acting under this advice, the Congress did pass the act calling for the cutback in the expenditure of funds for the remainder of the 1968 fiscal year.

Looking over the budget request for your Agency for fiscal 1969, Mr. Williams, and also at the freeze order which restricts your current program far beyond what the Congress intended, leads to many, many questions.

I hope to develop this in more detail as we go along. At this time we would be glad to have your general statement.

Prior to your statement, we will include pages 206 through 210, 229, 230, 236 through 238, 275, 276, 305, 306, 316, 317, and 334 to 334 of volume 1 in the record.

(The pages referred to follows:)

SOIL CONSERVATION SERVICE JUSTIFICATION MATERIAL

PURPOSE STATEMENT

The Soil Conservation Service was established by the act of April 27, 1935 (16 U.S.C. 590a-590f). It assists conservation districts, communities, and other cooperators, watershed groups, and Federal and State agencies with erosion control and water management problems and in bringing about needed physical adjustments in land use. The purpose is to conserve soil and water resources, improve agriculture, and reduce damage by floods and sedimentation.

Conservation operations program.—The Service provides technical assistance to landowners and operators in carrying out locally adapted soil and water conservation programs, primarily through conservation districts in the 50 States, Puerto Rico, and the Virgin Islands. As of June 30, 1967, 3,010 conservation districts had been organized. Activities include:

1. Soil surveys to determine land capabilities and conservation treatment needs, and publishing soil surveys with interpretations useful to cooperators, other Federal agencies, States and local organizations;

2. Technical assistance to district cooperators and other landowners in developing plans and applying conservation treatments, and making snow surveys to develop streamflow forecasts in Western States; and

3. Operation of plant material centers to assemble, test, and increase promising plant species useful in conservation programs.

Watershed planning program.—The service has general responsibility for administration of the watershed planning program including the development of guiding principles and procedures. The activities conducted under this program consists of (a) making investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and (b) assistance to sponsors in the development of watershed work plans.

Watershed protection program.—The service has general responsibility for administration of the watershed protection program including the development of guiding principles and procedures. The activities include:

1. Cooperating with local sponsors, State, and other public agencies in installing planned works of improvement in approved watershed projects to reduce erosion, floodwater, and sediment damage, and to further the conservation, development, utilization, and disposal of water, including development of recreational facilities and improvement of fish and wildlife habitat;

2. Loans to local organizations to help finance the local share of the cost of carrying out planned watershed works of improvement;

3. Cooperating with other Federal, State, and local agencies in making river basin investigations and surveys for the development of coordinated water resources programs.

Flood prevention program.—The Service has general responsibility for administration of the flood prevention program including the development of guiding principles and procedures. The activities conducted in the 11 authorized watersheds, include (a) planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water, including the development of recreational facilities and improvement of fish and wildlife habitat; and (b) the making of loans to local organizations to help finance the local share of the cost of carrying out planned watershed works of improvement.

Great Plains conservation program.—The Service has general responsibility for administration of the Great Plains conservation program, authorized by Public Law 1021, 84th Congress. The activities include:

(a) Cost-sharing of conservation practices under long-term contracts with farmers and ranchers in designated counties of the 10 Great Plains States; and

(b) Technical services to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource conservation and development program.—The Service has general responsibility, under the provisions of section 102, title I of the Food and Agriculture Act of 1962, for leadership and direction of this program. The activities include:

1. Investigations and surveys to help local sponsors develop overall programs and plans of land conservation and utilization;

2. Technical services and financial contributions to sponsors, local groups and individuals in carrying out such plans and programs;

3. Loans for resource improvements and developments in approved projects.

Program administration.—The Service maintains its central office in Washington. Most of its activities are decentralized in 50 States and Puerto Rico, five cartographic units, four engineering and watershed planning units, and four technical service centers. Specialists in the fields of agronomy, soils, biology, forestry, information, plant materials, and range conservation are located at four technical service centers to provide professional services, program coordination, and technical support. About 3,200 area and work units carry on the technical programs in cooperation with conservation districts and other local sponsoring organizations.

APPROPRIATIONS AND MAN-YEARS, 1967 AND ESTIMATED 1968 AND 1969

Item	Actual, 1967		Estimated available, 1968		Budget estimate, 1969	
	Amount	Man-years	Amount	Man-years	Amount	Man-years
Soil Conservation Service:						
Conservation operations.....	\$109,248,491	11,100	\$113,438,000	11,025	\$116,313,000	10,955
Watershed planning.....	6,327,052	567	5,990,000	544	6,224,000	522
Watershed protection.....	70,081,984	2,927	70,360,000	3,306	42,148,000	3,157
Flood prevention.....	25,683,943	1,267	25,751,000	1,239	12,395,000	1,129
Great Plains conservation program.....	18,504,300	414	16,336,000	419	13,414,000	404
Resource conservation and development.....	4,663,862	316	6,121,000	460	6,474,000	385
Total.....	234,509,632	16,591	237,996,000	16,993	196,968,000	16,552
Deduct allotments to other agencies.....	-15,982,000	-709	-11,893,000	-677	-9,337,000	-586
Net.....	218,527,632	15,882	226,103,000	16,316	187,631,000	15,966
Obligations under other USDA appropriations:						
Reimbursement from Agricultural Stabilization and Conservation Service for technical assistance under:						
Agricultural conservation program.....	8,712,751	1,149	8,000,000	1,073	5,000,000	675
Cropland adjustment program.....	20,019	2	75,000	8	75,000	8
Cropland conversion program.....	5,028					
Reimbursements from other USDA agencies and within SCS for miscellaneous services.....	1,081,342	103	1,169,672	114	1,200,000	125
Total, other USDA appropriations.....	9,819,140	1,254	9,244,672	1,195	6,275,000	808
Total agricultural appropriation bill.....	228,346,772	17,136	235,347,672	17,511	193,906,000	16,774
Other funds:						
From Federal sources:						
Agency for International Development:						
Training of foreign participants.....	98,000	9	101,000	9	102,000	9
Technical consultation.....	22,000	2	23,000	2	23,000	2
Special projects for technical assistance on conservation problems, primarily in India, Vietnam, Tunisia, Thailand, Nigeria and Turkey.....	600,453	33	1,398,000	74	1,525,000	83
Total, Agency for International Development.....	720,453	44	1,522,000	85	1,650,000	94
Reimbursements for miscellaneous technical services.....	1,057,958	59	827,000	64	669,000	62
From non-Federal sources:						
Reimbursements for:						
Cartographic services.....	37,295	4	36,420	3	38,000	3
Sale of personal property.....	471,956		554,379		600,000	
Soil survey acceleration.....	763,044	78	934,328	99	1,000,000	110
Watershed planning assistance.....	1,245,749	117	1,210,829	132	1,812,000	198
Watershed works of improvement.....	93,976	5	220,213	13	270,000	15
Other miscellaneous technical services.....	222,760	14	262,814	22	255,000	20
Miscellaneous contributed funds.....	873,369	81	965,000	87	1,033,000	92
Total, other funds.....	5,486,560	402	6,532,983	505	7,327,000	594
Total Soil Conservation Service.....	233,833,332	17,538	241,880,655	18,016	201,233,000	17,368

(a) Conservation operations

Appropriation Act, 1968	-----	\$113,500,000
Budget estimate, 1969	-----	116,313,000
Increase in appropriation	-----	+2,813,000
Adjustment in 1968 for:		
Proposed transfer for pay act costs	-----	-1,455,000
Transferred to General Services Administration for space rental	-----	+62,000
Net increase, 1969 (for increased pay costs)	-----	+1,420,000

(NOTE.—Pursuant to Public Law 90-218, obligations were reduced by \$2,024,760. It is proposed that this amount be used in 1968 for part of the increased pay and postage costs.)

PROJECT STATEMENT

Project	1967	1968 estimated	Increased pay costs (Public Law 90-206)	1969 estimated
1. Assistance to conservation districts, communities, and other cooperators:				
(a) Soil surveys	\$18,220,000	\$18,700,000	+\$220,000	\$18,920,000
(b) Technical programing, installation services, and snow surveys	92,014,748	95,173,000	+1,192,000	96,365,000
(c) Operation of plant material centers	1,030,000	1,020,000	+8,000	1,028,000
Unobligated balance	1,063,743			
Total, increased pay and postal costs due to Public Law 90-206		(3,617,000)	(+1,465,000)	(5,082,000)
Total, available or estimate	112,328,491	114,893,000	+1,420,000	116,313,000
Proposed transfer from other accounts for pay costs	-3,080,000	-1,455,000		
Transferred to "Operating expenses, Public Buildings Service, General Services Administration"	+101,709	+62,000		
Total, appropriation	109,350,200	113,500,000		

(b) Watershed planning

Appropriation Act, 1968	-----	\$6,000,000
Budget estimate, 1969	-----	6,224,000
Increase in appropriation	-----	+224,000
Adjustments in 1968 for:		
Proposed transfer for pay act costs	-----	-175,000
Transferred to General Services Administration for space rental	-----	+10,000
Net increase, 1969 (for increased pay costs)	-----	+59,000

(NOTE.—Pursuant to Public Law 90-218, obligations in 1968 were reduced by \$3,500. It is proposed that this amount be used in 1968 for part of the increased pay and postage costs.)

PROJECT STATEMENT (ON THE BASIS OF AVAILABLE FUNDS)

Project	1967	1968 estimated	Increases or decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Small watershed project investigations and planning	\$6,440,030	\$6,547,210	+\$59,000	-\$382,210	\$6,224,000
Unobligated balance brought forward	-495,188	-382,210		+382,210	
Unobligated balance carried forward	+382,210				
Total, increased pay and postal costs Public Law 90-206		(215,587)	(+78,413)		(294,000)
Total, available or estimate	6,327,052	6,165,000	+59,000		6,224,000

The preceding statement shows actual and estimated obligations, including balances brought forward from the 1967 fiscal year.

The following statement is on the basis of appropriations.

PROJECT STATEMENT (ON THE BASIS OF APPROPRIATIONS)

Project	1967	1968 estimated	Increases or decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Small watershed project investigations and planning	\$6,327,052	\$6,165,000	+\$59,000		\$6,224,000
Total, increased pay and postal costs, Public Law 90-206		(215,587)	(+78,413)		(294,000)
Total available or estimate	6,327,052	6,165,000	+59,000		6,224,000
Transferred to "Operating expenses, Public Buildings Service General Services Administration"	+14,948	+10,000			
Proposed transfer from other accounts for pay act increases		-175,000			
Total, appropriation	6,342,000	6,000,000			

(c) Watershed protection

Appropriation act, 1968	\$70,403,000
Budget estimate, 1969	42,148,000
Decrease in appropriation	-28,255,000
Adjustments in 1968 for transfer to General Service Administration for space rental	+43,000
Net decrease, 1969	-28,212,000

SUMMARY OF INCREASES AND DECREASES

	1968 obligations	Increases or decreases		1969 estimate
		Pay costs	Other	
Installing works of improvement in pilot watersheds	\$303,000	+\$1,000	-\$101,000	\$203,000
Installing works of improvement in Public Law 566 watersheds	47,857,454	+303,000	-959,454	47,201,000
Loans and related expenses	701,084	+5,000	-256,084	450,000
River basin surveys and investigations	9,561,255	+70,000	-851,255	8,780,000
Total obligations	158,422,793	+379,000	-2,167,793	56,634,000
Balances carried forward (net)	+11,937,207		-26,423,207	-14,486,000
Total appropriation	70,360,000	+379,000	-28,591,000	42,148,000

¹ Pursuant to Public Law 90-218, obligations in 1968 were reduced \$15,509,600. Of this amount, \$1,023,600 is proposed to be used to meet a part of the increased pay and postage costs in 1963, leaving \$14,486,000 to meet part of the costs of the 1969 program.

PROJECT STATEMENT (ON THE BASIS OF AVAILABLE FUNDS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Small watershed project investigations and planning.....	-\$306				
2. Watershed works of improvement:					
(a) Pilot watersheds.....	272,586	\$303,000	\$1,000	-\$101,000	\$203,000
(b) Public Law 566 watersheds.....	61,648,356	47,857,454	303,000	-959,454	47,201,000
3. Loans and related expenses:					
(a) Loans.....	5,482,770	288,084		-88,084	200,000
(b) Loan services.....	519,567	413,000	5,000	-168,000	250,000
Total, loans and related ex- penses.....	6,002,337	701,084	5,000	-256,084	450,000
4. River basin program development and coordination.....	7,025,522	9,561,255	70,000	-851,255	8,780,000
Total, obligations.....	74,948,495	58,422,793	379,000	-2,167,793	56,634,000
Unobligated balance brought forward.....	-7,415,304	-2,548,793		-11,937,207	-14,486,000
Unobligated balance carried forward.....	+2,548,793	+14,486,000		-14,486,000	
Total, available or estimate....	70,081,984	70,360,000	379,000	-28,591,000	42,148,000

The preceding statement reflects increases and decreases on the basis of obligations. The following statement shows actual and estimated appropriations.

PROJECT STATEMENT (On the basis of appropriations)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Watershed works of improvement:					
(a) Pilot watersheds.....	\$410,000	\$203,000	+\$1,000	-\$1,000	\$203,000
(b) Public Law 566 watersheds.....	56,747,700	61,034,000	+303,000	-28,422,000	32,915,000
2. Loans and related expenses:					
(a) Loans.....	4,600,000				
(b) Loan services.....	400,000	413,000	+5,000	-168,000	250,000
3. River basin program development and coordination.....	7,924,284	8,710,000	+70,000		8,780,000
Total increased pay and postal costs Public Law 90-206.....		(1,023,600)	(+379,000)	(-55,600)	(1,347,000)
Total available or estimate.....	70,081,984	70,360,000	379,000	-28,591,000	42,148,000
Transferred to "Operating expenses, Public Buildings Service, General Services Administration," for space rental.....	+48,716	+43,000			
Total Appropriation.....	70,130,700	70,403,000			

The following tabulation shows the actual and projected unobligated balances as of the close of each fiscal year, distributed by activity :

Fiscal year	Works of improvement	River basin surveys	Loans and related expenses	Total
1966 to 1967 (actual).....	\$5,672,121	\$252,762	\$1,490,421	\$7,415,304
1967 to 1968 (actual).....	1,209,925	850,784	488,084	2,548,793
1968 to 1969 (estimate).....	14,286,000		200,000	14,486,000
1969 to 1970 (estimate).....				

(d) Flood prevention

Appropriation act, 1968.....	\$25,753,000
Budget estimate, 1969.....	12,395,000
Decrease in appropriation.....	-13,358,000
Adjustment in 1968 for transfer to General Services Administration for space rental.....	+2,000
Net decrease, 1969.....	-13,356,000

SUMMARY OF INCREASES AND DECREASES

	1968 obligations	Increase or decrease		1969 estimate
		Pay costs	Other	
Works of improvement.....	\$22,069,657	+\$107,000	-\$3,953,495	\$18,223,162
Loans and loan services.....	1,004,000	+1,000	-124,162	880,838
Total Obligations.....	23,073,657	+108,000	-4,077,657	19,104,000
Balances carried forward (net).....	+2,677,343		-9,386,343	-6,709,000
Total appropriation adjusted.....	25,751,000	+108,000	-13,464,000	12,395,000

¹ Pursuant to Public Law 90-218, obligations in 1968 were reduced \$7,005,200. Of this amount, \$296,200 is proposed to be used to meet increased pay and postage costs of the 1968 program.

PROJECT STATEMENT (ON THE BASIS OF AVAILABLE FUNDS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Works of improvement.....	\$25,807,057	\$22,069,657	+\$107,000	-\$3,953,495(1)	\$18,223,162
2. Loans and related expense:					
(a) Loans.....	484,000	880,000		-109,162	770,838
(b) Loan services.....	117,269	124,000	+1,000	-15,000	110,000
Total, loans and related expenses.....	601,269	1,004,000	+1,000	-124,162(2)	880,838
Total obligations.....	26,408,326	23,073,657	+108,000(3)	-4,077,657	19,104,000
Unobligated balance brought forward...	-4,756,040	-4,031,657		-2,677,343	-6,709,000
Unobligated balance carried forward...	+4,031,657	+6,709,000		-6,709,000	
Total available or estimate....	25,683,934	25,751,000	+108,000	-13,464,000	12,395,000

The preceding statement shows actual and estimated obligations. The following statement reflects increases and decreases on the basis of appropriations:

PROJECT STATEMENT (ON THE BASIS OF APPROPRIATIONS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Works of improvement.....	\$25,483,943	\$25,747,000	+\$107,000	-\$13,464,000	\$12,390,000
2. Loans and related expense:					
(a) Loans.....	175,000				
(b) Loan services.....	25,000	4,000	+1,000		5,000
Total increased pay and postal costs Public Law 90-206.....		(296,200)	(+108,000)	(-43,000)	(357,000)
Total available or estimate....	25,683,943	25,751,000	+108,000	-13,464,000	12,395,000
Transferred to "Operating expenses, Public Buildings Service, General Services Administration" for space rental.....	+11,457	+2,000			
Total, appropriation.....	25,695,400	25,753,000			

The following tabulation shows the actual and projected unobligated balances as of the close of each fiscal year distributed by activity:

Fiscal year	Works of improvement	Loans and related expense	Total
1966 to 1967 (actual).....	\$2,478,933	\$2,277,107	\$4,756,040
1967 to 1968 (actual).....	2,155,819	1,875,838	4,031,657
1968 to 1969 (estimate).....	5,833,162	875,838	6,709,000
1969 to 1970 (estimate).....			

(c) Great Plains conservation program

Appropriation Act, 1968 and base for 1969.....	\$16,336,000
Budget estimate, 1969.....	13,414,000
Decrease	—2,922,000

SUMMARY OF INCREASES AND DECREASES

	1968 obligations	Increase or decrease		1969 estimate
		Pay costs	Other	
For cost-sharing assistance to program participants.....	\$10,636,000		+\$514,000	\$11,150,000
Technical services on application of conservation measures.....	4,023,958	+\$36,000	—59,958	4,000,000
Total obligations.....	14,659,958	+36,000	+454,042	15,150,000
Balance carried forward (net).....	+1,676,042		—3,412,042	—1,736,000
Total appropriation.....	16,336,000	+36,000	—2,958,000	13,414,000

¹ Pursuant to Public Law 90-218, obligations in 1968 were reduced \$1,852,600. Of this amount, \$116,600 is proposed to be used to meet increased pay and postage costs in 1968, leaving \$1,736,000 to meet part of the costs of the 1969 program.

PROJECT STATEMENT (ON THE BASIS OF AVAILABLE FUNDS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Great Plains conservation program:					
a. Cost-sharing assistance.....	\$14,776,747	\$10,636,000		+\$514,000	\$11,150,000
b. Technical services and related expenses.....	3,749,416	4,023,958	+\$36,000	—59,958	4,000,000
Added pay and postal cost due to Public Law 90-206.....	(—)	(121,000)	(36,000)	(2,000)	(159,000)
Total obligations.....	18,526,163	14,659,958	+36,000	+454,042	15,150,000
Unobligated balance brought forward.....	—81,821	—59,958		—1,676,042	—1,736,000
Unobligated balance carried forward.....	59,958	1,736,000		—1,736,000	
Total available or estimate.....	18,504,300	16,336,000	+36,000	—2,958,000	13,414,000

The preceding statement shows actual and estimated obligations. The following statement reflects increases and decreases on the basis of appropriations:

PROJECT STATEMENT (ON THE BASIS OF APPROPRIATIONS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Great Plains conservation program:					
a. Cost-sharing assistance.....	\$14,385,000	\$12,372,000	-----	-\$2,958,000	\$9,414,000
b. Technical services and related expenses.....	4,119,300	3,964,000	+\$36,000	-----	4,000,000
Total increased pay and post- al costs Public Law 90-206.....		(114,000)	(36,000)	-----	(150,000)
Total available or estimate..	18,504,300	16,336,000	+36,000	-2,958,000	13,414,000

(f) Resource conservation and development

Appropriation act, 1968.....	\$6,129,000
Budget estimate, 1969.....	6,474,000
Increase in appropriation.....	+345,000
Adjustments in 1968 for:	
Proposed transfer for pay costs.....	-135,000
Transferred to General Services Administration for space rental..	+8,000
Net increase, 1969.....	+218,000

SUMMARY OF INCREASES AND DECREASES

	1968 obligations	Increase or decrease		1969 estimate
		Pay costs	Other	
Project investigations and planning.....	\$771,000	+\$8,000	-\$518,000	\$261,000
Resource development and technical services.....	6,639,027	+38,000	-621,027	6,056,000
Loan and loan services.....	1,503,874	+8,000	-1,354,874	157,000
Total obligations.....	8,913,901	+54,000	-2,493,901	6,474,000
Balance carried forward.....	-2,657,901		+2,657,901	
Total appropriation adjusted.....	6,256,000	+54,000	+164,000	6,474,000

¹ Pursuant to Public Law 90-218, obligations were reduced by \$2,600. It is proposed that this amount be used in 1968 for part of the increased pay and postage costs.

PROJECT STATEMENT (ON THE BASIS OF AVAILABLE FUNDS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Project investigations and planning.....	\$387,833	\$771,000	+\$8,000	-\$518,000	\$261,000
2. Resource development and technical services.....	4,306,640	6,639,027	+38,000	-621,027	6,056,000
3. Loans and related expense:					
(a) Loans.....	989,800	1,038,874	-----	-1,038,874	-----
(b) Loan services.....	213,491	465,000	+8,000	-316,000	157,000
Loans and loan services.....	1,203,291	1,503,874	+8,000	-1,354,874	157,000
Total increased pay and postal costs Public Law 90-206.....		(138,000)	(+54,000)	(-36,000)	(156,000)
Total obligations.....	5,897,764	8,913,901	+54,000	-2,493,901	6,474,000
Unobligated balance brought forward.....	-3,891,803	-2,657,901	-----	+2,657,901	-----
Unobligated balance carried forward.....	2,657,901				
Total available or estimate.....	4,663,862	6,256,000	+54,000	+164,000	6,474,000

The preceding statement shows actual and estimated obligations. The following statement reflects increases and decreases on the basis of appropriations:

PROJECT STATEMENT (ON THE BASIS OF APPROPRIATIONS)

Project	1967	1968 estimated	Increases and decreases		1969 estimated
			Increased pay costs (Public Law 90-206)	Other	
1. Project investigations and planning.....	\$321,000	\$771,000	+\$8,000	-\$518,000	\$261,000
2. Resource development and technical services.....	3,842,862	5,470,000	+38,000	+548,000	6,056,000
3. Loans and related expense:					
(a) Loans.....	285,000	(1)			
(b) Loan services.....	215,000	15,000	+8,000	+134,000	157,000
Total increased pay and postal costs Public Law 90-206.....		(138,000)	(+54,000)	(-36,000)	(156,000)
Total available or estimate.....	4,663,862	6,256,000	+54,000	+164,000	6,474,000
Proposed transfers from other accounts for pay costs.....		-135,000			
Transferred to "Operating expenses, Public Building Service, General Ser- vices Administration".....	+738	+8,000			
Total appropriation.....	4,664,600	6,129,000			

¹ Loan funds of \$1,500,000 will be available in 1968 and 1969 from the direct loan account of Farmers Home Administration
² Loan services by the Farmers Home Administration in 1968 will be financed from unobligated balances brought forward from 1967 except for added pay costs of \$15,000.

PASSENGER MOTOR VEHICLES

The 1969 estimates proposed the purchase of 75 additional and 180 replacement passenger motor vehicles.

The passenger motor vehicles of the Soil Conservation Service are distributed among 50 State offices and Puerto Rico, 249 area offices, and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. The vehicles are used in rural and other areas where common carrier facilities are either nonexistent, uneconomical, or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at field offices, job sites, or other places not serviced by common carrier. Also two or more persons often are required to travel together, sometimes for long distances. The use of pickup or truck-type vehicles for such trips is impractical and less safe than passenger vehicles. Resident technicians servicing farmers and ranchers in conservation districts generally do not use passenger vehicles but travel in pickup trucks to field areas to conduct surveys and prepare conservation plans, perform engineering work, or to lay out conservation practices.

Passenger motor vehicles are not assigned to one individual exclusively at locations where more than one employee has need for them. This allows several employees to use a single car and minimizes the number of vehicles and maintenance costs.

In 1967 the Soil Conservation Service operated 879 passenger cars out of a total fleet of 11,342 vehicles, including pickup trucks, sedan deliveries (light trucks), and jeeps. The Service also had a few heavy trucks and special-purpose vehicles at selected locations.

Additional passenger motor vehicles.—The Service proposes to purchase 75 additional passenger motor vehicles in fiscal year 1969.

Sixty of the additions are needed to replace a like number of light delivery trucks (classified as trucks under 12,500 pounds, 4 by 2), commonly called sedan deliveries. This will continue the planned gradual reduction in the number of sedan delivery-type vehicles as they reach mileage and age requirements for disposal. These 60 sedan deliveries will not be replaced by other truck-type vehicles.

Replacement of these vehicles with sedans will save an estimated \$6,000 annually.

These vehicles are used primarily by technical specialists with area or state-wide responsibilities. Average annual use exceeds 10,000 miles, largely over improved roads. The small tools, engineering and other equipment used by these

personnel can be transported equally as well in a passenger car as in a sedan delivery truck. Sedans also provide space for additional passengers when it is necessary or desirable for more than two employees to travel together.

In fiscal year 1967 the average cost of operating sedan delivery trucks, including maintenance and depreciation, was 5.79 cents per mile compared with 4.67 cents for sedans, a saving of 1.12 cents per mile. In 1967 the acquisition cost for sedans averaged about \$1,500 compared to about \$1,670 for sedan deliveries. Also, the resale value of sedans is generally higher than for sedan deliveries. Over an 8-year period, sales of sedans have averaged \$346 compared to \$254 for sedan deliveries.

The remaining 15 additional passenger vehicles are needed as follows:

Watershed protection.—Five additional passenger vehicles are needed to provide transportation for river basin survey coordinators and survey staff members in regions where surveys are proposed for initiation in 1969.

Resource conservation and development.—Ten additional passenger vehicles are needed to provide transportation for project coordinators in projects expected to start in 1969.

Passenger vehicles are essential in river basin surveys and resource conservation and development project areas. Much of the required travel is long distance over improved roads, trips are frequently for the purpose of planning and consulting with members of other agencies or organizations, and the nature of the work often requires onsite investigations and joint determinations by technical specialists of different disciplines traveling together.

Replacement of passenger motor vehicles.—The 1969 estimates provide for the replacement of 180 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement will have passed the minimum standards of 60,000 miles or 6 years of age established by the General Services Administration or will be beyond economical repair due to accident or other causes.

The Service is continuing its effort to carry out a sound and effective replacement program. During fiscal year 1967 only 136 replacements were accomplished due to higher replacement standards and other factors. The 180 replacements planned for 1968 and a like number for 1969 will enable the Service to replace all vehicles over 7 years of age or 70,000 miles. Actual replacements, however, will again depend on economy of operation and expected use factors as well as age and mileage requirements.

The following table indicates the use and number of passenger motor vehicles proposed for purchase and replacement during the fiscal year 1969:

Activity and use	Proposed additional purchases	Scheduled for replacement
Conservation operations—For use by area conservationists, technical specialists, survey supervisors, and State office personnel	50	140
Watershed planning—For use by watershed planning party leaders and technical specialists assisting local sponsors prepare watershed work plans	4	12
Watershed protection—For use by assistant State conservationists for watersheds and technical specialists; supervising installation of works of improvement in authorized projects; negotiating with local sponsors; and conducting river basin surveys and investigations	10	18
Flood prevention—For use by technicians in planning and installing works of improvement in the 10 uncompleted authorized projects	1	8
Resource conservation and development—For use by project coordinators and project staff members assisting local sponsors prepare work plans and carry out planned resource conservation and development work in coordination with going programs in approved project areas	10	2
Total	75	180

The Soil Conservation Service had 879 passenger motor vehicles on June 30, 1967. Age and mileage data for these vehicles are as follows:

Age data			Mileage data		
Year model	Number of vehicles	Percent of total	Lifetime mileage (thousands)	Number of vehicles	Percent of total
1957	2	0.2	Over 100	3	0.3
1958	7	.8	80 to 100	47	5.4
1959	4	.5	60 to 80	189	21.5
1960	8	.9	50 to 60	124	14.1
1961	49	5.6	40 to 50	117	13.3
1962	120	13.7	30 to 40	138	15.7
1963	192	21.8	20 to 30	131	14.9
1964	152	17.3	10 to 20	95	10.8
1965	155	17.6	1 to 10	13	1.5
1966	168	19.1	Under 1	22	2.5
1967	22	2.5			
Total	879	100.0	Total	879	100.0

Mr. WHITTEN. You may proceed first, Mr. Baker.

GENERAL STATEMENT OF JOHN A. BAKER, ASSISTANT SECRETARY

Mr. BAKER. Mr. Chairman, and members of the committee, I again appreciate the opportunity of appearing with the Soil Conservation Service in the interest of this highly important work of the Department of Agriculture.

During 1967, USDA outlined its goals and objectives in the conservation of man's total environment. A document entitled "Resources in Action, Agriculture/2000," was issued by Secretary Freeman during the past year. In that document the Secretary stated, "Pure air, clean water, stable soils, productive crop, pasture, range and forest lands, abundant wildlife, natural beauty, and the opportunity for man to live in harmony with his natural environment are essential. They are interrelated and mutually supporting objectives. We commit ourselves to meet this great challenge, to continue our tradition of helping men throughout the world to help themselves, and to move forward with bold new actions needed to restore, conserve, and wisely use our natural heritage and maintain it for future generations."

In his statement, Mr. Don Williams, the longtime Administrator of SCS, will point out how that agency's programs are being increasingly geared toward those long-term requirements of our country.

I want to particularly emphasize the vital relationship of the conservation and development of natural resources to viable rural communities and to the general welfare of all Americans. During the past few years, the project type activities of locally initiated and sponsored watershed and resource conservation and development projects have proven to be an important supplement to conservation operations in soil and water conservation districts. They have clearly strengthened the foundation and fabric of rural America.

USDA is giving added attention to the problems of small and family farms. It is also stressing multicounty community planning and development. The use and management of land and water resources to meet the expanding needs for additional public and private recreational development is fully recognized as an integral part of the total goals for resource management. The programs of SCS are, as a part of the total USDA effort, emphasizing these objectives—but not to the exclusion of other goals in resource management.

The Soil Conservation Service is a major participant in Technical Action Panel activities at regional, State, and county levels. In seven States and 1,147 counties, SCS serves in the absence of a resident Farmers Home Administration official in the chairmanship role of TAP effort. In nearly all other States and counties, it serves as cochairman or major participant. These panels are increasingly serving the objectives of improving Federal program focus upon the viability of rural communities to increase opportunities in the countryside.

The program levels for SCS, as well as many other activities of the Department, are not all that we in USDA recognize as adequate to keep pace with the growing requirements from our natural resource base. We wish they could do more. However, in the light of total national demands, both here and overseas, the program levels proposed in the President's budget will make substantial progress in the directions we have indicated. We therefore urge your sympathetic consideration of these budget proposals.

Mr. Chairman, this complete my formal statement.

Mr. WHITTEN. Please present your statement next, Mr. Williams.

GENERAL STATEMENT OF THE ADMINISTRATOR

Mr. D. WILLIAMS. Mr. Chairman and members of the committee, I am pleased to meet with you for the 15th time as Administrator of the Soil Conservation Service.

As your committee said in its report No. 330 last year, "Any nation looking to the future must protect the sources of its food and fiber." Your conclusion that "programs for the preservation of our national resources benefit both present and future generations of citizens and consumers of this and other countries of the world" is more timely and meaningful than ever.

At 11 a.m. on November 20, 1967, the gigantic census clock in the Commerce Department lobby reported that the U.S. population had reached the 200 million mark. Actually, the census clock is admittedly running behind, so the exact time we reached the 200 million mark is unknown and relatively unimportant. The fact that the United States now has a population of over 200 million is important. It took this Nation almost 350 years to reach a population of 100 million. That was in 1915. Fifty-two years later, it's over 200 million. We will probably exceed 300 million before the close of this century—less than 32 years from now. They will be the citizens of this country that the programs for the conservation, preservation, and utilization of our natural resources will benefit.

In its report "Resources in Action, Agriculture/2000" issued in 1967, the Department of Agriculture pointed up the dimensions of the requirements on land and water resources which underscore the urgency of conservation action. By then we expect to see: food needs almost

doubled; wood product needs about doubled; water needs for municipal use doubled; for manufacturing use, quadrupled; outdoor recreational land requirements more than doubled; irrigation withdrawals of water up 50 percent; twice as much land used for homes, schools, factories, and other urban purposes; 8 million more acres of land used for reservoirs; 5 million more acres of land used for wildlife refuges; and 4 million more acres of land used for transportation.

Mr. Chairman, last year in speaking to this committee, I indicated the mission and the action roles of the Soil Conservation Service. I would again like to call to the attention of the committee these two statements, as follows:

The Soil Conservation Service's mission is to assist in the conservation, development, and productive use of the Nation's soil and water resources to meet needs for economic growth and public welfare.

The Soil Conservation Service's action role is to provide technical and financial assistance for planning and applying conservation measures that (1) conserve, develop, and efficiently use the productive capacities of our soil and water resources, (2) promote shifts and choices of land and water use that will strengthen our total resource base, (3) enhance the natural beauty of the countryside and encourage needed recreational uses of land and water, and (4) minimize water and air pollution and soil contamination. Improvement of such community resources provides new means of economic growth and employment. The conservation work also develops local leadership by involving people in programs of improvement and self-help.

The programs of the Soil Conservation Service which we are discussing here today, building upon a foundation of past experience, are being pointed toward the conservation actions needed to aid in meeting the requirements of our expanding population.

CONSERVATION OPERATIONS HIGHLIGHTS

Conservation technical assistance. The Service has placed increased emphasis on program direction that fits the broadened concepts of today's and tomorrow's conservation needs. Greater emphasis has been given to community planning and development so that a greater number of people receive the social and economic benefits that flow from soil and water conservation work. In addition to several million farmers and ranchers, we have helped many public agencies and local organizations in the development of land-use plans. In 1967, a total of 1,475 planning groups, or similar bodies, received technical help from the Soil Conservation Service on soil, water, and related resources—an increase of 585 over such groups assisted in 1966.

At the same time, we continue to help an increasing number of cooperators of more than 3,000 conservation districts. Most of these cooperators are full-time family farmers, part-time farmers who combine off-farm employment with their farm operations, or small farms and ranchers. This help to these cooperators is particularly timely in their efforts to adjust to the rapid technological changes taking place in agriculture.

We also give attention to the many nonfarm rural dwellers who have soil and water problems of various kinds. Demands for consultive services to these rural people have increased this past year from 112,337 in 1966 to 126,289 in 1967. We are making a special effort to increase our assistance to low-income rural families, both farm and

nonfarm, to help them participate in Department and other programs that will improve their resources and level of living.

In the last 5 fiscal years, July 1, 1962, to June 30, 1967, there has been a net increase of 81 soil and water conservation districts organized. These districts and acreage added to others comprise about 76 million acres. Thus, over a 5-year period, there has been an average annual increase of about 16 new districts encompassing about 15 million acres. The Service is being asked to provide more assistance to an increasingly larger number of conservation districts, which now cover 96 percent of the Nation's land in farms and ranches.

The conservation operations phase of the Service's program lays the groundwork for the initiation of community development activities, such as watershed projects, resource conservation and development projects, and group enterprise jobs. Information assistance is furnished to districts and other local groups on these highly important and project-type activities. Technical assistance with district programs and work plans is provided by the conservation operations activity. Thus, the widespread land treatments and multiple benefits which flow from such projects are in part generated by conservation operations.

As of June 30, 1967, there were 2,121,248 district cooperators who expect SCS planning and installation services. This number includes a backlog of about 464,000 cooperators, owning or operating about 173-million acres, who had not as yet been assisted in the development of conservation plans for their land.

Each man-year of SCS staff is now expected to service 40 more cooperators, 48 more conservation plans, and about 20,000 more acres than 10 years ago.

District cooperators also receive help in developing their resources for outdoor recreation. In 1967 cooperators converted about 434,429 acres to recreation and wildlife uses—a 40-percent increase over the previous year. About 4,000 landowners established new income producing recreation enterprises and more than 300, involving about 70,000 acres, converted to recreation as a primary source of income. Nearly 1,000 expanded their commercial recreation enterprises.

In Appalachia, the Service helps implement the Appalachian regional development program. Last year 1,878 applicants were assisted in the preparation of conservation and development plans as a basis for long-term, cost-sharing contracts under the Appalachian regional development program.

SOIL SURVEY ACTIVITIES

The demand for soil maps with soil descriptions and interpretations continues to increase. Many people living in low-income rural areas urgently need soil surveys to help them discover and develop either new opportunities in farming or in other lines of work that the local natural resources can support. Our goal in fiscal year 1969 is to prepare soil maps on 1 million more acres—a total of 57 million acres—than are estimated for fiscal year 1968, including increased mapping of cooperating State agencies.

To help meet the pressing need for published soil surveys so that local citizens will have equal access to the soil data, we are scheduling

six additional soil surveys for a total of 56 to go to the Government Printing Office in fiscal year 1969.

We intend to emphasize, also, the accurate, well-interpreted, small-scale soil maps for community planning and land-use decisions as well as detailed soil surveys to reduce the many costly losses of investments by private citizens and public agencies.

Studies are underway to improve the assembly and use of our masses of soil survey data with the aid of electronic equipment. These can improve the interpretations of soil surveys for operational planning and also make the data more readily available for policy decisions on land use at the National and State levels.

The budget proposes a level of \$18,920,000 for soil survey activities as compared with \$18,700,000 in the appropriation for fiscal year 1968. The increase of \$220,000 is to annualize pay and postal costs due to Public Law 90-206.

PLANT MATERIALS CENTERS

The Service operates 20 plant materials centers to serve the major land resource areas of the country. We find and develop plants to meet specific conservation needs and learn how to grow and manage them in the centers. Our plant materials work is effective. We get planting materials into commercial production by private enterprise for use in agricultural, wildlife, recreation, land stabilization, and other conservation purposes.

During the past year the Quicksand, Ky., Center was completed, dedicated, and began testing plants for the steep and shallow lands and mine spoils of the Appalachian region.

The appropriation request for fiscal year 1969 provides for no change in the program level—except for an increase of \$8,000 to annualize added pay costs.

The budget proposes the continued operation of plant material centers at a reduced level of \$1,028,000. This figure represents a \$50,000 reduction from fiscal year 1968 due to Public Law 90-218, but provides for the annualization of the 1968 pay costs in 1969.

Operation of the centers at the reduced level in fiscal year 1968 and at the proposed level in fiscal year 1969 will defer needed equipment maintenance and replacement programs.

SNOW SURVEY AND WATER SUPPLY FORECASTING

The SCS, for more than 30 years, has provided advanced water supply information to the water users in the Western States. In water-deficient areas, it is necessary to have advance information on expected streamflow to permit efficient use of fluctuating water supply.

Snow in the mountains represents water in temporary storage and this permits preseason planning of its use. The Service operates and maintains a network of snow courses in the high mountains. Data collected provide the basis for preparing and issuing water supply forecasts.

Economic returns to agricultural and other interests in the Western States are dependent on the accuracy of seasonal water supply forecasts. Public confidence in the use of the information is equally tied to forecast accuracy. The SCS, over the past few years, has worked

on the improvement of data collection techniques. This work encompasses the use of automatic electronic telemetry systems instead of manual measurements and permits the collection of basic information from remote mountain locations at any time. This concept is advancing favorably and prototype automatic systems are installed in seven States. Basic forecast information, including water content of snow, temperature of air and soil, windflow, solar radiation, and soil moisture will permit a much sounder basis for forecasting and therefore increase forecast accuracy.

The technical programing and installation services item includes \$625,000 for snow surveys and water supply forecasting. The level of operation for this activity has not changed since fiscal year 1964, except for added pay costs.

CONSERVATION OPERATIONS—BUDGET LEVEL

The appropriation request for fiscal year 1969 provides for an increase of \$1,420,000 to annualize in fiscal year 1969 the added pay and postal costs provided in 1968 by Public Law 90-206.

Mr. Chairman, at this point in the record, I suggest that pages 211 through 228 of the budget justification be included.

Mr. WHITTEN. That will be put in the record.

(The justification material appears at page 220.)

WATERSHED PLANNING

Mr. D. WILLIAMS. The budget allowance of \$6,224,000 for fiscal year 1969 will permit planning of Public Law 566 projects to continue at nearly the same level as in 1968. Available funds will be approximately \$324,000 less than in 1968 and, as a result, about five fewer plans—95—will be completed. Applications for planning assistance have decreased in the last 3 years to an average of 170 per year compared to the previous rate of about 200. However, they are being processed at about 100 plans each year.

Present plans call for 112 planning authorizations during 1969, bringing the total to 1,523 since the beginning of the Public Law 566 program. Once again the State and local contributions have increased. This year, estimates show that 41 States are making more than \$3.9 million available for planning small watershed projects.

We will continue to emphasize the need to go further with designs, geologic investigations, and landrights work maps during the planning stage. Also, we will stress the need for aggressive action by the local sponsors of the project to meet their responsibilities in a timely manner. This will help shorten the present 2-year lag between approval for operations and the start of construction and will reduce the time required to complete watershed projects.

At this point, I suggest that pages 231 through 235 of the justification be inserted in the record.

(The documents referred to appear on page 241.)

PUBLIC LAW 566 WATERSHED OPERATIONS

Mr. D. WILLIAMS. The value of the Public Law 566 small watershed program has long since been established. There is no longer any doubt of the many benefits that can be realized by a wide-awake group of local sponsors working with this effective land and water resource tool. The impact of small watershed projects is serving to boost the economy of our communities. Almost 600 projects have now started construction and local organizations have experienced the whole watershed development process first hand. Local cooperative efforts are necessary to revitalize economically depressed rural areas. Watershed projects provide for flood prevention, agricultural water management, improved water supply, recreation and fish and wildlife, and many other benefits.

A recent compilation of benefits realized through fiscal year 1967 from Public Law 566 projects reveals an almost overwhelming array of returns for the investments made by these local groups in partnership with the Federal Government. For example, we estimate that: a total of \$71.9 million in agricultural and \$9.4 million in nonagricultural flood damages have been prevented; over 83 million tons of gross erosion prevented and an additional 8.4 million tons of sediment trapped in watershed structures to reduce the sediment pollution in our streams and lakes; benefits of \$116 million have accrued for erosion control and other conservation treatment; agricultural water management developments have produced \$50 million in benefits; an estimated 195,000 people in 40 rural communities are being served by dependable municipal and industrial water supplies; and facilities for 2.8 million visitor-days of recreational use annually have been provided.

In addition, recent reports indicate that these watershed projects are having an impact on rural unemployment throughout the Nation. Almost 2,000 industries employing about 40,000 people have been attracted to or have expanded existing operations in rural communities because of these watershed projects. The new jobs created are adding a net of almost \$117 million annually to the income of previously unemployed persons.

Although Public Law 90-218 caused a deferment in watershed construction in fiscal year 1968, benefits from works of improvement in watershed projects continue to rise. Mr. Chairman, I have a table showing some of the principal benefits for insertion in the record, if it meets with your approval.

Mr. WHITTEN. We will be glad to have that included.
(The table referred to follows:)

ESTIMATED BENEFITS FROM WATERSHED PROJECTS

	Cumulative, end of fiscal year 1967	Added during year		Cumulative, end of fiscal year 1969
		Fiscal year 1968	Fiscal year 1969	
Flood Prevention:				
Agricultural damage prevented.....	\$71,948,000	\$23,552,000	\$26,500,000	\$122,000,000
Nonagricultural damage prevented.....	\$9,370,000	\$3,830,000	\$4,620,000	\$17,820,000
Sedimentation pollution control:				
Sediment reduction (tons).....	8,400,000	1,280,000	1,150,000	10,830,000
Benefit (based on storage cost).....	\$766,000	\$127,000	\$120,000	\$1,013,000
Land conservation and development:				
Erosion reduction (tons).....	83,245,000	25,870,000	28,675,000	137,790,000
Erosion control installed (acres).....	1,093,000	130,000	122,000	1,345,000
Grassland improvement (acres).....	5,178,000	614,000	576,000	6,368,000
Benefits.....	\$116,339,000	\$35,736,000	\$39,770,000	\$191,845,000
Agricultural water development:				
Drainage systems (acres).....	600,000	71,000	66,600	737,600
Irrigation systems (acres).....	144,000	16,800	15,700	176,500
Benefits.....	\$50,476,000	\$15,704,000	\$17,425,000	\$83,605,000
Municipal and industrial water:				
Reservoirs.....	39	16	15	70
People served.....	195,000	80,000	75,000	350,000
Communities served.....	40	16	15	71
Increased income:				
Employment from construction (man-years).....	13,600	1,600	1,700	16,900
New jobs created.....	38,900	4,800	4,500	48,200
New and expanded business.....	1,880	230	220	2,330
Annual payroll added.....	\$116,900,000	\$14,200,000	\$13,500,000	\$144,600,000
Recreational opportunities:				
Recreational development.....	54	20	19	93
Water surface (acres).....	12,420	4,580	4,400	21,400
User-days annually.....	2,843,000	1,047,000	1,010,000	4,900,000
Annual benefits.....	\$2,700,000	\$1,150,000	\$1,200,000	\$5,050,000
More fish and wildlife:				
Reservoirs.....	33	5	4	42
Water habitat improvement (acres).....	30,000	738	630	31,300
Land habitat improvement (acres).....	180,000	6,250	5,400	192,000
User-days annually.....	502,000	30,500	26,000	559,000

STATE AND LOCAL FUNDS

Mr. D. WILLIAMS. State and local funds were contributed to the watershed program in 49 States during the 1967 fiscal year. A total of \$35.7 million was made available to help local sponsors plan and carry out their projects—26 percent more than in 1966. More than \$32 million or 90 percent of the total was for use in operations and about \$3.7 million for watershed planning.

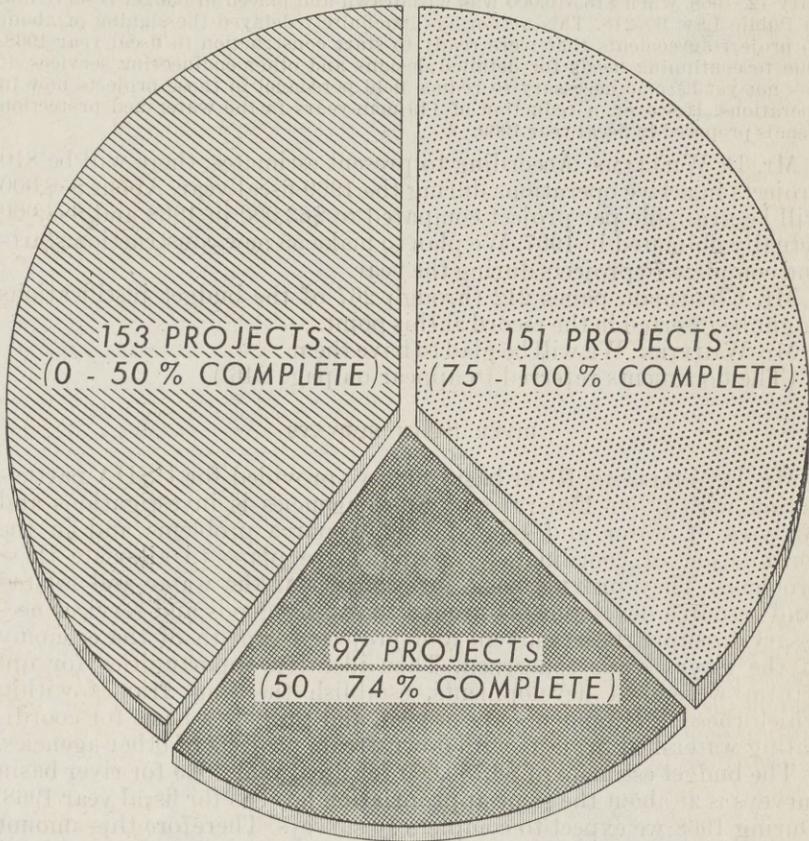
BALANCING THE WATERSHED PROGRAM

We are giving special emphasis to the completion of watershed projects. Our goal is to achieve a balance between new projects approved for operations and project completions. Projects approved for operations reached a rate of about 100 per year in 1967. Our analyses show that project completions will reach a rate of about 100 per year in 1975.

The number of projects completed has risen from 11 in 1963 to 44 in the last fiscal year. Sixty-five completions are projected in 1968 and 70 in 1969. Of the 401 projects under construction as of July 1, 1967, about 150 were more than 75 percent completed. I would like to insert a chart showing the degree of completion of these projects in the record if it meets with your approval.

Mr. WHITTEN. We will be glad to have that included.
(The chart referred to follows:)

DEGREE OF COMPLETION IN THE 401 PL 566 PROJECTS UNDER CONSTRUCTION AS OF JULY 1, 1967



OUTLOOK FOR PUBLIC LAW 566 PROJECTS

Mr. D. WILLIAMS. The fiscal year 1969 budget proposal will provide \$47,201,000 in available funds for works of improvement in Public Law 566 watershed projects. This is about \$600,000 less than is available in 1968 and \$14.4 million below the 1967 amount. The 1968 reduction is pursuant to Public Law 90-218.

EFFECT OF FISCAL 1968 CUT IN FUNDS ON PUBLIC LAW 566 CONSTRUCTION

Mr. WHITTEN. I think it would be well to have a statement here to show just what part of your funds have been frozen, the amount of timelag that has been created, the number of new starts that you have

been unable to begin, and the number of people that you have had to lay off.

I expect to ask you those questions later, but I think it might be just as well that they be included as part of your statement here, also. If you would supply that along with this table, the committee would like to have it.

(The statement referred to follows:)

In October 1967, it became necessary for us to stop the signing of construction contracts in watershed projects. The administrative freeze continued until January 12, 1968, when \$15,510,000 was withdrawn and placed in budget reserve due to Public Law 90-218. This action has indefinitely delayed the signing of about 95 project agreements that were ready to start construction in fiscal year 1968. Due to continuing needs for detailed designs and other engineering services, it has not yet become necessary to reduce field personnel in those projects now in operations. However, a reduction of 149 man-years in the watershed protection item is proposed in fiscal year 1969.

Mr. D. WILLIAMS. According to present estimates, there will be 810 projects in active operations during the 1969 fiscal year. About \$58,000 will be available per project compared to \$63,000 in 1968 and \$88,000 actually obligated in 1967. We plan to make 55 new construction starts and complete 70 projects during the year.

Mr. Chairman, pages 242 through 267 of the budget justifications might be inserted in the record at this point.

Mr. WHITTEN. We will be glad to have them.

(The documents referred to appear on page 246.)

RIVER BASIN SURVEYS

Mr. D. WILLIAMS. River basin surveys provided for USDA participation with other Federal and State agencies is investigations and analyses of water and related land resource problems and in the formulation of coordinated comprehensive plans to alleviate these problems. They provide basic information of the water and related land resource developments needed to supply goods and services necessary to support the current and projected growth of the economy of the river basins concerned. They identify opportunities for upstream watershed developments, establish the time frames within which these developments are needed, and provide a basis for coordinating watershed projects with downstream projects of other agencies.

The budget estimate of \$8,780,000 for fiscal year 1969 for river basin surveys is at about the same appropriation level as for fiscal year 1968. During 1968 we expect to complete 10 surveys. Therefore this amount will fund the surveys which are still incomplete at the end of the fiscal year and permit seven new starts in 1969. One of the proposed new starts is an interagency comprehensive framework survey—type I—recommended by the Water Resources Council. The other proposed new starts are cooperative comprehensive surveys—type IV. These will be carried out in response to requests from State governments and will be cooperative efforts between the USDA and State or other Federal agencies.

During 1967 we participated in 44 river basin surveys. This year we are participating in 51 surveys. Two of these surveys were old studies carried on in cooperation with the Corps of Engineers. These were re-activated to provide the corps with current information in the agri-

cultural sector and thus expedite its present planning efforts in these river basins. We are also updating our own programs to include new legislative authorities received since the original studies were made. Our proposed level of operations for fiscal year 1969 is 48 surveys.

Mr. Chairman, I suggest that pages 268 through 274 be placed in the record at this point.

Mr. WHITTEN. We will be glad to have them.

(The pages referred to appear on page 272.)

FLOOD PREVENTION

Mr. D. WILLIAMS. The fiscal year 1969 budget proposal of \$12,395,000 will provide about \$18,223,000 in available funds for works of improvement in the 11 authorized flood prevention watersheds. This is about \$3.8 million less than is available in 1968 and \$7.6 million below the 1967 amount. The 1968 reduction is pursuant to Public Law 90-218.

It is estimated that 286 subwatersheds will have begun operations within the 11 flood prevention projects by the end of the present fiscal year. In terms of acreage, 74 percent of the area with project potential will be in the construction stage or already completed. An additional 11 subwatersheds are expected to begin operations during 1969.

Reports show that 2,200 floodwater retarding structures have already been installed. These structures together with 678 miles of channel improvement and other flood prevention measures had eliminated over \$141 million of floodwater and sediment damage by the end of 1967. These benefits plus the present value of flood prevention benefits expected to accrue over the remaining life of these measures will amount to over \$634 million.

In addition to flood prevention benefits, the 11 authorized watersheds have made other significant contributions to current administration goals. The need to improve opportunities for rural living and slow the movement of people to urban areas is served well by recreation and municipal water supplies included in subwatersheds. To date, 15 rural communities have planned municipal or industrial water supplies to attract industry and supply the needs of their more than 128,000 residents. Nine of these are already in use.

Eleven recreation developments have been planned to supply 350,000 visitor days of recreation. In addition, considerably more than half of the floodwater retarding structures already installed are being used for recreational purposes.

Mr. Chairman, at this point I suggest that pages 279 through 286 and 292 through 304 of the justifications be inserted to supplement my statement.

Mr. WHITTEN. It shall be inserted.

(The pages referred to appear on page 279.)

GREAT PLAINS CONSERVATION PROGRAM

Mr. D. WILLIAMS. The program has been well accepted and demand for new cost-sharing contracts continues to run high. Funding at the proposed appropriation level of \$13,414,000 would provide funds for about 3,100 new contracts on about 4.4 million acres in fiscal year 1969.

Since operations started in 1957, approximately 30,000 farmers and ranchers in the Plains have chosen to participate in long-term, cost-sharing contracts involving 25 authorized practices and measures. Conservation programs are either complete or well underway on about 55 million acres.

As you recall, emphasis was placed on converting cropland highly susceptible to drought and wind erosion to other uses. Out of the 7.9 million acres of cropland contained in Great Plains conservation program contracts, 1.7 million acres or nearly 22 percent have been planned for conversion to permanent cover. A high percentage of this is already established. Despite unpredictable soil-moisture relationship at seeding time in the Plains, only 6 percent of the original seeded area had to be reseeded to obtain a satisfactory stand.

During the last 2 years, 21 additional eligible counties have been designated and are carrying out active programs. Of the nine eligible counties remaining, we anticipate about one-third of these will request designation next year.

Mr. Chairman, I suggest that pages 307 through 315 of the budget justification be placed in the record at this point.

Mr. WHITTEN. We will be glad to have them included.

(The material referred to appears at page 300.)

RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS

Mr. D. WILLIAMS. Resource Conservation and Development Projects initiated, sponsored, and run by local people demonstrate rural areas development in action. These projects provide for departmental help to local sponsors on planning and application of conservation work for community improvement. Dynamic local leadership, with widespread public involvement and active support, undergirds these projects.

The sponsors of projects seek help from any source which can make a contribution to project objectives. Federal funds for resource conservation and development projects represent about one-eighth of the total investment for rural development in the project areas. These projects encourage orderly development of land and water resources for all purposes; bolster rural income through new agricultural and resource-based enterprises; provide the basic community water, sanitary, and other services needed by small rural communities; help reduce the continuing exodus of rural people to congested urban areas by providing job opportunities; and stimulate investment of private funds in new resource-based industries and services.

A dramatic example of a measure installed with resource conservation and development funds is in the Hull-York Lakeland R. C. & D. project in north-central Tennessee. A total of \$118,000 expended for flood protection helped the town of Livingston save an industry employing 1,400 people and having an annual payroll of about \$4 million. This plant provides employment in an area where job opportunities are scarce and per capita income is low.

The R. C. & D. budget of \$6,474,000 proposed for fiscal year 1969 will provide funding for 34 projects expected to be in operation the full fiscal year. It also will provide operational assistance to 10 additional projects part of the year. A total of 44 projects would be fur-

nished technical help and cost sharing for installation of high-priority measures in 1969. Funds would also be available to assist in completing plans for seven project areas in which planning was initiated in 1968 and three of the 10 areas approved for planning in fiscal year 1969.

In addition, \$157,000 would finance loan services related to \$1,500,000 loan funds available from the direct loan account of the Farmers Home Administration.

Project measures are accelerated resource developments, water developments, agricultural and wood-using processing and marketing industries, public facilities such as hospitals, rural water supply, and distribution systems, pollution control, recreational developments, industrial parks, training and retraining programs, highways, access roads, and many others. The broad range of activities, of course, requires help beyond that of USDA.

Thousands of new job opportunities and millions of dollars of income are generated by resource conservation and development projects.

A total of 64 applications for assistance have been received from sponsors in 36 States. They include 300 counties with an area of 184 million acres.

I suggest that pages 319 through 333 be placed in the record at this point.

Mr. WHITTEN. This will be included.
(The pages appear at p. 310.)

OPERATION OF MOTOR VEHICLE FLEET

Mr. D. WILLIAMS. The Service operates a substantial fleet of motor vehicles for the transportation of its technicians to field worksites to carry out its varied programs of giving technical assistance to farmers and ranchers, and the planning and installation of works of improvement under watershed and resource conservation and development programs. The net active fleet in 1967 and estimates for 1968 and 1969 are as follows:

(The table referred to follows:)

Type of vehicle	1967	1968	1969
Passenger cars	878	938	1,013
Sedan deliveries	1,650	1,500	1,350
Pickups and jeeps	9,122	9,212	9,302
Heavy trucks	16	16	16
Special-purpose vehicles	210	202	192
Total	11,876	11,868	11,873

Mr. D. WILLIAMS. The table is shown there and I will pass over reading it. I will make the observation, however, Mr. Chairman, that you will note that the total fleet shows something of a decrease from 1967 to 1968, and another decrease from 1968 to 1969.

The special purpose vehicles include trucks for hauling of core drill rigs, compressors, seeding, sodding and irrigation equipment, field offices, and sno-cats.

We are continuing our effort begun a few years ago to further reduce the number of sedan delivery trucks and replace them with pickup trucks and passenger cars where such are needed. Records

covering several years show that sedan deliveries cost more to operate. Except for a relatively few needed at selected locations, this type of vehicle will gradually be replaced as they meet the mileage and age standards set up by the General Services Administration.

The 1969 estimates provide for the replacement of 60 sedan deliveries with passenger vehicles. We again propose to seek authority from the General Services Administration to use the proceeds from the sale of the 60 sedan deliveries toward the purchase of these passenger cars. This procedure was approved by GSA for the 1968 fiscal year only.

The Service also proposes to purchase an additional 15 passenger cars in 1969. These vehicles are needed to provide transportation for project coordinators in R. C. & D. projects and for river basin survey coordinators as explained in the explanatory notes.

MANAGEMENT IMPROVEMENTS

The Soil Conservation Service continues to emphasize its policy of collecting, developing, adopting, and evaluating work improvement suggestions. Time saved through the excellent work improvements suggested and other management improvements is profitably employed in the extension of expanded services. It permits the exploration of new methods of providing technical assistance and the adaptation of available assistance to a wider range of audiences, all of whom have a stake in the conservation of soil and water and in the continued economic growth of rural areas. Management improvement by the Service has been significant in maintaining our efficiency of operations.

EMERGENCY CONSERVATION MEASURES

We plan a change in the financing of technical services for "Emergency conservation measures" in natural disaster areas.

Disasters come without warning. We do not know where or when a hurricane will strike, a flash flood occur, or a stream will overflow its banks. Therefore, we do not have technical staff in place to meet an accelerated workload resulting from disaster conditions. We have frequently had to move conservationists and engineers from other States on a travel basis to meet time requirements and availability of capable, experienced personnel in disaster areas.

Shifting personnel within a State to meet emergencies also involves extra expenses beyond those involved in regular services as well as depriving the normal headquarters of such services.

We experience this problem every year somewhere in the country. Last year we experienced serious strain on our technical staff because of floods in Montana and Nebraska and hurricane damage in Texas.

For some years it has been Department policy to limit the transfer of emergency conservation measures funds for technical services to not more than 5 percent of the emergency funds allotted to a county. The Secretary proposes to change that policy. In the future, with the concurrence of your committee, he will authorize the transfer of sufficient emergency conservation measures funds to SCS to pay the full cost of providing technical services for installation of emergency conservation measures in areas authorized for disaster help.

SUMMARY OF INCREASES AND DECREASES

I would like to insert the attached table in the record, if it meets with your approval. It shows adjusted appropriations and obligations for fiscal years 1968 and 1969 under each appropriation item, and shows clearly the level of operations for each year.

Mr. WHITTEN. It will be included.

(The table referred to follows:)

SUMMARY OF INCREASES AND DECREASES FOR 1969

Appropriation and item	Increases and decreases	
	In appropriations	In obligations
Conservation operations:		
1968 estimate.....	¹ \$114, 893, 000	\$114, 893, 000
Increased pay cost due to Public Law 90-206.....	+1, 420, 000	+1, 420, 000
1969 estimate.....	116, 313, 000	116, 313, 000
Watershed planning:		
1968 estimate.....	² 6, 165, 000	6, 547, 210
Increased pay cost due to Public Law 90-206.....	+59, 000	+59, 000
Decrease in planning rate.....		-382, 210
(Net change).....	(-59, 000)	(-323, 210)
1969 estimate.....	6, 224, 000	6, 224, 000
Watershed protection:		
1968 estimate.....	70, 360, 000	58, 422, 793
Increased pay cost due to Public Law 90-206.....	+379, 000	+379, 000
Pilot watersheds.....	-1, 000	-101, 000
Public Law 566 watersheds.....	-28, 422, 000	-959, 454
Loans and loan services.....	-168, 000	-256, 084
Reduction in river basin surveys.....		-851, 255
(Net change).....	(-28, 212, 000)	(-1, 788, 793)
1969 estimate.....	42, 148, 000	56, 634, 000
Flood prevention:		
1968 estimate.....	25, 751, 000	23, 073, 657
Increased pay cost due to Public Law 90-206.....	+108, 000	+108, 000
Works of improvement.....	-13, 464, 000	-3, 953, 495
Loans and loan services.....		-124, 162
(Net change).....	(-13, 356, 000)	(-3, 969, 657)
1969 estimate.....	12, 395, 000	19, 104, 000
Great Plains conservation program:		
1968 estimate.....	16, 336, 000	14, 659, 958
Increased pay cost due to Public Law 90-206.....	+36, 000	+36, 000
Cost-sharing assistance.....	-2, 958, 000	+454, 042
(Net change).....	(-2, 922, 000)	(+490, 042)
1969 Estimate.....	13, 414, 000	15, 150, 000
Resource conservation and development:		
1968 estimate.....	³ 6, 256, 000	8, 913, 901
Increased pay cost due to Public Law 90-206.....	+54, 000	+54, 000
Project investigations and planning.....	-518, 000	-518, 000
Resource development and technical services.....	+548, 000	-621, 027
Loans and loan services.....	+134, 000	-1, 354, 874
(Net change).....	(+218, 000)	(-2, 439, 901)
1969 estimate.....	6, 474, 000	6, 474, 000
Total, Soil Conservation Service:		
1968 estimate.....	239, 761, 000	226, 510, 519
Net changes.....	-42, 793, 000	-6, 611, 519
1969 estimate.....	196, 968, 000	219, 899, 000

¹ Includes \$1,455,000 proposed transfer for part of added pay costs in 1968.

² Includes \$175,000 proposed transfer for pay costs in 1968.

³ Includes \$135,000 proposed transfer for pay costs in 1968.

Mr. D. WILLIAMS. Mr. Chairman, this concludes my formal statement. Members of my staff and I will be pleased to respond to any questions or supply additional information for the record.

May I also point out, Mr. Chairman, that we have with us here today a representative from the Farmers Home Administration and also a representative from the U.S. Forest Service.

ACTIONS UNDER PUBLIC LAW 90-218

Mr. WHITTEN. Thank you, Mr. Williams. Your statement is rather comprehensive and rather good. It is apparent to me that up to this point you can make a fine statement of progress. The effects of the withholding of funds or the slowdown of projects incident to Public Law 90-218, which you mentioned several times, seem not to have been reflected much at this point in your overall report of your progress.

As I pointed out earlier, the executive department had stopped practically all new construction and slowed down other construction at the time that the House adopted the resolution fixing expenditures by the various departments and agencies of the Government at the 1967 level.

That was not acceptable to the executive, although it passed the House and went over to the Senate. Congress was then told that, if action was not taken in conference or if an agreement was not reached, that the executive department would withhold such funds as might be required to carry out its desires. This would leave the executive department free to make the cuts where they saw fit.

Having observed where they had frozen funds, as I mentioned earlier, it was a cause for concern. This doubtless resulted in the public law which I have mentioned. That law set out to hold spending and obligations below the 1968 budget.

Now when Mr. Grant testified on the budget for the Department we placed in the record the language which we had in our provision on the House side and the language which was included in the report of the conferees on this resolution. I think any reading of that would clearly demonstrate that it was the feeling of the conference committee that this 10 percent and 2 percent should be applied equally to the various departments and agencies. However, going over the figures for agriculture, it appears to me that your agency took by far a greater part of this cutback or slowdown than any other.

Briefly at this point, will you tell us what the effect of this was on your agency, both with regard to money and personnel?

REDUCTION OF 1968 FUNDS

Mr. D. WILLIAMS. Mr. Chairman, because of the several appropriation items that we have, the effect of the reduction of course varied among the several items.

The total reduction or the cutback from the 1968 appropriation level was about \$26.4 million for all items, of which some \$2,024,000 was from conservation operations, and some \$15,509,000 from watershed protection, some \$7,005,000 from the flood prevention, and \$1,853,000 from the Great Plains conservation program.

Mr. WHITTEN. In answer to my question, would you explain how the reduction was handled in each of those various items?

Mr. D. WILLIAMS. All right. The effect on conservation operations, which as you know is the assistance to districts item, resulted very largely in reduction of some of our temporary help and the deferment of some equipment purchases and other procurement, reduced travel that was otherwise anticipated, and not filling a number of previously budgeted permanent full-time positions.

In the watershed protection item the bulk of the reduction came about in deferment of construction contracts until later years, of work that had been scheduled for this year, the amount to be carried over into the ensuing fiscal year.

Similarly, with the flood prevention item, the effect was on reduced construction and a stretchout of the installation period.

In the Great Plains conservation program, the effect was on a reduced number of contracts that could be entered into with farmers and ranchers.

I believe that quickly summarizes it.

Mr. WHITTEN. How do you end up percentage-wise as compared with a general reduction of 10 percent and 2 percent?

Mr. D. WILLIAMS. If a 2-percent and 10-percent figure had been applied directly to the 1968 appropriation, the total reduction for the service would have been about \$11,811,000 as compared with the actual of \$26,398,000.

Mr. WHITTEN. So you had some 2½ as much cut as was required by the law for each department and agency. This means that within the Department of Agriculture you got about 2½ times your share.

Mr. D. WILLIAMS. In addition to that item, there is a reduced amount of some \$750,000 due to the reimbursements from ACP.

Mr. WHITTEN. Mr. Morris and I just came from the hearing on the Public Works Subcommittee. They had an increase in personnel, as I recall, of some 52. And looking at your proposal for next year, not only do you lose some 350 man-years, which will probably be larger than that in the number of men.

ACP REIMBURSEMENTS

You also have to take about a 390 man-year reduction because of the ACP program reduction. Many folks from Government and many others do not seem to remember the basis for this transfer of funds. Briefly I will trace it here for the record.

At one time the ACP tried to train employees to perform the technical services of approving SCS-type projects. At the same time you had engineers yourself, which meant two sets of people. We could not work out an agreement where you would voluntarily furnish the engineers for ACP, at least your Service did not do it until later, which is understandable.

This committee took quite a number of years to get it accepted. We sponsored a provision that up to 5 percent of the funds for the ACP could be transferred with their approval to pay you for such technical services as you might render. I think that our working out of this arrangement between the two agencies has resulted in lots of benefits, in increased progress, and in closer relationships.

As a result of budget cuts and, if the committee and the Congress should go along with the proposal to cut ACP back by a hundred mil-

lion dollars for next year, it leaves you where you are losing something like 750 man-years for field work. Now, as I say, your statement reads as if nothing much has happened that creates much of a problem. Your statement is looking backward.

We on this committee are interested in where it leads if we are going to cut back. You have agreed under questioning that your agency took about 2½ times as much cut as that applied to the Department of Agriculture as a whole under the general formula. My attention has been called to the fact that it can be compared another way. Your watershed programs have suffered about a 40.7 percent reduction, whereas the Corps of Engineers is cut about 3.6 percent, and the Bureau of Reclamation is down about 7.7 percent. Again it shows the disparity with which they have treated this agency.

PROGRAM CUT BACK DUE TO PUBLIC LAW 90-218

I would like for you to provide for the record a table showing the amounts originally allocated for 1968. Along with that I would like for you to supply for the record any freeze orders or other notices of delay issued, the amounts withdrawn from field offices pursuant to reductions made under Public Law 90-218, which as I pointed out earlier, was required by the executive department, and the amount re-allocated after application of the reduction to these appropriations.

(The information follows.)

RECORD OF FUND TRANSACTIONS DUE TO PUBLIC LAW 90-218

Appropriation activity	Available	Withdrawal	Reallocated for pay costs	Net budgeted reduction
Conservation operations.....	\$114,893,000	\$2,024,760	\$2,024,760	-----
Watershed planning.....	6,165,000	3,500	3,500	-----
Watershed protection:				
1. Works of improvement.....	62,446,454	15,309,600	1,023,600	\$14,286,000
2. Loans and related expenses.....	901,084	200,000		200,000
3. River basin surveys.....	9,561,255			-----
Total, water protection.....	72,908,793	15,509,600	1,023,600	14,486,000
Flood prevention:				
1. Works of improvement.....	27,902,819	6,129,362	296,200	5,833,162
2. Loans and related expenses.....	1,879,838	875,838		875,838
Total, flood prevention.....	29,782,657	7,005,200	296,200	6,709,000
Great Plains conservation program.....	16,395,958	1,852,600	116,600	1,736,000
Resource conservation and development.....	8,913,901	2,600	2,600	-----
Technical assistance to ACP participants.....	8,750,000	2,750,000		750,000
Total, Soil Conservation Service.....	257,809,309	27,148,260	3,467,260	23,681,000

¹ An additional \$9,661,650 was withdrawn and reallocated for high priority projects which were ready for approval.

² Estimated reduction in reimbursement to the Soil Conservation Service.

³ Includes a total of \$108,260 for Civil Service Examining Board expenses.

⁴ The \$3,467,260 is the amount absorbed by the SCS out of a total need for Pay Act costs of \$5,542,844.

SEND FOLLOWING MESSAGE TO STATE CONSERVATIONISTS AND DIRECTORS, RTSC, SOIL CONSERVATION SERVICE, PER LISTS ATTACHED

OCTOBER 5, 1967.

Effective immediately discontinue all obligation of funds for project agreements and construction contracts in WP-08, FP-03, and RCD-25 projects. Do not award SCS contracts for construction work even though already advertised. Restriction also applies to construction work done by force account. Secretary Freeman has asked that such construction not already obligated be deferred due to uncertainty of continuing appropriations resolutions and expenditures reduc-

tions. Construction of structural measures already obligated should proceed. No public announcement of this action permitted at this time. Unusual or hardship cases may be referred to this office.

D. A. WILLIAMS, *Administrator*.

SEND FOLLOWING MESSAGE TO STATE CONSERVATIONISTS AND DIRECTORS, RTSC,
SOIL CONSERVATION SERVICE, PER LISTS ATTACHED

OCTOBER 6, 1967.

House Joint Resolution 853 making continuing appropriations through October 23 signed by President on October 5. Proceed with obligation funds within apportionments requested except defer construction agreements and contracts per my telegram October 5.

D. A. WILLIAMS, *Administrator*.

SEND FOLLOWING MESSAGE TO STATE CONSERVATIONISTS AND OTHER ALLOTTEES,
SOIL CONSERVATION SERVICE, PER LIST ATTACHED

OCTOBER 17, 1967.

House Appropriation Committee yesterday in action on joint resolution continuing appropriations to October 23, 1967, provided that no new construction, training, service or similar project or activity is to be started. Furthermore, no new employees are to be hired and no fund obligations incurred for procurement of goods or nonpersonal services that can be postponed without "injuring the national defense or welfare." (We interpret that you may buy gasoline for vehicles needed to get employees to worksites in the field.) This freeze in Department starts immediately and continues until November 23, 1967, or further advice received. The pending joint resolution also provides for rescindment and coverage into Treasury of 5 percent of funds for salaries and fringe benefits based on President's 1968 budget of last January (amounts to \$7.6 million) plus absorption of full cost of any pay raise legislation which may be enacted (estimated at \$6.9 million). Copies of House resolution and report being mailed to you.

D. A. WILLIAMS, *Administrator*.

SEND FOLLOWING MESSAGE TO STATE CONSERVATIONISTS AND OTHER ALLOTTEES,
SOIL CONSERVATION SERVICE, PER LIST ATTACHED

OCTOBER 23, 1967.

Although the basis for reductions described in Ourtel J17 has been changed, cuts of the same general magnitude still appear likely. Hence we will continue operating on frugal basis of no procurement that can possibly be deferred, no new project agreements or contracts for construction, and no new hires unless commitments already made. Expenditures for temporary and intermittent employment should be based on anticipated funds available. Expect fund situation may remain uncertain up to several weeks. Advise by airmail actions you have taken and any others you feel you may have to take in 8 months remaining to cope with your financial situation. We are proceeding with planned meetings except that we are deferring Fort Worth geologist workshop, writing course for soil scientists Upper Darby, management conferences at Memphis and Salt Lake City; hydrologist meeting Florida. Deputies will work with you on possible postponement functional inspections, other conferences. All scheduled training center and Oklahoma sessions will be held, also contract and land rights meetings.

K. E. GRANT,
Acting Administrator.

SEND FOLLOWING MESSAGE TO STATE CONSERVATIONISTS, SOIL CONSERVATION
SERVICE, PER LIST ATTACHED

NOVEMBER 3, 1967.

Fund obligation situation still fluid and will remain uncertain for some time. Continue frugal operations general conformance instructions Ourtels J5, 17, and 23. These now modified to permit new hires in scarce categories, few key posi-

tions and others necessary for minimum effective operations. Ease restrictions WAE employment to assure retention corps of such workers and to meet urgent program needs. Slow down on new GP contracts until further notice. Hold travel involving per diem at minimum necessary to maintain control of operations including necessary inspections. Must stress still need cautious actions and tight control pending further information.

K. E. GRANT,
Acting Administrator.

U.S. DEPARTMENT OF AGRICULTURE,
SOIL CONSERVATION SERVICE,
Washington, D.C., January 12, 1968.

Advisory B. & F.-4.

From: D. A. Williams, Administrator.

Re Reduction in 1968 allotments and operation guidelines.

We have sent you a variety of advisory notices and telegrams this past 6 months about reductions and expenditures, personnel ceilings, purchase and construction restrictions, and other restraints on normal operations. Final decision has now been made on both the 1969 budget estimates and what part of the funds available to us in 1968 that we must place in budget reserve. Personnel ceilings are yet to be allocated to us. However, we already know that they may be short of our actual needs. The purpose of this memorandum is to allocate the required fund reductions (see attachment) and give you some operations guidelines for the future.

FUND SITUATION

[The following is a summary of the fund situation for 1968 as compared with 1967. In thousands of dollars]

Appropriation and activity	Fiscal year 1967 total obligations	Fiscal year 1968			
		Total available	Fund reduction	For obligation	Plus added pay costs
Conservation operations:					
Soil survey.....	18,220	18,430	-300	18,130	570
Technical assistance.....	92,015	93,970	-1,675	92,295	2,878
Operation PM centers.....	1,030	1,038	-50	988	32
Total.....	111,265	113,438	-2,025	111,413	3,480
Watershed planning.....	6,440	6,372	-3	6,369	179
Watershed protection:					
Pilot watersheds.....	272	300	-	300	3
Public Law 566 watersheds.....	61,648	62,398	-15,310	47,088	770
River basin surveys.....	7,026	9,323	-	9,323	238
Loans.....	5,483	488	-200	288	-
Loan services.....	519	400	-	400	13
Total.....	74,948	72,909	-15,510	57,399	1,024
Flood prevention:					
Works of improvement.....	25,807	27,907	-6,129	21,778	292
Loans.....	484	1,651	-771	880	-
Loan services.....	117	225	-105	120	4
Total.....	26,408	29,783	-7,005	22,778	296
Great Plains conservation program:					
Cost shares.....	14,777	12,483	-1,736	10,636	-
Technical assistance.....	3,749	3,913	-117	3,907	117
Total.....	18,526	16,396	-1,853	14,543	117
Resource conservation and development projects:					
Project planning.....	387	750	-	750	21
Resource Development.....	4,308	6,540	-3	6,537	102
Loans.....	990	1,039	-	1,039	-
Loan services.....	213	450	-	450	15
Total.....	5,898	8,779	-3	8,776	138
Grand total.....	243,485	247,677	-26,399	221,278	5,234

The fund reductions shown above represent amounts that we have been required to place in budget reserve. They are composed primarily of the cutbacks of payrolls and controllable obligations made to meet the reduced 1968 obligations called for in House Joint Resolution 888 (Public Law 90-218). However, they also include the sum of \$108,260 which represents the amount that the SCS reimbursed the Civil Service Commission from its various appropriations in 1967 for examining board services. Funds for these services are included in the CSC budget for 1968 and we lose them. Some of these funds placed in reserve will be released later to finance 1968 added Pay Act costs. The remaining balances will be kept in reserve for use in 1969. This is reflected in the President's budget for 1969 soon to be presented to the Congress. The 1968 reductions under each appropriation item are explained in the following sections.

CONSERVATION OPERATIONS

We have placed \$2,024,760 of our 1968 CO-01 funds in budget reserve. This includes the \$74,760 CSC examining boards item plus reductions specifically assigned by the Department as follows:

1. Soil surveys	\$300,000
2. Technical assistance	1,600,000
3. Operation of PMC's	50,000
Total	1,950,000

You will note on the attachment that in reducing CO-01 fund allocations we have not specified how much of the reduction must be made in your soil survey activity and how much under technical assistance. We think we can maintain adequate control here on the reduction through review of your operating budgets and ADP time summaries. We realize that you must adjust activities of staff to best meet current technical program needs and these vary by States. We will make specific reduction requests later if we find that fund obligation trends by activity require it. At any rate, it will be helpful in achieving the required reductions if you will note the original 1968 obligation estimates and 1967 actual obligations, nationally and for your State, and guide your adjustments somewhat thereby.

The \$50,000 mandatory reduction in funds for operation of plant materials centers has been allocated in most cases to those centers which received special purpose increases this year and still have such funds available. At any rate, if you have any special problems, work them out with Don Douglas (extension 5667).

Note that CO-01 added Pay Act costs are estimated at \$3,480,000. This amount must be added to the reduced SCS allotments of CO-01 funds in order to carry on operations to the end of the year without drastic reduction in staff. We have been told that the \$2,024,760 in budget reserve will be released later to apply to these costs. The remaining \$1,455,240 needed will be transferred to the SCS from other available departmental funds.

For several years we have been stressing the need for redirecting a greater portion of field staff efforts to helping small farm operators. The reduction in obligations first proposed for conservation operations in the fiscal year was \$5,640,000. We appealed this drastic cut based on the severe adverse effect it would have on the program and the functioning of the widespread SCS organization. The sum of \$3,690,000 was restored but on the condition SCS redirect its efforts in 1968 to at least this extent from other types of work and assisting other people to the following activities:

1. Helping owners and operators of small farms.
3. Assistance to rural residents.
3. Assistance to rural people with needed community planning and resource developments.
4. Development of recreation opportunities and enhancement of natural beauty.

This change is to be from the 1967 level of operations of this type of work. The attachment shows the specific amount of such redirection of staff efforts that you will be expected to achieve in 1968. You may already have planned to equal or exceed this shift and that is good. However, we must be sure it is done. You will be receiving further instructions on reporting progress in achieving required redirection of CO-01 staff efforts.

WATERSHED PLANNING

No change except placing \$3,500 of CSC examining board costs in budget reserve. The remaining \$175,500 of 1968 added Pay Act costs will be transferred to this appropriation from other available departmental funds.

WATERSHED PROTECTION

SCS placed in budget reserve a total of \$15,309,600 of WP-08 funds and \$200,000 of loan funds that are earmarked for Appalachia. The former includes the \$19,600 CSC examining board reduction item. The loan funds and \$14,286,000 of WP-08 funds are reserved for obligation in 1969. No reduction is programed for 1968 in river basin surveys. We expect the remaining \$1,023,600 in reserve to be released later to finance the 1968 added Pay Act costs under the watershed protection appropriation item.

The cutback in construction funds for budget reserve and revised budgetary commitments for 30 new construction starts in 1968 (we have four to date) has required withdrawal from the States of all unobligated funds under object classes 25.1 and 41 as reflected in the accounts on November 30, 1967. We also made some withdrawal of installation services funds where it was obvious that allotments exceeded amounts justified by revised allocations for new project agreements and unfinished work on old agreements. From the sum so accumulated we provided funds for 14 new construction starts in the "ready-to-go" category and 12 expected later in the year. The remaining funds were distributed for work on going projects with appropriate consideration of geographical distribution and current construction workload. Incidentally, you reported last month as ready to be signed 110 project agreements totaling some \$15.5 million. Needless to say the approximately \$9 million available the remainder of the year for obligation for new project agreements were far short of immediate and total 1968 construction needs.

Please reprogram your WP-08 operations for 1968 right away, including making appropriate adjustment in your installation services budget to conform with reduced construction workload. If you have any WP-08 funds surplus to needs, report them to the Budget and Finance Division immediately for withdrawal. If you have programing or funding problems other than potential new project agreements for which you received no funds, call extension 3527 or 3501.

FLOOD PREVENTION

The \$7,005,200 of our FP-03 funds placed in budget reserve includes the \$5,200 reduction applicable to CSC examining boards. Of the total, \$6,709,000 is reserved for obligation in 1969. The remaining \$296,200 in reserve will be released later to finance the 1968 added Pay Act costs under flood prevention. The reduction in 1968 obligations was prorated to the States involved. Some within-State project adjustments were made at the request of the States involved.

GREAT PLAINS CONSERVATION PROGRAM

A total of \$1,852,600 of GP-04 funds, including the CSC examining board item of \$2,600 has been placed in budget reserve. Of this amount \$1,736,000 will be held for obligation in 1969. The remaining \$116,600 will be released later to finance the 1968 added Pay Act costs under this appropriation item.

No change has been made in our original State allocations for technical services. The reduction in your cost-share allocation obviously will reduce the number of new contracts that you can plan for the remainder of this fiscal year. In order to make the best possible use of the cost-share funds remaining for the fiscal year 1968, please observe the following:

1. Give high priority to small farm and ranch units.
2. In adjusting allocations within the State, give priority to those counties designated within the last few years.
3. Reemphasize the necessity of cost-sharing only those practices considered essential for this help under the Great Plains conservation program.
4. Reduce the number of high cost Great Plains conservation program practices as much as possible.

You are urged to continue to provide technical assistance under CO-01 funds to priority farmers and ranchers in developing sound conservation plans. How-

ever, at this time it does appear advisable to give careful thought to how much of a backlog should be built up of pending GPCP contracts awaiting funding after July 1, 1968. More information on this will be available after the 1969 budget has been submitted to the Congress.

RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS

The only amount placed in reserve under this appropriation is the \$2,600. CSC examining board item. We expect to be authorized to use this amount and another \$135,400 to be transferred from other departmental funds to finance the 1968 Pay Act costs under this appropriation item.

5 PERCENT TRANSFERS FROM ACP

Presumably you are aware of the reduction of \$24,500,000 made in the program authorization of \$220 million for the 1968 ACP. Notification of this reduction and revised allocations were sent by the ASCS to State and Caribbean area offices in Wire Notice ACP-144. This reduction will probably result in some renegotiation of county transfer agreements. Obviously, any reduction in planned reimbursements from the ACP would affect your operating budget both this fiscal year and next. Better get an early decision from each county ASCS committee on possible reduced reimbursable ACP servicing.

PFT BUDGETED POSITIONS AND LAPSE ESTIMATE

When revising your operating budgets last November we asked that you be careful not to budget more permanent full-time (PFT) positions than you were sure that you could see your way clear to finance in 1969 with about the same allotments. The count of PFT positions on the revised budgets was reduced a bit to 16,374 but this is still too high. We conclude this from the unrealistic projections shown on Form SCS-607b by all but a few States of employment lapse savings to be realized in 1969 to enable carrying the PFT positions budgeted. For example, 18 States show that needed lapse savings totaling \$479,000 are to be achieved by termination of personnel now on the rolls. Thirteen States propose transfer of \$565,000 from WAE employment, equipment and construction contract funds in 1969 to enable keeping the present number PFT positions. Seventeen States anticipate additional SCS funds totaling \$566,000. Ten States show expected increases in reimbursements of \$257,000 from the ACP and for soil surveys. Ten States project savings from turnover and delay in filling vacancies that appear too high. Lapse estimates should be no greater than expected savings from termination of personnel during the year and a normal delay in recruiting replacements.

Take another hard look at your PFT budgeted positions. Get the number in line with your actual ability to finance this year and next. The current reduction in funds, dim prospects for much change in 1969, continuing need to keep a good percentage of funds budgeted for WAE employment, and a sound equipment replacement program should guide your PFT position staffing plans and budgeting. Incidentally, we have projected 16,301 PFT positions with the reduced 1968 obligation estimates shown in the 1969 budget.

No reduction-in-force procedures are to be initiated to meet the reductions we have made in your 1968 fund allocations. Unobligated balances of funds budgeted for vacant positions, WAE employment, and equipment should be sufficient to absorb the immediate impact of the fund reductions. Adjustments needed in PFT staff can be worked out over a period of time. In some instances, this may require you to transfer some of your personnel to States that have vacancies.

Fifteen States reported 70 student trainee graduates unplaced. Most of these States, however, had funds in vacant budgeted positions. Provision must be made to return them to permanent duty upon graduation.

Our continuing ceiling on PFT positions last year was 15,750. Several months ago we were given a tentative end-of-year (June 30, 1968) PFT employment ceiling that was 700 less than the actual number of employees reported on the rolls in PFT budgeted positions as of October 31, 1967. Obviously, we appealed it and have been told that there will be an adjustment in the figure.

We realize that regardless of the number of positions that we have budgeted, we will probably always have at least 100 to 300 vacancies at a given time. Re-

restrictions on hiring of people and a reduced rate of turnover of personnel in the last several months have had their effect on our staffing. Reported employment in PFT budgeted positions has been as follows:

June 30, 1967-----	15, 758	Oct. 31, 1967-----	15, 472
July 31, 1967-----	15, 627	Nov. 30, 1967-----	15, 454
Aug. 31, 1967-----	15, 614	Dec. 31, 1967-----	15, 411
Sept. 30, 1967-----	15, 471		

If 16,301 PFT positions is a reasonable estimate of what our reduced funds will enable us to carry in 1968, we would have had 890 vacancies as of the end of December. We will await with interest the actual position adjustments that you must work out to meet reduced funds. We are hopeful that the personnel ceiling on PFT positions finally allocated to us will not be so low as to be crippling. We see no particular problem as far as our tentative end-of-year ceiling on "other employment" is concerned.

REVISED FUND APPORTIONMENT ESTIMATES

As soon as you have adjusted your operating budgets to conform to the reduced allocations and current anticipated reimbursements, please rush revised Forms SCS-617 for each allotment account to Carl Dorny. The adjusted figures will include revised added Pay Act costs in the personnel compensation estimates for each apportionment period. Insert at the bottom of the form the words "added Pay Act costs" compensation and show the amount of such costs included in the "net personal services and benefits" figure, exclusive of amounts applicable to reimbursable obligations. Reduce your personnel compensation reserves in the accounts for the third apportionment period by this same amount. As soon as funds for added Pay Act costs are made available to us we will allot them to you.

D. A. WILLIAMS.

P.S.—The Secretary, by memorandum to heads of Department agencies, dated January 5, 1968, canceled his memorandum of October 30, 1967, that had directed the withholding of every possible commitment, obligation, or contract until further notice. Consequently, you may now proceed with regular operations within the reduced funds available to you.

D. A. W.

Mr. WHITTEN. Can you give us some idea at this point of the construction cutback and supply the exact information for the record?

Mr. D. WILLIAMS. I think the primary basis of your question there relates to the watershed and the flood prevention items. In terms of the construction items, the cutback in 1968 affects immediately some 66 projects that are all ready to go forward. In terms of local obligations, that would amount to about \$10,750,000 that we would have been able to enter into if the funds had remained available.

INABILITY TO MEET COMMITMENTS TO LOCAL COOPERATORS

Mr. WHITTEN. In connection with that, and I am sure all members of the subcommittee have heard similar complaints, I have had two in my area where they have done lots of work building up to the point of proceeding with construction and suddenly found that their projects are not to proceed by reason of the fact that you have taken 2½ times as much load as the resolution called for. They are ready to go and suddenly they find out that there is nobody to go with them. Their partners have laid down on them.

For example, I will mention one in my area with which I am familiar. At New Albany, I believe, it is the Big Muddy watershed

project. Just tell us what have you caused the local drainage district or the local sponsor to do?

Mr. D. WILLIAMS. Mr. Chairman, as I pointed out in my statement, from the time that the initial planning work is done when the watershed projects receive the necessary approvals, ordinarily about a 2-year timelag between that time and the actual construction, during that timelag period, beginning immediately after project approval, local sponsors and local organizations must obtain their financial resources to do their part of the scheduled work, which in some cases, particularly in a drainage-type job as you refer to, is a very substantial part of the total. They also have to acquire, and usually by easements, sometimes fee simple, the property and property rights for the facilities that have to be constructed. Where they have proceeded in good faith that there would be funds available approximately at a certain time and have raised their funds to do the job, either from a State legislature appropriation or from county tax base or whatever it might be—

Mr. WHITTEN. Does that include borrowing money from the Farmers Home Administration?

Mr. D. WILLIAMS. It could include that.

Mr. WHITTEN. In some cases?

Mr. D. WILLIAMS. Yes. Or from some other source. In other words, when they reach their point of readiness, then if they are told that they must wait for another fiscal year to come, it causes quite a problem. This is a financial problem. It is also a relationship problem.

Mr. WHITTEN. I would hope that you would review those that have been turned down. They have a word in the Defense Department which they call reclaimer. That means when you get turned down you go raise enough sand somewhere so they will reopen it and look at it. Do you have any reclainer in the Department of Agriculture where you can appeal to the Secretary on this unfair allocation of cuts to the watershed program?

Mr. D. WILLIAMS. I am sure that the Secretary would honor such an appeal to the extent that he finds it possible to do so. I cannot speak for him as to just what action he might be able to take. But in terms of the presentation of the problem, it has been presented in an overall way.

DELAY IN PUBLIC LAW 566 CONSTRUCTION

Mr. WHITTEN. I wish you would supply the committee with the 66 projects that were ready to go. Also supply us information showing in detail how much money the local people have put up, how much time it has taken, how much land they have had to acquire, and how much money they may have borrowed. In other words, I would like to see what the sponsors have done project by project, and how much advance notice you were able to give them that you could not perform when they had done all they were expected to do. Could you supply that to the committee?

Mr. D. WILLIAMS. Yes. I have a breakdown by States, by projects, and the dollar amounts that will not be funded this year.

(The information follows:)

PUBLIC LAW 566 PROJECT AGREEMENTS READY TO BE SIGNED BUT NOT FUNDED

Project agreements ready to be signed but not funded	Measures	County	Federal amount ¹	Estimated sponsors cost ²	Loans ³	Length of time in process (years)
Alabama:						
Cheaha Creek.....	Site 6.....	Clay, Cleburne, Talladega.....	\$28,600	\$14,000		4.1
Crooked Creek.....	Site 17.....	Claiborne, Randolph.....	91,384	21,000		2.3
Powell Creek.....	Site 5.....	Madison, Randolph.....	54,696	5,000		6.4
Terrapin Creek (Ga.).....	Site 33.....	Calhoun, Cleburne, Cherokee, Ala.; Haralson, Polk, Ga.....	129,332	12,000		7.5
Town Creek.....	Site 31.....	Franklin, Colbert, Lawrence.....	134,820	8,000		
	FWR5 11.....		72,800	2,000		5.2
Total.....			811,832	62,000		
Arkansas: Poteau River (Okla.).....						
	Site 11.....	Scott, Ark.; Le Flore, Okla.....	202,900	19,000	\$50,000	4.3
	Site 12.....	Le Flore, Okla.....	416,200	1,000		
California: Escondido Creek.....						
Colorado: Pine River.....						
Connecticut: South Branch Park River.....						
	Unit 3-A.....	San Diego.....	619,100	20,000		5.5
	Canal rehabilitation.....	Archuleta, La Plata.....	1,060,721	328,000		2.5
	FWR-Bugbee.....	Hartford.....	28,000	28,000	105,000	6.3
			50,000	1,025,000		
Delaware: Upper Nanticoke.....						
	Deep Creek.....	Kent and Sussex.....	21,000	9,000		9.4
	Georgetown-Vaughn.....	do.....	40,000	17,000		
Total.....			61,000	26,000	21,500	
Georgia:						
Beaverdam Creek.....	Dams 5 and 6.....	Elbert, Franklin, and Hart.....	86,915	6,000		3.2
Big Cedar Creek.....	Dam 50.....	Polk and Floyd.....	88,500	7,000		1.1
Bishop Creek.....	Channel unit No. 9.....	Appling and Jeff Davis.....	23,758	10,000		5.4
Euharree Creek.....	Dams 51 and 49.....	Barrow, Floyd, Polk, Haralson, and Paulding.....	103,500	5,000		1.3
Lower Little Tallapoosa River.....	Dam 25.....	Carroll, Haralson, and Heard.....	65,808	13,000		2.4
Middle Fork Broad River.....	Dams 2 and 28.....	Banks, Franklin, Habersham, and Stephens.....	115,205	9,000		5.4
Middle Oconee Walnut.....	Dams 6 and 12.....	Hall and Jackson.....	106,180	30,000		3.7
Turtle River.....	Channel unit 7.....	Brantley, Glynn, and Wayne.....	180,600	9,000		3.3
Vegetation and critical area treatment on several projects.....	Channel unit 5.....	do.....	31,605	9,000		
Total.....			885,683	140,000		
Indiana:						
Mill Creek.....	Unit No. 2.....	Hendricks, Morgan, Owens, and Putnam.....	87,600	46,000		2.1
Prairie Creek.....	Eagon lateral.....	Davess and Martin.....	75,410	11,000		9.5
Total.....			163,010	57,000		

Iowa:									
Badger Creek.....	Part 5-4 sites	Dallas, Madison, and Warren.....	19,685	100	-----	-----	-----	-----	3.5
David Creek.....	Part 7 sites	Audubon and Guthrie.....	62,138	800	-----	-----	-----	-----	6.2
Mill-Picayune.....	Part 15-D1, 15-D3, and 15-D4	Crawford, Harrison, and Shelby.....	69,630	1,400	-----	-----	-----	-----	7.5
Total.....			151,453	2,300	-----	-----	-----	-----	
Kansas:									
Little Walnut-Hickory.....	Sites 23 and 24.....	Butler and Greenwood.....	60,000	4,000	-----	-----	-----	-----	4.3
Timber Creek.....	Sites 4, 5, and 20.....	Butler and Cowley.....	175,000	18,000	-----	-----	-----	-----	2.2
Total.....			235,000	22,000	-----	-----	-----	-----	2.1
Louisiana:									
Bayou Boeuf.....	Clearing reservoir and boat lanes, site 2.....	Rapides.....	195,000	15,000	-----	-----	-----	-----	2.1
Maryland:									
Little Youghiogheny.....	Site 6.....	Garrett.....	45,000	53,000	-----	-----	-----	-----	10.7
Long Marsh.....	Oxdale Channel improvement.....	Queen Anne's and Caroline.....	21,000	1,000	-----	-----	-----	-----	7.3
Total.....			66,000	54,000	-----	-----	-----	-----	4.1
Minnesota:									
Joe River.....	Construction unit 1.....	Kitson.....	352,000	258,367	-----	-----	-----	-----	4.1
Mississippi:									
Chiwapa.....	Dams 3 and 29.....	Monroe, Lee, Pontotoc.....	160,000	40,000	-----	-----	-----	-----	7.6
Dry Creek.....	Land rights.....	Covington.....	25,000	25,000	-----	-----	-----	-----	1.3
Muddy Creek (Tenn.).....	Dams 6 and 12.....	Tippah, Miss.; Hardeman, Tenn.....	85,000	5,000	-----	-----	-----	-----	9.4
Upper Bogue Phalia.....	Channel overfall structure.....	Bolivar, Washington.....	102,500	83,000	-----	-----	-----	-----	5.2
Land treatment agreement on 13 projects.....			122,200		-----	-----	-----	-----	
Total.....			494,700	153,000	-----	-----	-----	-----	
Nebraska:									
Bear-Pierce-Cedar.....	3B, 3C, 4-2.....	Gage.....	34,300	11,000	-----	-----	-----	-----	4.4
Brule.....	1A, channels and dikes.....	Keith.....	122,000	5,000	-----	-----	-----	-----	2.3
Total.....			156,300	16,000	-----	-----	-----	-----	
New Hampshire:									
Baker River.....	Site 5.....	Grafton.....	210,000	3,000	-----	-----	-----	-----	3.7
Dead River.....	Site 1.....	Coos.....	311,000	68,000	-----	-----	-----	-----	1.3
Souhegan River (Mass.).....	Site 10A.....	Hillsborough, N.H., Middlesex, Mass.....	200,000	17,000	-----	-----	-----	-----	6.2
Total.....			721,000	88,000	-----	-----	-----	-----	

See footnotes at end of table.

Project agreements ready to be signed but not funded	Measures	County	Federal amount ¹	Estimated sponsors cost ²	Loans ³	Length of time in process (Years)
Oklahoma:						
Caney Creek.....	Site 12.....	Atoka, Bryan.....	\$59,000	\$9,000	-----	4.4
Cottonwood Creek.....	Sites 54, 55.....	Canadian, Kingfisher, Logan, Oklahoma.....	153,000	13,000	-----	5.1
Little Deep Fork.....	Sites 5, 10.....	Okmulgee, Creek, Lincoln.....	120,000	13,000	-----	9.6
Salt Creek.....	Sites 40, 46.....	Pottawatomie, Seminole.....	74,000	17,000	\$12,000	8.7
Quapaw Creek.....	Sites 16, 17, 35, 36.....	Lincoln, Pottawatomie.....	144,000	17,000	282,000	2.2
Upper Black Bear.....	Sites 2, 5, 7, 5.....	Garfield, Noble, Pawnee.....	79,000	11,000	-----	7.5
Upper Clear Boggy.....	Sites 43, 47.....	Johnston, Coal, Pontotoc.....	124,000	14,000	-----	8.2
Upper Elk Creek.....	Sites 19, 20, 27, 28.....	Beckham, Kiowa, Washita.....	132,000	19,000	-----	2.2
Upper Red Rock.....	Sites 15, 16, 17, 18.....	Washita.....	177,000	20,000	-----	6.3
Uncle John Creek.....	Sites 14, 18.....	Garfield, Grant, Kay, Noble.....	85,000	19,000	-----	2.3
Waterfall-Gilford Creek.....	Sites 5, 6.....	Canadian, Kingfisher.....	180,000	63,000	-----	2.3
Vegetation, several projects.....	Sites 4, 5, 12.....	McCurain.....	74,000	12,000	-----	4.3
Total.....			1,546,000	225,000	-----	
Pennsylvania:						
Kaercher Creek.....	PA 478.....	Berks.....	141,000	14,000	-----	5.2
Mauch Chunk Creek.....	PA 462.....	Schuylkill, Carbon.....	278,000	332,000	-----	2.1
Middle Creek.....	PA 637.....	Mifflin, Snyder, Union.....	346,000	178,000	-----	2.1
Total.....			765,000	524,000	-----	
Tennessee:						
Cane Creek.....	Channel.....	Lauderdale.....	1,000,000	134,000	315,900	6.3
Cypress Creek.....	do.....	Weakley.....	30,000	2,000	61,000	7.6
Meridian Creek.....	Channel improvement, 1.6 miles.....	Madison.....	32,000	300	-----	8.7
Total.....			1,062,000	136,300	-----	

Texas:					
Duck Creek	FWR 3	Dickens	137,224	9,000	2.2
Donahoe	MPR-structure 4 LR	Crosby	91,291	92,000	2.4
Duck Creek	Structure 8, 9	Dickens	216,426	36,000	2.2
Castleman	Structure 2	McLennan	54,275	35,000	2.4
Lower Plum	Structures 24, 2	Callidwell, Hays	97,803	31,000	6.5
Nolan Creek	Structures 10, 11	Bell, Coryell	202,727	9,000	4.3
Pine Creek	Structures 17, 18	Lamar	88,562	37,000	3.7
Upper Bosque	Structures 25, 28	Bosque, Erath, Hamilton	222,666	16,000	3.7
Valley Creek	Structures 11, 20	Nolan, Runnels, Taylor	134,402	12,000	5.1
Total			1,245,376	277,000	
Utah:					
Blue Creek-Howell	4D BS and 2G structure	Box Elder	70,000	17,000	6.4
Ferron	Molen and Dutch flat ditches	Emery, Sanpete	22,000	1,400	2.2
Total			92,000	18,400	
Wisconsin:					
Bad Axe	Land rights	Vernon	9,000	9,000	7.5
Glen Hills	Channel reach B	Dunn, St. Croix	16,000	400	4.0
Total			25,000	9,400	
Grand total			10,785,675	3,485,767	1,442,130

¹ Amounts were tentatively allocated to these projects in August 1967 and local sponsors proceeded in meeting their commitments. In October all construction not already obligated was deferred and allocations subsequently withdrawn in January, 1968.

² Approved FHA loans to sponsors for entire project. These loans cover such items as rights-of-way, legal fees, and local construction costs. Additional financing may be arranged through local lending institutions.

³ The major part of sponsor costs shown are for land, easements, and rights-of-way. Other costs included are legal fees, construction costs for municipal water supplies and recreation facilities, the local share of irrigation and drainage costs, and the cost of relocating powerlines, roads, and bridges.

Mr. WHITTEN. If I understood you correctly, the delay as it stands now would mean that they will have to wait until the beginning of the new fiscal year; am I correct in that?

Mr. D. WILLIAMS. Yes, at least that long.

Mr. WHITTEN. If this year's projects take up all of next year's money, then there will be no new projects next year?

Mr. D. WILLIAMS. A portion of the funds, Mr. Chairman, are required to continue construction on the projects that are already in an operational stage, as they move along toward completion. It has been our feeling that in addition to the 30 new starts for this fiscal year of 1968 which the Budget Bureau requested we start (funds had to be allotted to those for starts on particular projects) that the next higher priority had to do with moving along those that were well underway.

Mr. WHITTEN. Mr. Williams, could you provide us with a list of the projects which might be expected to be ready by the 30th of June this year if funds were available?

Mr. D. WILLIAMS. Yes.

(The information referred to follows:)

*Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded*

<i>State and project</i>	<i>Federal amount of project agreements</i>
Aabama:	
Blue Eye Creek.....	\$90,000
Crow Creek.....	500,000
Choccolocco Creek.....	819,000
Subtotal	<u>1,409,000</u>
Arizona:	
Magma watershed.....	450,000
Vanar watershed.....	436,610
Williams Chandler watershed.....	463,690
Subtotal	<u>1,350,300</u>
Arkansas:	
Flat Creek.....	44,000
East Fork Point Remove Creek.....	250,600
Big Creek.....	390,300
Poteau River.....	73,700
Cooper Creek.....	76,800
North Fork of Ozan Creek.....	284,400
Subtotal	<u>1,119,800</u>
California:	
Central Sonoma.....	1,353,120
Escondido Creek.....	1,313,794
Revolon.....	1,090,000
Ulatris Creek.....	436,770
Subtotal	<u>4,193,684</u>
Connecticut: Blackberry River.....	179,550
Delaware: Upper Nanticoke River.....	90,000

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

State and project	Federal amount of project agreements
Florida :	
Upper Tampa Bay-----	\$350,000
Mills Creek-----	175,000
Fort Pierce Farms drainage district-----	143,000
Sarasota west coast-----	1,150,000
Palatlahaha River-----	300,000
South Sumter-----	70,000
Upper Josephine-Jackson Creek-----	250,000
Subtotal -----	<u>2,438,000</u>
Georgia : Tobesofkee Creek-----	225,000
Hawaii : Kona watershed-----	<u>156,300</u>
Idaho :	
Montpelier Creek-----	4,100
Trail Creek-----	116,000
	<u>120,100</u>
Illinois : Shoal Creek-----	<u>43,952</u>
Indiana :	
Prairie Creek-----	66,700
Busseron watershed-----	375,900
Prairie Creek (Vigo)-----	107,000
Prides Creek-----	187,000
Middle Fork of Anderson River-----	187,000
Twin Rush-----	114,000
Stucker Fork-----	156,000
Muddy Fork of Silver Creek-----	105,000
Kickapoo Creek-----	147,000
Little Raccoon Creek-----	360,000
Bachelor Run watershed-----	190,000
Upper Big Blue watershed-----	109,000
Rock Creek (Wells) watershed-----	1,000,000
Contract modifications-----	50,000
Subtotal -----	<u>3,154,600</u>
Iowa :	
Davis-Battle Creek-----	53,090
Deer Creek-----	525,153
Bee-Jay-----	3,625
Big Park-----	95,878
Dane Ridge-----	22,070
Mill-Picayune-----	11,895
Turkey Creek-----	72,072
Badger Creek-----	33,315
Pierce Creek-----	109,900
Pony Creek-----	93,000
Walter's Creek-----	125,000
Three Mile Creek-----	62,500
Blockton-----	90,720
Big Wyacondah-----	61,936
Moulton-----	64,000
Subtotal -----	<u>1,424,154</u>

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

State and project	Federal amount of project agreements
Kansas:	
Little Delaware-Mission-----	\$81,000
Upper Verdigris-----	415,111
Fall River-----	200,000
Middle Caney-----	335,000
Twin Caney-----	331,000
Big Caney-----	85,000
Little Walnut-Hickory-----	45,000
Rock Creek-----	370,000
Lakin watershed-----	185,000
Irish Creek-----	82,000
North Black Vermillion-----	5,000
Upper Black Vermillion-----	6,000
Subtotal -----	<u>2,140,111</u>
Kentucky:	
Mill Creek-----	42,800
East Fork Pond River-----	64,000
Subtotal -----	<u>106,800</u>
Louisiana:	
Bayou Nezpique-----	280,000
Pleasant Valley-----	42,000
Bayou Folse-----	102,000
Seventh Ward-----	130,000
Lower Bayou Teche-----	400,000
Duralde-des Cannes-----	560,000
West Madison-----	77,000
English Bayou-----	230,000
Subtotal -----	<u>1,821,000</u>
Maine:	
Presque Isle Stream-----	234,000
Limestone Stream-----	205,000
Cold River-Old Course Saco-----	45,000
Dunham-Davee-----	51,000
Subtotal -----	<u>535,000</u>
Maryland:	
Marshyhope Creek-----	10,000
Upper Manokin-----	150,000
Upper Rock Creek-----	25,000
Subtotal -----	<u>185,000</u>
Massachusetts:	
Upper Quaboag River-----	73,000
SuAsCo watershed-----	545,000
Subtotal -----	<u>618,000</u>
Michigan:	
Misteguay Creek-----	105,200
South Branch Cass River-----	157,500
Middle Branch Cass River-----	151,700
Black Creek Mason-----	55,800
Jo Drain-----	130,700
Farm Creek-Lee Drain-----	29,200
East Branch Sturgeon River-----	74,300
Subtotal -----	<u>704,400</u>

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

<i>State and project</i>	<i>Federal amount of project agreements</i>
Minnesota :	
Crooked Creek-----	\$412, 000
Crane Creek-----	28, 452
Lake Okabena and Ocheda-----	210, 000
Upper Deer Creek-Lake Hendricks-----	25, 000
Subtotal -----	<u>675, 452</u>
Mississippi :	
Chiwapa Creek-----	100, 000
Chuquatonchee-----	325, 000
Dry Creek-----	250, 000
Muddy Creek-----	160, 000
Second Creek-----	120, 000
Town Creek-----	300, 000
Upper Bogue Phalia-----	220, 000
Subtotal -----	<u>1, 475, 000</u>
Missouri :	
Bear Creek-----	76, 100
Wellington-Napoleon-----	50, 000
Durgens Creek-----	74, 000
Willow Creek-----	135, 000
Williams Creek-----	150, 400
Grindstone-Lost-Muddy-----	140, 000
102 river tributaries-----	30, 800
Panther Creek-----	148, 000
Subtotal -----	<u>804, 300</u>
Montana : City of Shelby-----	<u>26, 000</u>
Nebraska :	
Bear-Pierce-Cedar-----	60, 000
Bellwood-----	166, 000
Big Indian-----	66, 000
Cottonwood-----	23, 000
Cub Creek-----	84, 000
Dorchester-----	36, 000
Gering Valley-----	280, 000
Jones Creek-----	33, 000
Mission Creek-----	127, 300
Oak Middle-----	50, 000
Plum Creek-----	113, 000
Rock-----	60, 000
Spring Creek-----	100, 000
Spring Creek (Johnson)-----	133, 000
Upper Big Nemaha-----	208, 000
Wilson Creek-----	228, 000
Ziegler-----	170, 000
Subtotal -----	<u>1, 937, 300</u>
New Hampshire :	
Baker River-----	35, 500
Dead River-----	1, 000
Subtotal -----	<u>36, 500</u>
New Jersey : Assunpink Creek-----	<u>218, 000</u>
New Mexico : Crow Broad and Placitas-----	<u>440, 000</u>

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

State and project	Federal amount of project agreements
New York:	
Batavia Kill.....	\$397,900
Conewango Creek.....	109,000
Ischua Creek.....	457,500
Little Choconut, Finch Hollow and Trout Brook.....	105,900
Nanticoke Creek.....	320,824
Subtotal.....	<u>1,391,124</u>
North Carolina:	
Back Swamp.....	329,762
Bear Creek.....	12,600
Broad Creek.....	10,000
Dunn Swamp-Cedar Branch Tributaries.....	301,854
Dutchman Creek.....	7,000
Meadow Branch.....	65,128
Mosley Creek-Tracey Swamp.....	251,871
Muddy Creek.....	110,983
Town Fork Creek.....	189,718
Subtotal.....	<u>1,278,916</u>
North Dakota:	
Willow Creek Park River.....	60,000
Middle Branch Forest River.....	270,000
Lower Forest River.....	285,000
St. Thomas-Lodema.....	245,000
Elm River.....	85,000
Subtotal.....	<u>945,000</u>
Ohio:	
Little Auglaize.....	875,000
Black Brook.....	100,000
Chippewa Creek.....	60,000
Margaret Creek.....	190,000
Rush Creek.....	32,000
West Fork Duck Creek.....	210,000
Subtotal.....	<u>1,467,000</u>
Oklahoma:	
Delaware Creek.....	125,000
Little Wewoka-Graves Creek.....	57,000
Sallisaw Creek.....	60,000
Salt-Camp Creek.....	300,000
Stillwater Creek.....	130,000
Tri-County Turkey Creek.....	330,000
Uncle John Creek.....	180,000
Upper Black Bear Creek.....	50,000
Upper Elk Creek.....	400,000
Upper Red Rock Creek.....	175,000
Contract modifications.....	100,000
Subtotal.....	<u>1,907,000</u>
Oregon:	
Lower Amazon-Flat Creek.....	185,000
Middle Fork of Hood River.....	92,000
Sutherlin.....	14,000
Subtotal.....	<u>291,000</u>

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

<i>State and project</i>	<i>Federal amount of project agreements</i>
South Carolina:	
Pennsylvania:	
Greene-Dreher -----	\$156,000
Little Shenango -----	153,500
Harmon Creek -----	170,400
Dunlap Creek -----	160,600
Contract modifications -----	191,100
Subtotal -----	831,600
Duncan Creek -----	281,800
Fishing Creek -----	124,800
Georges Creek -----	38,500
Horse Range Swamp -----	250,000
South Tyger River -----	123,200
Thicketty Creek -----	257,000
Three & Twenty Creek -----	75,800
Wilson Creek -----	3,300
Subtotal -----	1,154,400
South Dakota:	
Pattee Creek -----	115,000
Upper Deer Creek-Lake Hendricks -----	25,000
Subtotal -----	140,000
Tennessee:	
Martin Creek -----	9,000
Middle Fork Obion River -----	510,000
Reelfoot-Indian -----	89,500
Cub Creek -----	60,500
Porters Creek -----	17,500
Pine Creek -----	138,800
Weatherford-Bear Creek -----	272,400
Contract modifications -----	10,000
Subtotal -----	1,107,700
Texas:	
Caney Creek -----	3,500
Hondo Creek -----	7,500
Pine Creek -----	2,500
Plum Creek -----	57,229
Upper Bosque River -----	26,500
Upper Lake Fork -----	3,500
Valley Creek -----	5,000
York Creek -----	141,172
Contract modifications -----	27,813
Subtotal -----	274,714
Utah:	
American Fork-Dry Creek -----	385,000
Blue Creek-Howell -----	138,900
Ferron -----	1,810,000
Monroe-Annabella -----	54,000
Subtotal -----	2,387,900
Vermont: Jewel Brook -----	200,000

Public Law 566 project agreements that will be ready for signature before
June 30, 1968, that are unfunded—Continued

<i>State and project</i>	<i>Federal amount of project agreements</i>
Virginia :	
Buffalo Creek -----	\$16, 000
Cherrystone -----	105, 000
Potomac -----	330, 000
Roanoke Creek -----	73, 000
White Oak -----	30, 000
Willis River -----	80, 000
Subtotal -----	<u>634, 000</u>
West Virginia :	
Harmon Creek -----	215, 100
Upper Deckers Creek -----	95, 000
Contract modifications -----	20, 000
Subtotal -----	<u>330, 100</u>
Wisconsin :	
Glen Hills -----	160, 000
Otter Creek -----	200, 000
Plain-Honey Creek -----	210, 000
Subtotal -----	<u>570, 000</u>
Wyoming :	
Angell Draw -----	262, 000
North Fork of Powder River -----	30, 000
Subtotal -----	292, 000
Puerto Rico : Anasco River Watershed -----	317, 000
Total -----	<u>43, 146, 757</u>

Mr. WHITTEN. At the time that Public Law 90-218 was passed, assurances were given for construction programs involving water resources to the effect that the executive department would not eliminate any new construction starts funded in 1968. The letter from the Budget Director says: "Rather, we will stretch out the commencement of these construction projects over a longer time period than contemplated in the 1968 budget." It also says the executive department will not "stop work on any project now underway, although we will maintain the rate of certain construction at somewhat lower levels than proposed in the January budget."

Also, they give certain assurances having to do with loan programs of REA and the Farmers Home Administration that they will not be reduced "disproportionately to other programs."

What is your estimate as to the number of projects that will be ready for the coming fiscal year if the funds are available? If you do not have it, you can supply that for the record.

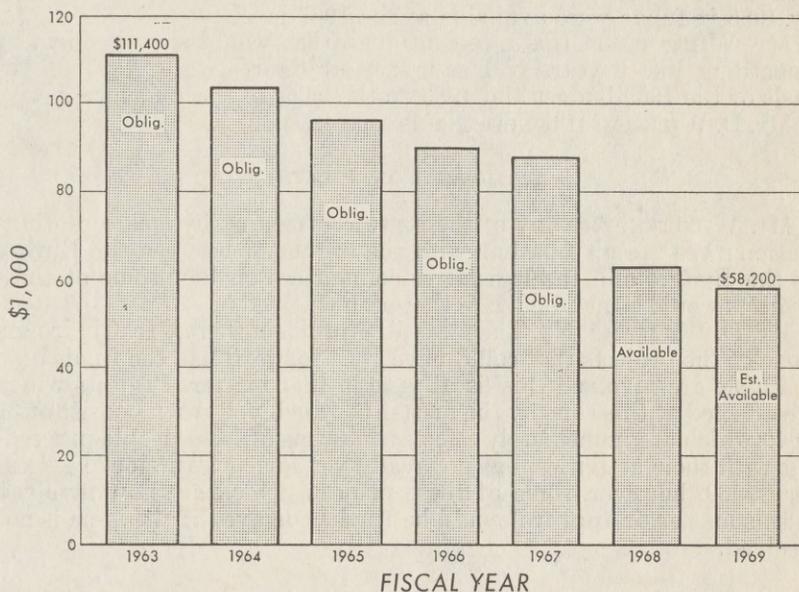
Mr. D. WILLIAMS. Yes, sir.

(The information requested follows:)

Of the total 810 projects expected to be underway in 1969, it is estimated that 50 will not require any funds due to being approved late in the year or not having any work scheduled. Another 30 projects with construction completed would continue to receive land treatment. If funds were made available, it is estimated that out of the remaining 660 projects, construction could begin on 85 projects and continue on 295 and the other 280 will be ready for preconstruction land treatment and engineering services.

The following chart shows the decrease in obligations per public law 566 projects for fiscal years 1963 through 1967 and estimated to be available in 1968 and 1969.

DECREASE IN PL 566 OPERATIONS FUNDS PER PROJECT



FLOOD PREVENTION

Mr. WHITTEN. The small watershed program started in 1952 in an effort to get national interest in what had before been limited to flood control projects in 11 major watersheds. First, we had the pilot projects scattered over the United States, followed the next year by Public Law 566. There is no need to go into further details of all of this, but in the progress from the beginning to the present, how much on schedule are you, Mr. Williams, as compared with the original plans? What will be the effect of the 1969 budget cuts plus the freeze which you have already sustained?

Mr. D. WILLIAMS. Mr. Chairman, on the flood-prevention item, I believe the projections you referred to were ones that were made in 1962. It shows that the entire program would be completed by 1977. However, the completion date will be extended to about 1991 at the rate of the budget proposal for 1969. The projects would be completed by 1985 if funds were available at the 1967 level.

Mr. WHITTEN. If this rate continues, that would slow it down by something like 6 years if I caught your figures right, 1991 on the basis of the 1969 budget and 1985 on the basis of the 1967 level.

Mr. D. WILLIAMS. I believe that is correct.

AUTHORIZATION PROCESS

Mr. WHITTEN. Are any of these projects tied up by lack of authorization? We are all familiar with the argument between the Bureau of the Budget and the legislative committees on how some of these projects would be handled. Has that been resolved?

Mr. D. WILLIAMS. No. There is still a problem there, Mr. Chairman. None of the projects that could have gone forward had the funds been available are involved this fiscal year in that matter. Projects which are affected at this time by the matter to which you refer, consist of 39 or 40 which are immediately affected in terms of local people proceeding with their activities, but not ready yet for construction. In fiscal year 1969, however, some of these projects which are now involved in this matter of approval could be further delayed if the issue is not resolved.

PROGRESS TOWARD WATERSHED PROTECTION GOAL

Mr. WHITTEN. I wish you would submit for the record the number of total projects needed in the flood prevention and watershed protection programs, the number of applications received, the number of projects authorized for planning, the number of projects approved for operations, the number of projects having construction started, the number of projects having construction completed, and the backlog of unserviced applications. Now, that includes some of what I have asked you to supply the committee previously, but I wish you would supply the remainder of the information that I cite there.

Mr. D. WILLIAMS. We can supply that.

(The information requested follows:)

The following tabulation shows the current status of watershed projects as of July 1, 1967:

Eight thousand and three hundred potential Public Law 566-type projects shown in conservation needs inventory (1965).

Two thousand six hundred and fifty-three applications submitted by local sponsors (32 percent of need).

One thousand three hundred and eleven projects authorized for planning (16 percent of need).

Eight hundred and seventeen projects approved for operations (10 percent of need).

Five hundred and eighty-nine construction starts made (7 percent of need).

One hundred and eighty-eight projects in which construction is completed (2 percent of need).

WATERSHED PLANNING FUNDS

Mr. WHITTEN. How much have funds for watershed planning increased during the past 10 years?

Mr. D. WILLIAMS. Mr. Chairman, as I recall it, the total increase is about \$1.8 million in funds, part of which are involved, of course, in the increased cost of doing business.

We expect the obligations to be roughly \$2 million more in 1969 than in 1959. The reduced personnel would be something like 100 man-years, reduced because of the increased cost of doing business and the higher salary rates that are now applicable.

INCREASED COSTS

Mr. WHITTEN. Earlier today at another committee I asked the question of the Corps of Engineers as to what the rate of increased cost on an annual basis was. Their statement was that costs are increasing approximately 5 percent a year, on the items which the corps must purchase. What has been your experience?

Mr. D. WILLIAMS. I think our calculation on the engineering index is 5.3 percent, using the same basic data.

Mr. WHITTEN. Based on a 6-year lengthening out or stretching out of the accomplishment for this job, approximately what would be the extra cost?

Mr. D. WILLIAMS. Well, 6 years' further delay, assuming that same trend of increase of 5.3 percent, that would be roughly 31-percent increase in the actual construction.

BENEFITS OF FLOOD PREVENTION

Mr. WHITTEN. Turning now to flood prevention programs. How much in the way of flood damage has been prevented by the structures you already have, and how much money has been saved in terms of damage that you have prevented?

Mr. D. WILLIAMS. Mr. Chairman, our best estimate of that would be something like \$141 million accumulated damage reduction benefits by the end of fiscal year 1967. That accounts from some 2,200 floodwater-retarding structures and the 685 miles of channel improvements.

Mr. WHITTEN. That is compared against the total Federal Government cost of approximately how much cumulatively? Could you supply that for the record?

Mr. D. WILLIAMS. Yes.

(The information requested follows:)

The Federal share of the construction cost for the structures involved was about \$290 million. The \$141 million of floodwater and sediment damage prevented by the end of fiscal 1967 plus the present value of flood prevention benefits expected over the remaining life of the structures will amount to more than \$634 million.

Mr. WHITTEN. With that in mind, what would be the increased damage that might be suffered if these watershed programs are delayed to the degree that we have earlier discussed, that is by 6 years? Do you have any way to roughly estimate this?

Mr. D. WILLIAMS. I may have to supply that one for the record.

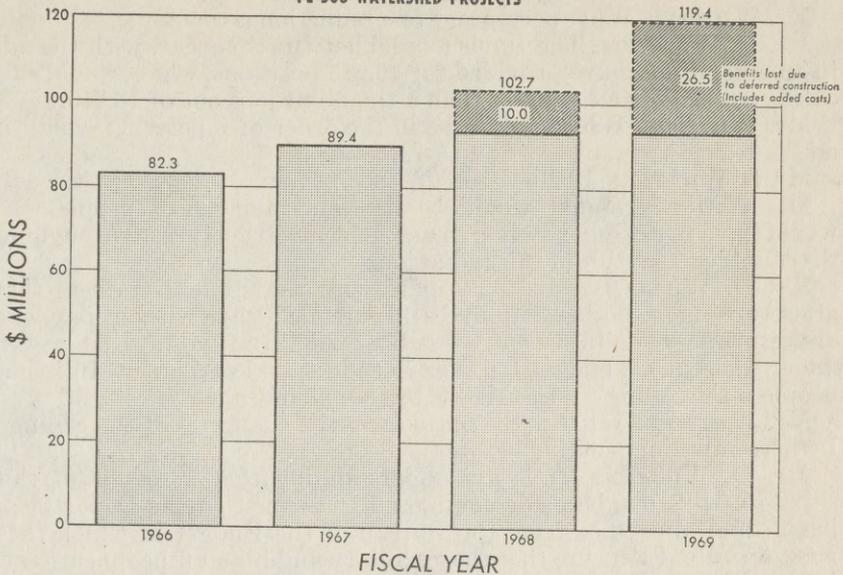
Mr. WHITTEN. I realize that, sir.

(The information referred to follows:)

We estimate the loss in expected benefits in 1968 to be almost \$10 million and \$26.5 million in 1969. The relation of these losses to annual benefits are shown on the chart below.

PRINCIPAL ANNUAL BENEFITS

PL 566 WATERSHED PROJECTS



Mr. D. WILLIAMS. The figure you asked for earlier, the estimated total Federal cost, adjusted to the 1966 base for flood prevention program was \$526 million, so the \$141 million of benefits shows there have already been benefits that are already a significant part of the total.

Mr. WHITTEN. Last year we developed in our hearings the effect of a reduction in force of 398 man-years. At that time you estimated about 1,200 personnel would have to change jobs as a result of this cut. If that information is correct, what would be the effect if the cut this year of nearly \$750,000 is made?

Mr. D. WILLIAMS. The anticipated reduction of \$750,000 in reimbursements to SCS in 1968 came about as a result of the \$24,500,000 cut made in the ACP appropriation pursuant to Public Law 90-218. This is requiring SCS to reduce its staff by 77 man-years. This would affect around 300 employees by transfers, terminations, or shortened periods of temporary employment. The reduction of \$120 million in the ACP appropriation level in 1969 would cause an estimated further reduction of \$3 million in reimbursements to SCS and would require a reduction of 398 additional man-years. This would affect about 1,200 SCS employees.

PERSONNEL CEILING

Mr. Chairman, we expect to be able to meet our personnel ceiling by the attrition process. We will be able to recruit some key positions before the end of this fiscal year.

Mr. WHITTEN. The 2-percent cut was in the original formula per department; but what is the ceiling that has been imposed on you?

Mr. D. WILLIAMS. The ceiling that the Soil Conservation Service has for permanent full-time people as of June 30 is 15,300.

Mr. WHITTEN. What percentage of a reduction is that?

Mr. D. WILLIAMS. The funds available to us this year, with the adjustments, would have provided for 16,215 positions, which would calculate out at, it is a little less than a thousand jobs out of 16,215.

Mr. WHITTEN. Which would be in the order of 6 percent; would it not?

Mr. D. WILLIAMS. I believe so.

Mr. WHITTEN. What would be the total number of people who would have to resign or switch to new jobs in various areas throughout the country as a result of this reduction?

Mr. D. WILLIAMS. Mr. Chairman, with the student trainees that are returning and other employees on extended leave without pay who are returning to employment, we still would have funds available even under the reduced budget for over 700 additional permanent full-time people if the ceiling were available by the end of June.

Mr. WHITTEN. What is the outlook on the changing of the ceiling? Is there anything pending before the Secretary?

Mr. D. WILLIAMS. It is my understanding that a review of this situation will soon be made again, and I assume that the Department has a total allowance from the Bureau of the Budget in which they must operate. I am sure that the Secretary and his staff people are trying to do the very best they know how to do in allocating their total ceiling allowance among the agencies.

Mr. WHITTEN. They have taken action once. Is it now under review as to whether its original allocation might be modified or changed?

Mr. D. WILLIAMS. Not that I am aware of. Maybe Mr. Grant can answer that better than I can.

Mr. WHITTEN. In the first place, Mr. Grant, this ten-and-two cut applies to the year's appropriation. It is a 1-year act by the Congress under the pressures of the executive department. So whatever will be done in the future will be up to what the Congress may do in its bills this year.

Mr. GRANT. Yes. That is quite right, sir. And employment ceilings will be adjusted accordingly.

Mr. WHITTEN. Has the action during this fiscal year perhaps been taken into consideration by the Bureau of the Budget in making its recommendations to the Congress?

Mr. GRANT. Yes, sir; it has.

NEW DISTRICTS BEING FORMED

Mr. WHITTEN. I asked you earlier, but may I ask you again: How many new conservation districts do you expect to have added in this fiscal year, and how many new ones can we expect in 1969 if funds and personnel are available?

Mr. D. WILLIAMS. Mr. Chairman, we had estimated 15 for this fiscal year and 15 for the 1969 fiscal year.

CONSERVATION OPERATIONS

Mr. WHITTEN. How much money was obligated in fiscal year 1967 for soil surveys, technical programs, installation services, and opera-

tion of plant material centers, and how much would be available for fiscal 1968 and 1969? You touched on that in your original statement.

Mr. D. WILLIAMS. Mr. Chairman, the soil survey information is for 1967. The actual obligations were \$18,220,000. The estimate for 1968 is \$18.7 million. I believe this includes the pay cost adjustment.

Estimated for 1969, which includes \$220,000 additional pay cost for annualizing the 1968 rates, would be \$18,920,000.

And for the technical service item, actual obligations in 1967 were \$92,014,748. The estimates for 1968 are \$95,173,000, with an addition of \$1,192,000 for Public Law 90-206, the pay cost item. The estimate for 1969 is \$96,365,000.

On plant materials centers, the actual is \$1,030,000 in 1967; estimated for 1968 is \$1,020,000, including the pay cost for part of the year. The estimate for 1969 is \$1,028,000, which includes \$8,000 for additional pay costs over the 1968 estimate.

REDUCED PLANNING STAFF

Mr. WHITTEN. Turning to watershed planning, now, you are proposing to use 22 less man-years for small watershed planning in fiscal 1969 than you had in fiscal year 1968. What is the cause for this?

Mr. D. WILLIAMS. I believe our estimated reduction in terms of accomplishments would be about five work plans fewer than the estimate for this fiscal year. The watershed planning item contains a decrease of \$382,210 below the 1968 level for 1969.

Mr. WHITTEN. For 1968 you had a carryover from 1967 of \$382,210. You would not have that in the coming fiscal year, which means if we go along with your figure in 1969, it will be an actual reduction of funds available for obligation.

Mr. D. WILLIAMS. We will have fewer people we can pay with the funds we have.

Mr. WHITTEN. It is not a matter of not needing them, it is just that you are restricted by the personnel ceiling and your funds?

Mr. D. WILLIAMS. That is right.

NEW CONSTRUCTION STARTS

Mr. WHITTEN. This committee for several years has insisted upon increasing the new construction starts, along with our colleagues in the Senate, and we have insisted on surveys and other activities beyond which you have been able to do.

I note that you anticipate in this present fiscal year only 30 new construction starts, whereas Congress authorized at least 80. What is the explanation for that?

Mr. D. WILLIAMS. Mr. Chairman, in connection with the reduction of funds involved with the Public Law 90-218, the decision was made that 80 previously estimated for the fiscal year 1968 would be increased to 85 and spread out over 2 years. A total of 30 new construction starts are estimated for this fiscal year and 55 in fiscal year 1969.

Mr. WHITTEN. Was that given to you by the Secretary's office or by the Budget Bureau?

Mr. D. WILLIAMS. I am not sure how specific the information was from the Budget Bureau. It was my understanding it was from the Budget Bureau. Mr. Grant said "Yes."

Mr. WHITTEN. The appropriations provided by the Congress would have provided \$63,432,000 in funds available for Public Law 566, watersheds in fiscal year 1968. This year the budget proposed to provide only \$47 million in funds available for obligations for this purpose. If the Congress were to add back the difference of \$16-odd million, how much would expenditures be increased in fiscal 1969?

Mr. D. WILLIAMS. I believe, Mr. Chairman, that the projects which are ready to go forward would be more than ample to use that amount of money.

RIVER BASIN SURVEYS

Mr. WHITTEN. I note you proposed to reduce funds for river basin surveys and investigations by \$851,255. Is this consistent with what the Corps of Engineers is doing, or are they increasing their ability to move ahead? These are joint studies.

Mr. D. WILLIAMS. Mr. Chairman, for the past few years budget proposals for the river basin planning items have been coordinated among the several departments. Mr. Hollis Williams has served on a work group working on those budgets. Perhaps he can answer that question.

Mr. H. WILLIAMS. Mr. Chairman, I would summarize it by saying that there has been coordination with the major participating Federal agencies, like the corps, Interior, HEW, and Federal Power Commission. The decreases can be attributed to completing some surveys that have been underway, and in some minor adjustments downward, based upon the field estimates which have been coordinated at the field level, at the national level, and in one coordinated presentation, through channels, to the Bureau of the Budget.

Mr. WHITTEN. So you will be kept on an even keel in the opinion of the Bureau of the Budget?

Mr. H. WILLIAMS. I would say, based upon the coordination in the Water Resources Council and in the Bureau of the Budget, that we are coordinated.

Mr. WHITTEN. I note the appropriations proposed for watershed protection would reduce the number of man-years by 149. Could you give us a table showing how this cut would affect the budgeted projects, according to your present planning?

Mr. D. WILLIAMS. Can we do that, Mr. Dorny? We could estimate it at this time. I expect that would be the best.

Mr. DORNY. Yes; we can provide a breakdown of the 149 man-year reduction by the financial projects shown in the budget schedule.

Mr. WHITTEN. You might supply to the committee such statement as you could as to how you could live with this one.

Mr. D. WILLIAMS. All right.

(The information requested follows:)

The following tabulation shows the estimated man-years for 1968 and 1969 by budget activity and agencies for the "Watershed protection" appropriation item:

Activity	SCS man-years		ERS man-years		FHA man-years		FS man-years		Total man-years		Difference
	1968	1969	1968	1969	1968	1969	1968	1969	1968	1969	
Pilot watersheds.....	6	6	2	2					8	8	
Public Law 566 watersheds.....	2,531	2,462	6	9			20	23	2,557	2,494	-63
Loan services.....					30	20			30	20	-10
River basin surveys.....	534	464	103	100			74	71	711	635	-76
Total.....	3,071	2,932	111	111	30	20	94	94	3,306	3,157	-149

WATERSHED PROTECTION LOAN LEVEL

Mr. WHITTEN. I notice that the budget reduces the amount for watershed protection loans by transfer from the Farmers Home Administration, from \$5 to \$3 million. Is this in line with the slowdown in the number of projects, or what is the basis for that?

Mr. D. WILLIAMS. This is in connection with an overall reduction of expenditure under Public Law 90-218 in relationship of the loans to the other obligations.

Mr. WHITTEN. How did you distribute your cuts in 1968 between actual construction and technical assistance in engineering services?

REDUCED ENGINEERING SERVICES

Mr. D. WILLIAMS. Mr. Chairman, the technical services, engineering services, and so on, which are involved with actual construction contracts previously awarded, meant that we had to maintain a very high percentage of our personnel for the going work. The new construction contracts would not have required further personnel under the anticipated amount of funds that would have been available. The actual dollar amounts, the reduction in construction under Public Law 566, was \$14,200,000. The reduction in "Other," which includes the personnel services, was \$1,090,000 but excluding loans.

Mr. WHITTEN. Well, with less construction, do you need fewer people? I asked this question earlier of another department, when your program is smaller and this is going on, how can you justify more people?

In other words, as the workload cuts down, should that not cut down personnel? You have applied your whole cut to construction.

Mr. D. WILLIAMS. Very definitely. It very definitely will cut it down. I think the \$1,090,000—Mr. Dorny, maybe you can elaborate on this further.

Mr. DORNY. We have in the construction program, of course, construction contracts executed with contractors and project agreements

signed with the local sponsoring organizations both last year and this year. Much of this committed construction work is carried on over a period of a year or two. We had uncompleted watershed protection and flood prevention construction work under contract or agreement as of June 30, 1967, totaling almost \$59 million. As these construction jobs now underway are completed, obviously if there are no new construction jobs coming up under new contracts or agreements, we will be faced with the problem of having to drop trained construction staff.

Mr. D. WILLIAMS. Actually we are doing this, Mr. Chairman, through attrition and the shifting of people in order to come down to our personnel ceiling and to gradually reduce the personnel, and through reduction of temporaries, in order to try to maintain as many of our permanent people as we can.

RURAL DEVELOPMENT ACTIVITIES

Mr. WHITTEN. I meant to ask you a while ago how many people you have in this rural development area?

Mr. D. WILLIAMS. The best estimate we have, and we do not have an actual head count on it, because in the rural area development activity a great deal of our total work, of course, is a part of that process. In the technical action panel activities, the Soil Conservation Service has a very active part, either as chairman or cochairman of a high percentage of the county committees; and in some seven States.

We estimate, without actual supporting records yet, which we will have at the end of this fiscal year, that probably about 100 man-years of technician time is going into the extra activities.

Mr. WHITTEN. In other words, you have a few people who are assigned outright to this job, but it is a matter of your existing personnel giving a part of their time to it?

Mr. D. WILLIAMS. That is correct.

Almost every work unit conservationist in the country and every State conservationist spends some portion of their time on it.

REDUCED STAFFING IN DISTRICTS

Mr. WHITTEN. If the ACP cut stands, which hits about 398 in personnel, plus the other budget cut of about 350, if those cuts in manpower should stand, how many districts now having a full-time technical servicer or soil conservationist would end up without such help, or be dependent upon the part-time help from adjacent or other districts?

Mr. D. WILLIAMS. Mr. Chairman, the reduction in anticipated ACP reimbursements to the Soil Conservation Service would be about 398 man-years on a national basis.

Mr. WHITTEN. That is people you have now. Now, your regular budget calls for a further reduction, if I understand it, by 350 man-years. This, in turn, would make a total cut of about 748 man-years.

Mr. D. WILLIAMS. That is correct.

Mr. WHITTEN. If you took that much cut in technicians, how many districts which now have full-time technicians would be left without anybody, or would have to share a technician with adjoining counties or other counties?

Mr. D. WILLIAMS. Mr. Chairman, there would be something on the order of 360 work units that could be depleted by two people each.

Mr. WHITTEN. You are thinking of that in connection with flood prevention and watershed protection?

Mr. D. WILLIAMS. That is the total figure. The conservation operations, technical services to districts, would be a reduction of 70 man-years under the 1969 budget as compared with 1968. The pending ACP cut would also reduce district staffing.

Mr. WHITTEN. Would that reduction take place in the areas where you might have several employees or would it result in your having to deprive some districts of any help?

Mr. D. WILLIAMS. Mr. Chairman, the decision as to exactly how to make these adjustments is the responsibility of the State conservationist in each State, but he does take into account the workload factors, the priority activities, such as the special attentions to small farms and other activities within a State, which guide him in where he makes the reductions.

We try to keep from denying any soil conservation district access to some professional help.

There are cases where we have had to supply professional help from adjoining districts or adjoining work units, rather than having a professional person in each of the work units.

RATE OF FLOOD PREVENTION PROGRESS

Mr. WHITTEN. As you know, through the years we have had extreme difficulty trying to get flood prevention work to progress at a satisfactory rate in 11 big watersheds.

It has been extremely hard to get this program carried along at a rate comparable to the watershed program which sprang from it. I had you, last year, put in the record a table that showed how much work remains to be done. I wish you would put a similar table in the record for this year.

Mr. D. WILLIAMS. Yes, sir.

(The information requested follows:)

The following table on status of flood prevention projects shows current estimates for each of the authorized watersheds.

The first column "Estimated total federal cost" is based on 1966 prices. The last three columns show comparisons between the original estimated year of completion and adjusted dates using 1969 and 1967 rates of obligation.

Work in some watersheds is progressing at or near original estimates. In others, completion dates have been extended due to additional construction work being included in updated subwatershed work plans.

STATUS OF FLOOD PREVENTION PROJECTS—WORKS OF IMPROVEMENT

[Dollar amounts in thousands]

Watershed	Estimated Total Federal cost ¹	Total obligation June 30, 1967 ²	Estimated percent completed June 30, 1967	Estimated obligation fiscal year 1966	Estimated obligation fiscal year 1969	Required to complete after 1969	Original estimated year of comple- tion	Estimated year of completion using 1969 estimated rate of obligation	Estimated year of completion using 1967 actual rate of obligation
Buffalo Creek, N.Y.	4,615	4,615	100	1,618	1,965	16,401	1964	1978	1978
Colorado (Middle), Tex.	41,900	21,916	52	984	747	2,416	1968	1978	1971
Coosa, Ga. and Tenn.	16,400	12,253	75	1,077	895	19,350	1970	1973	1971
Little Sioux, Iowa and Minn.	40,200	18,878	47	1,401	1,407	6,404	1971	1974	1965
Little Tallahatchie, Miss.	27,300	18,088	66	2,105	1,497	29,111	1970	1969	1973
Los Angeles, Calif.	58,100	25,387	44	2,475	2,063	15,409	1965	1977	1964
Potomac, Pa., Md., Va., and W. Va.	37,900	17,953	47	3,64	343	5,275	1976	1985	1974
Santa Ynez, Calif.	12,900	6,918	54	3,791	2,569	50,822	1960	1985	1979
Trinity, Tex.	111,100	53,928	49	3,697	3,069	22,739	1969	1988	1980
Washita, Okla. and Tex.	89,900	60,395	67	4,171	3,378	35,797	1965	1977	1970
Yazoo, Miss.	86,400	43,054	50	2,168	1,923	203,724	1970	1980	1976
Total	526,715	283,385	55	21,683	17,923				

¹ Based on 1966 prices. (Costs shown in "Explanatory notes" are based on 1960 prices.)² Does not include loans or emergency measures.³ Reflects costs for 720,000-acre increase in authorized area.

Mr. WHITTEN. Now, it is to be noted that your request this year is a reduction of \$8-odd million. Was this done by your agency, or was this done by the Secretary, or at the Bureau of the Budget level?

Mr. D. WILLIAMS. This is within a total amount available to the Secretary for all purposes of the Department, and within the allowances provided by the Secretary to the Soil Conservation Service within a total available for the Service.

Mr. WHITTEN. How did you divide the 1968 cut in this item, how much for construction work and how much for technical assistance?

Mr. D. WILLIAMS. The reduction in flood prevention item, \$5,774,162 for construction and \$350,000 in the technical support.

Mr. WHITTEN. Would you supply to the committee a list of the projects that were affected by this?

Mr. D. WILLIAMS. I should also mention that the loans were reduced by \$875,838.

(The information requested follows:)

FLOOD PREVENTION FUNDS

The following table on the distribution of flood prevention funds shows the net amounts withdrawn from each watershed in fiscal year 1968. A total of \$7,005,200 was placed in reserve as a result of Public Law 90-218. The net amounts shown in the table include \$5,833,162 from works of improvement and \$875,838 from appropriated loan funds or a total of \$6,709,000. It is proposed that the remaining \$296,200 be reallocated to help meet added pay and postal costs under Public Law 90-206.

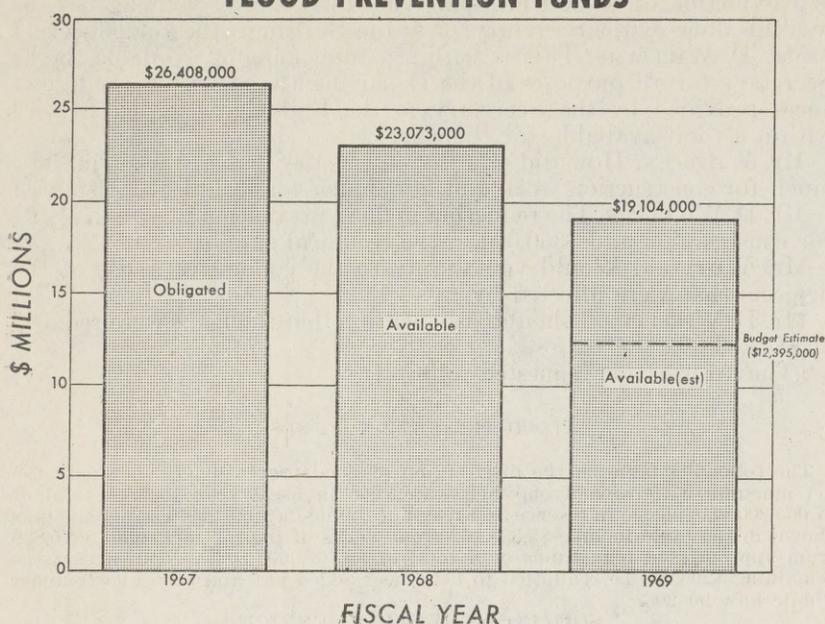
SOIL CONSERVATION SERVICE

DISTRIBUTION OF FLOOD PREVENTION FUNDS BY WATERSHEDS

Watersheds	Fiscal year 1968		
	Total available	Net reductions per Public Law 90-218	Estimated obligations
Buffalo Creek, N.Y.-----		Completed in 1964	
Colorado (Middle), Texas-----	\$2,657,855	-\$1,039,534	\$1,618,321
Coosa, Ga., Tenn.-----	1,221,615	-237,485	984,130
Little Sioux, Iowa, and Minn.-----	1,360,271	-283,333	1,076,938
Little Tallahatchie, Miss.-----	1,952,194	-551,180	1,401,014
Los Angeles, Calif.-----	2,846,591	-742,015	2,104,576
Potomac, Md., Pa., Va., and W. Va.-----	3,086,196	-610,662	2,475,534
Santa Ynez, Calif.-----	484,474	-120,550	363,924
Trinity, Tex.-----	4,189,223	-398,490	3,790,733
Washita, Okla., Tex.-----	4,658,562	-961,431	3,697,131
Yazoo, Miss.-----	5,059,041	-888,482	4,170,559
Subtotal, works of improvement-----	27,516,022	-5,833,162	21,682,860
Emergency measures-----	367,117	-----	367,117
Total, works of improvement-----	27,903,139	-5,833,162	22,069,977
Loans-----	1,650,838	-770,838	880,000
Loan services-----	229,000	-105,000	124,000
Total, loans and related expense-----	1,879,838	-875,838	1,004,000
Total-----	29,782,977	-6,709,000	23,073,977

The following chart shows that funds available for planning and the installation of structural and land treatment measures decreased sharply during fiscal year 1968 in the 11 authorized flood prevention watersheds. An even greater decrease is projected for 1969 in the current budget estimates.

FLOOD PREVENTION FUNDS



Mr. WHITTEN. Do the loans and the progress of your work tend to go together?

Mr. D. WILLIAMS. Yes.

Mr. WHITTEN. I note there is a proposed cut of 110 man-years under this appropriation. How is this computed?

Mr. D. WILLIAMS. Mr. Chairman, the reduction in the level of expenditures this year and proposed for 1969 means that there will be fewer construction contracts to carry out, and therefore we will need fewer people for supervision and engineering parties and inspection.

GREAT PLAINS CONSERVATION PROGRAM

Mr. WHITTEN. Turning now to the Great Plains conservation program, I note throughout your statement, and I get it from other sources, that there is a continuing increase in the interest in this program. Yet here again you plan to slow down upon the number of contracts and, the rate of progress. Is that called for by the budget approved for you?

Mr. D. WILLIAMS. Mr. Chairman, the reduced level of funds for going ahead with the Great Plains conservation program will result in several hundred fewer contracts. Mr. Berg may have that figure right at hand.

Can you comment on that?

Mr. BERG. Yes, Mr. Chairman. The record on the Great Plains conservation program over the last several years has been moving in a direction of eating up the backlog of applications. This fiscal year we plan on having an estimated 2,954 contracts negotiated, as compared with last fiscal year when we exceeded 4,000. The following table shows the effects of the 1968 reduction in funds.

(The table referred to follows:)

GREAT PLAINS CONSERVATION PROGRAM

[Estimated effects of withholding \$1,850,000 from obligations for about 500 new contracts in the 1968 fiscal year, due to Public Law 90-218]

Cost-Share practices	Units ¹	Estimated amounts delayed
GP-1, establishment of permanent vegetative cover.....	Acres.....	30,800
GP-2, establish field stripcropping.....	do.....	11,700
GP-3, establish contour stripcropping.....	do.....	1,275
GP-4, establish contour farming.....	do.....	26,600
GP-5, reseeding rangeland.....	do.....	425
GP-6, establishment of windbreaks.....	do.....	530
GP-7, establish permanent sod waterways.....	do.....	1,175
GP-8, terrace construction.....	Miles.....	65
GP-9, diver, terraces, ditches, dikes.....	do.....	6,600
GP-10, furrowing, chiseling, ripping, etc.....	Acres.....	130
GP-11, dams for erosion control, detention.....	Number.....	60
GP-12, channel lining, chutes, drop spill.....	do.....	2,630
GP-13, streambank protection, etc.....	Linear feet.....	2,850
GP-14, spreader ditches and dikes.....	Acres.....	50
GP-15, reorganizing irrigation systems.....	Number.....	4,200
GP-16, leveling land.....	Acres.....	6
GP-17, dams, pits, or ponds for irrigation.....	Number.....	21,750
GP-18, lining irrigation ditches.....	Linear feet.....	265
GP-19, wells for livestock water.....	Number.....	60
GP-20, developing springs and seeps.....	do.....	310
GP-21, dams, pits, or ponds for vegetative cover.....	do.....	70
GP-22, pipelines for livestock water.....	Miles.....	70,500
GP-23, controlling competitive shrubs.....	Acres.....	225
GP-24, constructing permanent fences.....	Miles.....	

¹ Amount shown reflects about 35 to 50 percent of the development and management practices that could have been contracted, including noncost-shared amounts on an estimated 700,000 acres.

Note: The \$1,850,000 of cost-share funds withdrawn from field offices on Jan. 12, 1968, was placed in budget reserve, of which \$1,736,000 will be available for obligations in the 1969 fiscal year.

Mr. BERG. Our projection for 1969 will run on into about 3,100 contracts as the Administrator pointed out in his message.

I might point out that the contracts are coming down in average size, which is helpful. We are getting to more ranchers, as far as the acreage is concerned; that is, we are increasing the numbers we can deal with, by reducing the acreage on the contract.

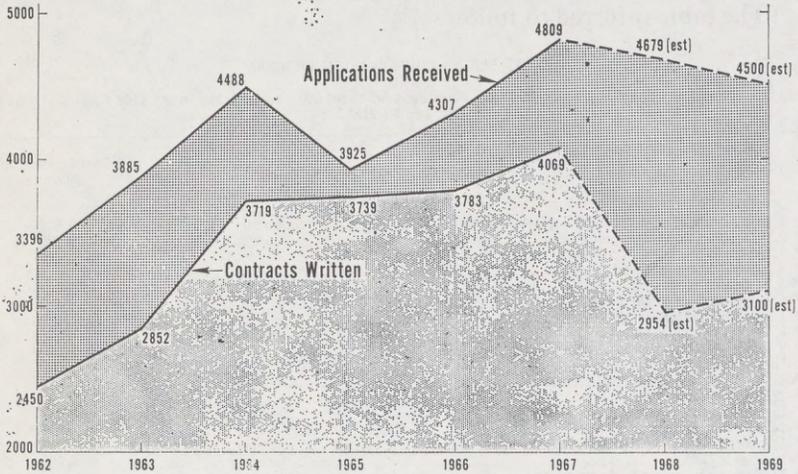
I have some small charts like this, if this will help the record.

(The charts referred to follow :)

GREAT PLAINS CONSERVATION PROGRAM

Status of Applications Received and Contracts Written

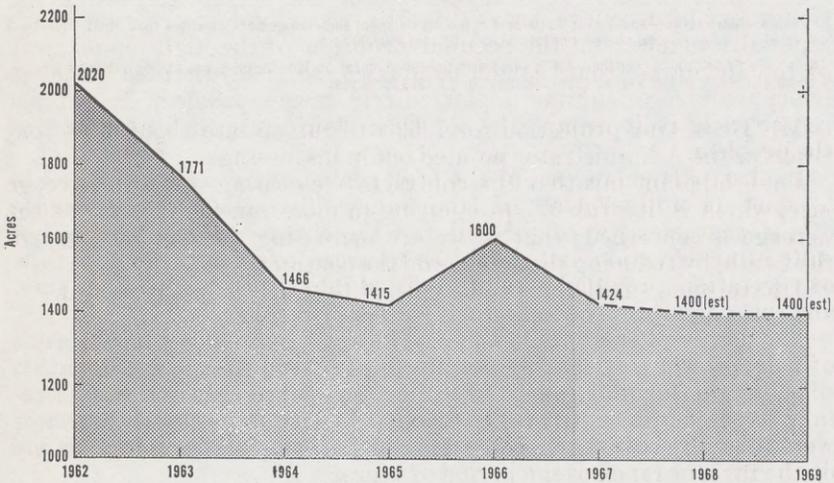
Fiscal Years 1962 - 1969



GREAT PLAINS CONSERVATION PROGRAM

Average Size Contracts (Acres)

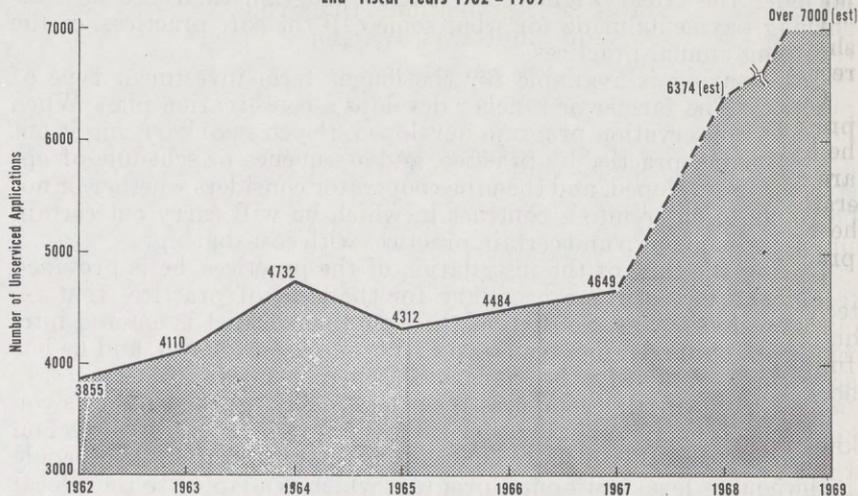
Fiscal Years 1962 - 1969



GREAT PLAINS CONSERVATION PROGRAM

Status of Unserviced Applications

End Fiscal Years 1962 - 1969



LONG-TERM, COST-SHARE CONTRACTS

Mr. WHITTEN. Explain briefly the difference between the Great Plains conservation program and the other types of soil conservation work by ACP and yourself and other agencies.

Mr. D. WILLIAMS. Mr. Chairman, you may recall that when the Great Plains conservation program legislation was passed by the Congress, and I believe it was 1956, this was a type of program which especially pointed out the peculiar problems of the high plains areas of the 10 States from Canada to Mexico, portions of those States in which wind erosion was a particularly severe problem. It did not center exclusively around the old Dust Bowl area, but it was part of the problem.

In that particular area of the high plains, there were estimated to be some 14 million acres of land under cultivation, which, because of the characteristic of the soil and the climatic hazards, were not suited to cultivation and should be returned to some permanent type of vegetation, provided it could be fitted into the economy of the area, and the economy of the individual farmer or rancher.

The nature of this problem led to the authorization by the Congress of a long-term cost-sharing arrangement, based upon a conservation plan for the farm or ranch. It authorized the ranches and the Secretary to enter into contracts. The contracts with individuals or groups were to assure cost sharing to carry out the complete conservation job on the farm or ranch over a period of years.

By regulation, the maximum number of years was established at no more than 10, and generally speaking the minimum length of contract was about 3 years.

A complete conservation plan for the farm or ranch is developed with the farmer or rancher in which the practices that are needed to

meet the needs of that particular location are spelled out in the plan, and the cost-sharing established rate is estimated against the particular practices to be done.

Under the Great Plains conservation program there are no cost-sharing payments made for what some call the soft practices, or the recurring annual practices.

Cost sharing is available for the longer term investment type of practices. The farmer or rancher develops a conservation plan. When he has a conservation program developed, the costs of carrying it out are estimated practice by practice, and a sequence or schedule of operations is developed, and then the cooperator considers whether or not he wants to enter into a contract in which he will carry out certain practices on his own and certain practices with cost sharing.

During the time of the installation of the practices, he is provided technical services where necessary for the kind of practices that require onsite services. So that, at the time the contract is entered into, funds are obligated in advance to carry out that program, and he has access to the funds after he has earned them.

Mr. Chairman, this compares with the ACP program, which, as you know, has been an annual authorization program at a certain level on a national basis in which a county ACS committee and other people at the county level work out a program which is adapted to their local county area. The funds are administered by the ACS committees in which the Soil Conservation Service has technical responsibility for certain of the practices as you mentioned earlier.

RESOURCE CONSERVATION AND DEVELOPMENT

Mr. WHITTEN. Turning to resource conservation and development, what is the nature of this program? I might say at this point it looks like, on the face of it, you might have a little more money; but it figures out actually as a little less. Again you have a decrease in the amount of loans available, but the manpower seems to be about the same level. What is the story there?

Mr. D. WILLIAMS. Mr. Chairman, I would like to ask Mr. Berg to supplement my general statements with some further details. But you may recall that the Food and Agricultural Act of 1962, I believe it was, that provided authorization to the Secretary under an amended act to provide for land-use adjustments, land utilization activities, in a project area-type basis. Under that authority, the Secretary has authorized two types of programs: one, a rural renewal program, which

is administered by the Farmers Home Administration; and the other, the resource conservation and development projects, administered by the Soil Conservation Service.

The nature of the program will vary by the characteristics of the area in which the projects are located. These projects vary in area from a single county in Georgia to a large number of counties, such as in your State of Mississippi. There have been several different increments of increase in the number of these projects, starting out on a pilot operation basis.

The first 10 were planned and put into motion, and then there were another 10 or 15 added, and so on.

I would like to have Mr. Berg pick up here, if he would, and comment a little further.

NUMBER AND TYPES OF PROJECT MEASURES

Mr. BERG. It may help, Mr. Chairman, if I could use a couple of charts that would show something about the background of this particular program.

The program, as the administrator has pointed out, has been underway now for about 5 years. Based on 26 of the R. C. & D. projects that we have in action as of the end of this past calendar year, there are nearly 2,400 project measures underway.

The number of project measure installations underway is 624, completed and in operation is 634, and planning underway is slightly over 1,100.

It is of interest, I think, to note that the types of project measures that are showing up in these multicounty areas are quite varied.

The accelerated conservation treatment is a sizable type of activity; agricultural water management, the recreational developments are coming forward—these are making use of local and State funds—wildlife developments and the watershed projects are getting special attention in these R.C. & D. areas, along with multipurpose water developments and special resource studies. There are other related activities that further the development of the community.

The typical measures in these R.C. & D. projects involve land treatment, agricultural water management, agricultural related industries, watershed projects, and multipurpose water and other public benefits including recreation.

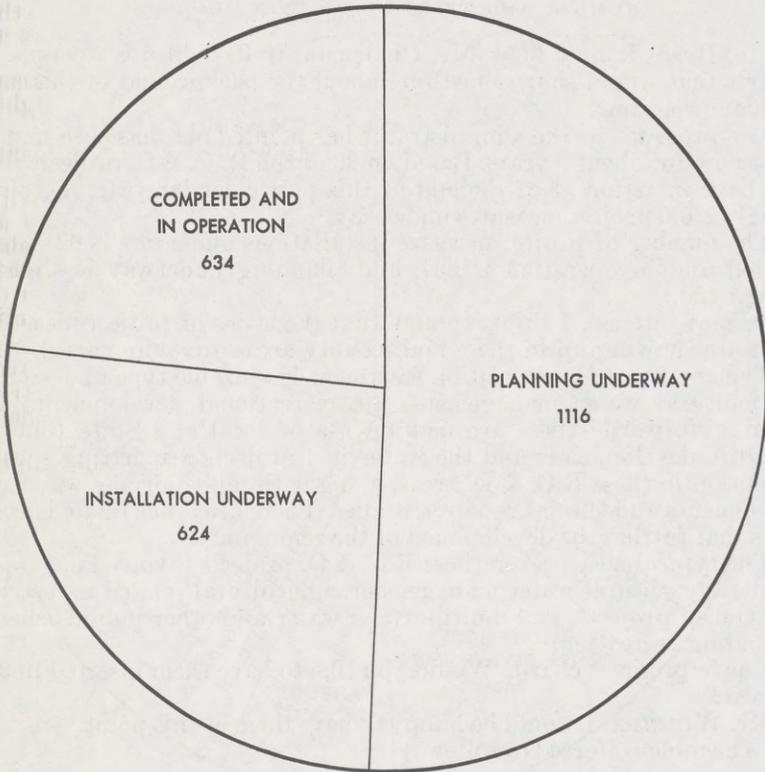
I have progress charts. Would you like to have them inserted in the record?

Mr. WHITEN. I would be happy to have them at this point.
(The tables referred to follow:)

26 RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS IN ACTION

DEC. 31, 1967

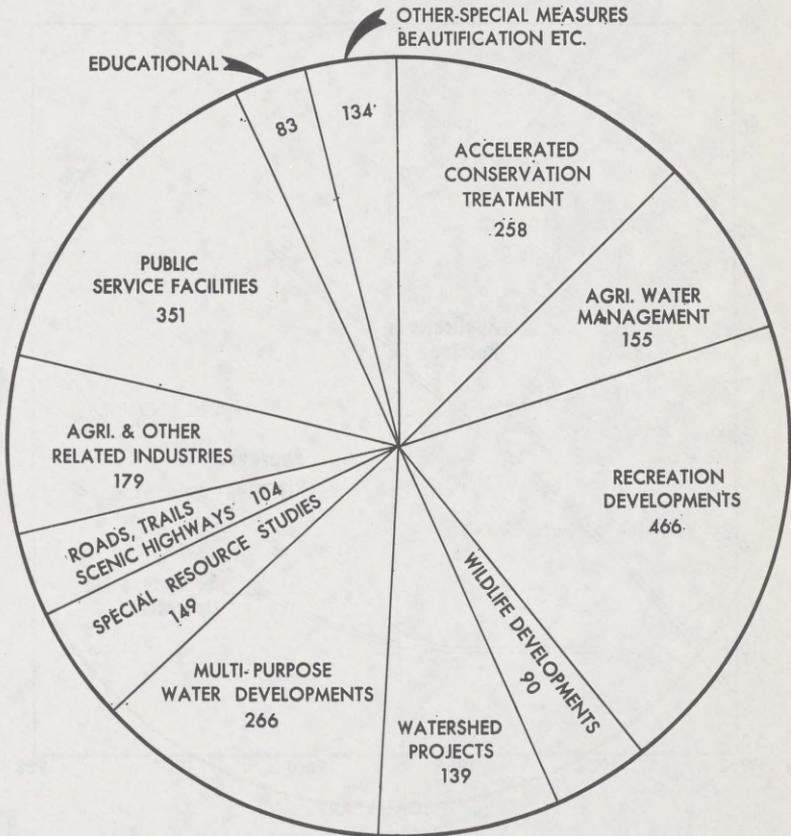
STATUS OF 2374 PROJECT MEASURES



26 RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS IN ACTION

DEC. 31, 1967

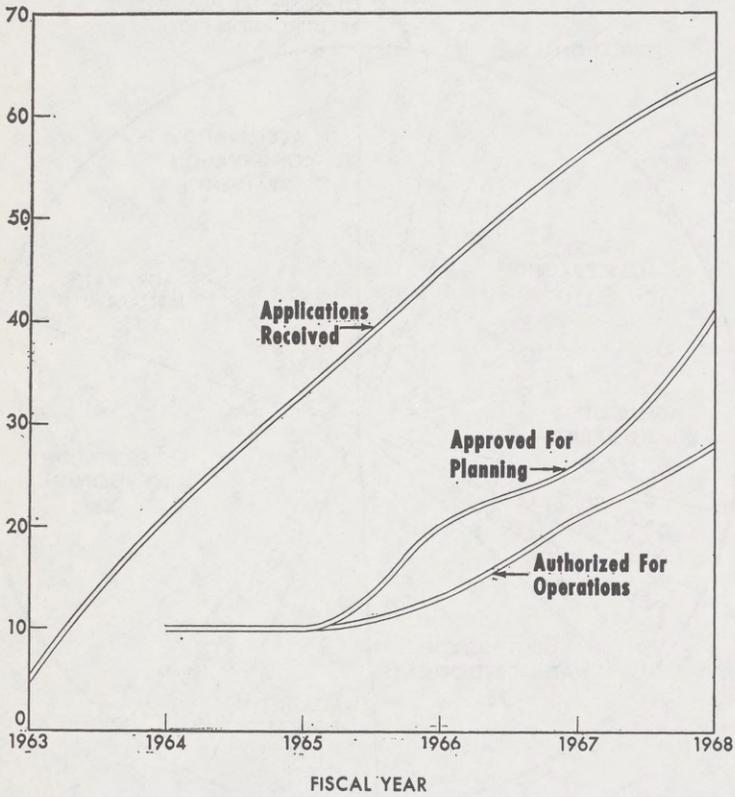
TYPES OF PROJECT MEASURES



2374 MEASURES

RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS

STATUS OF APPLICATIONS, PLANNING AND OPERATIONS
TO FEBRUARY 20, 1968



BENEFITS OF THIS PROGRAM OVER OTHER DEPARTMENTAL PROGRAMS

Mr. WHITTEN. I raised this question earlier: Wherein is this different from what the various agencies of the Department do already? What benefits are there to letting areas join in, as against a single county?

Mr. BERG. The 41 R.C. & D. project areas that are presently underway in the country are finding that there are advantages in working across county lines. Many of their resource problems extend across county lines. Many of the watershed projects have already included more than one county. They are finding that they have a common interest in a trade center that pulls people together. They find that combining their thinking, regarding what would be the best for that particular area, in terms of total resource development, brings many types of leadership into the activity and this leadership gets a better assessment of what the resource possibilities are in total. One resource development activity tends to support the other.

The actual experience, as we have met with the sponsors of these R.C. & D. projects, which includes conservation district, governing boards, watershed district boards, county commissioners, and others, indicate that benefits result from working across county lines.

Mr. D. WILLIAMS. May I supplement that?

Mr. WHITTEN. Go right ahead.

Mr. D. WILLIAMS. You mentioned several agencies of the Department. This appropriation item, and these projects are USDA-assisted projects, in which several of the agencies of the Department participate. For example, the Economic Research Service, Federal Extension Service, Farmers Home Administration, and Forest Service, particularly.

In so many cases they are asked: Have they been able to adopt some of their research work to some of the problems in these areas?

In addition to that, there are several other agencies of other Departments of the Federal Government, such as the Bureau of Land Management, Indian Service, and others, who have, in appropriate ways and appropriate locations, been participating.

I think one of the greatest advantages, Mr. Chairman, is that the local leadership has been inspired to develop a long-range plan for their total area for the general economic development related to the natural resources of the area. And the leadership in these projects has been able to pull together from the various counties some topflight leadership and develop plans which are realistic in terms of what might be done in their area over a period of years, and have sought resources other than Federal resources to the maximum, to try to carry out this work.

I think this is one of the real points of advantage of the R.C. & D. projects. I would not want to say, Mr. Chairman, that something similar could not be done in other areas. I think it could be done in other areas, without necessarily having an R.C. & D. project. These projects are usually focused to a particular kind of natural resource problem in which the day-to-day, going programs of the Department are inadequate to serve the total needs.

TUPELO, MISS., COMMUNITY DEVELOPMENT

Mr. WHITTEN. Mr. Williams, I appreciate, and I say this for the record, the visit you made to my general area in connection with some traveling you did last fall, including the town of Tupelo, Miss., which was not in my district until approximately a year and 3 months ago. But through the years they have had a program similar to this before there was any Federal Government program.

I learned that we have had a law in my State that permits the organizing, under State law, of the various counties. They had the right to levy a limited amount of tax to finance water management districts and that type of thing. This area, which I have had only a short time, for years has participated in various community and area developments.

I know the local newspaper, which is a rather good one, has several times editorialized the fact that, whereas through the years they have lost some 80-some-odd percent of all their farms, they have not lost any people. They had made plans and had expanded their industry to where the people still live there. Many of them still live on the farms, which are no longer active farms. They are just homes out in the country.

I appreciate your visit down there.

It was suggested that the Secretary get in touch with these people there who had had their organization for many years and had raised local taxes for the purpose of making surveys of the resources available, and for organized effort to meet the problem. Having observed that, is that anything like what you are trying to do here?

Mr. D. WILLIAMS. Mr. Chairman, I think there are many similarities about the Tupelo area, and I was extremely impressed, as I think anyone would be, to get in there and see the enthusiasm of the local leadership and people all working together.

And I think that the leadership in the city of Tupelo is reaching out to other counties, other areas, and I think the R.C. & D. project which they now have is going to facilitate this.

There are some problems, as you know, which Tupelo, in itself, cannot solve, but which have a relationship to the problems of employment and so on in that area. Certainly, the stimulation that has come about through small industry and employment opportunities in that area, which have also led to improved health facilities, improved sanitary facilities and so on, is of tremendous importance. And to a considerable extent in that area the natural resources available in the surrounding area have been part of this development.

Yes, there are similarities between what has been done in Tupelo; but I think we have all found that it takes some degree of nudging sometimes to get people motivated and to really want to work together and see what their opportunities are.

So the Tupelo story, I think, is good anywhere in the United States, but I think it is particularly important in those areas of the country, not only your State but in the other States, which have problems of lack of opportunity, whether it is from an employment standpoint or other viewpoints, to do things for themselves with some degree of help beyond what they have been doing.

I believe this is the very nature of the emphasis that Secretary Freeman and Assistant Secretary Baker are trying to give in terms of rural-urban balance concept that, perhaps, if more opportunities are provided in the rural areas, people will not have to pile up in the cities; and they cannot only find employment out there but they can have some enjoyment from staying out there.

Mr. WHITTEN. Well, that is good. For quite a number of years this local organization has existed, supported by local contributions and by the levy of taxes at the local level by the county board of supervisors. The water management district, I believe, is known as the Tombigbee Water Management District.

Tupelo itself, in that county, has a good many natural resources and has been rather prosperous within itself through the years. But they have joined with the surrounding counties which have not been so fortunate, either in natural resources in the past or some other factors.

I appreciated very much the Secretary's visit to the Delta area, where there is quite a problem due to the dislocation of tenants. I prevailed on him to go to this area where the problem was not one of tenants being left without employment, but a matter of small farms which have been wholly uneconomic and where they had made great progress long before this program was started.

Mr. Baker, I know this comes under you. Do you have any comments on this?

Mr. BAKER. I will ride with what Mr. Williams said, Mr. Chairman. It was very well stated.

OTHER CONSERVATION PROGRAMS PROVIDE SIMILAR BENEFITS

Mr. D. WILLIAMS. Mr. Chairman, I am sure you are very well aware that some of these community-type benefits also flow from watershed projects, whether it is in a flood prevention area or Public Law 566 area, in which an opportunity provided by an additional water supply or protection from floods or additional recreation opportunity, whatever it may be, makes rural living more attractive, but it also gives a person a job so he can eat better.

Mr. WHITTEN. That doesn't hurt. We have seen the Secretary, as well as many of you people, promote rural areas as places to live, knowing that most of the work seems to be in the cities.

I have had the privilege of going to some of our older cities, where the buildings are old and the streets are narrow. Without going into all the sordid conditions with which they are faced, it is very evident that where you start off with some open land and have a loan for water and sewage or for housing, or assistance through the small watershed treatment, you provide better living conditions. With a combination of all of those things, it is frequently much, much cheaper than to try to bring about the same change in some of the older areas of the older cities.

Mr. BAKER. That is our conviction.

Mr. WHITTEN. We have been in one or two areas where this committee financed the planning for new urban food distribution centers. In many of the old markets in the larger cities, you could take one

of these big modern trucks and turn it around just right and cut your competitors out. So when you visit these places, you can see that, if the Government is going into a program to make living conditions better through Government loans or even grants, you might save lots of money if you looked at the rural areas strictly on that basis.

Actually, in most farm counties now you do not find many people living on farms in America. I think the most recent figure I had was that about 5.7 percent of our people owned a farm as a farmer.

Mr. D. WILLIAMS. Mr. Chairman, in that northeast Mississippi resource conservation and development project, I suspect that there already has been in the Mississippi projects—as well as the one in Mr. Natcher's home State of Kentucky, and in Missouri, and down in New Mexico, and all the other places that these projects are—you will find that with a rather small amount of Federal input of dollars—and this is running only about one-eighth of the total input in carrying out these measures, coming from Federal assistance—it has stimulated these community developments.

One of the things I would like to mention is that the Economic Research Service will be appearing before this committee in the near future. It is my understanding that there is an item in their budget this year which has to do with the gathering of certain basic facts which would be particularly helpful in connection with some of the things we have just been talking about.

I could see where this would be beneficial to such projects as R.C. & D., watershed projects, and so on.

I would like to indicate my general interest in that item.

MOTOR VEHICLE FLEET

Mr. WHITTEN. I notice you are trading 750 soil conservation personnel for 15 more vehicles. Is that not a pretty poor trade?

Mr. D. WILLIAMS. Well, it certainly would be if that is the way it actually worked out.

Mr. WHITTEN. You are going to have 750 less people, according to the 1969 budget, but with fewer people you need 15 more cars.

Mr. D. WILLIAMS. The net fleet, you will see on the table in my testimony, Mr. Chairman, shows that the net fleet of the Soil Conservation Service is reduced. The reason for more automobiles is because over 200 sedan deliveries, which we are dropping out of the picture because they cost more to operate than sedans, and we do need a few more sedans in terms of certain types of activities. But in the total fleet we are reducing, or expect to reduce by at least eight this fiscal year, and only a slight increase next year.

Some of the man-years that you indicated are temporary man-years, and we do not have an automobile vehicle—most of our automotive vehicles are pickups. We do not have one of those for every person, by a long ways. About the only time we need one for each person is when we only have a small number of people at a location, and they have to serve various areas.

When we get up to as many as six people that can be served out on a common area, then we double up on our vehicles.

As you are aware, Mr. Chairman, there are certain metropolitan areas where we can have the services of a GSA automotive vehicle also on an assignment basis.

Mr. WHITTEN. Do you make any annual survey of the vehicles within the agency?

Mr. D. WILLIAMS. We do have an annual survey of our automotive fleet within the Soil Conservation Service. Dr. Van Dersal, would you like to comment further on this?

Dr. VAN DERSAL. Yes. We run this every year. We are not quite completed as of this last year at the moment; but we always conduct the survey to check on the number of vehicles, the mileages that they have run, the length of time we have had them. They are divided up in a table that shows their general depreciation of how soon they have to be disposed of, and that sort of thing.

I suppose we spend quite a bit of time on the maintenance of this fleet in every way that we can, Mr. Chairman. We know a lot of money is involved, and it is an expensive operation, even though we are very proud of our figures on the cost of operation.

Mr. WHITTEN. Thank you for a rather thorough presentation, Mr. Williams.

Mr. Natcher.

REDUCTION IN WATERSHED PROTECTION AND FLOOD PREVENTION

Mr. NATCHER. Mr. Chairman, I know it is a right difficult matter to fight a war and to continue the domestic programs on the basis that we have operated these programs down through the years. I am very much concerned about the reductions, Mr. Williams, that appear in the watershed protection and the flood prevention sections of the Soil Conservation Service request for fiscal year 1968.

I, for one, believe that our Soil Conservation Service is more important today than at any time since I have been a member of this committee. As you well know, Mr. Williams, I have had the distinct honor and privilege of sitting here beside my friend, Jamie Whitten, for 14 years, and I know in the State of Kentucky and especially in the district that I have the honor to represent that the Soil Conservation Service is more important today than at any time since I have been a member of this committee.

Last year when you appeared before our committee, Mr. Williams, we discussed briefly the need for a stronger land control policy program in this country.

In the Second Congressional District of Kentucky a lot of our good land has gone into airports, subdivisions, interstate highways, new schools, and for many other purposes. It has reached the point now that unless we conserve the good land that we have, we are going to face problems in the future that are serious. I think that soil conservation is more important now than at any time since I have been a Member of Congress.

I join with you, Mr. Chairman, in your concern about the reductions presented to this committee on the Soil Conservation Service.

Mr. D. Williams, you have made an excellent statement to the committee, a real courageous statement, Mr. Williams; but certainly it

does not point out the fact that substantial reductions were made in soil conservation that I do not believe can be justified at this time.

In taking the general budgetary statements, Mr. Chairman, for the Department of Agriculture, and going through the statements generally for the other agencies of the Department of Agriculture, I do not find that deep cuts have been made in some of the other agencies. And I say to you that I am very much concerned about it.

I serve on three subcommittees, Mr. Williams. I have the distinct honor of being chairman of one of them. And in that subcommittee, Mr. Williams, the budget has increased 100 percent in the last 20 years. They are requesting this time \$109 million more than they requested last year. And last year's budget was the alltime record budget.

I serve on another subcommittee where the amount involved is over \$14 billion. They are requesting \$900 million more than last year.

Now, I know that those who prepare these budgets have a difficult job. But we must keep in mind that in order to feed our people, we must conserve the land, the good land that we have, and certainly reductions that appear here in the watershed protection and the flood prevention sections would not accomplish this purpose.

COMPARISON OF 1969 BUDGET WITH PRIOR YEAR FUNDING

Going back to the justifications, Mr. Williams, as you well know, for instance in flood prevention, 1960, we authorized and appropriated \$17,995,441. Here, 10 years later, you might say, they have come in and presented a request for \$12,395,000.

Now, I do not say that passage of time means that you should spend a lot more money in every instance. But in flood prevention, I think that an amount more than \$12,395,000 is necessary.

Turning back to the justifications on watershed protection, I find here, as you well know, that in 1960 we appropriated \$18,161,156. Then, that was increased down through the years.

The next year, 1961, it was \$31 million. Then it went on up, in 1965, to \$71 million.

Last year I believe the amount that we appropriated was \$70,403,000 for watershed protection. Now, the amount presented is \$42,148,000 and, Mr. Williams, I don't think this is an adequate amount. I think that the demands on the Soil Conservation Service are more important today and more necessary than at any time since I have been a member of the committee.

I sometimes wonder, Mr. Williams, if we should not change the name of the Department of Agriculture. We must get the word "urban" in there somewhere. I do not know where we are going to put it, Mr. Williams. Now they come in on the school lunch program, soil conservation, REA, and they ask for substantial reductions from time to time.

Now, Mr. Chairman, I join with you in your concern about the reductions that have been made in this Service and I appreciate the opportunity to make this statement.

And, Mr. Williams, I want to thank you and the members of your staff for an excellent presentation. Mr. Chairman, thank you very much.

Mr. WHITTEN. Thank you, Mr. Natcher.

Your statement really represents the attitude this committee has taken through the years. As far as I know, everybody on it has always dealt with its problems fairly and equitably and without reference to politics. After all is said and done, food and shelter remain basic, and the fewer the people who own the farms, the fewer people who know about this subject. It gives us that much bigger job to get the message over to the other 94 percent. This committee tries and does its best to do that.

Mr. D. WILLIAMS. Mr. Chairman, I would just like to make a brief comment. It has been my privilege to know Congressman Natcher very intimately over the years and work with him on this committee. I would like to be able to tell his home folks he is mighty interested in soil conservation.

Mr. WHITTEN. He will not object, I'm sure that will be perfectly all right.

Mr. NATCHER. I appreciate it.

Mr. WHITTEN. Mr. Hull.

Mr. HULL. Mr. Chairman, I would like to concur with you and Mr. Natcher. I think it is almost a national disgrace to try to cut out on this program.

As I read your benefits here, Public Law 566 projects, you estimated a total of \$71.9 million in agricultural and \$9.4 million in non-agricultural flood damages have been prevented; over 83 million tons of gross erosion prevented and an additional 8.4 million tons of sediment trapped in watershed structures; benefits of \$116 million have accrued for erosion control and other conservation treatment; agricultural water management developments have produced \$50 million in benefits; an estimated 195,000 people in 40 rural communities are being served by dependable municipal and industrial water supplies; facilities for 2.8 million visitor days of recreational use annually have been provided.

Then you go on: Almost 2,000 industries employing about 40,000 people have been attracted to or have expanded existing operations in rural communities because of these watershed projects. The new jobs created are adding a net of almost \$117 million annually to the income of previously unemployed persons.

What do they expect if this program is doing what you say it is? And I believe it is doing what you say.

It is more than making its own way, Mr. Chairman, as I see it. It is an investment in the future of our great country, and I would like to do away with some of these other pie-in-the-sky projects that they are getting around here that do not bring in anything.

But we are feeding not only our Nation, but half the nations of the world and, Mr. Chairman, I am fully in accord with you and Mr. Natcher and I do not think these programs should be cut one iota.

I appreciate you all being here today and I am sorry I was not here when you read your statement. I have read it and I think it is an excellent statement. I just want you to know that I am 100 percent behind you.

Mr. D. WILLIAMS. Congressman, I am sure you are well aware of the tremendous progress that has been made in the State of Missouri.

Mr. HULL. Yes, sir.

Mr. D. WILLIAMS. In terms of local people organizing soil districts and proceeding with an active watershed program, I am sure you are also aware of a very excellent beginning, at least, of the two Resource Conservation and Development projects in Missouri.

Mr. HULL. Yes, sir.

Mr. D. WILLIAMS. I had the privilege of accompanying Congressman Hull's Committee on Agriculture representatives down to the area to look at it and see the tremendous opportunities there.

Mr. HULL. I think you have done a tremendous job and you should be complimented on it.

Mr. WHITTEN. Mr. MORRIS.

Mr. MORRIS. Mr. Chairman, I just want to say that I concur in the general attitude of this committee. I would like to make the statement that, actually I would not be at all surprised if there were not some corrective measures taken by the time this bill is reported in the subcommittee on some of the projects that are before us.

NEW RESOURCE CONSERVATION AND DEVELOPMENT PROJECTS

I just want to ask one question. The budget that you presented to us has money in it, I understand, to carry on resource and development projects that you list on pages 322 and 323, is that correct?

Mr. D. WILLIAMS. Yes.

Mr. MORRIS. Do you have any new R.C. & D. projects in this budget?

Mr. D. WILLIAMS. Yes, the budget proposal would provide for starting 10 new R.C. & D. projects next fiscal year. This item has a strong endorsement of the Secretary as well as the President to continue on this activity, which has proven successful.

May I say, Congressman Morris, I think one of the projects that is doing as fine a job and doing as much good as any place could is the one in northern New Mexico. I am aware of the fact there is an application submitted, the second application from New Mexico, which on the face of it would appear to be a good application. They are a good many applications ahead now for the R.C. & D. projects and no decisions have been made at this date by the Secretary as to where the new 10, if authorized, would be.

Mr. MORRIS. Thank you, Mr. Chairman.

Mr. WHITTEN. Mr. Langen.

Mr. LANGEN. Mr. Chairman and Mr. Williams, I have listened rather intently to your testimony and to all of the statements that have been made here this afternoon and I shall not repeat the fine statements that have been made by the Chairman, and Mr. Natcher, and the other members of the committee. Certainly there is some real wisdom in these statements that they have made as to the need and the purpose of the respective programs that have been discussed.

I think it is rather unfortunate that, as a Nation, we find ourselves in a budget situation which warrants the reductions that we have been talking about this afternoon in fields as important as these are.

A good many folks throughout the Nation are one day going to find that as they look for the continued supply of both quality and quantity of foods, they may well find them lacking because of the fact that we did not take care of the resources in the manner that we ought to.

OVERSEAS AID PROGRAM OF SOIL CONSERVATION SERVICES

Some reference has been made today to the fact that we have great obligations in other areas of the world, and I notice, as we look at the budget, that some AID moneys are also directed to your department for expenditure in foreign countries.

One of the unique parts of this is that I notice they are up 10 percent, and the personnel is up 10 percent, for something known as special projects for technical assistance on conservation problems, which is very comparable to those we have been discussing in our own Nation. So we find ourselves in the position where we are making substantial reductions in this country but, at the same time, we are also increasing them in foreign countries to the degree of 10 percent.

I am wondering whether or not you have any identity of these special projects in the various countries?

Mr. D. WILLIAMS. May I comment on that, Congressman Langen? First, may I say, as I mentioned to Congressman Hull, we have appreciated your strong interest in conservation and the State of Minnesota has made great progress.

PLANNED TRIP OF ADMINISTRATOR TO INDIA

I am personally well-acquainted with the activities of the Soil Conservation Service in the other countries, as you mentioned. In fact, I am indebted to the Chairman of this committee for making it possible for our agency to be heard today, because I am leaving next week to return to India again where I have personally been involved in working with the Government of India in terms of trying to help them help themselves, in terms of their better utilization of their water resources.

We had two men in India last year. I believe the number scheduled for the current fiscal year is 17—we may not make that—a few more next year, which will be the outside limits of it.

But the Government of India is looking to the Soil Conservation Service, because of the particular competence that we have in our organization on problems dealing with the management of soil and water resources, which are as basic to the future welfare of India as they are to the United States, perhaps even more so. And we are seeing some progress made in India in terms of governmental policy. In spite of all of their problems, they are making some progress in terms of organizational and policy improvements and getting some younger people trained and this sort of thing.

I used India as an example. We are also assisting many other countries, some in Africa and so on.

USE OF SOIL CONSERVATION SERVICE PERSONNEL IN AID PROGRAMS

Now may I make this point, that I think the net input of the total AID program is at a reduced level. I think the shift of policy, which Secretary Freeman encouraged, in which I strongly concur, of shifting to looking to the agencies which have the competence to give some of this kind of help, rather than having direct hire of people by the AID organization itself, of people who may not be so competent, is a policy headed in the right direction.

Even though we have been called upon under contract to serve some nine or 10 of these countries this year, the fact that we are doing it, I suspect, maybe means in total a net reduction of people and money over what it would be if somebody else were doing it.

Mr. LANGEN. Back to my question, do we have an identity of these special problems and programs?

Mr. D. WILLIAMS. Yes, we do. I can supply that for the record, Mr. Langen.

Mr. LANGEN. If you can, I would be interested in knowing what they are and where they are.

Mr. D. WILLIAMS. Yes. We have the countries and the people and the money that is involved here. That I can supply for the record.

Mr. LANGEN. I think they kind of belong in the record as a means of comparison with the rest of the budget as it applies to the United States.

(The information referred to follows:)

AVAILABLE FUNDS AND MAN-YEARS, AID SPECIAL PROJECTS, SOIL CONSERVATION SERVICES

	1967		1968		1969	
	Obligations	Man-years	Obligations	Man-years	Obligations	Man-years
Brazil.....	\$48,860	2	\$27,000	2	\$40,000	3
Ecuador.....	27,817	1	27,000	2	30,000	2
India.....	53,238	2	310,000	13	370,000	17
Nicaragua.....	21,867	1	-----	-----	-----	-----
Nigeria.....	88,702	5	133,000	7	170,000	9
Senegal.....	872	-----	137,000	7	150,000	8
Thailand.....	89,269	6	176,000	9	180,000	9
Tunisia.....	188,275	12	263,000	16	230,000	15
Turkey.....	2,025	-----	129,000	7	130,000	7
Vietnam.....	79,528	4	196,000	11	225,000	13
Total.....	600,453	33	1,398,000	74	1,525,000	83

FOREIGN ASSISTANCE PROGRAMS

Soil Conservative Service employees are working in nine countries of three continents; that is, Nigeria, Senegal, and Tunisia (Africa); India, Thailand, Turkey, and Vietnam (Asia); and Brazil and Ecuador (South America).

AFRICA

Nigeria

This project began in 1965 when pressures from increased population became critical because of generally poor land-use practices, widespread soil depletion and erosion. These focused attention on the need for improved conservation measures. The objectives of our project are three-fold: providing technical assistance and training a resident staff of conservationists; developing technical conservation guides; and planning and applying conservation work in project areas. The Soil Conservation Service had five people in Nigeria as of January 1, 1968.

Tunisia

This project began in 1962. The objective is to plan, apply, and demonstrate sound land and water conservation practices and construct water retarding structures on 387,000 acres of the semiarid Oued Marguellig watershed of central Tunisia. Large areas of Tunisia have suffered centuries of soil erosion. It is expected that the project will assist in developing a stable agricultural economy in the watershed. It is also being used as a training ground for Tunisian technicians since the approach to this kind of a project can be adopted in other areas of the country. The Soil Conservation Service had 10 people assigned to this project as of January 1, 1968. Three were replacements who were assigned prior to departure of the persons being replaced. There have been several additional people who have made substantial contributions to our operation in Tunisia by short-term details.

Senegal

The project in Senegal is just getting underway. The team leader arrived in Senegal in late October 1967.

The chief agricultural products of Senegal are peanuts and rice. Demonstration projects will be established to show that agricultural production can be increased through modern technology by utilizing land and manpower resources.

Specific objectives of the project are to train Senegalese technicians in assuming responsibility for soil and water conservation programs, assist in the establishment of the necessary soil and water conservation organization in the country, and to increase the standard of living for all people of Senegal by increased agricultural production. Our Senegal staff consisted of one person on January 1, 1968.

ASIA

India

The Soil Conservation Service has been working in India since October 1966. Our staff of specialists work with officials of the national government at New Delhi and give direction and guidance to the program.

There is need in India for an integrated proper land use program beginning with soil capabilities, determinations, and guidance in crop production. There is also need to develop an adequate supply of water to meet crop requirements, properly designed irrigation and drainage systems, and develop information on water utilization for intensive agriculture.

Pilot projects are being set up to identify the social and physical problems of soil and water management and to develop a plan of action and technical guides to meet the identified needs. They will test, evaluate, and demonstrate those management techniques which will make the most efficient use of available soil and water resources, and develop training programs for local technicians.

In addition, we also have soil conservationists serving as water use consultants who work closely at the state level with technical officers and administrators in the department of Food and Agriculture, Irrigation and Power. Our staff in India consisted of 10 people as of January 1, 1968.

Thailand

The objectives of our mission in Thailand are to provide technical support to the Department of Land Development of the Thailand Government in planning, organizing, and training Thai personnel in carrying out a land resources development plan.

Regional soil conservation centers are being established in the northeast part of the country. These centers demonstrate soil and water conservation measures to individual farmers for use on their own farms. Our people serve as technical advisers to the local government in planning future development of their soil and water conservation program, develop training outlines which are used at the conservation training center, develop technical guides, provide soils interpretations, give in-the-field training to Thai technicians, and other activities necessary to provide a comprehensive integrated land resources development plan. The Soil Conservation Service had five people assigned to Thailand as of January 1, 1968.

Turkey

Though we have had many employees detailed to Turkey during the past few years, the first person on a 2-year assignment arrived there in October 1967.

Turkey has built major irrigation storage and distribution systems. Our mission is to assist their agency, TOPRAKSU which is comparable to SCS, in a program of efficient use of irrigation water by the farmer after it leaves the distribution system.

The project will involve onfarm development activities of land shaping, drainage, and irrigation techniques as well as agronomic practices designed to obtain maximum production from available seeds and fertilizer under existing soils and climatic conditions. The project also involves training TOPRAKSU professional and subprofessional in the application of conservation measures, and in the use of written standards, handbooks, and guidelines. Training will also be provided to farmers or contractors in using construction equipment for land shaping, drainage, and irrigation.

TOPRAKSU officials will also be trained in techniques and training methods they can use in working with individual and groups of farmers. Our staff in Turkey consisted of three persons as of January 1, 1968.

Vietnam

The mission of the SCS in Vietnam is a part of a larger project which provides technical guidance to the Government of Vietnam in the area of credit and cooperatives, irrigation and rural engineering, plant and seed multiplication, forestry and other areas, as mutually agreed upon. The SCS segment covers irrigation and rural engineering. This activity is designed primarily to support the local agricultural development program. Emphasis is given to small on-the-farm irrigation and water control projects and rural engineering type projects. These include planning and construction of water control and utilization projects, promoting mechanization of agriculture, and providing training to local agricultural technicians. Our Vietnam staff as of January 1, 1968, consisted of seven people.

SOUTH AMERICA

Brazil

Beginning in February of 1965 we had two soils scientists in Brazil participating in the frontier resources survey project. This project's basic purpose is to determine the extent of relatively unsettled land areas in Brazil which could provide land resources and economic opportunity for several million people from areas of excess population. An aerial photo mosaic was prepared from which general interpretations are being made. To further confirm and more accurately identify land suitable for settlement, reconnaissance surveys are being carried out to delineate 50 to 70 million acres for resettlement. As of January 1, 1968, our staff in Brazil was one person.

Ecuador

We have one position in Ecuador. This is to serve as a water use management specialist in working with the Ecuadorian Ministry of Agriculture in water management utilization on individual farms. Many of the areas have been irrigated for centuries and in some cases serious problems have arisen from the overuse of water. Other areas of the country are plagued with short supplies. The major emphasis of our part of this total program is in training a staff of specialists and in working with local farm groups through demonstrations and meetings.

CENTRAL AMERICA

Nicaragua

The Soil Conservation Service sent one man to Nicaragua in April 1965, to serve as conservation agronomist on an agricultural team to assist in planning a rural development project to provide a better living for farm and other rural people. He returned to the United States in June 1967, and no replacement was made due to budgetary limitations for the project.

Mr. D. WILLIAMS. The total number of our people involved is still a small figure, even though it is an increase this year over last.

Mr. LANGEN. I appreciate it is a small figure. I still appreciate that it is a 10-percent increase. And my only question with regard to it is whether or not it amounts to a sacrifice of our own activities in order to accommodate those in a foreign country.

SPECIAL AID TO POOR AREAS

One more question and then I am through. I am just wondering whether you have a good answer for me to a question that comes in my direction every once in a while. As you know, I have an R.C. & D. project within my district which has attracted some attention, and so on. Every so often we run into a problem, some poverty warrior gets into a neighboring county and informs them 40 percent of their population is living in poverty level and so on, and they then raise the question of how come we are not entitled to the same kind of

special attention that those boys that are living over within that district are getting.

Mr. D. WILLIAMS. Congressman Langen, that is a terribly difficult question to answer, as you have discovered.

Mr. LANGEN. I discovered that.

Mr. D. WILLIAMS. But under the concept that by demonstrating in these project areas what local organized leadership could do, pooling the resources, this may indicate a direction that could be taken in other places.

I do not disagree that some of the neighboring counties to the present R.C. & D. projects out there in Minnesota are also in need of some special attention. I hope that it may be possible, whether it is done by the Soil Conservation Service or whoever needs to do it, I hope that may be possible as a means of helping those people stay on the land or to improve their living conditions out there, so they will not want to all flock into New York City or Washington, D.C., or where it may be.

Mr. LANGEN. I think I might add, so I will not be misunderstood: everybody knows the economic future in any agricultural area is not as bright as it might be, but at times these statements by the poverty warriors are made and I have to raise some questions as to their accuracy. But by the same token, once they are said, it does have the tendency of agitating those people to where they begin to ask the questions that we find so difficult to answer.

That is all, Mr. Chairman.

Mr. WHITTEN. Mr. Harrison?

Mr. HARRISON. I am disturbed over the cut in funds for projects under Public Law 566.

As you know, the Star Valley-Dry Creek watershed project in the Afton, Wyo., area has been approved and because of the critical need for this project, it is extremely important to me and my State of Wyoming that funds be allocated for the start of construction in fiscal 1969.

I recognize the need for reduction in domestic expenditures, but it does not seem proper to me to reduce money for needed projects which are located in depressed areas.

I would appreciate your comments on the possibility of funding the start of this project in fiscal 1969.

Mr. D. WILLIAMS. Star Valley-Dry Creek watershed project in Lincoln County, Wyo., was approved for operations July 31, 1967. We provided funds for technical assistance in this project in fiscal year 1968. An application for a watershed loan for \$250,000 has been made to the Farmers Home Administration by the Dry Creek Irrigation District which they cannot approve this year due to lack of funds. The local sponsors were not ready to schedule any construction work in this project in fiscal year 1968. However, when the sponsors have acquired the necessary land, easements and rights-of-way and are financially able to begin construction, you may be assured that they will be given equitable consideration for an allotment of construction funds in fiscal year 1969.

Mr. WHITTEN. Mr. Williams, I wish to thank you, and Mr. Baker, too, as well as you other gentlemen.

JUSTIFICATION MATERIAL

Conservation Operations

Current Activities: The Soil Conservation Service was established as the technical agency of the United States Department of Agriculture to carry out provisions of the Act of April 27, 1935, (16 U.S.C. 590a - 590f). The Service provides professional leadership to conservation districts and other organizations in matters of soil and water conservation. It provides technical assistance to land owners and operators in making needed land use adjustments, and for planning and installing conservation measures.

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

Work is Cooperative With Local Conservation Districts

Conservation operations are carried on primarily in cooperation with locally-managed conservation districts. These districts operate under local initiative, direction, and control as local units of government formed under authority of State laws. Local people thus provide the leadership needed to effectively advance conservation program objectives.

The Department furnishes technical and other assistance to each district under the terms of a memorandum of understanding. Soil conservationists and other technicians of the Service are assigned to work directly with land owners and operators. They help to develop practical conservation plans for individual farms, ranches, or other units. They also give assistance in developing operating schedules for the application of needed combinations of practices to conserve and improve soil and water resources. Thus, the practical experiences of farm and ranch operators is combined with the scientific knowledge and skills of professional conservationists in developing and carrying out locally-adapted conservation programs.

Rural Areas Development

The Soil Conservation Service has geared its operations to contribute effectively to the Department's Rural Areas Development effort. It provides consultation services to State and County Rural Areas Development Committees, technical action panels, and to other interested agencies. It assists private groups and organizations on proposed works of improvement. Activities include water control and storage, improvement of public facilities, location of industries in rural areas, and other economic developments. The Service furnishes soil survey maps, interpretations of soil conditions, land capability information, and similar land facts with appropriate technical recommendations. Assistance to low-income farmers and rural residents and help with needed community development in rural areas is highest priority work.

Types of Assistance Furnished

Technical services and other assistance furnished to land owners and operators and others by the Soil Conservation Service under this appropriation include the following activities:

1. Soil surveys and special investigations are made to determine soil-site conditions, use capabilities of the land, and its conservation needs. The soil survey includes field mapping and also the necessary correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other Federal agencies, the Land Grant Colleges, other State agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many Federal, State, county and local community programs.
2. Conservation planning and land treatment installation assistance is made available as follows:
 - a. Planning assistance is furnished to farmers, ranchers, and other land owners and operators who need technical help in determining alternative uses and the treatment needs of their lands to achieve desired conservation objectives. The conservation plan developed for each farm or ranch generally consists of a soil and capability map, a land-use map, and the cooperator's recorded decisions on the use and treatment of his land.
 - b. Installation services are provided to cooperating land owners and operators to help them apply planned conservation programs to their lands. Such assistance includes site investigations, designs and specifications, construction plans and layouts of practices scheduled for installation.
 - c. Technical help with community-type group jobs is furnished where soil erosion and water control problems can best be solved by group action. This type of assistance involves planning for efficient use or disposal of water, stabilization of critical areas, reduction of stream pollution, and the prevention of flood and sediment damages.
 - d. Consultive assistance is given and land use recommendations made to individuals, rural communities, and other organizations. This assistance includes the furnishing of soils interpretations, information on erosion and floodwater damages, needed land use changes and other facts needed for solving special conservation problems. The Service cooperates in this work with State Agricultural Experiment Stations, State Highway Departments, City and County Planning or Zoning Boards, School Boards, and Tax Commissions.
 - e. Technical services are made available to individual participants in the Agricultural Conservation Program for site selection, layout or establishment of specified conservation practices, and certification of practice performance. About half of the total

costs of these services are reimbursed to the Service from program funds allocated to the respective County Agricultural Stabilization and Conservation Committees.

3. Snow surveys are made as the basis for making water supply forecasts in the Western States. Determinations can be made from these forecasts on availability and seasonal use of water for irrigation, temporary storage, the timing of needed water release, and other purposes. This information is supplied to the public, to other agencies, and to groups of water users for their guidance in managing available water supplies.
4. Plant material centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil conditions. This includes cooperation with commercial concerns and seed associations to encourage production, release, and use of new or uncommon vegetative materials needed in soil and water conservation programs.

Local, State, and Federal Participation
in Conservation District Programs

Officials of conservation districts provide local leadership in developing and carrying out proper land use and conservation treatment programs on private lands on a cooperative basis. They solicit local, State and Federal participation in locally-adapted programs that conserve and improve land and water resources. Over the years they have developed cooperative ways of financing conservation programs which provide public and private benefits. The 2 million private land owners and operators, who cooperate in district programs, finance more of the program cost than all public sources combined.

Status of District Organization as of 6/30/67

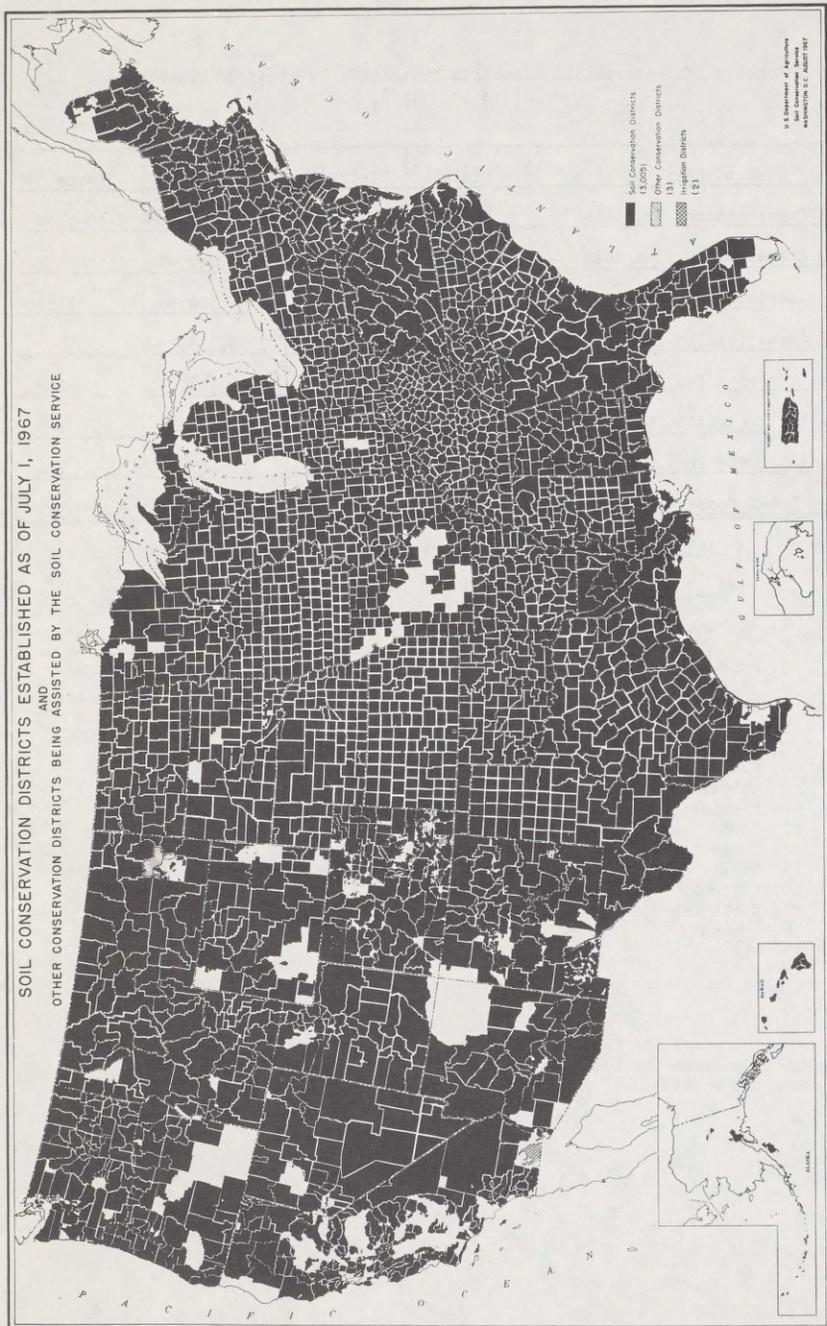
A total of 25 conservation districts were formed in the 1967 fiscal year. Consolidations and changes in boundaries of 10 other districts resulted in the transfer of over 4 million acres between districts, and the addition of 5.6 million acres to 57 existing districts. The net increase of new territories brought into districts in 1967 was 13,508,537 acres. About 96 percent of the total farm and ranch lands and 99 percent of the farms and ranches in the Nation are now within the boundaries of conservation districts. The following table shows the classification, number, and area of districts and number of farms as of June 30, 1967:

Summary of Conservation Districts Organized, by kinds of Districts,
Cumulative to July 1, 1967

Kind of District	State	Districts	Approximate Area	Farms
	48	No.	Acres	No.
Soil Conservation Districts	States	2,967	1,766,168,489	3,666,882
Soil Conservation Districts	Caribbean Area	18	2,269,071	46,293
Sub-districts	Alaska	12	8,504,540	1,285
Work Areas (called districts)	Conn.	8	3,135,360	8,292
Grass Conservation Districts	Mont.	3	1,388,071	292
Imperial Irrigation District	Calif.	1	908,195	6,129
Elephant Butte Irrig. District	N. Mex.	1	127,000	196
Total Conservation Districts		3,010	1,782,500,726	3,729,369

States and Territories Completely Covered by Districts

<u>Name of State</u>	<u>Date Covered</u>	<u>Name of State</u>	<u>Date Covered</u>
1. Alabama	4-24-41	18. Georgia	7- 2-57
2. South Carolina	5- 7-43	19. Maryland	4-30-58
3. Delaware	8- 9-44	20. Tennessee	9- 9-59
4. Rhode Island	1- 4-45	21. West Virginia	1- 5-60
5. New Hampshire	4-26-46	22. Utah	4- 6-60
6. Vermont	6- 4-47	23. Oklahoma	1-17-61
7. New Jersey	2-26-48	24. North Dakota	1-31-62
8. Massachusetts	5-24-49	25. Illinois	9-26-62
9. Nebraska	3- 2-50	26. Ohio	5- 7-64
10. Mississippi	11- 9-50	27. Virginia	9-24-65
11. Iowa	2- 1-52	28. Washington	6-21-67
12. Connecticut	7- 8-53		
13. Kansas	3-22-54	<u>Name of Territory</u>	
14. Kentucky	4- 5-54	1. Virgin Island	6-29-46
15. North Carolina	3- 1-55	2. Puerto Rico	2-10-47
16. Arkansas	6- 2-55		
17. Wisconsin	11- 6-56		



Projected District Organization

A total of 15 new soil and water conservation districts are expected to be organized in the 1968 fiscal year. Another 15 districts are projected for 1969. The formation of districts is nearing completion in most States. About 50 more districts are expected to be organized within the next few years. The following table shows the current projections with estimated number of farms and acreage included:

Date	Number of Districts	Acreage in Districts		Number of Farms
		Total Area	Land in Farms	
<u>Actual</u>	:	:	:	:
June 30, 1966	: 2,995	: 1,768,992,189	: 1,074,156,678	: 3,706,985
Average per SCD . . .	: - -	: 590,648	: 358,650	: 1,238
	:	:	:	:
June 30, 1967	: 3,010	: 1,782,500,726	: 1,081,750,887	: 3,729,369
Average per SCD . . .	: - -	: 592,193	: 359,386	: 1,239
	:	:	:	:
<u>Estimate</u>	:	:	:	:
June 30, 1968	: 3,025	: 1,792,312,500	: 1,089,000,000	: 3,751,000
Average per SCD . . .	: - -	: 592,500	: 360,000	: 1,240
	:	:	:	:
June 30, 1969	: 3,040	: 1,801,504,000	: 1,094,400,000	: 3,724,000
Average per SCD . . .	: - -	: 592,600	: 360,000	: 1,225
	:	:	:	:

The number of farms shown is based largely on the 1959 Census of Agriculture, adjusted slightly to reflect continued changes in total numbers of farms in the United States. The average size of farms in districts as of June 30, 1967, was 290.1 acres. Trends in recent years have been to larger farms and to more specialization. This has resulted in many land use adjustments in plans made some years ago and changes in conservation plans previously made. Continued changes and subdivisions of private properties are expected in the period just ahead.

Information Motivating Conservation Action

The Service distributes useful facts and information concerning the conservation and development of soil and water resources. Owners and operators of agricultural lands and others are encouraged to take needed local action in solving the conservation and land-use problems of concern to them. The demand for published materials showing the benefits of soil and water conservation in rural communities continues to be heavy. Educational materials are also furnished to schools, youth groups and to civic organizations for local uses.

In recent years the Service has assembled a series of color photographs called "America the Beautiful" -- one from each State -- showing applied conservation measures. These have been widely shown. Lithographic prints

of this series were placed on sale by the Government Printing Office. Sales continue to exceed expectations. Publications, leaflets and bulletins have also been prepared and released to schools, Boy Scouts, churches and others interested in learning more about soil and water conservation.

Purpose and Use of Soil Surveys

Soil surveys are conducted in cooperation with other Federal agencies, the State agricultural experiment stations, other State agencies, county governments, conservation districts, and other local organizations. The major objective of the National Cooperative Soil Survey is to provide published soil surveys of counties or other survey areas for general use by interested agencies, organizations, and individuals.

The soil survey is a detailed physical inventory of the soil. It shows soil depth, texture, structure, drainage, stoniness, slope, erosion, and other land features that are helpful in soil classification and interpretation, including use capability. The boundaries of each kind of soil are drawn on a base map, usually an aerial photograph. When soils are mapped and classified, the results from research and experience on a particular kind of soil can be applied with confidence to other areas having similar soil conditions. The facts from soil surveys are made available to land owners and operators for use in developing conservation plans for farms, ranches, or other land areas. The surveys provide a base for determining needed land use adjustments, treatment needs and resource development capabilities or limitations.

Soil surveys are being used mainly in the conservation and management of farm and forest lands. However, they also provide valuable information for many other purposes. County and community planning officials use soil survey information to help locate areas that are suitable for housing, schools, shopping centers, roads, parking lots, industry, parks, and recreational areas. Bankers, insurance officials, and loan companies find soil surveys helpful in determining the soundness of proposed investments in land. Engineers use soil surveys in the location and design of highways, airports, sewers, pipelines, buildings and other structures. Soil surveys are urgently needed for local developments and improved land use.

Soil Survey Progress

As of June 30, 1967, detailed soil maps that meet the current standards for all potential users had been prepared on 651,310,000 acres, and reconnaissance soil surveys on an additional 16,926,000 acres for a total of 668,236,000 acres. About 33,060,000 acres of soil conservation surveys are also available. These surveys will be brought up to current soil survey standards when the soil survey areas in which they are located are completed for publication.

Special purpose surveys that do not meet the current standards for soil surveys are available for limited use on 230,705,822 acres. (These limited purpose surveys are not now classified as soil surveys.)

Mapping Progress

<u>Fiscal Year</u>	<u>Conservation Operations</u>	<u>Other SCS Programs</u>	<u>Other 1/ Cooperators</u>	<u>Total Acres Mapped</u>
1967 Actual	44,746,717	3,062,893	2,916,354	50,725,964
1968 Estimate	47,000,000	3,100,000	5,900,000	56,000,000
1969 Estimate	47,000,000	3,300,000	6,700,000	57,000,000

1/ Includes soil surveys made or financed by other Federal agencies, State agricultural experiment stations, other State and local agencies.

Soil Survey Publications

A total of 43 soil surveys including maps with explanatory text, were edited and submitted to the Government Printing Office during fiscal year 1967 for publication. Soil Surveys of the following 47 counties or other areas were published and distributed during the 1967 fiscal year:

Beaver Creek Area, Ariz.	Treasure County, Mont.
Chicot County, Ark.	Red Willow County, Nebr.
St. Francis County, Ark.	Las Vegas & Eldorado Valley A., Nev.
Elbert County, Colo. (E. Part)	Roosevelt County, N. Mex.
Prowers County, Colo.	Tri-County Area, N. Dak.
Tolland County, Conn.	Wood County, Ohio
Seminole County, Fla.	Ellis County, Okla.
Fountain County, Ind.	Greer County, Okla.
Madison County, Ind.	Love County, Okla.
Parke County, Ind.	Rogers County, Okla.
Caldwell County, Ky.	Clinton County, Pa.
Henderson County, Ky.	Columbia County, Pa.
Jefferson County, Ky.	Montgomery County, Pa.
Metcalfe County, Ky.	Codington County, S. Dak.
Prince Georges County, Md.	Bexar County, Tex.
Queen Annes County, Md.	Fisher County, Texas
Somerset County, Md.	Gray County, Texas
Franklin County, Mass.	Hall County, Texas
Arenac County, Mich.	Kinney County, Texas
Grenada County, Miss.	Menard County, Texas
Monroe County, Miss.	Berkeley County, W. Va.
Tate County, Miss.	Tucker County & Part of North Randolf County, W. Va.
Tippah County, Miss.	Lafayette County, Wis.
Judity Basin Area, Mont.	

Goals for submission of soil surveys to the Government Printing Office for publication are 50 in FY 1968 and 56 in FY 1969.

Special Soil Survey Reports

Increased emphasis has been placed on use of soil survey funds in rural areas to assist with community development activities. One of the urgent local needs is planning assistance with recreational facilities, wildlife habitat, special conservation problems and environmental improvement. As a part of this assistance, special soil survey interpretations are provided to local officials, planning commissions and others, along with copies of field sheets, charts, and maps.

These special soil survey reports are designed to meet specific immediate needs of local people. The field work is done by soil scientists who also write the reports. Local funds are usually provided for the printing costs, and in some instances for part of the field mapping work.

During the 1967 fiscal year, 254 special interpretative reports were prepared and made available for local uses. Current estimates provide for 432 of these special reports in 1968, and 576 have been scheduled for the 1969 fiscal year. This upward trend reflects the demands for redirection that will have to be met by shifting some priorities for soil survey work into these communities.

Increased Emphasis on Technical Assistance

In its working relationship with conservation districts, the Service has encouraged local officials to orient their programs to attain social and economic objectives, as well as the solving of physical land and water problems. Emphasis has been given to operators of small farms, rural residents, and others having special conservation problems. Further emphasis will be given to these objectives in the 1968 and 1969 fiscal years, including needed community developments, assistance with recreational facilities, and related local improvements.

Continued efforts are being made to direct available technical services to better serve the more critical needs. Some staffing adjustments are necessary among work units to meet the pressing problems now recognized by many conservation districts. This reprogramming of field work in some areas includes special attention to rural economic conditions and the re-orientation of program assistance to better serve low-income farm operators. Some district programs and work plans will require adjusting to provide more adequately for the needs of rural people, and to meet Departmental objectives in the period ahead.

Additional community assistance includes the expansion of planning activities into rural areas of rapid growth. Rural leaders in about 200 additional communities are expected to coordinate the programs of various agencies to help them achieve their goals in 1968. There is urgent need for program acceleration in many areas to meet the local demands. More assistance is needed with water supply, municipal disposal of waste, development of community facilities, and to help improve the natural environment. Efforts are being made to meet such demands within the funds and technical services available.

Conservation Planning Assistance

Technical assistance is furnished to land owners, operators and groups in developing conservation plans for their operating units. These plans provide for the use of the available soil, water, and plant resources, as well as their protection from erosion and other damage. Each plan is coordinated for an entire planning unit to the satisfaction of those who own and operate the land. Installation services as described later in these notes, are provided to cooperators, when needed, for the detail design, layout, and technical supervision of installation of planned practices.

Program Development: The Service helps conservation districts, other local groups, and agencies to develop their conservation programs, in accordance with the needs of the land and desires of local people. This includes the furnishing of soil survey information, appraisal of needed land use changes, and treatment recommendations. Alternative adjustments that stimulate economic improvements are encouraged. Each conservation district is usually supplied with a technical guide which includes the criteria and limitations for all practices and measures used in the local program. Standards and specifications are provided for those practices and measures needed locally.

Conservation Planning: Technical assistance is essential to sound determinations of the use of land in the planning process, all land use changes and conservation treatments are considered in terms of the operator's desires, invested capital, labor, equipment and the type of enterprise. The conservation plan for each farm, ranch, or other unit may be prepared in a short time or progressively over a period of several years. It reflects the needed crop adjustments, land conversions, and conservation treatments applicable to each particular unit. The plans developed with SCS technical help includes a land capability map, a land use map (usually an aerial photograph), and appropriate schedules for the installation of planned practices.

The cooperator may use many sources of financial help. For example: Loans from the Farmers Home Administration, annual cost-sharing under the Agricultural Conservation Program, long-term Great Plains contracts, or crop-land adjustment and other contracts. Bank loans and other sources of financing may also be used to supplement his own immediate investments.

Plan Revisions: The conservation goals for an individual property, as stated in the cooperator's conservation plan, may be altered as the work progresses. Changes in ownership, consolidation of farms, adjustments in land use, and the growth of specialized types of farming have increased the needs for revising many basic plans in recent years.

Status of Conservation Planning Activity

The following table shows district cooperators and progress in farm and ranch conservation planning with Soil Conservation Service technical assistance:

Item	Current Year ^{a/}		Net Change	Cumulative in SCD's June 30 ^{b/}
	Increase	Decrease		
	<u>Fiscal Year 1967 (Actual)</u>			
Number of district cooperators	101,084	-57,163	+43,921	2,121,248
Number of conservation plans:				
Developed	84,662	-42,304	+42,358	1,657,019
Revised	34,891	- -	- -	- -
	<u>Fiscal Year 1968 (Estimate)</u>			
Number of district cooperators	105,000	-59,400	+45,600	2,165,000
Number of conservation plans:				
Developed	85,000	-43,000	+42,000	1,700,000
Revised	35,000	- -	- -	- -
	<u>Fiscal Year 1969 (Estimate)</u>			
Number of district cooperators	110,000	-60,000	+50,000	2,210,000
Number of conservation plans:				
Developed	90,000	-45,000	+45,000	1,716,000
Revised	40,000	- -	- -	- -

a/ Figures are for the Conservation Operations program only. In addition a total of 8,253 conservation plans and 3,702 revisions of plans were prepared in 1967 under other land treatment programs administered by the Soil Conservation Service.

b/ Totals under all current operating programs.

As of June 30, 1967, about 36 percent of the operating units in conservation districts had been planned with technical assistance from the Soil Conservation Service under all programs which it administers. The 1,657,019 basic conservation plans as of June 30, 1967, comprise nearly 535 million acres, or about 40 percent of the total land in operating units in conservation districts. The following table shows the percentage by States:

Basic Conservation Planning in Soil Conservation Districts
By States and Nationally, June 30, 1967

States	Total SCD's as of 6/30/67		Operating Units in SCD's		Basic Conservation Plans Prepared as of 6/30/67		% of Operating Units Planned	
	Number	Acres	Number	Acres	Number	Acres	Number	Acres
Northeast								
Connecticut	8	2,434,400	35,950	3,221	344,056	9.0	14.1	
Delaware	3	1,143,581	8,313	2,241	328,848	27.0	28.8	
Kentucky	121	185,520	185,520	51,348	6,557,708	27.7	29.3	
Maine	16	79,283	79,283	7,919	1,712,553	10.0	10.1	
Maryland	24	36,933	5,246,064	11,896	1,684,935	32.2	32.1	
Massachusetts	15	33,701	3,913,472	8,694	825,994	25.8	21.1	
New Hampshire	10	27,428	4,834,450	5,258	854,979	19.2	17.7	
New Jersey	15	28,945	3,990,638	5,690	623,260	19.7	15.6	
New York	55	131,696	19,724,163	27,254	3,939,611	20.7	20.0	
Ohio	88	166,285	21,373,329	54,129	7,143,353	32.6	33.4	
Pennsylvania	63	132,307	18,130,147	31,042	4,094,616	23.5	22.6	
Rhode Island	3	5,850	507,700	1,239	125,721	21.2	24.8	
Vermont	13	35,860	4,490,584	7,226	1,445,797	20.1	32.2	
Virginia	32	129,852	19,226,866	35,299	5,637,681	27.2	28.3	
West Virginia	14	72,344	12,924,669	32,448	4,472,157	44.9	34.6	
Total	480	1,110,287	157,927,364	284,904	39,791,269	25.7	25.2	
South								
Alabama	66	120,886	23,954,531	46,937	8,855,352	38.8	37.0	
Arkansas	76	131,352	30,149,740	84,605	17,305,860	64.4	57.4	
Florida	60	55,788	25,319,199	21,766	7,060,458	39.0	27.9	
Georgia	27	163,199	32,417,370	94,111	17,251,448	57.7	53.2	
Louisiana	26	90,601	23,292,555	40,183	8,543,722	44.4	36.7	
Mississippi	74	140,860	25,049,180	61,239	11,686,568	43.5	46.7	
North Carolina	88	230,896	22,258,364	63,527	6,866,365	27.5	30.8	
Oklahoma	87	136,497	39,604,319	95,005	27,584,505	69.6	69.6	
South Carolina	45	109,705	17,542,841	37,832	6,184,323	34.5	35.3	
Tennessee	95	174,276	20,809,851	42,457	5,845,554	24.4	28.1	
Texas	184	296,350	158,205,948	175,712	99,619,411	58.9	63.0	
Caribbean	18	45,968	1,923,600	16,634	924,094	36.2	48.0	
Total	846	1,698,378	420,527,498	780,008	217,727,660	45.9	51.8	

Basic Conservation Planning in Soil Conservation Districts
By States and Nationally, June 30, 1967

States	Total SCD's as of 6/30/67		Operating Units in SCD's		Basic Conservation Plans Prepared as of 6/30/67		% of Operating Units Planned	
	Number	Acres	Number	Acres	Number	Acres	Number	%
Mid-West								
Illinois	98	30,674,030	174,781	8,046,349	46,736	8,046,349	26.7	26.2
Indiana	88	18,789,719	125,135	4,733,449	31,922	4,733,449	25.5	25.2
Iowa	100	174,924	33,848,923	62,982	11,656,602	62,982	36.0	34.4
Kansas	105	49,301,596	141,915	25,309,642	77,965	25,309,642	54.9	51.3
Michigan	83	27,400,759	173,284	4,886,019	36,760	4,886,019	21.2	17.8
Minnesota	89	32,386,471	141,644	6,977,023	32,566	6,977,023	23.0	21.5
Missouri	81	26,838,181	123,386	4,499,805	22,319	4,499,805	18.1	16.8
Nebraska	86	103,933	47,433,430	49,665	20,894,999	49,665	47.8	44.0
North Dakota	70	56,302	42,713,395	30,378	22,832,784	30,378	53.9	53.4
South Dakota	70	56,111	43,953,881	27,670	19,350,644	27,670	49.3	44.0
Wisconsin	72	120,659	21,487,184	5,886,590	34,471	5,886,590	28.6	27.4
Total	942	374,827,569	1,392,074	135,073,906	453,434	135,073,906	32.6	36.0
West								
Alaska	12	1,055,638	2,166	95,945	356	95,945	16.4	9.1
Arizona	34	26,500,963	7,888	7,756,135	3,836	7,756,135	48.6	29.3
California	164	36,407,191	101,427	10,366,198	33,819	10,366,198	33.3	28.5
Colorado	95	42,738,662	36,534	19,198,174	15,311	19,198,174	41.9	44.9
Hawaii	15	3,584,209	4,227	1,587,715	1,307	1,587,715	30.9	44.3
Idaho	54	17,756,072	39,635	5,655,084	11,673	5,655,084	29.5	31.8
Montana	62	61,427,382	26,996	29,022,481	10,734	29,022,481	39.8	47.2
Nevada	37	32,851,619	3,763	1,925,837	1,757	1,925,837	46.7	5.9
New Mexico	55	61,359,338	21,839	31,790,130	10,966	31,790,130	50.2	51.8
Oregon	60	26,108,937	51,590	6,528,565	11,963	6,528,565	23.2	25.0
Utah	41	21,339	23,459,804	10,706	7,560,921	10,706	50.2	32.2
Washington	68	20,700,007	73,117	7,964,818	21,375	7,964,818	29.2	38.5
Wyoming	45	29,993,337	9,207	12,895,110	4,870	12,895,110	52.9	43.0
Total	742	383,943,159	399,728	142,347,113	138,673	142,347,113	34.7	37.1
National Total	3,010	1,337,225,590	4,600,467	534,939,948	1,657,019	534,939,948	36.0	40.0

Practice Installation Services

The Soil Conservation Service furnishes technical assistance to cooperating land owners and operators to help them apply planned conservation measures. This includes technical supervision, and follow-up for maintenance of applied practices. More than a hundred soil and water conservation practices are used nationally for erosion control, water management, and improved land use. Vegetative practices are used in appropriate combinations with structural measures as needed locally to achieve conservation objectives.

Technical help in establishing practices: Conservation treatments are usually scheduled for installation when the cooperator has adequate labor and equipment available, or between cropping seasons. For example, a terracing system, field ditch, or waterway can be installed after crop harvest and before the next crop is planted. Improved vegetation is usually planted in early spring or fall. Farm ponds are built when earth moving equipment is available. Unless the needed technical help is furnished when needed, it is often necessary to delay practice installation for another year or so. For these reasons, the application of planned practices is of high priority at certain seasons in most districts. Conservation aids and temporary employees are often used during the peak workload seasons to more nearly meet the increasing demands. Additional employment with State or local funds is encouraged to help process the seasonal workload.

Counseling on financing of conservation work: Some land owners and operators have sufficient capital to pay the costs of practice installation. On a national basis they finance about 55 percent of the estimated total program costs. Most of them rely on their annual income to finance conservation work. Low-income farmers often require short-term loans, cost-sharing assistance, or local sources of credit to finance practice application. All must consider the economic returns on their investments and the long-term benefits of conservation work. The Soil Conservation Service technicians counsel with land owners and operators on these matters to help assure that capital investments are made on a sound basis.

Technical services with Agricultural Conservation Program cost-shares: The Service encourages participation in the Agricultural Conservation Program. Many land owners and operators use cost-sharing assistance to finance part of the cost of installing their conservation programs. For certain permanent-type practices, the Soil Conservation Service furnishes technical services for determinations of need and feasibility, site selection, supervision of practice installation, and certification of completed work. During the 1966 program year 321,543 program participants were provided technical services in response to Agricultural Conservation Program referrals received by SCS field offices. About half the cost of this assistance is financed through county transfers authorized to be made from ASCS program funds, and half is absorbed as part of the regular conservation operations work in districts.

Conservation Practices Installed

The following table shows the amounts of soil and water conservation practices installed by land owners and operators in the fiscal year 1967 with technical assistance furnished by the Soil Conservation Service. The figures under Conservation Operations in the first column include amounts of certain practices installed by Agricultural Conservation Program participants with cost-sharing assistance. Most of these individuals were cooperators with soil conservation districts. The figures in the last column are estimates of the total soil and water conservation and erosion control practices established on the land as of June 30, 1967, with help from all sources.

Practices	Installed in 1967			Estimate 6/30/67 of Total Practices "On The Land"
	Unit	With Assistance Under Conservation Operations	Other Programs	
Bedding	:Acres:	39,955	967	503,045
Brush Control	:Acres:	3,196,884	676,770	34,654,182
Cattle Walkway	:Miles:	8	-	260
Chiseling and Subsoiling	:Acres:	654,662	58,700	4,128,987
Clearing and Snagging	:Miles:	650	23	3,284
Conservation Cropping System	:Acres:	21,821,823	1,745,840	165,471,803
Contour Farming	:Acres:	3,796,341	533,037	43,913,106
Contour Furrowing	:Acres:	38,551	10,044	811,248
Contouring Orchard, Vineyard, or Small Fruits	:Acres:	19,173	583	201,304
Controlled Burning	:Acres:	360,073	2,529	3,401,004
Cover and Green Manure Crop	:Acres:	3,391,260	272,175	27,928,520
Critical Area Planting	:Acres:	50,330	44,188	1,704,443
Crop Residue Use	:Acres:	16,581,959	1,449,993	119,516,641
Cut-back Border	:Miles:	78	2	1,684
Dam, Diversion	:No. :	795	134	21,466
Dam, Multiple-purpose	:No. :	307	31	4,352
Debris Basin	:No. :	1,237	1,081	89,807
Desilting Area	:Acres:	312	3	3,909
Dike and Levee	:Miles:	270	14	9,496
Ditch Bank Seeding	:Miles:	728	235	21,393
Diversions	:Miles:	2,665	537	92,551
Drainage Field Ditch	:Miles:	5,449	296	158,192
Drainage Land Grading	:Acres:	37,126	1,153	263,488
Drainage Main or Lateral	:Miles:	6,592	494	283,675
Dune Stabilization	:Acres:	1,660	64	104,792

Practices	Installed in 1967		With Assistance Under		Estimate 6/30/67 of "On The Land"
	Conservation	Other	Operations	Programs	
	Unit				
Emergency Tillage	:Acres:	227,752	: 4,569	:	3,576,919
Farm Pond	:No. :	55,937	: 2,909	:	1,562,481
Farmstead and Feedlot Wind- break	:Acres:			:	
Field Border Planting	:Miles:	27,390	: 1,935	:	626,001
Field Windbreak	:Miles:	1,409	: 106	:	41,438
	:Miles:	3,028	: 585	:	82,712
	:Miles:			:	
Firebreak	:Miles:	8,131	: 314	:	128,919
Fish and Crop Rotation	:Acres:	2,660	: 45	:	12,262
Fishpond Management	:No. :	29,339	: 1,443	:	187,051
Fishpond Stocking	:No. :	41,825	: 2,342	:	845,646
Floodwater Diversion	:Feet :	27,780	: - -	:	1,251,641
Floodwater Retarding Struc.	:No. :	209	: 443	:	9,118
	:Miles:			:	
Floodway	:Miles:	36	: 4	:	532
Grade Stabilization Struc.	:No. :	11,237	: 2,537	:	195,784
Grasses and Legumes in Rotation	:Acres:	1,407,558	: 88,768	:	22,682,025
Grassed Waterway or Outlet	:Acres:	78,740	: 7,947	:	1,638,983
	:Miles:			:	
Hedgerow Planting	:Miles:	300	: 7	:	29,033
Hillside Ditch	:Miles:	219	: 30	:	5,960
Irrigation Canal or Lateral	:Miles:	326	: 84	:	40,984
Irrigation Ditch and Canal Lining	:Miles:	1,494	: 32	:	21,973
Irrigation Field Ditch	:Miles:	2,612	: 98	:	126,668
Irrigation Land Leveling	:Acres:	428,254	: 29,063	:	9,504,071
Irrigation Pipeline	:Miles:	4,199	: 141	:	55,555
Irrigation Pit or Regulating Reservoir	:No. :	1,740	: 78	:	42,158
Irrigation Storage Reservoir	:No. :	1,218	: 17	:	40,429
Irrigation System, Sprinkler	:No. :	4,321	: 125	:	101,166
	:No. :			:	
Irrigation System, Surface and Subsurface	:No. :	4,401	: 250	:	114,934
Irrigation System, Tailwater Recovery	:No. :	802	: 14	:	7,822
Irrigation Water Management	:Acres:	3,156,031	: 160,632	:	14,044,611
Land Clearing	:Acres:	604,490	: 65,206	:	13,078,154
Land Smoothing	:Acres:	306,715	: 15,484	:	5,140,695
	:Acres:			:	
Livestock Exclusion	:Acres:	804,573	: 109,993	:	23,723,949
Minimum Tillage	:Acres:	1,341,158	: 62,907	:	10,716,222
Mole Drain	:Miles:	153	: - -	:	45,346
Mulching	:Acres:	26,827	: 1,317	:	463,522
Mulch Planting	:Acres:	25,869	: 2,286	:	164,911

Practices	Installed in 1967			Estimate 6/30/67 of Total Practices "On The Land"
	Unit	Conservation Operations	With Assistance Under Other Programs	
Obstruction Removal	: Acres:	36,958	4,110	739,328
Pasture and Hayland Management	: Acres:	9,132,894	900,388	36,841,574
Pasture and Hayland Renovation	: Acres:	1,345,607	121,172	22,327,278
Pasture and Hayland Planting	: Acres:	1,899,229	288,302	46,309,582
Pipeline	: Miles:	1,623	523	18,674
	: :	:	:	:
Pitting	: Acres:	30,215	33,344	229,960
Flow Planting	: Acres:	83,741	4,023	1,584,413
Pond Sealing or Lining	: No. :	818	41	10,550
Pumped Well Drain	: No. :	1	- -	163
Pumping Plant for Water Control	: No. :	2,077	58	49,387
	: :	:	:	:
Range Deferred Grazing	: Acres:	13,731,385	626,693	51,210,265
Range Proper Use	: Acres:	64,975,768	6,053,159	189,348,245
Range Renovation	: Acres:	7,337	185	1,407,166
Range Rotation-Deferred Grazing	: Acres:	2,138,331	114,202	11,051,975
	: :	:	:	:
Range Seeding on Converted Land	: Acres:	97,429	74,110	4,890,696
Range Seeding (Total Range Seeding)	: Acres:	298,275	144,098	9,289,534
Recreation Access Road	: Miles:	(395,704)	(218,208)	(14,180,230)
Recreation Area Planting	: Miles:	545	49	6,774
Recreation Area Planting and Thinning	: Acres:	26,989	671	184,792
	: :	:	:	:
Recreation Area Stabilization	: Acres:	5,254	355	55,484
Recreation Land Grading and Shaping	: Acres:	2,459	256	81,706
	: :	:	:	:
Recreation Trail and Walkway	: Miles:	10,226	388	108,569
Regulating Water in Drainage Systems	: Miles:	260	20	2,933
	: :	:	:	:
Rock Barrier	: Feet :	14,023	- -	432,339
	: :	:	:	:
Row Arrangement	: Feet :	25,283	- -	278,274
Spoilbank Spreading	: Acres:	524,252	165,751	2,519,912
Spring Development	: Miles:	4,225	608	128,294
	: No. :	5,201	297	95,498
	: :	:	:	:
Stock Trail	: Miles:	167	1	3,200
Streambank Protection	: Miles:	211	293	5,556
Stream Channel Improvement	: Miles:	496	490	12,239
Stream Channel Stabilization	: Miles :	21	3	613

Practices	Installed in 1967			Estimate 6/30/67 of Total Practices "On The Land"
	Unit	Operations	Other Programs	
Stripcropping, Contour	:Acres:	157,486	: 16,464	: 5,536,725
Stripcropping, Field	:Acres:	62,189	: 5,629	: 1,489,615
Stripcropping, Wind	:Acres:	247,960	: 65,338	: 13,967,371
(Total Stripcropping)	:Acres:	(467,635)	: (87,431)	: (20,993,711)
Structures for Water Control	:No.:	84,139	: 2,419	: 1,515,027
Stubble Mulching	:Acres:	3,879,058	: 170,148	: 19,004,960
Terrace, Basin	:Miles:	52	: 25	: 2,503
Terrace, Gradient	:Miles:	14,279	: 1,989	: 819,221
Terrace, Level	:Miles:	8,370	: 3,995	: 373,936
Terrace, Parallel	:Miles:	5,530	: 2,413	: 50,471
(Total Terraces)	:Miles:	(28,231)	: (8,422)	: (1,246,131)
Tile Drain	:Miles:	22,319	: 574	: 664,968
Tile System Structure	:No.:	9,536	: 247	: 163,964
Toxic Salt Reduction	:Acres:	82,511	: 318	: 1,236,025
Tree Planting	:Acres:	272,015	: 22,771	: 13,113,619
Trough or Tank	:No.:	11,421	: 1,710	: 341,203
Vegetative Barrier	:Miles:	213	: 158	: 6,822
Vertical Drain	:No.:	77	: -	: 1,675
Waterspreading	:Acres:	23,264	: 4,622	: 899,163
Well	:No.:	6,674	: 1,419	: 390,157
Wildlife Habitat Development	:Acres:	295,173	: 9,576	: 3,200,012
Wildlife Habitat Preservation	:Acres:	2,129,130	: 157,298	: 11,940,200
Wildlife Watering Facility	:No.:	1,070	: 22	: 7,429
Wildlife Wetland Development	:Acres:	104,302	: 5,891	: 992,728
Wildlife Wetland Preservation	:Acres:	262,631	: 10,488	: 2,735,154
Woodland Direct Seeding	:Acres:	44,026	: 152	: 539,945
Woodland Harvest Cutting	:Acres:	882,348	: 35,317	: 15,951,961
Woodland Intermediate Cutting	:Acres:	894,412	: 20,826	: 15,133,767
Woodland Interplanting	:Acres:	18,961	: 9,038	: 879,396
Woodland Natural Seeding	:Acres:	90,689	: 4,020	: 3,156,050
Woodland Proper Grazing	:Acres:	1,718,358	: 71,348	: 10,849,732
Woodland Pruning	:Acres:	21,704	: 2,714	: 388,652
Woodland Thinning	:Acres:	57,580	: 4,042	: 1,502,592
Woodland Underplanting	:Acres:	28,616	: 10,007	: 930,713
Woodland Weeding	:Acres:	428,505	: 22,293	: 9,596,315
Land Adequately Treated	:Acres:	40,125,705	: 7,188,028	: 368,858,342

Recreation and Natural Beauty

The Food and Agriculture Act of 1962 (P.L. 87-703) recognized recreation as an agricultural use of private lands. The Department assigned the Soil Conservation Service technical leadership for helping to develop income-producing recreation enterprises on non-Federal rural lands. Nearly 5,000 district cooperators used such assistance in the 1967 fiscal year to establish recreational facilities. Enhancement of natural beauty is also being encouraged in establishing conservation treatment along roads and near the homesteads of rural America.

Community-Type Group Jobs

The Soil Conservation Service provides technical help to small groups of land owners and operators in the planning, design and construction of erosion control and water management jobs that provide community-type benefits. These jobs may involve a few adjoining farms that have closely related conservation problems, land within the watershed of small tributary streams, or an entire community. In the 1967 fiscal year, 3,260 group jobs involving over 2 million acres were planned and layout designs prepared for installation. Cumulatively, a total of 40,085 such community-type jobs have been prepared under the conservation operations program. These jobs involve 286,626 landowners and over 28,078,465 million acres.

Community benefits include prevention of flood damages, reduction of health hazards, improved water management, outdoor recreation facilities, pollution control, and stream channel improvement. While the costs of such jobs are financed mainly by the cooperating landowners and cost-shares from Agricultural Conservation Program "pooling agreements", many public benefits result from the jobs installed. The work improves sources of municipal water, reduces damages to local roads, structures, and public utilities, and controls sedimentation in reservoirs and streams. There is increasing need for such community-type group jobs in many rural areas where there is rapid population growth and urban expansion.

Snow Survey and Water Supply Forecasting Activity

Snow surveys are conducted in cooperation with other Federal, State, and local agencies, irrigation and power companies, and the Province of British Columbia. There is need for advance information on potential water supply in arid areas of the West where snow-fed streams provide the water supply for agriculture, industry, municipal uses, recreation, fish and wildlife, and other purposes. The Service operates a network of snow courses and related data collection sites in ten Western States and Alaska. Systematic collection is made of information on a set schedule from about 500 stations, and at specified measurement points of runoff water contained in the snow-pack and in the soil. Analysis of this data permits the development of seasonal forecasts of water supply that may be expected at numerous locations along the rivers including downstream reservoirs.

Data are gathered by SCS personnel and cooperating agencies who travel to remote areas on skis, over-snow machines, and aircraft. Collection of such data with automatic electronic devices has great potential. Some trial installations have been in operation for several years. Gathering data by manual means is hazardous and more costly than by electronic methods. Additional development and field trial work needs to be done to achieve fully satisfactory electronic reporting devices.

The following table shows accomplishments in the 1967 fiscal year:

<u>Item</u>	<u>Number</u>
Snow course measurements	5,649
Aerial snow marker readings	907
Mountain precipitation gage readings	1,501
Soil moisture station readings	1,425
Numerical forecasts issued	2,440

Water supply forecasts are issued through the press, by radio, television, and in local and State forecast reports. Local water supply information is provided to the ranchers and farmers to assist them in making their farming and cropping plans for the coming season. Regulatory Federal and private agencies use the information in their seasonal plans for flood control, irrigation water storage and release, and generation of electric power.

Plant Material Centers

The Service has 20 plant material centers located in the several plant growth regions to meet specific needs for improved vegetation. Seventeen of the centers are operated by the Soil Conservation Service and three by cooperating agencies, as follows:

Operated by

Soil Conservation Service:

Tucson, Arizona	Coffeerville, Mississippi
Pleasanton, California	Elsberry, Missouri
Arcadia, Florida	Bridger, Montana
Kahului, Hawaii	Cape May Courthouse, New Jersey
Aberdeen, Idaho	Big Flats, New York
Manhattan, Kansas	Corvallis, Oregon
Quicksand, Kentucky	Knox City, Texas
Beltsville, Maryland	Pullman, Washington
East Lansing, Michigan	

Operated by cooperating agencies:

Americus, Georgia (University of Georgia)
 Los Lunas, New Mexico (New Mexico State University)
 Bismarck, North Dakota (North Dakota Assn. of Soil Conservation Districts)

The main functions of the centers are to:

1. Assemble, evaluate, select, and increase desirable seed and plants.
2. Determine reliable cultural and management methods for use in soil and water conservation programs.
3. Get proven materials into production by farmers and ranchers, and by commercial growers as soon as practical.

The system of selection and testing provides for effective introduction of new plants into commercial production. The final evaluation of new plants is made on farms and ranches in conservation districts. This work is conducted under adapted local use and management conditions. Testing work is also conducted with the public agencies responsible for highways, beaches, and parks. Some of the work is carried out in cooperation with State and Federal experiment stations, State departments of conservation and game, and some research agencies.

Many useful plant materials have been developed by the Soil Conservation Service. These include plant materials for:

1. Wildlife, recreation, and beautification.
2. Droughty sites, such as the western range reseeding.
3. Critical erosion areas such as pond margins, road banks, and surface mine spoils.
4. Wetlands, saline soils, and beach sands.
5. Cover crops for soil protection and improvement.

Most of the introductions are adapted to soil and site conditions that are difficult to establish vegetative cover. There is a continuing need for the selection and testing of improved plants that are adapted to such special uses. Commercial seed production is encouraged by providing a supply of foundation seed to cooperators through soil and water conservation districts.

Increased emphasis has been given in recent years to native shrubs and plants useful in highway erosion control, sand dune stabilization, rural beautification and wildlife habitat.

The outputs and benefits of the plant material centers are many and varied. In the San Joaquin Valley, a combination of salt tolerant plants and methods of establishing and managing them as developed by Pleasanton Plant Material Center, increases the pasture return to dairymen by \$50 per acre. Development of adapted strains of birdsfoot trefoil and techniques of establishment and management improve the quality and longevity of pastures in the N. E. and North Central States.

Growers of plant material center developed native grasses in a few counties of the Texas Panhandle produced over 4,000,000 pounds of seed in 1967, for use in Great Plains Conservation Program contracts. Commercial nurserymen grew and sold more than 4,000,000 plants of Cardinal autumn olive, a plant selected and introduced by Big Flats Plant Material Center for wildlife food, beautification, and mine-spoil cover. More than 50 improved conservation plants have been named and are now in use in the United States.

WATERSHED PLANNING

STATUS OF PROGRAM

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

The work of the Department under this item consists of the making of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assistance in the development of watershed work plans. These plans specify the soil erosion, water management, and sedimentation problems in a watershed and the works of improvement proposed to alleviate these problems. Plans also include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other appropriate information necessary to justify Federal assistance in developing and carrying out the plan.

Program Assignments

The Soil Conservation Service has general responsibility for administration of watershed planning work authorized by the Watershed Protection and Flood Prevention Act. This includes planning works of improvement for flood prevention and for the conservation, development, utilization and disposal of water in watershed or subwatershed areas not exceeding 250,000 acres. All interested Federal agencies are given an opportunity to participate in and contribute to work plan preparation to help assure that works of improvement included in work plans are in harmony with related work of other Federal agencies.

The Forest Service is responsible for planning the forestry phases of the watershed program. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects. The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds on a reimbursable basis when needed to plan watershed measures for Federal lands which they administer. The U. S. Weather Bureau of the Department of Commerce and the U. S. Geological Survey of the Department of Interior are reimbursed for precipitation and runoff data needed in the development of work plans.

Selected Examples of Recent Progress:Agency Participation

The following table shows the amount of funds obligated for small watershed project investigations and planning in 1967 and estimates for 1968 and 1969 by agency.

Agency	1967 Obligations	1968 Estimate	1969 Estimate
Soil Conservation Service	\$5,940,872	\$6,044,210	\$5,716,000
Economic Research Service	26,600	26,000	26,000
Forest Service	472,558	477,000	482,000
Total	6,440,030	6,547,210	6,224,000

Developing Watershed Work Plans

Watershed project planning is a coordinated and integrated investigation of the physical, social, and economic conditions inherent to a particular watershed and an analysis of alternative methods to produce an acceptable solution.

When it is determined that a plan will provide substantial benefits from flood prevention or agricultural water management, consideration is given to all other phases of the conservation, development, utilization, and disposal of water. This includes such purposes as municipal and industrial water supply, recreation, and fish and wildlife.

The technical phase of watershed planning is a coordinated study by a team of technicians representing the disciplines of economics, hydrology, geology, and engineering, with supporting help, as needed, from specialists in the fields of soil science, biology, plant technology, recreation and watershed planning. The technical study must be made with a complete understanding of watershed problems, the causes of the problems, and the objectives of the local people.

A watershed work plan results when the planning technicians agree on a system of interrelated works of improvement which are economically and technically feasible and which meet the needs and desires of the local people. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Status of Work Plan Development

During the fiscal year 1967, the Department received 151 State-approved applications for watershed planning assistance from local sponsors of proposed small watershed projects. This brought the total number of applications received from local organizations to 2,653 as of June 30, 1967. These applications covered 194,069,500 acres in 49 States and Puerto Rico. During the fiscal year 1967 an additional 100 applications were approved for planning assistance which brought to 1,311 the total number that had been approved for planning since the inception of the program. Watershed work plans had been completed on 870 of these watersheds as of June 30, 1967, and planning had been suspended or terminated on 163 other watersheds for which work plans had been partially completed. The suspensions and terminations were at the request of the local sponsoring organizations or with their concurrence when it became evident that the planning activity would be significantly delayed due to local problems or could no longer be justified on a cost-benefit ratio.

As of June 30, 1967, watershed planning assistance had not been started on 1,342 of the applications received from local sponsors of proposed small watershed projects. It is estimated that 1,017 of the watersheds covered by these applications are currently suitable for the development of project work plans and that about 325 will not qualify for assistance under present criteria.

The following table shows applications received and actual and projected progress in planning small watershed projects:

Activity	1967 Actual	1968 Estimate	1969 Estimate
Applications for planning assistance:			
Received, current fiscal year	151	185	186
Received, cumulative at June 30	2,653	2,838	3,024
Status of Planning:			
Authorized, current fiscal year	100	100	112
Authorized, cumulative at June 30	1,311	1,411	1,523
Suspended or terminated at June 30	163	168	173
Completed, current fiscal year	68	100	95
Completed, cumulative at June 30	870	970	1,065
In process at June 30	278	273	285
Remaining to be planned at June 30	1,017	1,077	1,126
Not suitable for planning at June 30 ...	325	350	375
Completed plans not yet approved for operations	53	53	31

Watershed Planning Progress by State

The following tabulation shows a breakdown by State of the applications received, authorized for planning assistance, and watershed work plans completed as of June 30, 1967.

STATE	APPLICATIONS RECEIVED		AUTHORIZED FOR PLANNING ASSISTANCE		PLANS COMPLETED	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Alabama	51	3,573.0	31	2,243.2	23	1,560.8
Alaska	0	0	0	0	0	0
Arizona	26	2,376.0	13	1,394.3	9	1,009.3
Arkansas	111	8,743.2	50	3,653.1	36	1,665.8
California	63	4,614.9	36	2,485.9	13	635.5
Colorado	51	4,084.0	24	1,441.1	13	710.3
Connecticut	23	385.6	13	299.4	8	139.6
Delaware	6	357.8	4	301.7	4	281.9
Florida	66	4,859.4	27	2,167.9	17	1,075.6
Georgia	144	9,501.6	57	3,404.7	47	2,892.2
Hawaii	10	504.1	7	304.6	5	278.3
Idaho	45	4,839.9	16	1,254.7	5	271.2
Illinois	71	4,378.9	30	1,418.2	13	501.6
Indiana	85	6,879.6	43	3,273.3	25	1,482.7
Iowa	70	1,488.9	44	789.1	35	608.4
Kansas	75	7,412.8	47	4,742.1	33	2,876.2
Kentucky	143	6,695.8	37	2,747.8	26	2,030.3
Louisiana	62	6,575.7	37	3,814.3	21	2,043.8
Maine	23	1,334.2	12	695.0	4	221.2
Maryland	34	931.3	20	330.8	13	190.5
Massachusetts	25	929.1	14	559.6	7	385.5
Michigan	33	1,821.8	19	778.6	14	470.5
Minnesota	55	4,203.0	23	2,070.7	13	1,049.1
Mississippi	74	4,987.2	47	3,545.7	38	2,636.4
Missouri	55	3,791.7	22	1,486.6	15	642.2
Montana	36	2,419.5	16	945.1	5	101.9
Nebraska	85	6,208.6	41	2,456.4	32	1,774.0
Nevada	23	2,639.8	11	1,531.1	4	237.4
New Hampshire	15	969.1	11	893.1	5	279.4
New Jersey	31	664.8	15	369.3	11	241.7
New Mexico	77	7,022.5	35	2,884.3	19	920.2
New York	28	1,532.7	18	1,091.6	9	579.0
North Carolina	75	4,396.6	47	2,443.3	37	1,518.5
North Dakota	44	6,562.2	24	3,810.9	13	1,865.5
Ohio	54	5,428.8	17	1,166.5	13	826.8
Oklahoma	108	11,438.9	55	5,698.2	49	5,132.8
Oregon	47	5,008.5	15	1,006.5	9	331.0
Pennsylvania	45	2,337.8	27	1,637.0	20	992.4
Rhode Island	1	56.9	1	56.9	0	0
South Carolina	50	1,903.5	29	1,057.9	21	621.6
South Dakota	32	3,366.6	18	1,437.1	10	442.9
Tennessee	74	3,621.0	42	2,130.0	29	1,166.7
Texas	147	15,699.1	79	7,891.4	59	5,404.0

STATE	APPLICATIONS RECEIVED		AUTHORIZED		PLANS COMPLETED	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Utah	37	3,538.6	16	1,648.4	11	1,193.4
Vermont	13	1,141.2	8	704.3	2	18.9
Virginia	63	2,579.4	26	1,507.1	20	1,108.3
Washington	42	2,489.1	16	858.4	10	220.1
West Virginia	39	1,110.7	24	544.5	15	381.7
Wisconsin	44	2,249.8	26	1,477.7	19	883.1
Wyoming	36	4,071.6	16	1,360.2	8	378.9
Puerto Rico	6	342.7	5	292.8	3	252.0
Totals	2,653	194,069.5	1,311	92,102.4	870	52,531.1

Sharing Watershed Planning Costs

Watershed planning activities are being carried out in all states except Alaska. Planning organizations currently are staffed in each of the 49 remaining states with exception of Rhode Island and Delaware where services are provided by the planning staffs headquartered in Connecticut and Maryland, respectively. A number of states that are undertaking river basin surveys under authority of Section 6 of Public Law 566 have integrated their regular watershed planning staff with the river basin survey staff. This action provides more effective utilization of technical personnel in carrying out the functions associated with these activities. The size of the planning organizations vary according to the workload in a state. Watershed planning funds allotted to the states averaged approximately \$107,000 per state during 1967, ranging from \$45,000 for Vermont to \$165,000 for Tennessee.

In the fiscal year 1967 State legislatures and other local organized units in 37 states appropriated or otherwise provided through official facilities of the State governments about \$3,280,000 to supplement Federal funds for watershed planning. This was accomplished through advances, reimbursements, state controlled watershed planning parties, and personnel provided by the states to supplement Service watershed planning staffs.

The total cost of planning a watershed project (including state funds) averaged about \$81,000 over the last 5 years. Of this amount, Federal funds averaged about \$68,000 per plan.

Although watershed protection and flood prevention remain dominant objectives of the watershed program, there has been a decided upward trend in the number of multiple-purpose projects being planned and approved for operations. Multiple-purpose projects include such features as water supply, recreation, and fish and wildlife development in addition to flood prevention. Between 1957 and 1967 the number of multiple-purpose projects increased from 21 percent to 65 percent of the total number approved for installation. This has come about as a result of amendments to Public Law 566 which have broadened the scope of activities and the authorities under which the program is carried out. Planning costs have increased due to the more complex investigations associated with multiple-purpose project formulation. The added costs are largely off-set by increased contributions from state and local organizations to help plan the multiple-purpose features that they want included in their projects.

WATERSHED PROTECTION

STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act (Public Law 566, 83rd Congress), as amended (16 U.S.C. 1001-1003) provides for cooperation between the Federal government and the States and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds of rivers and streams and to further the conservation, development, utilization, and disposal of water. The work of the Department under this item consists of the following:

1. Technical and financial assistance in the installation of works of improvement specified in approved watershed work plans. These works include:
 - a. Structural measures: Primary works installed in projects generally consist of structural measures for flood prevention and water management, such as floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, water storage structures, etc. Detailed construction plans, designs and specifications are prepared for these measures by the Department, or by private engineers employed either by the local sponsoring organization or the Department. The Federal government bears all of the construction cost of structural measures for flood prevention and an equitable part of the cost of installing works of improvement for agricultural water management and fish and wildlife or recreational development, including cost of minimum basic facilities for public health and safety and access to recreational areas. Local organizations must pay all cost of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements, and rights-of-way for all structural measures except that the Federal government may pay up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments. Local organizations must also administer all construction contracts and operate and maintain the completed works of improvement on non-Federal lands.

Advances may be made to local sponsoring organizations from construction funds to provide for immediate acquisition of easements and rights-of-way to prevent encroachment by other developments. Advances may also be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction starts for credit to construction funds.

Funds for installation of planned structural measures on non-Federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on Federal lands which they administer.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes directly by the Federal government or by the local organizations with advances or reimbursement from the Federal government. The Department may also supply up to one-half the cost of engineering assistance required in connection with installation of minimum basic facilities for public fish and wildlife and recreational developments.

- b. Land treatment measures: Assurance of carrying out a program of proper land use and treatment is a basic requirement in obtaining approval for assistance in developing a watershed project. The Department furnishes land owners and operators technical assistance needed to speed up the planning and application of land treatment measures in order to achieve project objectives. This assistance supplements that being received under other conservation programs to the extent that such assistance falls short of meeting project objectives.

Certain types of land treatment measures are required to be installed under this program to achieve justified off-site flood prevention benefits. Such measures provide little or no benefit, or such long-deferred benefits to the landowner that he cannot be expected to bear the entire installation cost. The cost of applying such measures may be paid for in part by the Department under authority of Section 3 of the Watershed Protection and Flood Prevention Act. The rate of financial assistance on such special measures may not exceed the rate of assistance for similar practices under other conservation programs of the Department. Measures currently eligible for financial assistance include those for intensified fire protection, stabilization of critical areas, minor gully, streambank, and grade stabilization structures, and other on-farm measures which may be used in lieu of downstream flood prevention structures. This work is accomplished through project agreements with local sponsoring organizations who arrange for and accomplish the work by contract or force account. Payments are made by the Federal government to the local sponsoring organizations as the land treatment measures are installed.

2. Installation of works of improvement in two currently active "pilot" watersheds out of the 62 originally authorized by the Congress under authority of the Act of April 27, 1935 (16 U.S.C. 590a-f).
3. Program evaluation studies in selected watershed projects to determine the effectiveness of structural and land treatment measures installed.
4. The making of loans to local organizations to finance the local share of the costs of installing planned works of improvement for flood prevention and for the conservation, development, utilization and disposal of water. This includes developments for public fish, wildlife, and recreation and for municipal and industrial water supplies for present use and future needs. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. The unobligated

balance of \$488,084 from the 1967 fiscal year appropriations will be available for loans in 1968 or until expended. The 1968 appropriation act directs that \$5.0 million in watershed protection loans be financed from the Direct Loan Account of the Farmers Home Administration.

5. Surveys and investigations of watersheds of rivers and other waterways in cooperation with other Federal, State and local agencies, as the basis for development of coordinated water and related land resources programs, and interagency coordination activities in connection with the water and related land resource programs of States and other Federal agencies.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act. This includes responsibility for the installation of structural works of improvement and land treatment measures on non-Federal land in authorized watersheds. The Service also installs some works of improvement on Federal lands by arrangement with the administering agency. It also makes river basin and regional type surveys and investigations of the watersheds of rivers and other waterways in cooperation with other Federal, State and local agencies. The Service also participates in interagency coordination activities in connection with the water and related land resource programs of States and other Federal agencies.

The Forest Service is responsible for installing planned forestry phases of the watershed protection program in national forests and on other lands administered by the Forest Service in authorized watersheds. It also furnishes certain specialized technical assistance on other forest lands in these watersheds and participates in river basin and regional type surveys and investigations of watersheds of rivers and other waterways.

The Economic Research Service makes special economic analyses of specific watershed projects and participates in river basin and regional type surveys and investigations of watersheds of rivers and other waterways.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations. The Department will allocate watershed protection funds to the Farmers Home Administration for "loan services" because such expenses may not be paid from the FHA Direct Loan Account.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in design of floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

Funds are also made available to the U. S. Weather Bureau and the U. S. Geological Survey, either by transfer or reimbursement, for precipitation and runoff data used in program evaluation and design of structural works of improvement.

Selected Examples of Recent Progress:WATERSHED WORKS OF IMPROVEMENTAgency Participation

The following table shows the amount of funds obligated for installation of watershed works of improvement in 1967 and estimates for 1968 and 1969 under allotments and allocations to cooperating agencies of the Department of Agriculture and Department of the Interior on a projected available funds basis:

Agency	: 1967 : Obligations	: 1968 : Estimate	: 1969 : Estimate
Soil Conservation Service:	:	:	:
Pilot Watersheds	: \$238,588 ^{a/}	: \$268,000	: \$176,000
P. L. 566 Watersheds	: 60,673,580 ^{b/}	: 46,834,754	: 46,397,044
Economic Research Service:	:	:	:
Pilot Watersheds	: 32,000	: 33,000	: 25,000
P. L. 566 Watersheds	: 96,000	: 98,000	: 93,000
Forest Service	:	:	:
Pilot Watersheds	: 1,999	: 2,000	: 2,000
P. L. 566 Watersheds	: 780,939	: 805,000	: 614,000
Bureau of Indian Affairs:	:	:	:
P. L. 566 Watersheds	: 16,700	: 11,000	: 11,000
Bureau of Land Management:	:	:	:
P. L. 566 Watersheds	: 13,364	: 38,000	: 15,000
U. S. Geological Survey:	:	:	:
P. L. 566 Watersheds	: 67,773	: 70,700	: 70,700
Total, Pilot Watersheds	: 272,587	: 303,000	: 203,000
Total, P. L. 566 Watersheds	: 61,648,356	: 47,857,454	: 47,200,744
Grand Total	: 61,920,943	: 48,160,454	: 47,403,744

a/ Includes \$35,501 for reimbursable work performed by the U. S. Geological Survey and \$5,717 for U. S. Weather Bureau for project evaluation studies, special studies, and basic data collection in 1967.

b/ Includes \$5,000 for reimbursable work performed by the Agricultural Research Service, \$17,095 for U. S. Geological Survey and \$83,280 for U. S. Weather Bureau, for basic data collection, special studies and project evaluation studies.

Status of "Pilot" Watershed Projects

Sixty-two "Pilot" watersheds were started in the fiscal year 1954 in cooperation with local sponsors under authority of the Act of April 27, 1935 (16 U.S.C. 590a-f) to demonstrate and evaluate the effectiveness of works of improvement installed in small watersheds for watershed protection and flood prevention purposes. As of June 30, 1967, work had been discontinued in eight projects and completed as planned in 52 except for project evaluation studies which will be underway until 1970 in some of these. The total Federal cost of the pilot projects, including the eight that were discontinued before completion at the request of the local sponsors, is currently estimated at \$43.9 million, excluding the cost of project evaluation studies subsequent to the fiscal year 1959, which is estimated at \$1,384,773.

The following table shows the current status of the "pilot" watershed projects. Obligations for project evaluation studies are not reflected in the table subsequent to the fiscal year 1960. Such costs were determined not properly allocable to the individual projects at that time.

Explanation	1967 Actual		1968 Estimate		1969 Estimate	
	Num- ber	Amount (Thou- sands)	Num- ber	Amount (Thou- sands)	Num- ber	Amount (Thou- sands)
Uncompleted projects at beginning of year	:	:	:	:	:	:
and estimated completion cost	4	\$706	2	\$506	2	\$203
Status of projects and amounts obligated:	:	:	:	:	:	:
1. Projects completed during the year	2	34	-	-	2	203
2. Projects continuing construction and land treatment	2	166	2	303	-	-
Total	4	200	2	303	2	203
3. Uncompleted projects at end of year:	:	:	:	:	:	:
(a) Obligations to date 2/	2	2,515	2	2,818	-	-
(b) Estimated completion cost	-	506	-	203	-	-
4. Projects completed (cumulative) and total cost 2/	52	40,527	52	40,527	54	43,548
5. Projects discontinued (cumulative) and total cost	8	330	8	330	8	330
6. Total projects approved and estimated total cost	62	43,878	62	43,878	62	43,878
7. Total obligations (cumulative)	-	43,372	-	43,675	-	43,878

1/ Includes \$116,450 for authorized repair work on project completed in prior year.

2/ Includes \$1,264,860 for project evaluation studies charged to project costs prior to the fiscal year 1960.

Two projects were completed in 1966--Walnut Creek, California and Cow Bayou, Texas. The Third Creek, North Carolina and Upper Salt Swedeburg, Nebraska, projects are expected to be completed by the end of 1969 fiscal year.

Project Evaluation Studies on Pilot Watersheds

Some evaluation studies have been carried out in all of the pilot watershed projects in which works of improvement were installed. This includes trap efficiency studies to determine water and sediment outflow from reservoirs. As of June 30, 1967, out of a total of \$44,427,628 obligated for the pilot watershed program \$2,320,296 was for project evaluation studies. It is planned to continue these studies at least through the fiscal year 1970 in about 10 key projects. These studies are to obtain data over a sufficient period of time to provide a reliable long-range appraisal of the effectiveness of works of improvement installed under the watershed protection program, and to secure facts needed to improve design of watershed structures. The total estimated cost of evaluation studies on pilot watershed projects is shown in the following table:

<u>Explanation</u>	<u>Amount</u>
Obligations included in project costs through June 30, 1959	\$1,264,860
Obligations from July 1, 1959, through June 30, 1967	1,055,436
Obligations estimated for fiscal year 1968	100,000
Obligations estimated for fiscal year 1969	100,000

Installation Progress in "Pilot" Projects

The following tabulation shows by State descriptive information concerning the extent of the program and rate of progress in obligating funds for installation of works of improvement in "pilot" projects:

State	Number Projects Approved	Total Watershed Area (Acres)	Total Estimated Federal Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations to 6/30/67	% Federal Cost Obligated as of 6/30/67
Arizona.....	1	59,136	\$213,507	49.4	\$213,507	100.0
Arkansas.....	1	164,627	2,322,493	54.6	2,322,493	100.0
California.....	3a/	332,815	8,331,663	52.4	8,331,663	100.0
Colorado.....	1	75,560	989,222	77.6	989,222	100.0
Georgia.....	1	40,598	1,050,195	62.6	1,050,195	100.0
Idaho.....	1a/	42,880	101,759	80.5	101,759	100.0
Illinois.....	3a/	100,885	1,279,245	76.4	1,279,245	100.0
Indiana.....	1	36,632	161,824	55.5	161,824	100.0
Iowa.....	3	31,673	742,237	61.3	742,237	100.0
Kansas.....	6a/	83,354	1,378,157	62.9	1,378,157	100.0
Kentucky.....	4	87,665	1,759,520	59.5	1,759,520	100.0
Minnesota.....	2	606,488	3,155,057	51.4	3,155,057	100.0
Missouri.....	2	22,961	872,072	67.7	872,072	100.0
Montana.....	1a/	--	8,622	100.0	8,622	100.0
Nebraska.....	4	212,884	3,884,912	63.9	3,571,315	91.9
New Hampshire....	1	30,555	52,466	51.5	52,466	100.0
New Jersey.....	1	69,120	834,870	69.1	834,870	100.0
New Mexico.....	2	265,350	792,843	67.7	792,843	100.0
New York.....	4a/	77,269	936,226	75.9	936,226	100.0
North Carolina...	1	66,167	1,074,000	54.8	881,763	82.1
North Dakota....	1	295,575	3,253,523	78.4	3,253,523	100.0
Ohio.....	2a/	59,460	1,753,445	78.0	1,753,445	100.0
Oklahoma.....	1	30,894	450,549	57.4	450,549	100.0
Pennsylvania....	1	15,425	65,153	36.0	65,153	100.0
South Carolina...	1	67,346	1,213,360	55.6	1,213,360	100.0
South Dakota....	1	2,900	139,911	81.7	139,911	100.0
Tennessee.....	1	14,900	664,804	74.8	664,804	100.0
Texas.....	4	274,770	4,691,434	49.3	4,691,434	100.0
Utah.....	2	48,482	584,367	77.1	584,367	100.0
Virginia.....	1	42,706	283,647	59.0	283,647	100.0
Washington.....	2a/	53,080	344,042	98.3	344,042	100.0
West Virginia....	1	5,325	346,958	80.9	346,958	100.0
Wisconsin.....	1	5,800	145,943	79.9	145,943	100.0
Subtotal.....	62	3,323,282	43,878,026	59.7	43,372,192	98.8
Project evaluation studies b/.....			1,384,773		1,055,436	
Total obligations.....			45,262,799		44,427,628	

a/ Includes one project which was discontinued before completion at the request of the sponsors.

b/ Obligations for evaluation studies subsequent to 6/30/59. Prior to the fiscal year 1960, a total of \$1,264,860 of evaluation costs was charged to projects.

Status of "P.L. 566" Watershed Projects

Watershed work plans are prepared by sponsoring local organizations with the Department's assistance or with their own resources. After the work plans have been approved by the Department or the Congress as suitable for Federal participation, technical and financial assistance can be provided for installation of works of improvement specified in the work plans. Projects involving an estimated Federal contribution in excess of \$250,000 for construction or construction of any single structure having a capacity in excess of 2,500 acre feet now require congressional committee approval; however, the President objects to this provision and legislative changes have been proposed to provide for approval by the Congress.

Engineering services and assistance with land treatment are furnished on approved projects before they are advanced to the actual construction stage. During this stage, surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas are delineated where easements are required. Technical assistance is furnished to land owners and operators to accelerate planning and application of conservation land treatment measures called for in the watershed work plan.

The project construction stage begins with the execution of the first project agreement for construction of works of improvement. Under a project agreement the sponsoring local organization agrees to construct a segment of the project which may consist of an individual or interrelated group of structures. The project agreement obligates the government and the sponsoring local organization to share the construction costs as agreed to in the work plan. Payments are made to the contracting local organization in accordance with the project agreement as the work progresses. Engineering and other services are provided for the preparation of contracts and inspection of construction. Technical assistance in planning and installing conservation land treatment measures is continued as agreed upon in the watershed work plan.

In the fiscal year 1967, 88 projects were approved for operations which brought to 817 the total number of projects approved as of June 30, 1967. One-hundred fifteen of these projects were completed prior to 1967. Of the 702 projects in operations in 1967, 198 were receiving preconstruction land treatment and engineering services and 401 were in construction at the end of the year. Fifty-nine of the latter were new construction starts in 1967. Forty-four projects were completed in 1967 which brought the total number completed to 159 as of June 30, 1967. Land treatment assistance was continued on 29 projects on which construction had been completed prior to 1967. Thirty of the approved projects did not require Federal funds during the fiscal year 1967 because of project inactivity, approval late in the fiscal year, or having no work scheduled for that year.

Projected "P.L. 566" Project Activity

The following tabulation shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated. The table does not reflect minor obligations for project evaluation studies (\$198,176 cumulative as of 6/30/67), for advances for future water supply (\$44,664 cumulative as of 6/30/67) or for balances remaining in the undistributed equipment account (\$547,684 cumulative to 6/30/67) which had not been distributed to projects.

Explanation	1967 Actual		1968 Estimate		1969 Estimate	
	Num- ber	Amount (Thou- sands)	Num- ber	Amount (Thou- sands)	Num- ber	Amount (Thou- sands)
1. Projects approved for operations and estimated cost of completion:	:	:	:	:	:	:
(a) Uncompleted projects at beginning of year	:614	:480,489	:658	:553,870	:693	:659,369
(b) Projects approved during year	:88	:134,954	:100	:153,357	:117	:179,000
Total	:702	:615,443	:758	:707,227	:810	:838,369
2. Status of projects and amounts obligated:	:	:	:	:	:	:
(a) Projects not requiring funds ..	:30	--	:47	--	:50	--
(b) Projects receiving precon- struction land treatment and engineering services	:198	:4,386	:251	:5,557	:310	:6,800
(c) Projects moved into construc- tion stage during year	:59	:13,089	:30	:6,000	:55	:9,567
(d) Prior year projects continuing construction and land treat- ment	:342	:43,576	:336	:35,713	:295	:30,225
(e) Projects with construction completed continuing land treatment	:29	:174	:29	:149	:30	:155
(f) Projects completed during year	:44	:348	:65	:439	:70	:454
Total	:702	:61,573	:758	:47,858	:810	:47,201
3. Uncompleted projects (cumulative) at end of year:	:	:	:	:	:	:
(a) Obligations to date	:658	:326,843	:693	:348,184	:740	:339,766
(b) Estimated cost of completion ..	:658	:553,870	:693	:659,369	:740	:791,168
4. Projects completed (cumulative) and total cost	:159	:64,864	:224	:91,381	:294	:147,000
5. Total projects approved (cumulative) and total cost	:817	:945,577	:917	:1,098,934	:1,034	:1,277,934
6. Total obligations (cumulative)	--	:391,707	--	:439,565	--	:486,766

Installation Progress in "P.L. 566" Projects

The following tabulation shows by State descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in P.L. 566 watersheds. On the line with the name of the State there is shown information concerning projects wholly within a State. Data for interstate projects are listed on separate lines. Those identified with the letter A-identify interstate projects for which the State has primary responsibility. Letter B identifies interstate projects for which other States have primary responsibility. Only the applicable portion of an interstate project is included in a State.

State	Number : Projects	Total : Watershed : Area : (Acres)	Total : Estimated : Federal : Cost	% : Federal : Cost to : Total : Obligations : as of	Total : Federal : Cumulative : Federal : Obligated	% Federal : Cost
	6/30/67		6/30/67	6/30/67	6/30/67	6/30/67
Alabama.....	20	1,253,433	\$23,049,294	61.6	\$6,193,158	26.9
A-interstate..	3	217,232	3,271,370	71.4	2,389,256	73.0
B-interstate..	(1)	6,000	263,318	69.4	261,818	99.4
Total, Ala.	23	1,476,665	26,583,982	62.7	8,844,232	33.3
Arizona.....	8	769,863	21,723,585	66.2	7,071,482	32.6
Arkansas.....	34	1,596,630	38,436,901	63.7	18,825,843	49.0
A-interstate..	1	21,338	318,231	46.1	244,676	76.9
Total, Ark.	35	1,617,968	38,755,132	63.5	19,070,519	49.2
California.....	11	616,190	45,190,423	69.8	23,809,296	52.7
Colorado.....	13	710,268	5,869,780	58.4	4,811,442	82.0
Connecticut.....	6	76,776	12,864,756	51.1	6,871,562	53.4
A-interstate..	2	52,274	2,379,298	58.1	1,976,738	83.1
Total, Conn.	8	129,050	15,244,054	52.1	8,848,300	58.0
Delaware.....	2	124,298	2,573,217	50.9	1,831,245	71.2
A-interstate..	2	107,100	5,763,335	63.7	113,888	2.0
Total, Del.	4	231,398	8,336,552	59.1	1,945,133	23.3
Florida.....	15	835,750	12,822,590	40.0	5,395,364	42.1
A-interstate..	1	55,600	236,697	53.1	181,576	76.7
Total, Fla.	16	891,350	13,059,287	40.2	5,576,940	42.7
Georgia.....	46	2,859,406	53,102,481	59.8	18,073,633	34.0
B-interstate..	(2)	9,266	7,750	15.0	3,837	49.5
Total, Ga.	46	2,868,672	53,110,231	59.8	18,077,470	34.0
Hawaii.....	5	278,290	8,611,250	62.7	5,443,408	63.2
Idaho.....	4	213,120	2,408,966	60.0	1,183,152	49.1
Illinois.....	12	473,444	9,023,737	53.7	3,451,392	38.2
Indiana.....	24	1,349,620	34,386,996	53.1	9,864,102	28.7
Iowa.....	34	603,876	21,878,854	72.2	7,603,801	34.8
Kansas.....	29	2,085,513	47,283,126	73.1	19,441,991	41.1
A-interstate..	1	219,000	4,128,400	82.1	2,354,678	57.0
B-interstate..	(1)	12,820	382,350	64.9	857	0.2
Total, Kans.	30	2,317,333	51,793,876	73.7	21,797,526	42.1

State	Number of Projects	Total Area Approved (Acres)	Total Watershed Estimated Cost	% Federal Cost to Federal	Total Cumulative Obligations	% Federal Cost Obligated
		6/30/67	6/30/67	6/30/67	6/30/67	6/30/67
Kentucky.....	24	1,732,818	\$27,656,191	49.7	\$13,598,838	49.2
A-interstate..	1	189,019	1,396,951	36.6	919,042	65.8
B-interstate..	(2)	16,543	153,067	53.1	45,638	29.8
Total, Ky.	25	1,938,380	29,206,209	48.9	14,563,518	49.9
Louisiana.....	19	1,810,875	24,669,344	43.2	7,755,195	31.4
B-interstate..	(1)	1,637	6,000	75.0	...	...
Total, La.	19	1,812,512	24,675,344	43.2	7,755,195	31.4
Maine.....	3	174,110	2,580,700	70.8	1,170,208	45.3
B-interstate..	(1)	20,840	422,724	78.8	3,836	0.9
Total, Me.	3	194,950	3,003,424	71.8	1,174,044	39.1
Maryland.....	12	181,199	6,439,795	62.4	4,435,025	68.9
B-interstate..	(2)	50,500	2,105,200	68.1	86,106	4.1
Total, Md.	12	231,699	8,544,995	63.7	4,521,131	52.9
Massachusetts...	7	385,538	8,158,856	64.9	3,000,745	36.8
B-interstate..	(2)	10,600	111,755	65.4	110,682	99.0
Total, Mass.	7	396,138	8,270,611	64.9	3,111,427	37.6
Michigan.....	14	470,460	4,364,090	32.1	3,285,616	75.3
Minnesota.....	12	979,739	5,581,873	49.2	1,752,908	31.4
B-interstate..	(1)	9,480	33,700	47.4	2,255	6.7
Total, Minn.	12	989,219	5,615,573	49.2	1,755,163	31.2
Mississippi.....	29	1,811,595	35,412,494	59.1	12,459,659	35.2
A-interstate..	2	276,772	5,916,880	60.8	844,735	14.3
B-interstate..	(2)	13,920	430,941	69.4	340,983	79.1
Total, Miss.	31	2,102,287	41,760,315	59.4	13,645,377	32.7
Missouri.....	14	617,326	11,814,097	54.7	5,118,005	43.3
Montana.....	4	91,686	1,130,775	65.2	1,047,256	92.6
Nebraska.....	29	1,487,896	27,286,478	58.2	9,200,993	33.7
A-interstate..	1	22,430	500,760	64.6	22,559	4.5
Total, Neb.	30	1,510,326	27,787,238	58.3	9,223,552	33.2
Nevada.....	4	237,342	2,151,889	67.8	1,809,612	84.1
New Hampshire...	5	279,350	6,400,738	74.7	3,056,580	47.7
A-interstate..	1	26,240	521,569	79.3	192	...
Total, N.H.	6	305,590	6,922,307	75.0	3,056,772	44.1
New Jersey.....	10	239,319	8,062,719	61.7	2,781,907	34.5
New Mexico.....	19	920,179	8,630,746	88.2	5,147,313	59.6
New York.....	9	578,993	15,033,809	76.7	4,913,820	32.7
North Carolina...	34	1,360,944	25,486,859	54.7	8,335,716	32.7
A-interstate..	2	114,650	1,509,392	59.6	6,920	0.4
Total, N. C.	36	1,475,594	26,996,251	55.0	8,342,636	30.9
North Dakota....	11	1,538,168	11,854,746	59.4	4,959,288	41.8
A-interstate..	1	63,195	775,771	46.3	682,991	88.0
B-interstate..	(1)	158,182	224,596	25.2	140,711	62.6
Total, N. D.	12	1,759,545	12,855,113	57.1	5,782,990	45.0
Ohio.....	13	826,772	22,131,274	67.0	5,059,642	22.9

State	Number	Total Projects	Watershed Area (Acres)	Estimated Federal Cost	% Federal Cost	Total Federal Obligations as of 6/30/67	% Federal Obligated Cost as of 6/30/67
Oklahoma.....	44	4,514,172	82,018,029	57.6	\$39,725,708	48.4	
B-interstate...	(1)	9,000	123,600	94.0	14,200	11.5	
Total, Okla. :	44	4,523,172	82,141,629	57.6	39,739,908	48.4	
Oregon.....	8	224,776	8,928,743	58.4	5,372,978	60.2	
Pennsylvania.....	19	843,339	22,446,135	57.2	9,112,219	40.6	
A-interstate...	2	118,350	4,031,050	61.7	31,914	0.8	
Total, Pa. :	21	961,689	26,477,185	57.9	9,144,133	34.5	
Puerto Rico.....	3	252,002	9,506,522	68.4	516,345	5.4	
South Carolina...	21	621,595	10,180,417	49.8	4,607,555	45.2	
South Dakota.....	8	379,287	5,409,530	64.5	1,564,690	28.9	
A-interstate...	2	102,470	976,411	63.5	755,577	77.4	
B-interstate...	(1)	30,587	20,855	7.1	18,030	86.4	
Total, S. D. :	10	512,344	6,406,804	62.7	2,338,297	36.5	
Tennessee.....	22	811,146	27,928,513	75.1	10,348,785	37.1	
A-interstate...	4	159,127	5,528,724	74.5	2,374,212	42.9	
B-interstate...	(4)	115,407	1,277,631	64.8	229,557	18.0	
Total, Tenn. :	26	1,085,680	34,734,868	74.6	12,952,554	37.3	
Texas.....	54	4,893,960	75,190,778	61.0	35,947,429	47.8	
Utah.....	9	855,746	11,771,238	55.4	5,588,149	47.5	
Vermont.....	2	18,875	1,558,611	85.9	512,809	32.9	
Virginia.....	19	1,071,450	14,113,837	57.6	6,044,783	42.8	
B-interstate...	(2)	42,850	713,886	59.4	4,011	0.6	
Total, Va. :	19	1,114,300	14,827,723	57.7	6,048,794	40.8	
Washington.....	10	220,129	15,279,213	63.3	6,103,635	39.9	
West Virginia.....	13	166,198	8,337,118	65.7	4,774,481	57.2	
B-interstate...	(2)	97,180	2,815,350	68.3	268,603	9.5	
Total, W.Va. :	13	263,378	11,152,468	66.3	5,040,084	45.2	
Wisconsin.....	17	777,281	10,388,710	70.1	6,668,647	64.2	
Wyoming.....	7	360,435	2,098,140	52.4	1,632,695	77.8	
Total Projects	817	47,930,786	945,576,533	60.0	391,707,183	41.4	
Project Evaluation studies	:	:	300,000	:	198,176	:	
Undistributed equipment cost	:	:	:	:	547,684	:	
Advances for future water supply	:	:	:	:	44,664	:	
Grand Total	817	47,930,786	945,876,533	:	392,497,707	:	

Soil Surveys and Conservation Farm and Ranch Plans in Watershed Projects

(Pilot and P.L. 566 Watersheds)

Watershed Protection funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in watershed projects as specified in project work plans. This assistance is given when assistance under other conservation programs falls short of meeting project objectives within the agreed upon installation period. The following table shows the acres surveyed and conservation farm and ranch plans prepared in the 1967 fiscal year with Watershed Protection funds and estimates for 1968 and 1969:

Item	1967 Actual	1968 Estimate	1969 Estimate
Soil surveys (acres)	1,416,462	1,500,000	1,500,000
Total number cooperators	4,473	4,600	4,700
Basic conservation plans prepared:			
Number	5,047	5,500	5,800
Acres	817,853	880,000	928,000

The following table shows the acres surveyed and conservation plans prepared cumulative through June 30, 1967 with both Watershed Protection and other funds in the pilot and P.L. 566 projects in operation or completed by June 30, 1967:

Item	Watershed Protection Funds	Other Funds	Grand Total in Projects
Soil surveys (acres)	7,704,265	25,013,323	32,717,588
Total number cooperators	33,694	121,109	154,803
Basic conservation plans prepared:			
Number	34,537	97,990	132,527
Acres	5,772,353	20,326,268	26,098,621

Works of Improvement Installed in Watershed Projects

(Pilot and P.L. 566 Watersheds)

The following table shows the works of improvement installed in operating pilot and Public Law 566 projects in the fiscal year 1967, and cumulative accomplishments in these watersheds under all programs as of June 30, 1967 with technical and financial assistance provided by the Soil Conservation Service and the Forest Service

Works of Improvement	Installed in 1967		Est. Practices	
	With Assistance Under		"On The Land" in	
	Watershed Pro-	Other	Active Projects	
	Unit	Programs	Programs	as of 6/30/67
<u>SOIL CONSERVATION SERVICE</u>				
1. Projects in operation	:	:	:	:
during year:	:	:	:	:
a. Pilot watersheds	No. :	4	:	:
b. P.L. 566 watersheds	No. :	702	:	:
2. Works of improvement	:	:	:	:
installed:	:	:	:	:
a. <u>Structural Measures:</u>	:	:	:	:
Dam, Multipurpose	No. :	20	9	170
Debris Basin	No. :	4	1	5,617
Dike and Levee	Miles:	7	6	463
Floodwater Retarding	:	:	:	:
Structures	No. :	262	14	1,960
Floodway	Miles:	4	- -	54
Grade Stabilization	:	:	:	:
Structures	No. :	1,152	450	10,153
Stream Channel Improve-	:	:	:	:
ment	Miles:	446	20	2,788
Stream Channel Stabi-	:	:	:	:
lization	Miles:	1	- -	81
b. <u>Land Treatment</u>	:	:	:	:
Measures:	:	:	:	:
Bedding	Acres:	640	262	40,850
Brush Control	Acres:	68,489	178,750	1,428,471
Cattle Walkway	Miles:	- -	- -	4
Chiseling and Sub-	:	:	:	:
soiling	Acres:	13,052	8,510	229,310
Clearing and Snagging ..	Miles:	19	9	346
Conservation Cropping	:	:	:	:
System	Acres:	687,878	832,700	7,999,370
Contour Farming	Acres:	130,381	163,908	2,755,938
Contour Furrowing	Acres:	- -	738	7,403

	:	:	Installed in 1967	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
Works of Improvement	:	:	Watershed Pro-	:	Other : Active Projects
	:	:	Unit:tection Program:Programs:	:	as of 6/30/67

SOIL CONSERVATION SERVICE

b. Land Treatment Measures	:	:	:	:	:
cont'd:	:	:	:	:	:
Contouring Orchard, Vineyard, or Small	:	:	:	:	:
Fruits	:Acres:	22	:	225:	6,050
Controlled Burning	:Acres:	2,449	:	3,267:	86,380
Cover and Green Manure	:	:	:	:	:
Crop	:Acres:	141,922	:	206,811:	1,776,217
Critical Area Planting	:Acres:	6,302	:	3,294:	182,610
Crop Residue Use	:Acres:	645,843	:	782,025:	6,095,002
Cut-back Border	:Feet :	2	:	2:	40
Dem, Diversion	:No. :	11	:	1:	76
Desilting Area	:Acres:	3	:	11:	166
Ditch Bank Seeding	:Miles:	219	:	18:	1,408
Diversion	:Miles:	26	:	151:	5,251
Drainage Field Ditches	:Miles:	173	:	305:	9,695
Drainage Land Grading .	:Acres:	578	:	1,929:	25,086
Drainage Main or	:	:	:	:	:
Lateral	:Miles:	252	:	418:	16,360
Emergency Tillage	:Acres:	3,135	:	2,315:	48,587
Farm Pond	:No. :	366	:	2,814:	93,454
Farmstead and Feedlot	:	:	:	:	:
Windbreak	:Acres:	65	:	262:	14,874
Field Border Planting .	:Miles:	26	:	26:	1,363
Field Windbreak	:Miles:	12	:	131:	3,918
Firebreak	:Miles:	84	:	200:	5,328
Fish and Crop Rotation	:Acres:	- -	:	439:	859
Fishpond Management....	:No. :	867	:	1,400:	13,025
Fishpond Stocking	:No. :	864	:	2,099:	56,872
Floodwater Diversion ..	:Feet :	- -	:	3,000:	30,024
Grasses and Legumes in	:	:	:	:	:
Rotation	:Acres:	65,298	:	45,065:	985,407
Grassed Waterway or	:	:	:	:	:
Outlet	:Acres:	953	:	3,568:	136,446
Hedgerow Planting	:Miles:	6	:	4:	1,362
Hillside Ditch	:Miles:	- -	:	2:	70
Irrigation Canal or	:	:	:	:	:
Lateral	:Miles:	72	:	5:	488
Irrigation Ditch and	:	:	:	:	:
Canal Lining	:Miles:	6	:	45:	972
Irrigation Field Ditch	:Miles:	42	:	68:	2,153
Irrigation Land	:	:	:	:	:
Leveling	:Acres:	5,910	:	13,844:	239,764
Irrigation Pipeline....	:Miles:	31	:	43:	822

Works of Improvement	:	:	Installed in 1967	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
	:	:	Watershed Pro-	:	Other Active Projects
	:	:	tection Program:	:	Programs as of 6/30/67 1/

SOIL CONSERVATION SERVICE					
b. Land Treatment Measures	:	:	:	:	:
cont'd	:	:	:	:	:
Irrigation Pit or	:	:	:	:	:
Regulating Reservoir	:No. :	10 :	65 :		1,323
Irrigation Storage	:	:	:	:	:
Reservoir	:No. :	5 :	34 :		1,481
Irrigation System,	:	:	:	:	:
Sprinkler	:No. :	64 :	98 :		2,815
Irrigation System, Sur-	:	:	:	:	:
face & Subsurface	:No. :	134 :	92 :		3,154
Irrigation System,	:	:	:	:	:
Tailwater Recovery	:No. :	- - :	4 :		133
Irrigation Water	:	:	:	:	:
Management	:Acres:	34,707 :	72,836 :		356,828
Land Clearing	:Acres:	20,655 :	40,076 :		705,634
Land Smoothing	:Acres:	8,272 :	17,684 :		401,437
Livestock Exclusion	:Acres:	44,402 :	36,635 :		948,188
Minimum Tillage	:Acres:	40,407 :	27,342 :		422,455
Mole Drain	:Miles:	- - :	1 :		97
Mulching	:Acres:	818 :	514 :		15,688
Mulch Planting	:Acres:	1,161 :	1,157 :		5,778
Obstruction Removal	:Acres:	215 :	1,414 :		31,965
Pasture and Hayland	:	:	:	:	:
Renovation	:Acres:	41,787 :	55,641 :		1,050,164
Pasture and Hayland	:	:	:	:	:
Planting	:Acres:	65,835 :	87,827 :		3,128,013
Pasture and Hayland	:	:	:	:	:
Management	:Acres:	318,366 :	431,593 :		2,425,951
Pipeline	:Miles:	5 :	31 :		374
Pitting	:Acres:	- - :	360 :		4,731
Flow Planting	:Acres:	3,773 :	1,630 :		31,626
Pond Sealing or Lining	:No. :	2 :	19 :		360
Pumping Plant for Water	:	:	:	:	:
Control	:No. :	33 :	35 :		1,497
Range Deferred Grazing	:Acres:	187,431 :	247,810 :		1,228,174
Range Proper Use	:Acres:	525,305 :	712,714 :		3,688,397
Range Renovation	:Acres:	- - :	- - :		1,563
Range Rotation-Deferred	:	:	:	:	:
Grazing	:Acres:	15,483 :	12,044 :		142,179
Range Seeding on Con-	:	:	:	:	:
verted Land	:Acres:	1,504 :	2,853 :		102,581
Range Seeding	:Acres:	1,534 :	23,718 :		207,591
(Total Range Seeding)	:Acres:	(3,038) :	(26,571) :		(310,172)
Recreation Access Road	:Miles:	18 :	22 :		317

	:	:	Installed in 1967	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
Works of Improvement	:	:	Watershed Pro-: Other	:	Active Projects
	:	:	Unit :tection Program:Programs	:	as of 6/30/67 ¹ / ₂

SOIL CONSERVATION SERVICE

b. Land Treatment Measures	:	:	:	:	:
cont'd:	:	:	:	:	:
Recreation Area	:	:	:	:	:
Planting	:Acres:	361	:	386:	6,456
Recreation Area Prun-	:	:	:	:	:
ing and Thinning	:Acres:	280	:	204:	1,883
Recreation Area	:	:	:	:	:
Stabilization	:Acres:	253	:	56:	1,359
Recreation Land	:	:	:	:	:
Grading and Shaping .	:Acres:	298	:	89:	2,389
Recreation Trail and	:	:	:	:	:
Walkway.....	:Miles:	7	:	3:	100
Regulating Water in	:	:	:	:	:
Drainage Systems	:Acres:	- -	:	- -:	17,424
Row Arrangement	:Acres:	77,574	:	35,638:	418,349
Spoilbank Spreading ...	:Miles:	499	:	310:	9,746
Spring Development	:No. :	25	:	132:	2,137
Streambank Protection .	:Miles:	135	:	9:	526
Stripcropping, Contour.	:Acres:	3,365	:	5,742:	246,866
Stripcropping, Field ..	:Acres:	1,174	:	2,431:	24,962
Stripcropping, Wind ...	:Acres:	2,022	:	2,304:	57,923
(Total Stripcropping)	:Acres:	(6,561)	:	(10,477):	(329,751)
Structures for Water	:	:	:	:	:
Control	:No. :	1,473	:	5,994:	92,137
Stubble Mulching.....	:Acres:	21,342	:	22,136:	235,266
Terrace, Basin	:Miles:	3	:	4:	88
Terrace, Gradient	:Miles:	313	:	1,391:	67,572
Terrace, Level	:Miles:	18	:	128:	14,110
Terrace, Parallel	:Miles:	57	:	504:	3,161
(Total Terraces).....	:Miles:	(391)	:	(2,027):	(84,931)
Tile Drain	:Miles:	186	:	555:	23,839
Tile System Structure..	:No. :	182	:	153:	3,181
Toxic Salt Reduction ..	:Acres:	291	:	453:	15,594
Tree Planting	:Acres:	5,812	:	6,351:	510,846
Trough or Tank	:No. :	105	:	363:	13,712
Vegetative Barrier	:Feet :	3,630	:	4,600:	208,894
Waterspreading	:Acres:	- -	:	- -:	1,167
Well.....	:No. :	94	:	175:	9,403
Wildlife Habitat	:	:	:	:	:
Development	:Acres:	4,533	:	4,055:	145,093
Wildlife Habitat	:	:	:	:	:
Preservation	:Acres:	57,468	:	57,615:	435,962
Wildlife Watering	:	:	:	:	:
Facility	:No. :	2	:	98:	210

Works of Improvement	:	:	Installed in 1967	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
	:	:	Watershed Pro-	:	Other
	:	:	tection Program:	:	Active Projects
	:	:	Programs:	:	as of 6/30/67

SOIL CONSERVATION SERVICE

b.	<u>Land Treatment Measures</u>	:	:	:	:
	cont'd:	:	:	:	:
	Wildlife Wetland	:	:	:	:
	Development	:Acres:	308	:	508: 17,445
	Wildlife Wetland	:	:	:	:
	Preservation	:Acres:	7,555	:	13,255: 96,741
	Woodland Direct Seeding	:Acres:	9	:	- - : 9,528
	Woodland Harvest Cutting	:Acres:	13,467	:	18,591: 469,636
	Woodland Intermediate	:	:	:	:
	Cutting.....	:Acres:	13,255	:	24,555: 460,332
	Woodland Interplanting	:Acres:	488	:	1,015: 36,873
	Woodland Natural Seeding	:Acres:	1,997	:	9,097: 140,222
	Woodland Proper Grazing	:Acres:	31,106	:	24,834: 193,395
	Woodland Pruning	:Acres:	609	:	1,535: 33,745
	Woodland Thinning.....	:Acres:	866	:	3,114: 72,326
	Woodland Underplanting	:Acres:	703	:	1,135: 44,885
	Woodland Weeding	:Acres:	5,619	:	6,290: 297,986
		:	:	:	:
	Land adequately treated	:Acres:	636,567	:	928,785: 14,951,295

FOREST SERVICE

a.	<u>Land Treatment Measures:</u>	:	:	:	:
	Road Stabilization	:Miles:	23	:	- - : 249
	Skid Trail and Log Road	:	:	:	:
	Erosion Control	:Miles:	77	:	- - : 212
	Tree Planting (including	:	:	:	:
	critical area stabili-	:	:	:	:
	zation).....	:Acres:	31,224	:	- - : 128,771
	Hydrologic Stand	:	:	:	:
	Improvement.....	:Acres:	- -	:	- - : 358,256
	Woodland Grazing Control	:Acres:	36,270	:	- - : 181,897
	Range Seeding	:Acres:	- -	:	- - : 4,949
	Special Purpose Terraces	:Acres:	- -	:	- - : 2,233
		:	:	:	:
b.	<u>Forest Fire Control:</u>	:	:	:	:
	Heliports and Helispots .	:No.:	- -	:	- - : 17
	Mobile Equipment	:No.:	12	:	- - : 25
	Fire Towers	:No.:	- -	:	- - : 8

Works of Improvement	:	:	Installed in 1967	:	Est. Practices
	:	:	With Assistance Under	:	"On The Land" in
	:	:	Watershed Pro-	:	Other Active Projects
	:	:	Unit	:	ection Program:Programs:as of 6/30/67 ^{1/}
<u>FOREST SERVICE</u>					
b. <u>Forest Fire Control</u>	:	:	:	:	:
cont'd.:	:	:	:	:	:
Other Structures	No. :	- -	:	- -	16
Radio Installations	No. :	1	:	- -	46
Fire Control Roads,	:	:	:	:	:
Trails and Firebreaks	Miles:	152	:	- -	369
	:	:	:	:	:

^{1/} Accomplishments under all programs.

The following table shows the structural measures installed on 167 completed projects:

Works of Improvement	:	:	Est. Practices
	:	:	"On The Land" in
	:	:	Completed Projects
	:	Unit	as of 6/30/67 ^{1/}
Debris Basin	No. :	:	1,726
Dike and Levee	Miles :	:	209
Floodwater Retarding Structure	No. :	:	647
Grade Stabilization Structure	No. :	:	4,160
Stream Channel Improvement	Miles :	:	772
Stream Channel Stabilization	Miles :	:	84
	:	:	:

Project Installations Effective in Providing Protection

The measures installed in watershed projects are proving their effectiveness in reducing floodwater, erosion, and sediment damages as evidenced by the following examples:

1. Kansas - Frog Creek Watershed Project: This 22,496 acre project was authorized for operations August 17, 1961, and is scheduled for completion in fiscal year 1968. Sponsors of the project include Coffey and Osage County soil conservation districts and Frog Creek Joint Watershed District No. 19. Land treatment measures were planned for 10,051 acres of cropland and 11,445 acres of grassland. The remaining 900 acres consist of farmsteads, roads and miscellaneous uses. Ninety-six of the 120 landowners in the watershed are district cooperators and 90 had developed basic conservation plans as of June 30, 1967. About 82 percent of the planned land treatment had been applied as of that date. Seven of the eight planned floodwater retarding structures had also been completed. Land treatment and structural measures have been very effective in controlling floodwaters.

Flood damage reduction benefits estimated at \$132,000 were realized from a storm series on June 19-21, in this watershed. Rainfall for the 3-day period ranged from 8 inches generally to 13 inches in the upper reaches of the watershed. The 7 floodwater retarding structures already installed held back the water and released it slowly and the main stem of Frog Creek did not flood. Low water bridges below sites 8, 18, and 19 were passable at all times. Severe flood damages were experienced on nearly all watersheds in the area that had no flood prevention measures installed.

2. Arizona - Magma Watershed Project: This 70,064 acre project began operations in June 1961 and is scheduled for completion in 1971. Twenty-two landowners controlling over 80 percent of the non-Federal land in the watershed are making excellent progress in applying planned land treatment measures. Special emphasis is being given to establishing soil conserving cropping systems, improving soil structure, and installation of measures to conserve and make better use of the available irrigation water.

Construction was completed on the Magma floodwater retarding dam and upper channel in 1964. This dam, a six mile long earth structure, prevents flood damage to about 11,000 acres of farmland in the Magma community. In the first three flood seasons since its construction, the structure impounded and released without damage five separate floods. The depth of water in the reservoir during these floods ranged from 10 to 17 feet. The damages prevented varied from \$10,000 to \$325,000 per storm for a total of \$545,000. This is \$135,000 more than the total Federal cost and over a third more annual benefits than originally expected.

Multiple-purpose Watershed Projects Increasing

Many local sponsors of watershed projects are taking full advantage of the broad opportunities offered under Public Law 566 to develop multiple-purpose watershed projects. Almost 53 percent of the 817 projects approved for operations as of June 30, 1967, included structural measures with purposes

other than flood prevention. This compared with 50 percent as of June 30, 1966, and 47 percent as of June 30, 1965. Of the 88 projects approved for operations during the fiscal year 1967, about 69 percent include multiple-purpose structural measures.

Agricultural Water Management Features: Two hundred and fifty-eight watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these 208 include drainage improvements on existing cropland and 50 include irrigation. Examples of the benefits derived are shown below:

1. **Arkansas - Grady Gould Watershed Project:** This project was approved for operations in July 1961 and completed in fiscal year 1967. It contains 48,832 acres, all privately owned. The major problems were flooding and poor drainage of agricultural land. There are 200 farmers in the watershed of which 197 are district cooperators. Conservation plans have been developed for 196 farms. Approximately 80 percent of the planned land treatment measures had been completed as of June 30, 1967.

Structural measures consisting of 95 miles of channel improvement and appurtenant grade stabilization structures were installed as of June 30, 1967 in the watershed. A 6-inch rain fell in February and an 8-inch rain occurred in April 1966. The ditch system removed the water from the fields permitting preparation of the seedbed and planting at the proper time. As a result, there was no damage from the intense rains and benefits were estimated at more than \$100,000. The project has greatly improved economic conditions through reduction of floodwater damages to crops and improvements. It has resulted in better living conditions in the towns and communities in the watershed. Standing water is promptly removed and access to all areas has been improved. The project has had outstanding support from landowners and officials of the sponsoring organizations, and a vigorous maintenance program is being carried out.

2. **Michigan - South Branch Cass River Watershed Project:** Operations began on this 93,620 acre project in August 1961. This project is scheduled for completion in 1968. Total cost is estimated at \$4,055,678 (\$1,364,798 Federal and \$2,690,880 non-Federal). The major problems in the project are flooding and impaired drainage. Approximately 78 percent of the land in the watershed is cropland.

As of June 30, 1967, vegetative land treatments were being installed ahead of schedule. More conservation cropping systems and winter cover crops had been established than originally planned. Drainage practices are increasing as tributaries are completed. All of the structural measures (27 miles of channel improvement) on the main stem of the South Branch of Cass River have been completed along with 5.4 miles of the Frazier Drain. Channel improvements planned in the other tributaries are either under construction or ready for contracting.

The works of improvement on the South Branch of Cass River stood a severe test in the spring of 1967. Melting snow and rain forced other drains to overflow their banks; but the completed channel contained the flow in the South Branch of Cass River. Since the works of improvement were installed, two pickle receiving stations have been built employing about 25 seasonal laborers. Approximately 1,000 acres of the watershed now produce Merion Blue Grass sod. Land values have increased about \$50 per acre as a result of the works of improvement installed.

New Water-Based Recreation Areas: The 1962 amendments to Public Law 566 provided authority for the Federal government to share in the cost of public recreation facilities. Plans for 108 small watershed projects approved as of June 30, 1967, include one hundred twenty-five developments to create or improve facilities for the enjoyment of outdoor recreation. Similar developments without Federal cost-sharing are included in 22 other projects.

The total cost of the public recreation developments is about \$59 million, with \$31 million coming from non-Federal sources. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas. It is estimated that the new recreation areas will attract 7 million visitors a year for boating, fishing, swimming, picnicking, camping, and allied forms of recreation, and will have a favorable economic impact on nearby communities. Reservoirs providing more than 31,000 acres of additional water surface for recreation are located in 33 states.

The Food and Agriculture Act of 1962 provided for USDA technical and financial help in developing recreation in watershed projects. The Federal government may now share up to 50 percent of the cost of enlarging flood prevention dams for recreation purposes, obtaining land rights and rights-of-way and constructing minimum basic facilities such as boat docks, beaches, picnic areas and the like. The following examples are typical of the fish and wildlife and recreational benefits being shared by residents on P.L. 566 projects and surrounding areas in addition to flood prevention and watershed protection:

1. Texas - Langford Creek Watershed Project: This 25,030 acre project began operations in 1958 and was completed in 1967 at a total cost of \$792,000 (\$524,000 Federal and \$268,000 non-Federal). The major problems were floodwater and sediment damages to agricultural land and to residential areas in Clarksville.

There are 130 operating units in the project area. As of June 30, 1967, 108 of these were district cooperators and all had developed conservation plans for their units. It is estimated that more than 90 percent of the planned land treatment measures have been applied. Construction has been completed on the 11 planned floodwater retarding structures. The last one completed was a multiple-purpose structure. The City of Clarksville, a co-sponsor of the project, paid all cost allocated to 1,118 acre feet of additional water storage for future municipal and industrial use.

There are 123 surface acres of water in the sediment pools of the 10 flood detention structures and 162 surface acres in the multiple-purpose structure. These 285 surface acres of water have changed the recreation picture for the community. Recreation activities, such as boating, fishing, and swimming are taking place on pool areas of the structures and many people are water skiing and picnicking at the 162 acre multiple-purpose structure site. Sediment pools of the 10 flood detention structures are also being used as livestock watering places. On several occasions during dry periods, water has been released from one of the structures to water livestock on several downstream farms.

2. Indiana - French Lick Creek Watershed Project: This 21,880 acre project was authorized for operations in July 1960 and was completed in 1967. The total cost of the project was \$1,132,015 (\$766,399 Federal and \$365,616 non-Federal). The major problems were flooding, bottomland scouring, sediment damage to agricultural land and the towns of French Lick and West Baden. There are 190 operating units in the project area of which 167 were district cooperators as of June 30, 1967. Conservation plans have been developed by 131 of these cooperators. Approximately 90 percent of the planned land treatment measures have been applied.

The four planned floodwater retarding structures, one of which includes additional storage capacity for fish and wildlife, were complete as of June 30, 1967. The Springs Valley Fish and Game area is being heavily used by campers and fishermen. The Green Thumb crews of Orange and Dubois Counties have greatly improved the camping area by the clearing of scrub trees and undergrowth and installing grills and picnic tables. A conservation plan for a 1,140 acre fish and game area was completed in 1966. Heavy rains in the spring of 1967 (May and early June) caused flooding which delayed planting four times in neighboring Lost River Watershed. Runoff from French Lick Creek Watershed was well controlled and no flooding occurred. Very little siltation has been noted in structure sediment pools.

Municipal Water Supply: The Watershed Protection and Flood Prevention Act, as amended, permits the inclusion of additional storage capacity in reservoirs constructed in watershed projects to satisfy present and future needs for municipal and industrial water supplies. Local organizations must pay the entire cost of construction, including engineering and other installation services for the additional capacity.

Advances may be made from construction funds to enable local organizations to pay for additional storage, interest free for ten years or until the water is first used. Such advances must be repaid with interest within the life of the structure but not to exceed 50 years. The opportunity to assure dependable future water supplies to small communities with the resultant increased chances of attracting industry is creating considerable interest in this feature of watershed project development.

As of June 30, 1967, local sponsors in 94 watersheds had included municipal water supply features in their watershed work plans. Two examples of projects which include additional storage capacity for municipal water supply follow:

1. Oklahoma - Upper Black Bear Watershed Project: This 241,546 acre project was authorized for operations in January 1960 and is scheduled for completion in the fiscal year 1970. The major problems in the area include floodwater and sediment damages to agricultural land, fences, county roads and bridges. There was also a need for municipal, urban and rural water supplies. The estimated total cost of the project is \$4,649,663 (\$2,797,954 Federal and \$1,851,709 non-Federal).

Of the 1,092 farmers in the project, 848 were district cooperators and 745 had developed conservation plans for their farms as of June 30, 1967. Good progress is being made in the application of land treatment measures. About 73 percent of those planned have been applied. Thirty-seven floodwater retarding structures, two of which are multiple-purpose have been completed. The City of Perry and the Town of Lucien have been able to provide water for the surrounding areas.

A Rural Water District including 5,120 acres has been organized at Lucien, Oklahoma. A long-time option for the purchase of water from site 48 has been worked out with the owner. The District has constructed a filtering plant and installed main and feeder lines to 40 farm and urban homes. Financing will be helped through a loan from the Farmers Home Administration rural water system program. Several new homes have been constructed in the area and others are in the planning stage. All water users are planning to modernize their homes. Rural fire fighting equipment is in the future plans for the District. As a result of these improvements, it is expected that many more people will move to the community. They will be located in an area only a short driving distance from 20 or more flood control structures where hunting, fishing and recreation possibilities will be unlimited.

2. Kentucky - North Fork Little River Watershed Project: Operations began on this 37,611 acre project in July 1960 with completion scheduled in fiscal year 1970. The estimated total cost of the project is \$1,397,203 (\$864,963 Federal and \$532,240 non-Federal). The major problems are floodwater damage to agricultural crops and pastures, and to buildings and contents in the City of Hopkinsville.

Of the 239 farmers in the project area, 193 were district cooperators and 174 had developed conservation plans for their lands as of June 30, 1967. About 80 percent of the planned land treatment measures had been applied at that time.

Two multiple-purpose structures and two floodwater retarding structures have been completed at a total cost of \$1,028,437. All four structures have multiple-purposes. Structure No. 5 (Lake Blythe) includes floodwater detention and a 90 acre lake for fish and wildlife development.

Structure No. 3 (Lake Boxley) includes floodwater detention and 666 million gallons of municipal water storage. Structure No. 4B (Lake Tandy) now has floodwater detention capacity added to its already existing 150 million gallons of municipal water storage. Structure No. 4A (Lake Morris) now has floodwater detention added to its already existing 500 million gallon municipal water supply. The City of Hopkinsville, a co-sponsor of the project in cooperation with the Hopkinsville Sewage and Water Works Commission, is paying all non-Federal cost for the structural measures. For management rights of Lake Blythe, the State Department of Fish and Wildlife Resources gave \$25,000 to the City of Hopkinsville.

Municipal water for Hopkinsville (24,000 population) was drawn from Lake Boxley during an extended drought of three months in the fall of 1965 and only lowered the lake 26 inches. During this period a neighboring town was so short of water that it had to impose fines for washing cars.

Recreational facilities are being added at Lake Blythe. This area was designated "Girl Scout Day Camp" and is now being used in the city recreational program and by several local churches in their youth work.

Four new major industries have located here since January 1966. Three existing major industries have expanded materially while many small ones have either located or expanded during the last 18 months. The Manager of the Division of Employment Service said "Unemployment is no longer a problem."

LOANS AND RELATED EXPENSE

Under Section 8 of Public Law 566, 83rd Congress, as amended, loans are authorized to be made to local organizations for financing the local share of the cost of watershed protection projects. The Farmers Home Administration has been assigned responsibility for making loans under provisions of the Act to sponsors of watershed projects approved for operations. The law requires that all costs allocated to flood prevention purposes, except the cost of easements and rights-of-way, water rights, and administration of contracts, be paid from Federal funds. Most of the loans are used to help finance organizational expenses, legal costs, the acquisition of land, easements, and rights-of-way which the local organizations find they must purchase, and the local share of the cost of multiple-purpose projects.

The 1968 Appropriation Act made \$5,000,000 available for loans from the Direct Loan Account of the Farmers Home Administration. In addition, \$288,084 will be available from unobligated balance of prior year Watershed Protection appropriations. The 1969 budget estimate proposes \$3,000,000 for loans from the Direct Loan Account and \$200,000 will be available from prior-year unobligated Watershed Protection balances held in reserve this year pursuant to P.L. 90-218. Funds for servicing loans will be allotted to the Farmers Home Administration from the appropriations for Watershed Protection.

The following tabulation shows the financing of the loan program with Watershed Protection funds in 1967, and estimated for 1968 and 1969 with unobligated balances brought forward from 1967.

(In thousands of dollars)

Obligations during year	1967		1968 Estimate		1969 Estimate	
	No.	Amount	No.	Amount	No.	Amount
a. Loans:						
Direct appropriation	25	\$5,483	1	\$288	1	\$200
Direct loan account						
FHA	- -	- -	(19)	(4,800)	(18)	(3,200)
b. Loan services	- -	519	- -	413	- -	250

RIVER BASIN PROGRAM DEVELOPMENT AND COORDINATION

RIVER BASIN PROGRAM DEVELOPMENT AND COORDINATIONAgency Participation

Section 6 of P.L. 566, 83rd Congress, as amended, authorizes the Secretary of Agriculture to cooperate with other Federal, State, and local agencies in making surveys and investigations of the watersheds of rivers and other waterways as a basis for the development of coordinated water and related land resources programs. Funds provided under this appropriation item for these surveys and investigations are allocated to participating agencies in the Department as follows:

Agency	: 1967 : Obligations	: 1968 : Estimated	: 1969 : Estimated
Soil Conservation Service	: \$4,939,945	: \$6,784,895	: \$5,980,256
Forest Service	: 807,268	: 1,188,000	: 1,199,000
Economic Research Service	: 1,278,309	: 1,588,360	: 1,601,000
Total	: 7,025,522	: 9,561,255	: 8,780,256

Coordinated Survey Program

The Secretary of Agriculture is a member of the Water Resources Council established by Public Law 89-80. The Department is also represented on the Council of Representatives and on the various committees maintained by the Council to carry out its responsibilities under the Act. The Council has given consideration to the river basin surveys and investigations needed to attain the goal for surveying the river basins of the country which was proposed by the Senate Select Committee on National Water Resources and adopted by the Administration. Out of this joint consideration has developed the need for this Department to participate in ten framework and fourteen detailed type inter-departmentally coordinated surveys that are currently in progress and in one additional framework survey which the Water Resources Council has scheduled to be started in fiscal year 1969. Of those in progress, one framework and seven detailed surveys are being completed in fiscal year 1968. During fiscal year 1969 two more framework and all the remaining seven detailed surveys are scheduled for completion. The Department also is currently cooperating with 19 State water resource agencies and with concerned Federal agencies in making 27 cooperative comprehensive river basin surveys. Two of these are expected to be completed in 1968 and 5 in 1969. They include portions of 30 States. The Department proposes to initiate six additional surveys of this type in the fiscal year 1969.

The Department also maintains representation on various River Basin Commissions and Interagency Committees. These serve as points of contact and coordination between representatives of this Department and of other Federal departments and agencies and the States in these basin areas to keep all concerned mutually informed of the activities of the member agencies and to

facilitate matters of interagency coordination. The Department, in 1968, maintains such representation on four River Basins Commissions, namely: the Pacific-Northwest, the Souris-Red-Rainy, the Great Lakes, and the New England; and on four Interagency Committees, namely, the Arkansas-White Red, Missouri, Pacific Southwest, and the Southeast. The Columbia-North Pacific and the Northeast Interagency Committees were phased out by the formation of the Pacific-Northwest and the New England River Basin Commissions. It is expected that two other River Basin Commissions will be formed in 1968 and two in 1969 and that the Department will cooperate with these Commissions. The river basins, States involved, cooperating agencies, and actual or estimated obligations are as follows:

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1967	1968	1969
			Actual	Estimate	Estimate
Framework Type Surveys (Type I)					
Ohio River Region	Pa., N.Y., W.Va., Tenn., Ohio, Ind., Ill., Md., N.C. & Ky.	Other Federal	\$49	\$47	- -
Upper Mississippi River Region	Minn., Wisc., Iowa, Mo., Ill., & Ind., S.D.	Other Federal	171	247	\$216
Missouri River Region ...	Colo., Iowa, Kan., Minn., Mo., Mont., Nebr., N.D., S.D., & Wyo.	Other Federal	397	347	195
Columbia-North Pacific Region	Wash., Ore., Idaho, Mont., Utah, Nev., & Wyo.	Other Federal	363	354	275
North Atlantic Region ...	Conn., Del., Me., Md., Mass., N.H., N.J., N.Y., Pa., R.I., Vt., Va., & W. Va.	Other Federal	285	399	205
California Region	Calif., Oreg.	Other Federal	93	299	256
Upper Colorado Region ...	Ariz., Colo., N.M., Utah, & Wyo.	Other Federal	100	274	196
Lower Colorado Region ...	Ariz., Nev., N.M. & Utah	Other Federal	113	268	221
Great Lakes Region	N.Y., Penn., Ohio, Mich., Ind., Ill., Minn., Wisc.	Other Federal	- -	136	173
Souris-Red Region	N.D., Minn., S.D.	Other Federal	- -	136	227
Great Basin	Nev., Utah, Idaho & Wyoming	Other Federal	- -	- -	196
Total, Type I Surveys . . .			1,571	2,507	2,160

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1967 : Actual	1968 : Estimate	1969 : Estimate
<u>Detailed Type Surveys</u> (Type II)					
Kanawha River	W.Va., Va., & N.C.	Other Federal	175	204	161
Wabash River	Ill., Ind., & Ohio	Other Federal	243	303	255
Susquehanna River	N.Y., Pa., & Md.	Other Federal	137	239	223
Willamette River	Oregon	State and Other Federal	185	221	221
Pearl River	Miss., & La.	State and Other Federal	41	59	- -
Pascagoula River	Miss.	State and Other Federal	89	8	- -
Big Black River	Miss.	State and Other Federal	77	14	- -
Red River below Denison Dam	La., Ark., Okla. & Texas	Other Federal	192	154	- -
Genesee River	N.Y., & Pa.	State and Other Federal	30	18	- -
Sabine River	Texas & La.	Other Federal	106	- -	- -
White River	Mo., & Ark.	Other Federal	199	165	- -
Connecticut River	Conn., Vt., N.H., & Mass.	Other Federal	204	230	180
Puget Sound Basin	Washington	Other Federal	179	167	123
Big Muddy River	Illinois	Other Federal	86	23	- -
Grand River	Michigan	Other Federal	94	112	121
Total, Type II Surveys			2,037	1,917	1,284
<u>Surveys in cooperation with State Water Resource Agencies and Concerned Federal Agencies (Type IV)</u>					
Arkansas Multiple-Purpose Project	Ark., & Okla.	Corps of Engineers	84	91	87
Humboldt-Central Lahontan	Nevada & Calif.	State	148	160	167

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1967 Actual	1968 Estimate	1969 Estimate
(Type IV) continued					
Sevier Lake Drainage	Utah	:State	: 154	: 165	: 158
Colorado Rivers	Colorado	:State	: 134	: 176	: 178
Oregon Rivers	Oregon	:State	: 83	: 135	: 136
Elkhorn, Big Blue, Nemaha and Niobrara Rivers ...	Nebraska	:State	: 88	: 133	: 184
Florida Rivers	Florida	:State	: 127	: 157	: 147
James and Big Sioux Rivers	S.D.	:State	: 101	: 116	: 117
Meramec River	Missouri	:Corps of : Engineers	: - -	: - -	: - -
Poteau River	Okla. & Ark.	:Corps of : Engineers	: 7	: - -	: - -
Mississippi Independent Streams	Miss., & La.	:State	: 163	: 197	: 30
North Coastal River Basin	Calif.	:State	: 194	: 237	: 204
Upper Rio Grande	New Mexico	:State	: 126	: 142	: 144
Arkansas River in Kansas	Kansas	:State	: 78	: 114	: 110
Lower Rio Grande	Texas	:State	: 119	: 133	: - -
South Grand and Osage Rivers	Missouri	:State	: 139	: 147	: 152
James River	Virginia	:Corps of : Engineers	: 129	: 150	: 109
Santee River	So. Carolina	:State	: 105	: 159	: 165
Western N. Y. Basins	New York	:State	: 88	: 129	: 192
Chickasaw Metropolitan ..	Tenn. & Miss.	:State	: 77	: 88	: 82
Hatchie River	Tenn. & Miss.	:State and : Other Federal	: 102	: 122	: 105
Bayou Meto	Arkansas	:Corps of : Engineers	: - -	: 104	: 184

(Dollars in thousands)

River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1967 Actual	1968 Estimate	1969 Estimate
(Type IV) continued					
Southeast Michigan Rivers	Michigan	Corps of Engineers	- -	119	191
Southwest Washington Rivers	Washington	State	- -	119	143
Southeast Wisconsin Rivers	Wisconsin	State	- -	119	172
Muskingum River Basin	Ohio	Corps of Engineers	- -	139	187
Cape Fear	North Carolina	Corps of Engineers	- -	140	143
Yazoo-Mississippi River Delta	Mississippi	Corps of Engineers	- -	70	204
Teche, Vermilion, Mermentau and Calcasieu Rivers	Louisiana	State	- -	- -	70
Loup and Republican Rivers	Nebraska	State	- -	- -	70
Green and Kentucky Rivers	Kentucky	State	- -	- -	70
Massachusetts Water Resources Study	Massachusetts	State	- -	- -	70
Hawaiian Rivers	Hawaii	State	- -	- -	68
Wind, Big Horn and Green Rivers	Wyoming	State	- -	- -	70
Water Resource Survey Appalachian Region			506	233	- -
Total, Type IV Surveys			2,752	3,794	4,109
Total Surveys			6,360	8,218	7,553
Interregional Economic Analysis			144	183	176
Flood Hazard Analyses			- -	103	52
Inter Agency Coordination and Program Formulation and Coordination			522	1,057	999
TOTAL			7,026	9,561	8,780

Progress on Representative Surveys

The following examples are representative of the surveys and investigations being carried out by the Department in river basin areas:

Wabash River Basin (Type II) - Indiana and Illinois: In cooperation with the Departments of the Army, Health, Education and Welfare, the Interior, Transportation and the Federal Power Commission and with the concerned States, the Department is participating in a comprehensive detailed survey of the Wabash River Basin. The studies and investigations will consider the problems and needs for development of the water and related land resources and opportunities to meet such needs over the next fifty year period. The survey will lead to the preparation of a coordinated comprehensive plan of development for the upstream and downstream areas and will identify in detail those projects which should be installed within the next 10-15 year period. The Soil Conservation Service, Forest Service, and Economic Research Service, are participating in the study for this Department. Present schedules contemplate the completion of this survey in fiscal year 1969.

Western New York River Basins (Type IV) - New York: In cooperation with the New York State Division of Water Resources, this Department is undertaking a survey and investigation of the water and related land resources of the river basins in Western New York. There are severe flood problems in most upstream watersheds and a need for dependable water supply. Sediment and industrial wastes result in a low quality water in many places. This survey will provide information to guide the development of watershed plans and other types of projects to maintain and improve the economy of this area and to assure their coordination with other planned developments. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. Present schedules contemplate the completion of the survey in fiscal year 1972.

Columbia-North Pacific River Basin (Type I) - Washington, Oregon, Idaho, Montana and Wyoming: In cooperation with the Departments of the Army, Health, Education and Welfare, the Interior, Transportation, and the Federal Power Commission, and with the concerned States, the Department is participating in a framework comprehensive survey of the Columbia-North Pacific Water Resource Region. The studies and investigations will consider the overall problems and needs for development of water and related land resources within the total demands of the National economy. Alternative approaches to meeting these needs and alleviating the problems will be defined. The study will provide a framework within which future studies and project developments can be carried out. The Soil Conservation Service, Forest Service, and Economic Research Service are participating in the study for the Department. This study is scheduled for completion in fiscal year 1970.

FLOOD PREVENTION PROGRAM

STATUS OF PROGRAM

Current Activities: The Flood Control Acts, as amended and supplemented (33 U.S.C 701-709, 16 U.S.C. 1006a, 76 Stat. 610), provide for installation of (1) mainstream works of improvement for the control of floods, for which the Department of the Army is responsible, and (2) watershed improvement measures to prevent floods; reduce floodwater, sedimentation, and erosion damages; and further the conservation, development, utilization, and disposal of water, for which the Department of Agriculture is responsible. The work of this Department under this item is carried on in the 11 watersheds authorized by the Flood Control Act of December 22, 1944, as amended and supplemented.

To provide consistency between the Flood Prevention and the Watershed Protection programs of the Department, which have similar objectives, the planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations and other policies and procedures used in the Flood Prevention program have been adjusted to generally parallel those of the Watershed Protection program.

Types of Assistance Furnished by the Department

The assistance furnished under this appropriation item consists of the following:

1. Preparation of detailed subwatershed work plans in collaboration with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what has been or is planned to be done to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.
2. Technical and financial assistance to local project sponsors and individual land owners and operators with the installation of works of improvement specified in approved subwatershed work plans:
 - a. On structural measures: This work includes the installation of structural measures for flood prevention and water management such as floodwater retarding structures, stream channel improvements, stabilizing and sediment control structures, irrigation reservoirs and canals, and the storage of water in structures for various purposes. Detailed construction plans, designs and specifications are prepared for these measures by the Department. The Department usually does the contracting and bears all of the construction cost of structural measures for flood prevention. It finances up to 50 percent of the cost of works of improvement for agricultural water management and for public fish and wildlife or recreational development, including the cost of minimum basic facilities for public health and safety and access to the area. Local organizations must pay all costs of works of improvement for other purposes. In addition local organizations must acquire water rights and furnish

land, easements, and rights-of-way for all structural measures except that the Federal government may pay up to one-half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments. Local organizations must operate and maintain the completed works of improvement on private lands.

In addition to loans and advancements made under Section 8 of Public Law 566, 83d Congress (as amended), advances may be made to local organizations from construction funds under Section 4 of the Act to provide for immediate acquisition of land, easements, and rights-of-way to prevent encroachment by other developments, and to provide for storage for future municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid prior to the start of construction.

Engineering assistance is provided by the Department for flood prevention, agricultural water management, and for water resources improvements for public fish and wildlife and recreational purposes. The Department may also supply up to one-half the cost of engineering assistance required in connection with installation of minimum basic facilities for public fish and wildlife and recreational development.

- b. On land treatment measures: The Department furnishes land owners and operators the technical assistance needed to speed up the installation of land treatment measures to achieve required protection of structural measures constructed in subwatersheds. This supplements technical assistance available under other conservation programs.

Certain types of land treatment measures are required to be installed under this program to achieve justified off-site flood prevention benefits. Such measures provide little or no benefits, or such long-deferred benefits to the landowner that he cannot be expected to pay a substantial part of the cost of their installation on his farm. The Federal government may pay part or all of the cost of installing these special measures. Measures eligible for this assistance are intensified fire prevention; stabilization of critical areas; minor gully, streambank, and grade stabilization structures; and other on-farm measures which may be used in lieu of installing downstream flood prevention structures. The Department may furnish vegetative planting and other materials to landowners for establishment of these essential measures or it may contract the required work or do it by force account.

3. Making loans to local organizations to finance the local share of the costs of installing planned works of improvement for flood prevention and for the conservation, development, utilization, and disposal of

water, including development of public fish and wildlife and recreational facilities, and municipal and industrial water supplies. Repayment with interest is required within fifty years after the principal benefits of improvements first become available.

Proposed improvements by the Department are correlated with mainstream work installed by the Corps of Engineers, the Bureau of Reclamation, and others, and give needed protection to the watershed lands and property above the mainstream works. Maintenance of installed measures is the key to the long-term effectiveness of the watershed improvement programs. Land owners and operators generally maintain those land treatment measures which benefit primarily the lands upon which they are installed. Local units of government have the responsibility to maintain structural measures for flood prevention and water management which provide primarily off-site benefits.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the work of the Department of Agriculture authorized under the Flood Control Acts. The Soil Conservation Service and the Forest Service carry out the planning and installation of land treatment measures and structural works of improvement in the authorized watersheds. The Forest Service is responsible for work in the national forests and other lands in the authorized watersheds which they administer. It also furnishes certain specialized technical assistance on other forest lands within the watersheds. The Soil Conservation Service concerns itself with work to be done on all other private and public lands in the watersheds.

The Farmers Home Administration is responsible for carrying out the authority to make loans or advancements under Section 4 and 8 of Public Law 566, 83d Congress (as amended). No loans or advancements may be made under these provisions until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement.

The Economic Research Service is making an appraisal of the economic impact of the flood prevention program in the Washita River Basin.

Selected Examples of Recent Progress:WORKS OF IMPROVEMENTAgency Participation

The following table shows the amount of funds obligated for planning and installing works of improvement in 1967 and estimated for 1968 and 1969, by agency:

Agency	1967 Actual	1968 Estimate	1969 Estimate
Soil Conservation Service	\$21,672,760	\$18,230,820	\$14,993,162
Economic Research Service	45,117	46,600	41,000
Forest Service	3,988,135	3,405,120	2,889,000
Emergency Measures ^{a/}	101,045	387,117	300,000
Total	25,807,057	22,069,657	18,223,162

a/ Under authority of Section 216 of the Flood Control Act of 1950, not to exceed \$300,000 of the amount appropriated for Flood Prevention may be expended each fiscal year for emergency measures when a fire, flood or any other natural element or force has caused a sudden impairment of a watershed. Any balances not needed for these purposes are distributed late in the fiscal year to watersheds where the greatest need exists and where the local sponsoring organizations have provided lands, easements, and rights-of-way required for installation of additional works of improvement. The Supplemental Appropriation Act, 1965 provided an additional \$900,000 for emergency measures needed as a result of the Coyote and other fires in the fall of 1964 in the Santa Barbara, California area, and in other areas. The 1968 estimate includes the \$37,117 of 1967 unobligated balance of funds appropriated for emergency measures.

The following tables show obligations in 1967 and estimates for 1968 and 1969 for each of the authorized watersheds. The Buffalo Creek watershed in New York was completed in 1964. Table 1 includes works of improvement by the Soil Conservation Service, evaluation studies by Economic Research Service and loans made with Flood Prevention appropriated funds by Farmers Home Administration. Table 2 includes works of improvement by the Forest Service.

Distribution of Funds for Works of Improvement by Watersheds

SOIL CONSERVATION SERVICE
(including evaluation studies and loans)

Watershed	1967		Fiscal Year 1968		Fiscal Year 1969	
	Obligations	Brought Forward From 1967	Appropriation Adjusted 1968	Total Available 1968	Estimated Carry over Obligations to 1969	Budget Estimate Available 1969
Colorado (Middle),						
Texas	1,558,494	585,419	2,072,436	2,657,855	1,039,534	1,618,321
Coosa, Ga., Tenn.	1,198,555	14,382	1,109,396	1,123,738	-234,185	889,553
Little Sioux,						
Iowa, Minn.	1,201,148	134,237	1,201,794	1,336,031	-280,333	1,055,698
Little Tallahatchie, Miss.	1,297,218	237,311	1,323,422	1,560,733	-478,276	1,082,457
Los Angeles, Calif.	1,111,303	12,378	417,551	429,929	-89,065	340,864
Potomac, Md., Pa.,						
Va., W. Va.	3,050,569	128,660	2,769,001	2,897,661	-597,362	2,300,299
Santo Ynez, Calif.	3,046					
Trinity, Texas	4,689,753	33,913	4,142,410	4,176,323	-388,990	3,787,333
Washita, Okla.,						
Texas	4,768,219	95,837	4,559,515	4,655,352	-960,431	3,694,921
Yazoo, Miss.	4,062,178	360,445	3,881,835	4,242,280	-733,986	3,508,294
Subtotal, works of improvement	21,717,877	1,602,582	21,477,320	23,079,902	-4,802,162	18,277,740
Emergency Meas.	88,843	87,117	300,000	387,117	-	387,117
Total works of imp.	21,806,720	1,689,699	21,777,320	23,467,019	-4,802,162	18,664,857
Loans	484,000	1,650,838	-	1,650,838	-770,838	880,000
Loan Services	117,269	225,000	4,000	225,000	-105,000	124,000
Total, loans and loan services	601,269	1,875,838	4,000	1,879,838	-875,838	1,004,000
Total	22,407,989	3,565,537	21,781,320	25,346,857	-5,678,000	19,668,857

a/ Includes obligations of \$45,117 in 1967 and allotments of \$45,600 in 1968 and \$41,000 in 1969 for evaluation studies by Economic Research Service.

b/ Amount in budget reserve after deduction of \$244,200 for pay costs under P.I. 90-206.

Table 2

Distribution of Funds for Works of Improvement by Watersheds

FOREST SERVICE

Watershed	Fiscal Year 1968				Fiscal Year 1969	
	1967 Obligations	Brought Forward From 1967	Appropriation Adjusted 1968	Total Available 1968	Reserved per FE 90-218 & Carry over to 1969	Estimated Available 1969
Colorado (Middle),						
Texas						
Coosa, Ga., Tenn.	24,065	92,377	5,500	97,877	-3,300	94,577
Little Sioux,						
Iowa, Minn.	13,034	8,940	15,300	24,240	-3,000	21,240
Little Talla-						
hatchie, Miss. . .	388,830	5,261	386,200	391,461	-72,904	318,557
Los Angeles, Calif.	2,040,184	322,562	2,094,100	2,416,662	-652,950	1,763,712
Potomac, Md., Pa.						
Va., W. Va.	152,728	21,335	167,200	188,535	-13,300	175,235
Santo Ynez, Calif.	511,111	11,874	472,600	484,474	-120,550	363,924
Trinity, Texas						
Washita, Okal.,						
Texas	3,029	110	3,100	3,210	-1,000	2,210
Yazoo, Miss.	855,154	3,661	813,100	816,761	-154,496	662,265
Subtotal, works						
of improvement	3,988,135	466,120	3,970,000	4,436,120	-1,031,000	3,405,120
Emergency meas.	12,202					
Total	4,000,337	466,120	3,970,000	4,436,120	-1,031,000 ^{a/}	3,405,120
a/ Total of \$1,083,000 placed in budget reserve of which \$52,000 is requested released to cover pay act costs in 1968.						

Subwatershed Work Plans

Because of the size of the 11 authorized flood prevention projects, work plans are developed on a subwatershed basis. As of June 30, 1967, the total planning job was about 2/3 completed, with 280 work plans completed that include 20,536,203 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Watersheds	: Total : Authorized:		: Subwatersheds and : other Areas with a/:		: Subwatershed and other : Work Plans Prepared to	
	: Area	: Planning	: Potential	:	:	6/30/67
	: Acres	: No. :	: Acres	: No. :	: Acres	
Buffalo Creek	: 279,680:	3 :	279,680	: 3 :	279,680	
Colorado (Middle)	: 4,613,120:	18 :	4,613,120	: 16 :	3,442,656	
Coosa	: 1,339,400:	17 :	1,339,400	: 17 :	1,339,400	
Little Sioux	: 1,740,800:	210 :	660,000	: 78 :	195,760	
Little Tallahatchie ...	: 963,977:	23 :	867,476 b/:	15 :	482,871	
Los Angeles	: 536,960:	12 :	301,731 c/:	12 :	301,731 c/	
Potomac	: 4,205,400:	32 :	3,488,000	: 11 :	919,750	
Santa Ynez	: 576,000:	7 :	368,550 c/:	7 :	368,550 c/	
Trinity	: 8,424,260:	33 :	7,085,320	: 28 :	6,348,464	
Washita	: 5,095,040:	62 :	5,095,040	: 51 :	4,380,672	
Yazoo	: 3,942,197:	73 :	3,746,379 d/:	43 :	2,476,669	
Total	: 31,716,834:	490 :	27,844,696	: 281 :	20,536,203	

a/ Excludes subwatersheds and other areas where the physical and economic conditions do not meet the program criteria for the use of Federal funds for the installation of structural works of improvement. Other excluded areas are identified by additional footnotes.

b/ Excludes 96,501 acres of Sardis Reservoir area.

c/ Includes National Forest and other lands, for which the Forest Service has been assigned program responsibility. Comprehensive plans for works of improvement have been prepared for these areas.

d/ Excludes 195,818 acres of Reservoir area.

Soil Surveys and Conservation Plans in Flood Prevention Projects

The following table shows the acres surveyed and conservation plans prepared in the 1967 fiscal year with Flood Prevention funds and estimates for 1968 and 1969:

Item	: 1967 : : Actual :	: 1968 : : Estimate :	: 1969 : : Estimate :
Soil surveys (acres)	: 600,386 :	: 600,000 :	: 600,000 :
Total number cooperators	: 2,021 :	: 2,000 :	: 2,000 :
Basic conservation plans:	: :	: :	: :
Number	: 1,949 :	: 2,000 :	: 2,000 :
Acres	: 407,425 :	: 420,000 :	: 420,000 :

The following table shows the acres surveyed and conservation plans prepared cumulative through June 30, 1967, with both Flood Prevention and other SCS funds:

Item	: Flood : : Prevention : : Funds :	: Other : : SCS : : Funds :	: Grand : : Total :
Soil surveys (acres)	: 8,094,930 :	: 12,038,948 :	: 20,133,878 :
Total number cooperators	: 41,630 :	: 41,543 :	: 83,173 :
Basic conservation plans:	: :	: :	: :
Number	: 38,462 :	: 36,624 :	: 75,086 :
Acres	: 7,949,243 :	: 9,897,806 :	: 17,847,049 :

Progress in Individual Projects

A description of the flood prevention and conservation work being accomplished in each of the 11 authorized flood prevention watersheds follows (the estimated Federal cost for each watershed reflects 1960 prices, as adjusted to reflect installation of fish and wildlife and recreational developments and future water supplies under provisions of recent amendments to the Watershed Protection and Flood Prevention Act (76 Stat. 608-610)):

Buffalo Creek Watershed, New York

Total Federal cost (Project completed in 1964) \$4,615,182

The Buffalo Creek project was authorized for operations December 22, 1944, and was completed during the fiscal year 1964. It is the first of the 11 authorized Flood Prevention projects to be completed. The Erie-Wyoming Soil Conservation District Joint Board sponsored the project which covers 279,680 acres in Erie and Wyoming Counties, including 13,440 acres within the city of Buffalo. The completed project is reducing siltation in the Buffalo River portion of Buffalo Harbor by controlling streambank and farmland erosion.

The completed structural works of improvement include the stabilization of about 59 miles of the channels of Buffalo Creek and Cazenovia Creek by 690,000 cubic yards of earth excavation, 290,000 cubic yards of fill in embankments and training dikes, and 330,000 square yards of riprap. One rock-filled concrete crib dam was constructed as a stream gradient control measure.

Middle Colorado River Watershed, Texas

Estimated total Federal cost	\$34,956,957
Total obligations through June 30, 1967	21,916,237

The Colorado River Project includes about 4,613,000 acres of the middle section of the Colorado River Watershed in Texas. The principle problems in the watershed are floodwater and sediment damages to agricultural and non-agricultural properties. The project is sponsored by local conservation districts and some county and city units of government. Work plans have been developed for 16 of the 18 subwatershed areas in the project.

Of the 6,229 operating units in the Middle Colorado, 4,611 are district cooperators and 4,521 have conservation plans as of June 30, 1967. More than 72 percent of the planned land treatment has been applied in the subwatersheds where construction is underway. Examples include 1,624,940 acres of range proper use and the building of 10,173 farm ponds.

Construction has been completed on 190 floodwater retarding structures and 2 miles of channel improvement. In addition, 13 structures are under construction. Thirty-four floodwater retarding structures are scheduled for construction during fiscal year 1968.

All necessary easements and rights-of-way have been obtained on Brady Creek, Clear Creek, Deep Creek, Lower San Saba River, Mustang Creek and Turkey Creek subwatersheds at an estimated value of \$1,600,000. On the remaining subwatersheds, over 500 easements and rights-of-way have been obtained at an estimated value of over \$800,000. These easements were obtained by the supervisors of the local soil and water conservation districts, county commissioners, directors of water control and improvement districts.

The effectiveness of project measures installed in this watershed is illustrated by the following examples:

Upper Pecan Bayou Watershed - A high intensity rainstorm measuring up to 6 inches occurred in May 1967 on drainage sites 6 and 10. These floodwater retarding structures both functioned satisfactorily. Site 10 retained flood water 8 feet above the principle spillway elevation, then released water over a three-day period with no flood damage occurring on Pecan Bayou. Eleven structures have been completed with two more under construction.

Lower San Saba Watershed - A four-inch rain fell on May 12, flooding several adjoining watersheds causing considerable damage to the flood plain through sedimentation and washing away fences. No appreciable damage occurred on the Lower San Saba watershed where about 80 percent of the land treatment had been completed.

Coosa River Watershed, Georgia and Tennessee

Estimated total Federal cost	\$13,692,749
Total obligations through June 30, 1967	12,253,430

The Coosa River Project includes approximately 1,339,400 acres. About 85 percent of the watershed area is privately owned, and 130,350 acres are in National Forest land. The project is sponsored by the four soil and water conservation districts in the watershed along with 8 counties and the Georgia State Highway Department. The principal problems in the watershed area are erosion, floodwater and sediment damage to agricultural lands and county roads.

There are about 6,950 landowners in the project of which 4,931 were district cooperators and 4,598 had developed conservation plans as of June 30, 1967. More than 90 percent of the planned land treatment measures have been applied. Structural measures are 85 percent complete with 103 of the 142 planned floodwater retarding structures installed.

Technical assistance for installing forestry measures on privately-owned land is provided by the U.S. Forest Service in cooperation with and through the Georgia Forestry Commission. Forestry measures installed include the planting of over 5 million trees for controlling erosion and retarding runoff on 3,260 acres of critical area and 3,255 acres of openland. Other private land forestry accomplishments include 47,307 acres of stand improvement. Forestry technical assistance has been provided to 383 owners involving 27,955 acres of forest land.

On National Forest lands the principal accomplishments to date include 16 miles of streambank stabilization, 564 acres of roadside erosion control 459 acres of critical area stabilization, 1,105 acres of tree planting, and 6,101 acres of stand improvement.

The effectiveness of the project measures installed have been tested numerous times in the last four years. The following are typical examples:

In April, 1963, approximately 6 inches of rain fell in a four-day period in the Little River Subwatershed. Half of this fell in one night. Little or no damage occurred below the completed structures. Extensive damages were reported on tributaries where structures were not completed.

On October 3 and 4, 1964, 7.66 inches of rainfall was recorded in the Cartecay River Subwatershed. Approximately 5 inches fell during an 8-hour period. Little or no damage occurred below the completed structures. The adjoining watershed, where no structures had been completed, received damages estimated at more than \$60,000 to buildings, bridges, roads, fences, etc. There were also extensive damages to pastures and croplands.

Little Sioux River Watershed, Iowa and Minnesota

Estimated total Federal cost	\$33,513,313
Total obligations through June 30, 1967	18,877,772

The Little Sioux Project covers an area 135 miles long and 50 miles wide at its greatest width. It extends from Southwest Minnesota to its confluence with the Missouri River, midway between Sioux City and Omaha. The watershed includes 2,880,000 acres of which 1,740,800 are authorized for assistance under the flood prevention program. Soils of this area are generally of loessal origin. These wind blown materials are commonly found in depths of 25 to 50 feet and frequently 100 feet or more.

Both sheet and gully erosion are severe problems, especially in the southern half of the authorized area. Gullies of 20 to 40 feet in depth are common. Some of the most productive areas of many uplands are being destroyed by gully erosion and crops in the 200,000 acre flood plain at the lower extremities of the watershed are frequently damaged by flooding.

Twelve soil conservation districts are represented on the Little Sioux Works Committee which provides overall guidance for execution of the program and establishes priorities for assistance. Seventy-eight subwatershed work plans covering 195,760 acres had been prepared and approved as of June 30, 1967. All planned work has been completed in 66 of these subwatersheds.

Of the 8,400 farmers in the authorized part of the watershed, 4,784, operating 908,310 acres, were cooperating with their local soil conservation districts and 3,638 had developed conservation plans as of June 30, 1967. Some of the land treatment measures applied include 295,280 acres of contour farming, 339 erosion control structures, 4,398 miles of terraces and 7,069 acres of waterways. Structural measures installed as of June 30, 1967

include 484 grade stabilization structures, 69.9 miles of channel improvement, 17.6 miles of dikes and 1,054 miles of detention terraces.

Forestry measures are installed in cooperation with the Forest Service through the Iowa Department of Conservation. Applied measures include 124 acres of forestation of openland, and 1,070 acres of woodland protected from grazing. Forest management plans have been prepared for 21 woodland owners for 2,403 acres. Forestry technical assistance has been provided to 553 farmers.

The effectiveness of the project measures installed is illustrated by the following:

A rainstorm of seven inches in June Of 1963 put the Anthon Subwatershed project to an extreme test for the second time in eight years. In 1955, shortly after this 514-acre project was completed, three rainstorms totaling over 11 inches fell in the Anthon area within 60 hours. There was no significant damage recognized by the people of the town of Anthon from either of these storms.

The Arlington Subwatershed, located in the Woodbury County Soil Conservation District, is 5,833 acres in size and treatment consists of 11 grade stabilization structures, approximately 40 miles of cropland terraces, 2 miles of basin terraces, 2,500 acres of contouring and 20 acres of grassed waterways. On June 9, 1967, it received a 5-inch rain in a very short time and two detention structures overtopped. It was very apparent that without the watershed improvements, damage from that storm would have been substantial.

Little Tallahatchie River Watershed, Mississippi

Estimated total Federal cost	\$22,729,705
Total obligations through June 30, 1967	18,087,908

The Little Tallahatchie River Project includes 963,977 acres in North Central Mississippi. About 80 percent of the area is privately owned, 10 percent is in National Forest and 10 percent is in the Sardis Reservoir. Subwatershed work is sponsored by a water management district organized for each subwatershed and by the Tallahatchie River Soil Conservation District. Principal problems in the watershed are floodwater and sediment damage to agricultural lands.

Of the 6,631 farmers in the watershed, 5,252 were district cooperators and 4,046 had developed basic conservation plans as of June 30, 1967. Good progress continues in the installation of land treatment measures. Major accomplishments to date include: 153,495 acres of critical area treatment, 3,387 debris basins, 4,119,640 feet of drainage ditches, 3,947 farm ponds and 2,144,474 feet of diversion ditches.

Forestry measures are installed through cooperation with the Forest Service. Cumulative totals include the planting of over 170 million trees for controlling erosion and retarding runoff on 130,020 acres of land. Other measures installed include fire protection intensification on 440,000 acres involving

the installation of 14 fire towers, 24 miles of telephone lines, 71 mobile and stationary radios, 21 tractor-plow units, 4 pumper units, the construction of 134 miles of firebreaks, and roadbank stabilization on 203.2 miles of road. Forestry management assistance was provided to 790 woodland owners in fiscal year 1967 for 38,663 acres of forest land. Forest management has been planned for 338,371 acres of forest land. This involved over 29,000 landowners contacts.

Seventy-seven of the 86 floodwater retarding structures planned had been constructed as of June 30, 1967, and improvements had been completed on about 320 miles of stream channel.

The effectiveness of the project is illustrated by the following examples:

Tree planting, much of it for critical area stabilization, has restored thousands of acres to productive use in the Little Tallahatchie project. These plantings are now reaching pulpwood size. Due to this source of raw material and the fire protection provided the plantations, a new flake board plant is being constructed at Oxford, Mississippi. This plant will use 130,000 cords of pulpwood annually. A major portion of the pulpwood will be purchased from private landowners in the project area. The pulpwood will be harvested in a way which will prevent damage to the watershed.

A recent survey (1966) of 295 flood control reservoirs in 25 counties, mostly in north and central Mississippi, indicates high public enjoyment of fishing, water sports and other recreational uses. A total of 125,276 visits were reported for 1966. Uses including fishing, boating, camping, hiking, swimming, skiing, and in a few reservoirs, duck hunting. About 85 percent of the reservoirs are open to the general public. Several of the reservoirs are being used regularly by groups. Church groups are using two reservoirs for youth camps.

Los Angeles River Watershed, California

Estimated total Federal cost	\$48,435,349
Total obligations through June 30, 1967	25,386,733

The Los Angeles River Project covers 536,960 acres, of which 73 percent is privately owned and 27 percent is Federal land in the Angeles National Forest. The Department is cooperating with the Los Angeles County Flood Control District in the development of this project. The flood prevention works of improvement being installed supplement the improvements being made by the Corps of Engineers on the principal river channels. This watershed is characterized by high intensity rainstorms of short duration. Erosion in the watershed is severe during peak runoff and the sediment is deposited on the relatively flat valley floor during flood flows. Channel capacity from the steep canyons to the Los Angeles River is inadequate for normal winter runoff in most instances.

Because of the rapid urban development in the San Fernando Valley, practically all of the land treatment work on private land today consists of street drainage and storm drains planned and constructed entirely by local agencies.

Forest Service accomplishments in fiscal year 1967 include 15,500 lineal feet of channel stabilized by the installation of 28 concrete unit channel barriers. Seventeen of these were installed on private lands with local interests contributing \$261,250 of the cost. Forest fire protection was strengthened by the construction of 10 miles of firebreaks, 13.5 miles of fuelbreaks, 15 helispots, 10 large water tanks, and construction of other fire fighting attack facilities and structures.

On non-Federal lands, under cooperative agreements with the City of Los Angeles and Los Angeles County, the Department aided in the construction of two fire stations.

To June 30, 1967, Forest Service cumulative accomplishments on private lands include the completion of 134 channel stabilization structures, 16.4 miles of access road construction, 2 miles of road stabilization, and 14.9 miles of channel stabilization. Total accomplishments on National Forest lands include the installation of 195 channel stabilization structures, 21.25 miles of access road construction, 7.9 miles of channel clearing and alignment, 17.8 miles of channel stabilization, 3,558 feet of diversion ditches, 383 acres of critical area planting, 21,601 acres of critical area seeding 524 miles of access fire road or trail and firebreak construction, and 463 acres of fire hazard reduction.

The effectiveness of the project is illustrated in an area of the project recently burned by wild fires but eventually contained to 1,475 acres. Without the project-installed firebreak, access roads, water tanks, and other fire fighting facilities, the area burned could have reached disaster size. Emergency treatment and the installation of channel stabilization structures prevented mud flows from reaching high value urban property below the burned area.

Although design storms have not occurred subsequent to completion of the various structures, there is much evidence which indicates the effectiveness of the measures installed. Runoff, which normally overtopped natural channels and resulted in considerable damage, is now being safely carried to the Los Angeles River and flood control basins installed.

Potomac River Watershed, Md., Pa., Va., W.Va.

Estimated total Federal cost	\$31,550,308
Total obligations through June 30, 1967	17,953,354

The authorized area of the Potomac River watershed includes 4,205,400 acres in Maryland, Pennsylvania, Virginia and West Virginia. The principal problems are flooding and sedimentation of agricultural lands, and flood-water damage to towns, highways and bridges.

As of June 30, 1967, eleven subwatershed work plans covering 919,750 acres had been approved. All work had been completed in three of these - the Tumbling Run and the Gap Run subwatersheds in Virginia, and the Warm Springs Run subwatershed in West Virginia. Installation work was continuing in the Dry Run, Lower North River, Upper North River and South River subwatersheds in Virginia, and the Lunice Creek, New Creek - White's Run, South Fork, and Patterson Creek subwatersheds in West Virginia. Good progress is being made in obtaining easements and rights-of-way.

Land treatment work is progressing well. For example, as of June 30, 1967, in the South Fork subwatershed, over 100 percent of the planned land treatment work had been completed; in the Patterson Creek subwatershed, 38 percent of the land treatment work was complete after 4 years of operations. A high proportion of land in the Potomac is devoted to woodland use, and the improvement and protection of woodlands is a significant feature of subwatershed work plans.

Forestry measures are installed on private lands with technical assistance provided by the U.S. Forest Service in cooperation with and through the States' Divisions of Forestry. As of June 30, 1967, installed measures include 17 million trees planted on 19,186 acres including 2,199 acres of strip mined areas, 50,479 acres of stand improvement, 206.3 miles of skid trail and logging road erosion control, 49,619 acres of woodland grazing control including 247 miles of fencing. Technical assistance has been provided to 13,490 landowners involving 325,564 acres of forest land. Principal accomplishments to June 30, 1967 on National Forest lands include 20 miles of stream channel stabilization, 242 acres of tree planting, 32.1 miles of skid trail and logging road erosion control, 5,949 acres of stand improvement, and 62.6 acres of critical area stabilization.

Structural measures installed in the project area as of June 30, 1967 include 47 floodwater retarding structures, 5 multiple-purpose dams, 10 irrigation reservoirs, and 514,439 feet of stream channel improvement. Also completed were 1,314 acres of critical area planting and 5,511 farm ponds.

Effectiveness of the project is indicated by the following:

With 15 of the planned 24 dams completed, a substantial degree of flood protection is already being provided to the more than 7,000 acres of flood plain in the South Fork Watershed. Residents of the Town of Moorefield and farmers along the South Fork valley are enthusiastic over the performance of the project thus far. The State Road Commission is maintaining the completed structures in return for flood protection benefits to the highway system. Before the project, damages to 24 miles of roads, 23 bridges, and hundreds of culverts amounted to over \$250,000 annually. Total flood-water damages of over \$700,000 will be reduced about 65 percent when the project is fully installed.

All 15 dams have provided recreational opportunities. At Site 13 in the George Washington National Forest, a beautiful recreational development has been installed. Camping, picnicking, swimming, fishing, hiking, and sight-seeing facilities are provided at a cost of about \$225,000. People visiting the site in 1964 totaled 159,876. In 1965, the number increased to 184,400. On one Fourth of July weekend, there were 10,032 visitors.

The U. S. Forest Service, with the Dam 13 development as a start, is integrating the South Fork project into the overall public use plans for the National Forest.

Santa Ynez River Watershed, California

Estimated total Federal cost	\$10,718,000
Total obligations through June 30, 1967	6,917,801

The Santa Ynez Project covers 576,000 acres, of which about 10 percent is in the westerly portion of the basin where the Soil Conservation Service has completed installing works of improvement. Forest Service activities are concerned with fire prevention and control and installation of land treatment measures in National Forest and other forested areas in the mountainous western portion of the watershed.

A major problem in the project area is floodwater damage to farm lands which are intensively used for vegetable and flower seed production. Flood flows also cause damage to homes, highways, railroads, and multi-million dollar defense installations. Structural measures are designed to prevent degradation of entrenched gullies and to confine floodwater to improve channels across the flood plains. Land treatment measures, including fire prevention, are applied to prevent erosion and to improve soil fertility.

All land treatment measures in the area where the Soil Conservation Service has primary responsibility had been applied as of June 30, 1967. Of the 240 operating farms in the subwatersheds, 147 had developed conservation farm or ranch plans. Most significant land treatment measures installed include 30.3 miles of diversions, 178 farm ponds, and 28,500 acres of proper range use.

Structural measures completed as of June 30, 1967 include 11.5 miles of floodwater diversions and floodways, 583 grade stabilization structures, 10 debris basins, 18.6 miles of streambank protection and 8.5 miles of stream channel improvement. Easements and rights-of-way valued at \$357,600 have been recorded for 74 parcels of land for structural measures installed. In addition, the moving of utilities, construction of bridges, and other non-Federal costs have amounted to \$173,760.

Forest Service accomplishments in Fiscal Year 1967 included extensive betterment of 9 miles of fire access roads and 2 river crossings, installation of a tractor transport unit for hauling fire fighting equipment, completion of 10 miles of firebreaks, and intensification of the fire control organization.

Cumulative accomplishments as of June 30, 1967 include the following installations: 1 lookout tower, 49 miles of fuelbreaks, 4 miles of fire lanes, 17 helispots, 2 safety zones, 22 water developments, 61 miles of trails, 5 truck-tractor transport units, 14 permanent radios, 19 buildings for housing fire crews and equipment, and 29.1 miles of telephone lines.

The intensified fire protection has kept to a minimum the area denuded of cover which protects the soil from erosion. This in turn has reduced considerably the source areas for damaging flood runoff and mud flow.

Trinity River Watershed, Texas

Estimated total Federal cost	\$92,600,889
Total obligations through June 30, 1967	53,927,978

The authorized area of the Trinity River project consists of the upper 8,424,260 acres of the Trinity River watershed. The principal problems are floodwater and sediment damage to agricultural lands, practically all of which are privately owned. Sponsors are the local soil conservation districts and, in most instances, county units of government. To date, work plans have been developed on 28 subwatersheds covering an area of approximately 6,350,000 acres.

More than 74 percent of the planned land treatment measures had been applied as of June 30, 1967. Of the 36,482 operating units in the watershed 24,496 were district cooperators and all have conservation plans. Good progress has been made in the application of land treatment measures in most subwatersheds.

A total of 580 floodwater retarding structures has been installed and 42 were under construction on June 30, 1967. Approximately 38.3 miles of stream channel improvements had been completed. Thirty-six floodwater retarding structures, 13 miles of channel improvement and 5 land stabilization areas are scheduled for construction during the 1968 fiscal year.

Through the combined efforts of soil and water conservation districts, water control and improvement districts, counties, special groups and individuals over 4,100 easements and rights-of-way, valued at \$7,800,000 have been secured.

The following examples illustrate the effectiveness of this project:

In the Elm Fork watershed a five-inch rain in October 1966 and another five-inch rain in May 1967 caused virtually no flood damages along Elm Fork proper or to the City of Gainesville. Three new factories have recently been built in Gainesville in an area previously subject to annual flooding. Two housing additions are also located in areas previously subject to flooding by Elm Fork. Bumper grain crops are now harvested from bottomland west of Gainesville. It is an accepted fact that Elm Fork west of Gainesville is under control.

Chambers Creek provides a good example of watershed project benefits that accrue in addition to the temporary detention of floodwater. Site number 44-A located about 5 miles northeast of Grandview, Texas, has been developed into one of the best fishing holes in the district. Soon after its construction the reservoir was stocked with channel catfish. Some of the fish are sold to retail outlets in Fort Worth. The owner also has fishing on a pound basis; e.g. he allows people to fish and charges them by the pound for the fish caught. The site was completed in 1961 and stocked in 1962.

Field investigations after a storm in April 1966 revealed that severe damage occurred on the main stem and tributaries of Chambers Creek Watershed which are not fully protected by the watershed program. For the fully protected area, runoff water was confined to within channel flow and no flood damages occurred.

Washita River Watershed, Oklahoma and Texas

Estimated total Federal cost	\$74,950,559
Total obligations through June 30, 1967	60,394,535

The authorized area of the Washita River Flood Prevention Project covers 5,095,040 acres. About 94 percent of the authorized area is in Oklahoma and 6 percent is in Texas.

Local sponsors of each subwatershed are soil and water conservation districts, watershed associations, county commissioner's courts, and city councils. Guidance is furnished by the Washita Flood Prevention Council. The problems include upland erosion and floodwater and sediment damages on 265,000 acres of bottomland. There are 112,000 acres along the main stem of the Washita needing protection.

Nearly 80 percent of the farmers and ranchers in the Washita watershed were cooperating with their local districts and 94 percent of these cooperators had developed conservation plans for their land as of June 30, 1967. The land treatment program continues at a good pace.

The dry weather has hindered the land treatment program during the last fiscal year; however, landowners are continuing to install needed land treatment measures. The installation of grade stabilization structures continues at a good pace and parallel terraces in the Mountain View Soil and Water Conservation District have become a very important part of the program and have had an effect on the increased use of contour farming, even in small grain fields.

The use of flood retarding structures for income-producing recreation is increasing. Additional areas are also available without charge. Site 1, Cobb Creek, continues to be a "hot spot" for skiing, swimming and fishing. It is also used by Southwestern State College in teaching small craft and water safety classes. Fishermen, campers, skiers and swimmers are using site 4, Dead Indian, and sites 42 and 53, Upper Washita, at the usual peak rate; and fishermen are using nearly all of the floodwater retarding structures.

Fiscal year 1967 makes the 17th year that construction of structural measures has continued at a peak workload pace. A total of 794 floodwater retarding structures and 28.7 miles of channel improvement have been constructed in the Washita River Watershed. Seventy-four floodwater retarding structures were completed in 1967. All structures in the Texas portion of the watershed were completed in fiscal year 1964.

Little flooding of the Washita bottomland occurred during fiscal year 1967. Barnitz Creek had some very minor out-of-bank flow in June due to a 4 or 5 inch rain on the upper part of the watershed. During this same period a 5-inch rain on the upper part of Quartermaster Creek filled some of the permanent pools which were very low. Some flooding would have occurred if the structures had not been in place.

A 5-inch rain fell on Sugar Creek Watershed on April 14, 1967. However, the 11 structures and the channel under construction prevented flooding of the bottomland.

Following 8 to 10 inches of rain on the watershed during a storm on April 12, 1967, Caddo Creek bottomland was fairly well protected. Structures in place prevented thousands of dollars in flood damages.

Yazoo River Watershed, Mississippi

Estimated total Federal cost	\$57,636,473
Total obligations through June 30, 1967	43,054,472

The authorized area of the Yazoo River Project includes 3,942,197 acres of which 227,975 are publicly owned. The principal problems are floodwater and sediment damages to agricultural lands. About 39 percent of the watershed is in woodland, 25 percent in cropland, 14 percent in pasture, and 22 percent miscellaneous uses, idle, and reservoirs. The entire watershed is covered by 16 soil conservation districts.

Of the 16,753 operating units in the watershed, as of June 30, 1967, 15,923 were cooperating in their soil conservation district programs, and 13,335 of these had developed conservation plans covering 2,451,811 acres. The major land treatment measures installed include planting of 416,191 acres of critical lands to grasses, legumes, and trees; 16,389 farm ponds; construction of 1,369 miles of diversions; and construction of 8,716 debris basins for control of sediment.

Accomplishments in fiscal year 1967 include planting of over 26 million trees on 25,730 acres. This brought the total number of trees planted in this watershed to over 500 million trees and the total acreage planted to 329,186 acres. Over 2,800 miles of protective fencing have been installed and 103 miles of roadbank stabilization completed since start of the project.

During the fiscal year, timber management assistance involved 12,099 owners and 201,841 acres of forest lands. Since the beginning of the project, forestry measures have been installed on 21,482 farms.

Fire protection and control intensification measures installed as of June 30, 1967 include 428 miles of firebreaks, 37 lookout towers, 146 miles of telephone lines, 113 two-way radio units, and 53 mobile suppression units.

During heavy rains in February 1966, Pelucia Creek Subwatershed experienced no levee breaks. Adjoining watersheds suffered several breaks in their levees, causing flooding of cropland, county roads and sedimentation of sand on good bottom land. Of the 14 planned floodwater retarding structures, 13 have been completed. The 13 structures have an effect on 51 percent of the watershed. The adjoining watersheds had only 26 to 28 percent of their area behind structures. Land treatment measures in Pelucia Creek Subwatershed are about 75 percent complete. The program furnished visual proof to local residents of the benefits from watershed projects.

At one site in Pelucia Creek Subwatershed, a recreation area is being developed by a club for fishing, boating, swimming, skiing, hunting and picnicking.

Emergency Measures

Funds under this appropriation are available for the emergency treatment of watersheds impaired by fire, floods or other similar disasters to prevent loss of life or serious flood and sediment damage. In the fiscal year 1967 a total of \$101,045 was used for this purpose.

The Forest Service treated two recently burned areas in California. One area was located in Riverside County. About 808 acres were seeded to annual rye grass and 3 miles of road stabilized to provide protective cover which will prevent damage to high value areas below the burned area.

Another fire destroyed protective cover on 2,089 acres in Los Angeles County and part of the Los Angeles Flood Prevention Project. Emergency measures included grass seeding operations on the 2,089 acres, stabilizing 3.8 miles of road areas, cleaning out 3 debris basins and channeling debris runoff from frontal canyons. Other work in the flood prevention project was rescheduled to meet emergency needs in this burned area.

The Soil Conservation Service gave emergency treatment to two areas. One was an area of rangelands south of Twin Falls, Idaho, that was damaged by a severe fire. About 34,000 acres were seeded and 28,000 acres were contour ripped. It is estimated that one-third of a million tons of sediment would have been deposited in the Salmon Creek reservoir the first year if this special treatment had not been applied.

Considerable emergency protective work was also done in New Mexico to continue work started in 1966 in the flooded area in Colfax County. Construction was completed on debris basins, diversion structures and stream channel improvement to reduce sediment and debris loads.

Progress in Basic Data Collection

The Southern Forest Experiment Station of the Forest Service continued work on the development of techniques for the management of erosive forest watersheds within the Yazoo-Little Tallahatchie Projects. This work is devoted to (1) determining special management requirements to prevent watershed deterioration under use, and (2) testing management practices to prevent new cycles of watershed deterioration.

The project involves the collection, analysis, and interpretation of basic runoff data and erosion conditions as related to slope and forest cover conditions in the Little Tallahatchie and Yazoo Flood Prevention Projects in Mississippi. The collection of basic data is done by Forest Service personnel assigned to these projects. Analysis and interpretation is being done by the experiment station as a contribution to the project program.

Loans and Related Expense

Under authority of Section 8 Public Law 566, 83d Congress, (as amended), loans are made to local organizations to finance the local share of the cost of installing planned works of improvement in the 11 authorized Flood Prevention watersheds. The Farmers Home Administration is responsible for making these loans. The appropriation act for 1968 provides that \$1,000,000 of funds in the direct loan account of the Farmers Home Administration shall be available until expended for loans. However, prior year unobligated balances in the amount of \$1,875,838 are also available for loans and related expense. The loans are made for acquisition of land, easements, and rights-of-way which the local organizations find they must purchase, and for the allocated local share of the cost of multiple-purpose projects, including organizational expenses and legal costs. To June 30, 1967, 17 loans amounting to \$3,095,000 had been approved to local sponsoring organizations in the 11 authorized watersheds. There were three applications on hand for loans totalling \$506,000.

The following table shows the financing of the loan program with flood prevention and other funds in 1967 and estimated for 1968 and 1969 with unobligated balances brought forward from 1967.

(In thousands of dollars)

Obligations during year	1967		1968 Estimate		1969 Estimate	
	No.	Amount	No.	Amount	No.	Amount
a. Loans:						
Direct appropriation	3	\$484	9	\$880	7	\$771
Direct loan account						
PHA	--	--	(2)	(200)	(12)	(1,200)
b. Loan services	--	117	--	124	--	110

GREAT PLAINS CONSERVATION PROGRAM

STATUS OF PROGRAM

Current Activities: The Great Plains Conservation Program was authorized under Public Law 1021, 84th Congress, (16 U.S.C. 590p) to provide farmers and ranchers in the critically erodible areas of the Great Plains with long-range assured conservation cost-sharing and technical assistance. The program is designed to protect, improve, and conserve the soil, water, plant, and wildlife resources of this vast agricultural area and to help to stabilize its economy. The work supplements other soil and water conservation programs and activities in counties designated by the Secretary. It is also coordinated with the programs and objectives of locally-managed conservation districts, State agencies, and community groups.

Type of Assistance Furnished by the Department

The assistance furnished under this appropriation to participating farmers and ranchers in ten Great Plains States consists of the following:

1. Cost-shares for installation of permanent-type conservation practices under provisions of long-term contracts. The plan of operation for each farm or ranch unit shows the planned changes in land use and cropping systems, a time schedule of the conservation work to be done, and the cost-shares to be paid for the installation of specified practices. The cost-share contracts may cover periods of 3 to 10 years. Assistance is provided to help each program participant finance installation of needed conservation practices within the specific time period scheduled in his contract.
2. Technical services of soil conservationists, engineers, and other agricultural specialists to help plan and install sound conservation programs adapted to each farm or ranch. These services include:
 - a. Help in developing practical schedules for applying treatment measures. These are generally developed from conservation plans prepared under the Conservation Operations program. The schedules provide for orderly adjustments in land use, application of needed conservation treatments within a specified time, and use of improved management techniques.
 - b. Technical help with installation of planned treatment measures. The farmer or rancher is responsible for carrying out his plan of operation as scheduled in his contract. Installation services are provided when needed for detail designs, practice layout, topographic surveys, and site selection. Technical supervision of construction, and other assistance is furnished in helping to improve each farm or ranch enterprise in accordance with the conservation plan.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Great Plains Conservation Program. An inter-agency committee, designated by the Secretary, recommends program policies, procedures, and regulations to assure coordination of conservation activities in the Great Plains area. This Committee consists of representatives from ten Departmental agencies or offices concerned with various parts of the program operations in the respective States.

Agency Participation

The following table shows funds obligated under the Great Plains Conservation Program in 1967 by agency and projected obligations for 1968 and 1969 on the basis of available funds:

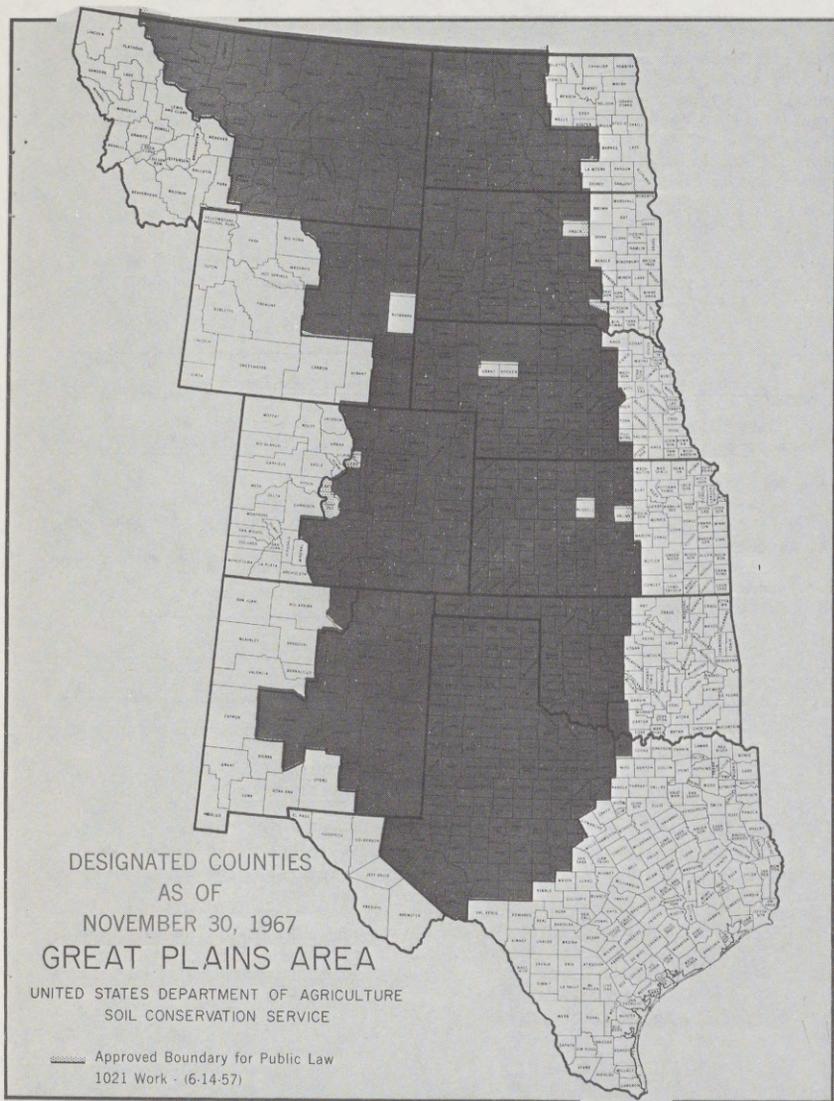
Item and Agency	1967 Obligations	1968 Estimate	1969 Estimate
Cost-Share Payments:			
Soil Conservation Service	\$14,776,747	\$10,636,000	\$11,150,000
Technical Services and Related Expense:			
Soil Conservation Service	3,614,119	3,883,958	3,860,000
Agricultural Stabilization and Conservation Service	77,000	79,000	79,000
Economic Research Service	40,590	43,000	43,000
Office of Information	17,707	18,000	18,000
Subtotal	3,749,416	4,023,958	4,000,000
Total	18,526,163	14,659,958 ^{a/}	15,150,000

a/ Includes \$59,958 unobligated balance brought forward from the prior year, but excludes \$1,736,000 carried forward to 1969.

Counties Designated for Program Participation

As of November 15, 1967, the Secretary had designated 415 counties in the 10 Great Plains States as eligible to participate in the Great Plains Conservation Program. These are shown on the following map. The designated counties in each State are as follows:

Colorado - 36	North Dakota - 30
Kansas - 60	Oklahoma - 30
Montana - 37	South Dakota - 37
Nebraska - 58	Texas - 99
New Mexico - 18	Wyoming - 10



Selected Examples of Recent Progress:

Determination of a county's eligibility for participation in the program is based on conservation needs and the interest of local people. The physical factors for consideration include susceptibility of the land to serious wind erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee. Their procedures may include public hearings, petitions of land owners and operators, resolutions by groups, and requests of county leaders interested in the conservation of land and water resources.

Aiding Rural Areas Development

The conservation treatments installed under the Great Plains Conservation contracts generally assure higher levels of income. For example, a small improvement in available forage can mean the difference between profit and loss for some range units. Marginal farming systems can be changed to improved grasses. Cooperating farmers and ranchers are encouraged to systematically apply a well-planned conservation program to their lands. The work has been effective in stabilizing many low-income farm and ranch enterprises.

Twenty-four soil and water conservation practices are eligible for cost-sharing under the Great Plains Conservation Program. Cost-share rates authorized for these practices vary from 50 to 80 percent of the estimated average installation cost. Program participants generally pay about 35 percent of the costs for those practices installed.

Changes in Land Use Needed

Concentrated efforts are being made under this program to help land owners and operators make needed land use changes. Much of the Great Plains is suited to production of cultivated crops when needed conservation measures are properly applied. There are, however, some 11 to 14 million acres of land in cultivation that are not suited to such use due to soil type, topography, and low rainfall. Soil surveys are used to get the essential land facts. Program participants are getting much of the land unsuited for cultivation converted to permanent vegetative cover, and reseeding denuded rangelands.

Cost-share contracts as of June 30, 1967 include 7,895,666 acres which were being used as cropland at the time the contracts were signed. The plans of operation developed and made a part of the contracts provided for the conversion of 1,678,986 of these acres (about 21.3%) to permanently vegetated rangeland or other noncrop uses. During the fiscal year 1967, farmers and ranchers actually completed the establishment of 202,414 acres of permanent vegetative cover and reseeded 175,700 acres of deteriorating rangeland for which they received assistance under their cost-sharing contracts.

Technical Assistance Workload

Installation services with contracted practices are programmed on a long-term basis as well as annually. Such help must be available when practices are scheduled for installation. The technical workload associated with contracted practices pyramids from year to year as more participants enter the program. This will continue until long-term cost-sharing contracts are expiring at about the same rate as new contracts are being signed.

Assignment of staff in work units to service Great Plains contracts has been primarily on a part-time basis in most counties. In 1967, about 410 man-years were used for technical services, including contract preparation. Technical time provided under this appropriation averaged less than one man-year per county. Program operations will require the full-time services of one or more technicians as the need for installation services increases in some counties.

Applications for Assistance
and Cost-Share Contracts

Interest in the Great Plains Conservation Program continues to increase. Good progress is being made in committing farmers and ranchers to conservation development and operations. The following table shows facts and projections on applications for program assistance and cost-share contracts:

Explanation	1967	1968	1969
	Actual	Estimate	Estimate
Applications for assistance received:			
Current fiscal year	4,809:	4,679:	4,500
Cumulative to June 30	32,521:	37,200:	41,700
Contracts signed:			
Current fiscal year	4,069:	2,954:	3,100
Cumulative to June 30	27,872:	30,826:	33,926
Acreage in contracts:			
Current fiscal year	5,795,204:	3,814,032:	4,418,000
Cumulative to June 30	51,185,968:	55,000,000:	59,418,000
Unserviced applications:			
Number	4,649:	6,374:	7,774
Acreage	11,414,498:	15,300,000:	18,000,000

The average size of farm and ranch units placed under contract in the fiscal year 1967 was 1,424 acres, while all units placed under contract through June 30, 1967 averaged 1,836 acres. There has been a gradual reduction in average size of land units placed under contract in recent years. The following table shows the status of cost-share contracts as of June 30, 1967:

Explanation	Number	Acres
Contracts signed	27,872	51,185,968
Contracts terminated:		
By mutual consent	636	1,145,542
For cause	572	475,000
By expiration	8,264	12,811,276
Total terminations	9,472	14,431,818
Active contracts	18,400	36,754,150

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		Fiscal Year: 1967	Cumulative: 6/30/67	Fiscal Year: 1967	Cumulative: 6/30/67
		Amount	Amount	Dollars	Dollars
<u>Initial Application</u>					
Establish permanent vegetative cover	Acres:	190,086	1,163,526	\$1,703,348	\$9,510,046
Establish field stripcropping	Acres:	77,124	443,922	101,319	581,989
Establish contour strip-cropping	Acres:	8,602	101,307	33,281	409,920
Establish contour farming	Acres:	65	3,061	65	4,613
Reseeding rangeland	Acres:	169,686	889,636	1,712,482	6,706,808
Establishment of windbreaks	Acres:	2,578	19,403	165,778	1,019,946
Establishment permanent sod waterways	Acres:	3,217	19,367	391,704	1,918,847
Terrace construction	Miles:	7,701	40,151	1,981,986	7,829,300
Diversions, terraces, ditches, dikes	Miles:	440	2,898	235,610	1,344,230
Furrowing, chiseling, ripping, etc.	Acres:	44,009	231,817	46,656	254,448
Dams for erosion control, and detention	No.:	886	14,780	290,745	2,462,793
Channel lining, chutes, drop spillways	No.:	404	1,864	87,941	452,988
Streambank protection, etc.	L.ft.:	18,333	174,277	5,283	95,150
Spreader ditches and dikes	Acres:	18,618	81,596	143,956	1,499,469
Reorganizing irrigation systems	No.:	338	2,534	511,834	4,122,129
Leveling land	Acres:	27,673	117,037	628,988	3,554,634

Practices Applied and Cost-Shares Paid - Cont'd

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		Fiscal Year:	Cumulative:	Fiscal Year:	Cumulative:
		1967	6/30/67	1967	6/30/67
		Amount	Amount	Dollars	Dollars
Dams, pits, or ponds for irrigation	No.	43	302	35,307	317,853
Lining irrigation ditches	L.ft.	143,882	1,147,678	107,597	944,571
Wells for livestock water	No.	1,727	9,841	904,652	5,190,420
Developing springs and seeps	No.	419	1,096	55,369	225,080
Dams, pits or ponds for vegetative cover	No.	2,017	14,151	859,168	6,780,850
Pipelines for livestock water	Miles	487	2,176	500,428	2,064,254
Controlling competitive shrubs	Acres	454,588	3,126,914	1,123,306	7,865,060
Constructing permanent fences	Miles	1,462	6,523	340,919	2,006,457
<u>Reapplication</u>					
Establish permanent vegetative cover	Acres	12,328	69,909	94,532	437,786
Establish contour stripcropping	Acres	-	25	-	117
Reseeding rangeland	Acres	6,014	30,815	60,845	233,683
Establishment of windbreaks	Acres	222	1,930	9,839	52,636
Establish permanent sod waterways	Acres	380	1,532	13,348	34,532
Terrace construction	Miles	57	211	7,362	24,819
Diversions, terraces, ditches, and dikes	Miles	2	3	1,336	2,148
Dams for erosion control and detention	No.	2	14	275	6,992
Channel lining, chutes, drop spillways	No.	2	6	273	981
Streambank protection, etc.	L.ft.	-	600	-	7,761
Spreader ditches and dikes	Acres	150	943	610	13,985
Reorganization irrigation systems	No.	1	1	2,500	2,500
Leveling land	Acres	95	292	800	4,279
Dams, pits, or ponds for irrigation	No.	-	2	-	961
Wells for livestock water	No.	7	34	3,568	16,615
Developing springs and seeps	No.	3	3	794	794
Dams, pits, or ponds for vegetative cover	No.	11	34	4,175	13,737
Pipelines for livestock water	Miles	-	-	-	75
Controlling competitive shrubs	Acres	9,414	26,594	20,461	51,859
Total	XXXXX	XXXX	XXXX	12,188,440	68,067,515

Land Damaged by Wind Erosion
1966 - 1967 Blow Season

A total of 2,432,893 acres was reported damaged in 202 counties compared to 1,156,567 acres reported in 191 counties a year ago, an increase of 1,276,326 acres or 110%. Of the total land reported damaged 88% was cropland, 10% rangeland, and 2% other land as shown below. The Southern Plains States reported 1,579,520 acres (65%) and the Northern Plains States reported 853,373 acres (35%). Texas reported 881,630 acres and Colorado reported 376,050 acres, for a total of 52% of the land damaged this season.

Acres of Land Damaged

Great Plains States	Co's Rptg. No.	Land Damaged			Total Land Damaged	
		Cropland Acres	Rangeland Acres	Other Land Acres	5/31/67 Acres	5/31/66 Acres
Northern:						
Montana	15	131,100	750	500	132,350	49,229
Nebraska	13	204,800	22,050	1,170	228,020	12,450
North Dakota	19	197,650	1,200	100	198,950	129,050
South Dakota	20	179,783	3,180	5,850	188,813	93,048
Wyoming	10	24,900	74,400	5,940	105,240	32,990
Subtotal	77	738,233	101,580	13,560	853,373	316,767
Southern:						
Colorado	11	364,000	11,200	850	376,050	33,100
Kansas	33	75,400	200	100	75,700	112,580
New Mexico	10	112,150	70,560	1,480	184,190	43,500
Oklahoma	15	61,000	850	100	61,950	35,550
Texas	56	797,250	65,930	18,450	881,630	615,070
Subtotal	125	1,409,800	148,740	20,980	1,579,520	839,800
Grand Total	202	2,148,033	250,320	34,540	2,432,893	1,156,567

States reported emergency tillage and vegetative conservation practices helped to reduce land damage. Lack of precipitation and local extreme drought in the Southern Plains States and an unusual cold wet spring retarding vegetative growth in the Northern Plains States contributed greatly to the wind erosion problem.

Program Authorization for Cost-Shares

The 51 million acres in cost-sharing contracts, along with other conservation programs applied on the land, have been highly effective in the control of wind blowing in this vast Great Plains area. However, nearly \$30 million of contracted GP practices remained to be applied as of June 30, 1967. This will require continued technical services to help land owners and operators apply planned and contracted practices. About \$98 million had been obligated for cost-shared practices as of June 30, 1967, leaving \$52 million to reach the \$150 million authorized by P.L. 84-1021 to December 31, 1971.

Great Plains Examples of Progress:

Converted Cropland Produces Hay

A program participant in the Major County Soil and Water Conservation District of Oklahoma has taken out what he considers a dependable insurance policy as far as farm income is concerned. When he was raising cotton--before he entered the Great Plains Conservation Program in 1963--his cropland blew and the sand gave trouble when he used his farm machinery. He converted the troublesome cropland to hay and pasture land, and two years ago amended his original contract to provide for 80 acres of Ermelo Weeping lovegrass under sprinkler irrigation. Last year he harvested 6,000 bales of hay for his cattle. This year's yield was 10,000 bales, and there is ample grazing left for his herd. He is worrying about now about how much hay he ought to dispose of instead of feed shortage and blowing land.

Improved Plan is More Productive

A cooperator with a grain-livestock enterprise in the Sugarloaf Soil and Water Conservation District of Nebraska (Dawes County) has made good use of Great Plains Conservation Program technical and cost-sharing help to make his operation more stable and profitable. With a new waterspreading system on unproductive land, his second cutting of hay brought the total production to nearly 1,000 tons. He established windbreaks, terraces and stripcropping to deal with his erosion problems. He seeded 99 acres of damaged range and 55 acres of pasture. The added hay and winter grazing, with the improved range, has enabled him to increase his cattle numbers from 75 to 175 head and improve his family income.

Conservation Practices Control Erosion

A program participant of White Earth, North Dakota (in the Two Creeks Soil Conservation District), realized after he started work on his Great Plains Conservation Program plan that there were still other practices that would improve his farming operation. He modified his contract, adding a well and farm pond to improve his grazing distribution and a 25-acre waterspreading system to assure a high quality hay supply. He has done all his conservation work now and his contract is completed. The erosion that was damaging his cropland is under control, due to the one-row field windbreaks, the windstripping of the fields, and the systematic use of crop residues. He is carrying out a careful program of range management and reports his rangeland is continuing to improve. Calf weights, up 30 percent, are increasing. Hay output is three times the former rate. He is convinced these investments in conservation treatment measures have been sound.

Landowner Improves His Land

A landowner who farms 620 acres in the Republic Soil Conservation District in Kansas, rented land for a long time. He remembered the hard years of the 1930's when drought and wind drove many a landowner to bankruptcy. Six years ago, however, he bought the farm and the next year placed it in the Great Plains Conservation Program. He terraced the cropland and built 27 acres of grassed waterways. He planted 25 acres of marginal cropland to native grass and built a pond for stockwater. He devoutly practices stubble mulch tillage. The land is protected and productive. The well-managed and beautiful fields are obviously a source of considerable satisfaction to this landowner.

Farm Returned to Full Production

A cooperator in Wichita County, Texas has returned to full production an 815 acre farm that had been water logged with strong salt solution. The farm had changed hands 6 times in 4 years before the present owner acquired it.

He started his Great Plains conservation program plan in 1953 and completed it in 1967. During this time he has increased the net return by \$20.94 per acre and has been able to enter into a partnership with his son.

This is but one of many examples of success in Wichita County, Texas where nearly 25 percent of the total land is under the Great Plains conservation program.

RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM

STATUS OF PROGRAM

Current Activities: The Resource Conservation and Development program was initiated in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703) and other existing Departmental authorities. This program operates through project areas, which are sponsored, planned and operated by units of local and State government with assistance from the Federal government. Agencies of the Department of Agriculture, under leadership of the Soil Conservation Service, provide technical, financial and loan assistance to local sponsors. The sponsors also seek the assistance of all State and Federal agencies which can make a contribution to the initiation and installation of project measures.

The objective of the Resource Conservation and Development program is to expand the economic opportunities for the people of an area by developing and carrying out a plan of action for the orderly conservation, improvement, development, and wise use of their natural resources.

Basic goals are generally as follows:

1. To enable local people to sponsor, initiate and carry out coordinated long-range programs and plans of action for resource conservation and development designed specifically to meet the needs and conditions in rural communities.
2. To provide an effective way to obtain and coordinate assistance available from the Department and other Federal and State agencies to meet long-range objectives in project plans.
3. To create an investment climate attractive to private capital so that resources may be developed to help communities adapt to changing conditions and needs.
4. To develop dynamic rural communities which are a pleasant environment and have a satisfactory level of income based on sound, well-planned use of resources.

A significant feature of resource conservation and development is the creation by local leaders of a climate of confidence and community stability. This stimulates investment of private funds in project measures such as new processing plants, new businesses to provide services, private or community water based recreation facilities, and in land treatment and structural measures designed to enhance and protect other investments.

Non-Federal funds and services are expected to exceed \$17 million by 1969. This is an average of about \$400,000 per project area in operations. Technical services to be provided by the Soil Conservation Service are expected to be about 10% of the non-Federal funds and about 6% of the total program cost anticipated in 1969.

Types of Assistance Furnished by the Department

Assistance provided under this program can be grouped into two types: (1) preparation of long-range project plans and (2) project operations within authorized areas.

1. Project investigations and planning assistance is furnished in response to requests made by local sponsoring organizations. Planning may include acceleration or redirection of going programs and changes in land use to promote economic improvement and security. Programs and work plans in areas approved for planning include many combinations and variations in resource evaluation and development of alternative solutions designed specifically to stimulate and capitalize on local leadership and participation.

The Department assists sponsoring groups in appraising local interests and needs, in evaluating proposed project measures and opportunities, and in other ways. It also helps revise or adjust existing programs to include features of the Food and Agriculture Act of 1962. Education and information agencies are encouraged to explain the benefits, opportunities, and advantages of coordinated action. Their news releases, meetings with local groups, and discussions with prospective sponsors, emphasize what communities and participating individuals can do for themselves with the technical and financial assistance available to them.

2. Technical and financial assistance in project areas authorized for operations include:
 - a. Making necessary resource inventories, soil surveys, and interpretations for program formulation and project measure installation.
 - b. Technical assistance to individual land owners, operators and groups to help plan, design, layout and supervise installation of conservation measures contributing to project objectives.
 - c. Financial contributions to help eligible sponsors install approved project measures.
 - d. Loans to local sponsoring agencies and groups to help finance approved project activities and measures.

Program Assignments

Administrative leadership for this program is assigned to the Soil Conservation Service. USDA planning assistance is provided primarily by the Soil Conservation Service, Forest Service, and Economic Research Service. Technical and financial assistance for project operations is provided by the Soil Conservation Service, Forest Service and Federal Extension Service. The Farmers Home Administration is responsible for carrying out the loan provisions of the program.

Studies undertaken by the Economic Research Service are designed to determine the impact of installed measures and overall project activities on the economy of project areas. Economic facts obtained may be applicable to areas greater than the project area in which studies are conducted.

Other Federal agencies provide assistance to projects in accordance with their regularly assigned functions. State and local subdivisions of state government participate as permitted within their legal authorities. Thus, RC&D project activities are broader than those created by assistance from this Department alone.

Selected Examples of Recent Progress:

PROJECT INVESTIGATIONS AND PLANNING

Agency Participation

The following table shows the funds obligated for project investigations and planning in 1967 and estimates of projected available funds by agency for 1968 and 1969.

Agency	: 1967	: 1968 : Estimate	: 1969 : Estimate
Soil Conservation Service	: \$350,724	: \$701,500	: \$261,000
Economic Research Service	: 22,003	: 29,500	: - -
Forest Service	: 15,106	: 40,000	: - -
Total	: 387,833	: 771,000	: 261,000

Status of Project Planning

Resource Conservation and Development projects are local sponsored and initiated by governing bodies of conservation districts, special purpose districts, and counties in cooperation with states, subdivisions of states, local groups and agencies. Projects are usually located where acceleration of land use adjustment and other soil and water conservation activities are essential to full development and utilization of resources and to the providing of additional economic opportunities for area residents. Rural areas subject to rapid and significant change also benefit from this project approach to proper use of land and related resources.

Projects generally consist of two or more counties having common ties, problems, and opportunities for development. Effective projects depend upon the resources of the area and upon teamwork among cooperating Federal agencies, States, local subdivisions of government, local groups, and individuals.

Plans were completed in 21 resource conservation and development project areas by June 30, 1967. On that date plans were underway in 5 other project areas, and there were 31 other applications on hand. Sponsors are expected to initiate planning in 15 new project areas in 1968. Goals in plans completed are progressive with far-reaching decisions to accelerate flood prevention and watershed protection, develop wood products and other industries, improve water supplies, lessen water pollution, develop outdoor recreation facilities, increase attraction to scenic or historical spots to encourage increased tourist trade, and to carry out other community development projects based on full and proper utilization of natural resources of the areas.

RESOURCE DEVELOPMENT AND TECHNICAL SERVICES

Agency Participation

The following table shows the funds obligated for resource development and technical services in 1967 and estimates of projected available funds by agency for 1968 and 1969.

<u>Agency</u>	<u>1967</u>	<u>1968</u> <u>Estimate</u>	<u>1969</u> <u>Estimate</u>
Soil Conservation Service	\$3,941,781	\$5,954,527	\$5,416,000
Economic Research Service	108,776	111,500	104,000
Federal Extension Service	-	200,000	200,000
Forest Service	256,083	373,000	336,000
Total	<u>4,306,640</u>	<u>6,639,027</u>	<u>6,056,000</u>

Projects Authorized for Operations

The following is a list of the twenty-one project areas now authorized for operations:

<u>State</u>	<u>Project Name</u>	<u>Acreage</u>	<u>Location - Counties</u>
Alabama	Coosa Valley	1,676,500	Clay, Calhoun, St. Clair, and Talladega
Arkansas	Arkansas River	3,676,800	Sebastian, Scott, Craw- ford, Franklin, Johnson, Pope, Yell, Logan, and Conway
	Amendment	1,300	
		<u>3,678,100</u>	

Projects Authorized for Operations-Cont'd

<u>State</u>	<u>Project Name</u>	<u>Acreage</u>	<u>Location - Counties</u>
Georgia	Gwinnett County	279,688	Gwinnett
Idaho-Washington	North Idaho	2,243,703	Latah, Benewah, Kootenai, Ida, and Spokane, Wash.
Indiana	Lincoln Hills	1,005,400	Crawford, Harrison, Perry, and Spencer
Kentucky	Tradewater River	1,718,400	Christian, Hopkins, Caldwell, Crittenden, Webster and Union
Maine	St. John-Aroostook	2,721,733	Aroostook and Penobscot
Minnesota	West Central Minnesota Amendment	2,404,320 <u>696,714</u> 3,101,034	Swift, Kandiyohi, Pope, Wadena, and Otter Tail
Mississippi	Southeast Delta	1,474,166	Humphreys, Leflore, Sunflower, Carroll, Holmes and Yazoo
Missouri	Top of the Ozarks Rivers	2,970,880	Dent, Howell, Oregon, Shannon and Texas
Montana	Bitter Root Valley	1,800,760	Ravalli and Missoula
New Mexico	Northern Rio Grande Amendment	2,879,123 <u>263,270</u> 3,142,393	Taos, Rio Arriba, Los Alamos and Sante Fe
New York	South Central	3,704,970	Broome, Chenango, Cortland, Delaware, Madison, Otsego, Tioga
Oklahoma	Cherokee Hills	1,325,440	Adair, Cherokee, and Delaware
Oregon	Upper Willamette Amendment	2,925,890 <u>697,240</u> 3,623,130	Lane, Linn, Benton, and Douglas

State-Cont'd	Project Name	Acreage	Location - Counties
Pennsylvania	Penn Soil	1,518,100	Crawford, Mercer, and Venango
South Dakota	Randall	1,068,440	Bon Homme, Charles Mix Douglas
	Amendment	278,400	
		<u>1,346,840</u>	
Tennessee	Hull-York Lakeland	2,578,480	Clay, Dekalb, Cumberland, Fentress, Jackson, Macon, Overton, Pickett, Putnam, Smith and White
Vermont	White River	635,200	Addison, Orange, Rutland and Windsor
West Virginia	Little Kanawha	1,138,130	Wood, Wirt, Ritchie, Roane, and Calhoun
Wisconsin	Pri-Ru-Ta	<u>2,028,800</u>	Price, Rusk and Taylor
Total Area	.....	43,711,847	

Operations Obligations by Fiscal Year

Explanation	1967 Actual		1968 Estimate		1969 Estimate	
	Number	Amount	Number	Amount	Number	Amount
Projects in operations and amounts obligated:	(In thousands of dollars)					
(a) Underway at beginning of year	13	\$4,307	21	\$4,119	34	\$3,756
(b) Authorized during year	<u>8</u>	- - 1/	<u>13</u>	<u>2,520</u>	<u>10</u>	<u>2,300</u>
Total in operations	<u>21</u>	<u>4,307</u>	<u>34</u>	<u>6,639</u>	<u>44</u>	<u>6,056</u>
Prior-year obligations		2,308		6,615		13,254
Total obligations (cumulative) ..	XXX	6,615	XXX	13,254		19,310
1/ Authorized too late in the year to obligate operations funds in 1967.						

Project Operations Accelerate Resource Development

When each project is authorized for operations, local staffs of the Soil Conservation Service are increased as needed to meet the added workload. Other Federal and state agencies also cooperate in resource development measures by furnishing additional help.

Soil surveys and interpretations are essential to program development and project operations. Acceleration of soil surveys is necessary in most

project areas. Much of the conservation work already planned on individual farms and ranches contributes to the program but revisions are usually needed to take full advantage of community resource development and management opportunities. Planning and applying additional land treatment measures on farms and ranches continues to be an important major part of conservation district activity within resource conservation and development projects.

In the first 21 projects more than 2,000 project measures were activated by June 30, 1967. After installation these are estimated to provide nearly 50,000 man-years of employment annually. When all planned measures are installed and operating, income in the 21 project areas is expected to increase by more than \$250 million. By June 30, 1968, more than 1,000 additional measures are expected to be underway with comparable increases in employment opportunities and income. Project measures include accelerated technical services, structural and land treatment measures, processing, marketing and utilizing natural resource products and other developments designed to create employment and to improve economic conditions in the area. Many measures activated in project areas require assistance beyond that available from this Department. These include improvements such as municipal water and sewer systems, hospitals, roads, industrial parks and others. One of the major advantages of an RC&D project is that by this approach community problems can be analyzed in total. This permits concentration of resources on identified problems and solutions, and brings all facets of community interest to work toward the solution of problems basic to sound land use and resource development.

Cooperative Work Producing Results

Other Federal programs, state and local agencies, and private enterprise assist in the installation of planned project measures and activities. Some of the major measures installed or activated by June 30, 1967 are as follows:

<u>Item</u>	<u>Number Activated 6/30/67</u>
Accelerated Resource Developments	161
Agricultural Water Management Developments .	140
Recreation Developments	412
Wildlife Developments	80
Watershed Projects (P.L. 566)	124
Water Developments (other than P.L. 566) ...	206
Land Stabilization & Critical Areas	85
Special Resource Studies and Inventories ...	114
Highways, Roads, Trails, Scenic Highways ...	87
Range Improvement Groups & Associations	17
Agricultural and Wood Using Processing and Marketing Industries	85
Other Industries Established	55
Public Service Facilities (Hospitals, Schools, Sewage Systems, Etc.)	140

Cooperative Work Producing Results-Cont'd

<u>Item</u>	<u>Number Activated 6/30/67</u>
Industrial Parks	49
Rural Water Lines	91
Rural Sewer Systems	33
Beautification (Special measures for that purpose above)	43
Educational Measures	64
Other measures Not Classified	<u>16</u>
Total	2,002
Status of activated project measures listed above:	
Completed and in operations	483
Installation underway	530
Planning underway	<u>989</u>
Total	2,002

Acceleration in Installing Measures

Some of the major acceleration of conservation work with RC&D funds in the 1967 FY and estimates for 1968 and 1969 in the first 21 projects authorized for operations are:

<u>Item</u>	<u>1967 actual</u>	<u>1968 estimate</u>	<u>1969 estimate</u>
Accelerated soil surveys, acres	1,046,045	1,000,000	1,200,000
Accelerated conservation planning, number	1,210	2,000	2,000
Accelerated land treatment, acres	309,543	350,000	400,000
Accelerated land conversion:			
Cropland to grass, acres	6,022	12,750	21,000
Cropland to woodland, acres	734	2,250	4,000

Development and Management in Project Areas

The following table shows the application of selected conservation measures in fiscal year 1967 and cumulative to date under all programs.

Project Measures	Installed in 1967		With Assistance Under		Est. Practices "On The Land" in Active Projects as of 6/30/67 <u>1/</u>
	Unit	Program	RC&D	Other	
<u>SOIL CONSERVATION SERVICE</u>					
1. Project Areas in operation :	:	:	:	:	:
during year	:No. :	21 :	- - :	:	21
2. Project measures installed:	:	:	:	:	:
a. Grade Stabilization	:	:	:	:	:
Structures	:No. :	20 :	44 :	:	1,587
b. <u>Land Treatment Measures:</u>	:	:	:	:	:
Brush Control	:Acres:	22,249 :	116,557 :	:	640,536
Chiseling and Sub-	:	:	:	:	:
soiling	:Acres:	9,382 :	6,769 :	:	120,555
Clearing and Snagging	:Miles:	3 :	2 :	:	58
Conservation Cropping	:	:	:	:	:
System	:Acres:	117,809 :	231,556 :	:	2,247,036
Contour Farming	:Acres:	19,743 :	28,546 :	:	261,530
Contouring Orchard,	:	:	:	:	:
Vineyard, or Small	:	:	:	:	:
Fruits	:Acres:	180 :	35 :	:	4,299
Cover and Green Manure	:	:	:	:	:
Crop	:Acres:	11,176 :	58,820 :	:	498,032
Critical Area Planting	:Acres:	1,689 :	429 :	:	10,517
Crop Residue Use	:Acres:	107,021 :	235,738 :	:	1,778,903
Drainage Field Ditches	:Miles:	76 :	118 :	:	6,914
Drainage Land Grading ..	:Acres:	80 :	97 :	:	7,446
Drainage Main or	:	:	:	:	:
Lateral	:Miles:	24 :	64 :	:	3,472
Farm Pond	:No. :	122 :	1,913 :	:	44,338
Field Windbreak	:Miles:	44 :	107 :	:	1,228
Firebreak	:Miles:	18 :	59 :	:	853
Fishpond Management	:No. :	137 :	397 :	:	2,253
Fishpond Stocking	:No. :	219 :	974 :	:	23,602
Grasses and Legumes in	:	:	:	:	:
Rotation	:Acres:	8,073 :	26,042 :	:	578,740
Grassed Waterway or	:	:	:	:	:
Outlet	:Acres:	129 :	1,182 :	:	25,679
Hedgerow Planting	:Feet :	2,540 :	1,250 :	:	3,480,520

Project Measures	Unit	Installed in 1967		"On The Land" in Active Projects as of 6/30/67 <u>1/</u>
		With Assistance Under RC&D Program	Other Programs	
b. <u>Land Treatment Measures</u>				
<u>cont'd.:</u>				
Irrigation Canal or Lateral	Miles:	2	8	416
Irrigation Field Ditch	Miles:	13	7	1,086
Irrigation Land Leveling	Acres:	1,122	2,219	75,609
Irrigation Pit or Regulating Reservoir	No.:	4	7	158
Irrigation System, Sprinkler	No.:	15	80	2,224
Irrigation System, Surface & Subsurface	No.:	31	42	686
Irrigation Water Management	Acres:	5,399	11,958	163,970
Land Clearing	Acres:	4,953	16,547	850,160
Livestock Exclusion	Acres:	58,411	24,487	1,204,516
Minimum Tillage	Acres:	10,030	34,006	267,501
Mulch Planting	Acres:	1,125	1,367	3,226
Pasture and Hayland Renovation	Acres:	7,280	20,295	504,426
Pasture and Hayland Planting	Acres:	17,754	69,819	1,597,922
Pasture and Hayland Management	Acres:	76,458	255,152	1,287,402
Range Deferred Grazing	Acres:	9,795	35,365	290,909
Range Proper Use	Acres:	236,856	85,411	1,576,929
Range Rotation-Deferred Grazing	Acres:	84	1,249	197,607
Range Seeding	Acres:	1,099	768	133,290
Recreation Access Road	Miles:	15	18	155
Recreation Area Planting	Acres:	279	1,585	3,983
Recreation Area Pruning and Thinning	Acres:	58	185	1,607
Recreation Land Grading and Shaping	Acres:	70	621	1,661
Stripcropping, Contour	Acres:	484	2,386	84,960
Stripcropping, Field	Acres:	532	1,707	40,660
Stripcropping, Wind	Acres:	110	940	42,425
Structures for Water Control	No.:	50	612	13,973
Stubble Mulching	Acres:	960	3,581	99,935
Woodland Natural Seeding	Acres:	1,510	2,566	147,672
Woodland Proper Grazing	Acres:	17,322	73,275	146,137
Woodland Weeding	Acres:	2,927	6,036	249,691
Land adequately treated	Acres:	309,543	428,647	6,533,983

1/ Accomplishment through all programs.

Progress in Individual Project Areas

The progress, as of June 30, 1967, in projects currently in operations is as follows:

Coosa Valley Area, Alabama

Less than 10 percent of this project area is used for growing agricultural products. Forest lands account for 70 percent of the area. The project sponsors have activated 70 project measures which, when completed, will provide nearly 800 man-years of employment annually. The Bynum Water System and the St. Clair County Park are two of the project measures completed at a non-Federal cost of nearly \$170,000. Multiple-purpose water storage developments for two communities are expected to result in new industry employing 200 people and an annual payroll of about \$600,000.

Arkansas River Valley, Arkansas

About one-third of this project area of 3½ million acres is in national forests. Of prime importance are multiple-purpose water developments for flood prevention, water supply and other uses. About 135 project measures underway will improve the economy of the area and result in 15,000 new jobs.

Gwinnett County, Georgia

Outstanding progress is being made in this project with 56 project measures completed and in operation. Over 185 forest management plans have been developed with over 300,000 seedlings planted. Over 245 miles of highways have been stabilized from soil erosion and installation of roadside beautification. The Lilburn and Snellville Recreation Centers have been completed. More than 22 major industries have been established. These and other measures are expected to create 2,400 new jobs and add \$29 million in increased income annually.

North-Idaho, Idaho-Washington

Eighty-three project measures are completed and in operation and 100 are being planned or installed. Erosion control and community facilities are important features. More than 1,800 new jobs will result from the measures now underway.

Lincoln Hills, Indiana

A total of 94 project measures are completed or underway in this project. The well balanced program activities will result in 1,900 additional resource-based and other jobs with an increase of \$16 million in income within the area. Community facilities are also an important part of the program.

Tradewater River Area, Kentucky

Sponsors of this six-county project have activated 59 measures which will result in an expected 3,300 new job opportunities. Strip mining and stream pollution are major problems in part of the area. Interest among local groups and communities is high and rapid progress is being made on many activities. Improved rural and other facilities are important in this area.

St. John-Aroostook, Maine

One hundred project measures activated by the sponsors of this project are expected to result in 3,000 man years of additional employment when installed. Conservation and development of land and water resources is the base for economic improvement. In addition, community facilities and recreational developments will expand opportunities for new industries.

West Central, Minnesota

Outstanding in this project are multiple-purpose water developments, recreation and accelerated land treatment. Ninety-six project measures are being planned and installed, and an additional 21 are completed and in operation. About five hundred new job opportunities will result from the measures activated to date.

Southeast Delta, Mississippi

Two-thirds of this million and a half acre project is used for growing crops. Flood prevention and improved drainage are major project objectives. Recreational potential in this area is great. Project measures being carried out now are expected to provide 300 jobs and to boost the economy of the area by about \$5 million. Low income farm operators will receive much of the benefit of this increase.

Top of the Ozarks Rivers, Missouri

Two hundred and thirty-four proposals for action were planned by the project sponsors in this 3 million acre area. Seventy measures are now underway and rapid progress is expected. It is anticipated that 15,000 new job opportunities will be created when the proposals are carried out. Living and cultural conditions will be improved by the completion of planned project measures.

Bitter Root Valley, Montana

This project area is primarily agricultural, with a total population of 15,000. About two-thirds of the area is in Federal ownership. Important project measures include irrigation, water storage and delivery systems, local resource-based industries and community facilities. Ninety-five project measures that have been activated will take about 1,000 man years for installation and provide 400 man years of continuing employment.

Northern Rio Grande, New Mexico

Outstanding progress has been made in this project with 57 community irrigation systems and the development of 17 marketing and processing enterprises. The 150 project measures activated to date will result in the creation of more than 2,100 new jobs and about \$10 million in increased income to the area. Sixty-two measures are completed and in operation. A local lumber company's growth in the area is an example of the ability of RC&D to increase private investment in resource based industry.

South Central, New York

The sponsors of this seven county project, encompassing 3.7 million acres, estimate that the 108 measures proposed will create 3,500 man years of employment when installed. About 85 of these measures are expected to be initiated within the next 3 years. Recreational development, flood reduction are important. Other major needs are accelerated land treatment, woodland improvement, educational and community facilities.

Cherokee Hills, Oklahoma

Seventy measures are now underway with 23 completed and in operation. More than 500 man years annual employment will be provided when these measures are installed and add \$3.5 million to the local economy. Opportunities for accelerated land treatment, watershed protection, resource based industries and community facilities will result in a tremendous boost to the economy of the area. A highway program costing more than 130 million dollars is under construction. It will provide better access to the area.

Upper Willamette, Oregon

A total of 89 project measures are underway with 22 completed. Multiple purpose developments and community irrigation systems comprise about 60 percent of the project measures. Flood protection benefits are also important. More than 1,000 new jobs will be created when project measures now activated are installed.

Penn-Soil, Pennsylvania

Outstanding in this project are flood prevention and other water management developments that are a base for economic growth. Land treatment and community public service facilities are important segments of the 82 project measures that have been activated. Almost 4,000 jobs are expected to be created when those measures now underway are installed. Private investment in project measures is substantial.

Randall, South Dakota

Opportunities in this strictly rural area are somewhat limited. Sixty-two measures now being planned, installed or completed will provide 80 new jobs and create additional income in the area. Land stabilization is an important segment of the program. Completion of a diversion from the Missouri River will result in economic growth in the project area.

Hull-York Lakeland, Tennessee

This eleven-county project, named after two famous Americans, has an area of two and one-half million acres. Median family income is about half of the State median and about a third of that of the United States. The 117 planned project measures will solve many of the problems in the area, and eliminate many of the pressing needs. About 2,400 new jobs will be created, income in the area significantly increased, and a stable tax base will result from R&D activity in this area.

White River, Vermont

Noteworthy in this project is the investment of private capital in multiple-purpose water and recreational developments. A total of 57 project measures underway are expected to create more than 500 new jobs, as well as provide other opportunities for economic growth.

Little Kanawha, West Virginia

The economy of this project area is rapidly changing from agricultural to industrial. There are major problems in water use and conservation stabilization of critically eroding areas. Opportunities for recreation and forestry are great. More than 70 project measures proposed by the sponsors are underway and will add about \$2 million to the local economy when completed.

Pri-Ru-Ta, Wisconsin

The economy in this project area is entirely rural and the 114 project measures underway will create more than 750 new jobs. Twenty-two group agricultural water management developments and other conservation measures are helping many family farms to improve their income. Thirty-nine public and private multiple-purpose water impoundments will add several thousand surface acres of water for recreational and other purposes.

LOANS AND RELATED EXPENSE

Loans to local sponsors help them finance installation of multiple-purpose water facilities, flood control structures, water conservation measures, irrigation facilities and other planned project measures. Loans encourage increased investment of private and local funds in development of resource based project measures. The 1968 Agricultural Appropriation Act made \$1,500,000 available for loans from the Direct Loan Account, Farmers Home Administration for fiscal year 1968. With the unobligated prior year balance of \$1,488,874, the total available for loans and related expense will be \$2,988,874.

The following tabulation shows the loans financed in 1967 and estimated for 1968 with Resource Conservation and Development Program funds:

Obligations during year	(In thousands of dollars)					
	1967		1968 Estimate		1969 Estimate	
	No.	Amount	No.	Amount	No.	Amount
a. Loans:						
Direct appropriation	9	\$990	10	\$1,039	- -	- -
Direct loan account						
FHA	- -	- -	(15)	(1,500)	(15)	(\$1,500)
b. Loan services	- -	213	- -	465	- -	157

WEDNESDAY, MARCH 6, 1968.

SECRETARY OF AGRICULTURE

WITNESSES

HON. ORVILLE L. FREEMAN, SECRETARY OF AGRICULTURE
CHARLES L. GRANT, DIRECTOR OF FINANCE, DEPARTMENT OF
AGRICULTURE

Mr. WHITTEN. The committee will come to order.

We are glad to have with us today, the Honorable Orville L. Freeman, Secretary of Agriculture.

Mr. Secretary, we will be glad to have you present your opening statement, if you would like to, at this time.

PREPARED STATEMENT OF SECRETARY OF AGRICULTURE

Secretary FREEMAN. Thank you very much, Mr. Chairman and members of the committee.

It is just 21 days less than 7 years since I came before this subcommittee for the first time to discuss agricultural appropriations.

I already had high respect for the chairman and the committee on that occasion. I want to say in all sincerity that my respect and admiration for your abilities and your dedication to agriculture and the Nation have grown with the years, and are greater today than ever before.

I have been impressed by the skill of the chairman and the other members of this committee, Democrat and Republican alike, in guiding sound agricultural budgets through the House.

This is a difficult and delicate task—and it becomes more so every year as farm population declines.

In 1950 more than 15 percent of our people lived on farms. In 1960 almost 9 percent were on farms. Today less than 6 percent of our people live there.

CONGRESSIONAL DISTRICTS WITH 20 PERCENT OR MORE OF PEOPLE ON FARMS

In 1960 only 51 of our 435 congressional districts had as many as 20 percent of their people on farms. In the Congress today there are only 47 such districts.

Many Members of the Congress, consequently, represent constituencies with little understanding of agriculture's problems and even less awareness of agriculture's importance.

So it is no easy task to guide a sound agricultural budget through the Congress.

Yet, we have had sound and forward-looking budgets year after year—and that is something for which all farmers and, indeed, all the American people owe this committee a debt of gratitude.

IMPORTANCE OF AGRICULTURE IN THE AMERICAN ECONOMY

Too many people still regard agriculture as a declining industry and the farmer as a failure instead of the great success he really is. Too many people still blame agriculture for the high cost of living—

when the truth is agriculture has been the greatest anti-inflation force in the Nation.

So I have been particularly impressed with the chairman's constant insistence that our American agriculture is the "key to our economic system and the base on which we must depend."

He has emphasized that American agriculture is "labor's and industry's biggest customer, the people's best and most economic supplier, our greatest dollar earner in world trade, the key to continuing prosperity."

I wholeheartedly agree. Last month in testifying before the Joint Economic Committee of the Congress, I pointed out six specific major contributions of our agriculture that make it the keystone of American abundance.

Agriculture is a multiplier of the Nation's manpower. The average person in agriculture today supplies abundantly the food and fiber needs of more than 40 persons—30 years ago he supplied 10.

Agriculture's increasing efficiency has sharply lowered food costs relative to income. The farmer today provides the world's greatest abundance for only about 5 percent of consumers' disposable income.

Agriculture sustains abundance by its steadily growing purchases of goods and services. Farmers provide close to a \$50 billion market for the American economy.

Agriculture's rapidly expanding exports are an increasingly important bulwark in our economy of abundance.

Our agriculture is the world's number one weapon in the war on hunger.

And, finally, agriculture is the keystone of revival in rural America.

Mr. Chairman, in view of agriculture's pivotal position in our economy of abundance, there has never been more reason for painstaking attention to the needs and problems, the progress and outlook of our farmers and rural people, than right now.

With your permission, therefore, I would like to do three things today.

First, review the record of our progress since early 1961.

Second, appraise the outlook for American agriculture.

Third, discuss some of the items in our 1969 budget in terms of our overall objectives.

AGRICULTURE'S RECORD OF PROGRESS

In 1961, agriculture was confronted by a nightmare: The prospect of half a billion bushels of grain rotting on the ground.

You may recall that we had 2 billion bushels of corn in storage—plus enough grain sorghum to carry us for a full year and a half—plus more than enough wheat to fill our domestic needs for 2 years.

A dike of price support—and it was a weakening dike—was all that kept this ocean of grain from breaking loose and ravaging the agricultural economy.

And if production in 1961 continued at 1960 levels, we could add up to 400 million bushels of surplus feed grains and 200 million bushels of surplus wheat to our already almost uncontrollable stocks.

Grain was stored in every conceivable space—even on ships. There was just no place for another half billion bushels of surplus grain to go—except on the ground.

We had to provide a new program—to take effect that year—or the consequences for grain producers, livestock farmers, and rural America in general would be just too grim to contemplate.

A special task force, Members of the Congress including some of you here in this room, farm leaders, and USDA personnel, worked day and night looking for answers. We were told it was impossible to get a program going in time to affect the 1961 crop.

Actually the impossible took 2 months.

On February 16—27 days after his inauguration—President Kennedy sent his proposals for an emergency feed grain program to the Congress. Thirty-four days later—March 22—the Emergency Feed Grain Act of 1961, the first major legislation of the new administration, became law.

Mr. Chairman, you remember it well, as I do—that rainy Wednesday when “Mr. Sam” signed for the House. Then the legislation was rushed over to Vice President Johnson’s office, where he signed, and on to the White House where President Kennedy was waiting to affix his signature.

Less than an hour after the signing some of my USDA staff and I were on our way to Omaha to attend a kickoff meeting of farm leaders from all over the United States. A few days later farmers throughout the country were signing up in a voluntary program to cut back corn and sorghum acreage.

That program reduced the feed grain carryover by 13 million tons—after 9 straight years of rising carryovers.

The Emergency Feed Grain Act was followed by the Agricultural Acts of 1961 through 1964. These expanded the feed grain program, established programs for wheat and cotton, and extended the wool and special milk programs.

They prepared the way for the historic Food and Agriculture Act of 1965, which set up realistic voluntary programs for the major crops through 1969—programs that enable farmers to act together and gear production to demand.

HIGHER INCOME—BALANCED ABUNDANCE

These laws led to a dramatic improvement in the farm situation.

They reversed the declining trend of farm income. From 1952 to 1960 net farm income had dropped 17 percent. Between 1960 and 1967 farm income rose 24 percent—despite the disappointing decline last year.

Since 1960, net farm income has averaged nearly \$13.7 billion—\$2 billion a year more than the average of the preceding 7 years.

Net income per farm in 1967 is estimated at \$4,573—55 percent higher than in 1960.

The new programs reversed the rising trend of the surpluses.

The wheat carryover which had climbed to 1.4 billion bushels in 1961 was down to 426 million bushels last July 1.

The feed grain carryover which had soared to 85 million tons was 37 million tons last October 1.

The cotton carryover which rose to 16.9 million bales 2 years ago will be about 6.7 million bales at the end of the current marketing year—in part because of extremely unfavorable weather.

The surpluses are gone. The inventory of commodities owned by the Commodity Credit Corporation has dropped from over \$6 billion to less than \$1 billion, the lowest since 1952.

How was this progress made? By inducing scarcity?

Not at all. Agriculture's progress was made through a policy of balanced abundance.

We carefully avoided idling acres whose production could be profitably used. We adjusted surplus crops downward, demand crops upward. Thus, farmers last year harvested 68 percent more soybean acres than in 1960—and the value of the soybean crop was more than double 1960.

The reduction of the surpluses was accompanied by rising overall farm production. Total farm output has increased 11 percent in the past 7 years. This compares with an increase of 15 percent in the preceding 8 years.

But whereas in the 1950's rising output was accompanied by rising surpluses, in the 1960's rising output was accompanied by disappearing surpluses. That is what I mean by balanced abundance.

I do not say that our progress is fast enough or that it is good enough. It isn't. I do say that our programs have improved income for farmers and helped provide balanced abundance for consumers. One evidence of this is the fact that along with rising farm income, U.S. consumers in 1967 got their food for 17.7 percent of their disposable income compared with 20 percent in 1960.

Many factors, of course, contributed to the improved farm situation. Eighty-four months of continuous economic prosperity, resulting in a rise of 55 percent in consumers' disposable income, increased domestic demand. Crop failures in India triggered record exports of U.S. wheat to prevent famine.

PROGRESS UNDER RECENT AGRICULTURAL LEGISLATION

But a most necessary and basic factor in the improved situation has been the remarkable agricultural legislation of the past 7 years, especially the Food and Agriculture Act of 1965.

The farm legislation of these years, however, did much more than establish programs to improve farm income and balance abundance. It provided the means for us to push forward toward all our major goals.

To provide new markets for our food, feed, and fiber, and to help growing nations win the war on hunger, Congress extended and improved Public Law 480.

To expand the dimensions of American living and specifically to wipe out undernutrition in America, Congress passed the Food Stamp Act of 1964, the Child Nutrition Act of 1966, expanded the school lunch program, extended the special milk program with the Armed Forces and veterans hospitals, and passed the Wholesome Meat Act of 1967.

To make a start toward building livable and healthy communities of tomorrow, Congress set up new and expanded programs for housing, community water and sewer systems, and other local facilities.

To conserve and improve our land, water, and timber, and to activate these resources fully for the benefit of all our people, Congress provided resource programs under the various Food and Agriculture Acts, the

Land and Water Conservation Fund Act, the Wilderness Act of 1964, the Federal Water Project Recreation Act of 1965, the Appalachian Regional Development Act of 1965, and the amended Watershed Protection and Flood Prevention Act.

To use agricultural science to the fullest extent in the service of man, Congress authorized grants for applied research and grants to strengthen the staffs of smaller schools. The McIntire-Stennis Act enables us to help the States with forestry research. Other legislation strengthened research to reduce the costs of cotton production and provided a stronger pesticide registration law.

The programs provided by these various laws interlock to form a remarkable combination of services to farmers, consumers, agribusiness, and the whole Nation. The sum total of this legislation is unique in U.S. history.

Let me summarize some of the results already achieved.

I have already mentioned the two great overall results: The upswing in income and the end of the surpluses. Now let us look at more specific advances.

GROWING NATIONS—NEW MARKETS

With the help of an improved Public Law 480 and a hard-driving export market development program, our total agricultural exports climbed from \$4.5 billion in fiscal 1960 to \$6.8 billion in fiscal 1967—a gain of 51 percent.

Sales for dollars rose from \$3.2 to \$5.2 billion—up 62 percent.

A forecast made in 1960 had projected total agricultural exports in 1970 at \$5.2 billion. That figure was far surpassed in 1964, 6 years ahead of the projected timetable.

The repercussions of our expanding exports are felt throughout the entire economy. We export the equivalent of one out of every four harvested acres—obviously this helps farmers.

Agricultural exports provide jobs for about 1 million workers—obviously this helps labor and business.

Agricultural shipments make up only 22 percent of our Nation's total exports. But the net favorable balance of agricultural trade currently makes up over 50 percent of the Nation's favorable balance of trade in all products—obviously this eases our balance-of-payments problem.

The export story, however, is only one face of the coin. The other face concerns the progress that has been made in realistic efforts to close the world hunger gap.

When Public Law 480 was revised in 1966, the war on hunger turned an important corner. Food for peace had saved millions from starvation. But food for freedom has put us on the road of joint international effort, with a clear recognition that the war on hunger must be waged—and won—where hunger is, and it must be waged by all nations, developed and developing alike. U.S. food aid must be regarded as a tool to work with, not just a crutch to lean on.

There is clear evidence of progress. Nations that once depended chiefly on aid are now able to turn increasingly to trade to meet their needs.

In fiscal 1962, Israel got 166,000 tons of wheat from the United States under Public Law 480 and bought 105,000 tons commercially.

By 1967, the Public Law 480 shipments had been cut in half and Israel's commercial buying had been increased by almost half.

During this same period, South Korea's Public Law 480 wheat imports dropped slightly from 337,000 tons to 331,000, while its commercial imports increased thirteenfold, from 26,000 to 341,000 tons.

Taiwan's Public Law 480 wheat imports dropped from 325,000 tons to zero. Its commercial buying from us went up from 9,000 to 280,000 tons.

This is a good beginning, and we are working hard to write an increasingly better record. I am confident that we can, because now the principle of self-help written into Public Law 480 in 1966 is plainly stated and plainly established.

Every Public Law 480 agreement signed since January 1, 1967, has contained self-help provisions aimed at clearing the way for improved farm production in each country—provisions agreed to by each country.

The battle is far from won. But we know now that it can be won.

EXPANDING DIMENSIONS FOR LIVING

Seven years ago the Department was making a small list of surplus foods available to the needy through a direct distribution program. The typical family in the program received a monthly issue of cornmeal, flour, lard, nonfat dry milk, and rice, with a retail value of about \$2.15 per person.

Following President Kennedy's Executive Order No. 1, the quantity and kinds of surplus foods distributed to the needy were about doubled.

Last fall, the typical family in the program received 14 foods, including meat, cheese, and butter, with a retail value of about \$7.18 per person per month.

FOOD STAMP PROGRAM

But food handouts have a way of bruising human dignity. So in 1961 a pilot food stamp program was launched to enable low-income families to buy the food of their choice at the store of their choice at reduced prices. In 1964 the Congress responded to the recommendation of President Johnson and authorized a permanent food stamp program. In January 1968, this program was operating in 848 communities and serving 2.2 million persons.

Some people are too poor, however, to get into the program. We started Project Food Stamp this year to widen participation.

For the poorest of the poor we cut the investment needed to enter the program from \$2 a month per person to 50 cents. Where necessary, welfare organizations will pay the 50 cents.

SCHOOL LUNCH PROGRAM

This year, school lunches are being served to 19.5 million children—5 million more than in 1961. We serve lunches to 2.5 million children free. Under the Child Nutrition Act, we are serving breakfasts to 80,000 undernourished children—and we hope to double this before the school year ends.

But nearly 9 million children still attend schools without lunch programs, and at least a million of these should receive free or reduced

price lunches. Operation Metropolitan aims at bringing 2.8 million schoolchildren in the major metropolitan areas into the school lunch or school breakfast programs for the first time. This is now underway in 15 major cities.

THREE HUNDRED AND THIRTY-ONE LOW-INCOME COUNTIES

Last summer our food distribution programs were reaching 669 of the 1,000 lowest income counties of the United States—far more than in 1961, but also far from satisfactory. Project 331 aims at starting a family food assistance program in these 331 counties—primarily rural—where no food program is now available. In more than 140 of these counties a program has begun, or will begin shortly.

We are pleased to note that Mississippi has a food program operating in every county. Now we need to do more to bring similar programs to the major cities. As our food supplement programs reach out to more counties in more States, we must be more skillful and resourceful in making sure they are available to all who need food. Special efforts are needed to reach those who are called the subpoor. They can be found, but are often overlooked, all over the land.

WHOLESOME MEAT ACT—1967

In expanding dimensions for living, we are concerned not only with nutrition but with the safety of the Nation's food supply.

The Wholesome Meat Act enacted last year will give further assurance to consumers that the meat they eat is safe for health. The counterpart bill recommended by the President, the Wholesome Poultry Act of 1968, would provide similar assurance as regards poultry and poultry products.

COMMUNITIES OF TOMORROW AND RURAL-URBAN BALANCE

Over 70 percent of our people now live on 1 percent of our land and some cities are so congested it takes longer to cross town by car than it used to take by horse and buggy. Noise, tension, pollution of air and water, crime, unemployment, and rising welfare costs threaten to become unbearable.

On the other hand, rural America, with less than 30 percent of the Nation's population, has nearly half of the Nation's poor.

The space-starved city and the opportunity-starved rural community are not two isolated phenomena. They are twin symptoms of a fundamental rural-urban imbalance which has resulted in large part from the deterioration of rural America.

Year after year, hundreds of thousands of "dropouts" from rural America—small farmers, farmworkers, displaced miners, shopkeepers, laid-off railroad workers, and youth—have left the countryside to seek what they thought were greener pastures in the cities. Their leaving drained the countryside of too many human and economic resources—and it added to the problems of urban America.

Though the exodus is slowing, it is still going on. This is a problem we must solve—for the sake of city and country alike. We must restore rural-urban balance in America.

Rural-urban balance will be restored only when new economic, social, and cultural opportunities are opened up throughout rural America—only when underemployed small farmers and displaced workers can find adequate economic opportunities—only when private enterprise is attracted to the countryside by the obvious advantages of open space, ample labor, and low-cost buildings—only when rural communities can offer modern water supplies, good housing, and other facilities—only when we establish vigorous, healthy town and country communities.

We have made a start in all these areas—and a good start in some of them.

LOAN PROGRAMS PROMOTE A BETTER RURAL AMERICA

Operating loans and grants by Farmers Home Administration to aid low-income farm families have increased by 60 percent since 1960. Loans to promote farm ownership by small farmers have increased nearly fivefold. Since January 1965, Economic Opportunity loans have enabled more than 50,000 low-income families and individuals to set up small businesses or improve low-income farms.

Funds to build modern water and sewer systems have risen from less than \$2 million in fiscal 1961 to almost \$200 million in fiscal 1967. Last fiscal year alone these funds helped build or improve 1,100 rural community water or sewer systems. But some 33,000 communities still lack modern water and 43,000 lack modern sewers.

Aids for rural housing this year will be nearly 13 times as great as in 1960. From January 1, 1961, through June 30, 1967, USDA loans provided new or improved housing for 630,000 rural people, including 20,000 senior citizens and 15,000 farm laborers. But about one-third of all rural homes need major repairs or complete replacement.

OUTREACH

We are beginning to succeed in bringing not only USDA programs, but programs of other Government agencies, and private services also, to the people of rural America. We call this the outreach function of the Department.

Technical action panels composed of USDA field officials, and other Federal, State, and local government leaders, serve all 3,000 rural counties. Today any rural village, any rural person, can receive help in locating the Government agency that can best assist them by contacting the nearest technical action panel.

FUTURE OF RURAL AMERICA

We have made some good progress—in a massive undertaking. I believe we can build a new kind of town and county community in rural America.

I like to imagine a time when the American landscape will be dotted with communities that include a blend of renewed small cities, new towns, and growing rural villages—each cluster with its own jobs and industries, each with its own college or university, each with its own medical center, each with its own cultural, entertainment, and recreational centers, and with an agriculture fully sharing in the national prosperity.

A dream world? Not exactly. It is a world we can build, if we are willing to work for it.

These ideal communities can, in fact, be the communities of tomorrow.

RESOURCES IN ACTION

An expanding national economy requires a growing resource base. Pure air, clean water, stable and productive soils and forest lands, abundant wildlife, and natural beauty are essential. These are all inter-related and mutually supporting objectives, and that is how we approach them.

For example, we coordinate conservation with economic development through multicounty resource conservation and development (R.C. & D.) projects. Seven years ago there was not one R.C. & D. project in the United States. Now 41 have been approved for planning and operations, embracing an area almost as big as Iowa, Illinois, and Wisconsin combined.

Each of these projects is multipurpose. Each conserves natural resources in an integrated, well-planned manner. Each brings jobs to local communities, conserving the human and economic base of rural America.

Seven years ago we had only 312 watershed projects approved for operations, now we have 827. Multipurpose projects have increased from 95 to 439 at the end of 1967.

Probably nowhere is the multiple purpose aspect of the Department's conservation efforts more evident than in the national forests.

Expenditures to develop and protect our national forests are now more than double the 1960 level. National forest recreation use has grown from 90 million visitor-days in 1960 to more than 150 million last year. With the development of 3,800 new recreation sites, capacity to accommodate people at one time has been increased to 1.2 million, nearly double the 1960 capacity.

Sound management has increased the allowable annual timber cut in the national forests more than 20 percent. The actual timber harvest has increased 15 percent—from 9.4 billion board feet to 10.8 billion.

SCIENCE IN THE SERVICE OF MAN

Agricultural research and extension are the bedrock of agricultural progress. Research increases farmers' production and marketing efficiency—finds better ways to use, conserve, and improve natural resources—invents new agricultural products—develops new and better methods to control pests.

PESTICIDE RESEARCH

We appreciate the great interest and continuing support which you, Mr. Chairman, and your committee have given to our efforts to develop and use safer, more effective pest control measures. These activities involving regulation, pest control, monitoring, research, education, and information are supported by more than \$100 million.

During the past year, these funds permitted us to: Review over 37,000 pesticide labels to insure conformance with new regulations. Reduce the boll weevil to less than one per acre in the high plains of Texas and prevent further westward migration. Initiate a national soils monitoring program on pesticides involving 15,000 locations. Discover germ plasm in grains from Iran and Poland which has resistance

to the cereal leaf beetle. Develop an insect resistant cotton bag which will reduce shipping and storage losses. Conduct training conferences, schools, and workshops on the safe use of pesticides attended by an average of 10,000 persons in each of 12 States. Distribute more than 200,000 packets containing information on pests and their control to science and biology teachers and students.

Our pesticides-related activities are coordinated with those of other Federal and State agencies. We are also working with other countries. Last December we joined the Food and Drug Administration in meeting with representatives of Belgium, Germany, and the Netherlands to consider the regulation of pesticides and their possible impact on consumer safety and the quality of the environment.

Might I add that we were stimulated and alerted to something by the chairman of this committee, who called to our attention some adverse developments in some countries. Based on a resulting conference, the line has been held and there is promise for a better understanding throughout all of these countries.

Available data indicated that residues are virtually the same for all these nations. Another meeting will be held in this country later this month.

Our regulatory, monitoring, and research programs will continue to provide the American public with safer, more effective pesticides and will measure the impact of these materials on our environment.

OTHER CONTRIBUTIONS OF AGRICULTURAL RESEARCH

So many specific advances have been made through research since 1961 that it is difficult to select the most representative achievements.

We can cite major contributions to the development and improvement of wash-and-wear garments, stretch cotton, and shrinkproof wool. New convenience foods include instant sweetpotato flakes, orange crystals, full-fat dry milk, and quick-cooking beans. We have found a practical way to flameproof cotton.

Newly developed mechanical harvesters have replaced high-cost labor in picking cherries, tomatoes, apples, and many other fruits and vegetables.

The screw-worm, which used to cost livestock producers in the South \$100 million a year in losses, has been wiped out by sterilizing and releasing large numbers of male flies. We are now using this technique on other pests.

Forestry research has led to the creation of a southern pine plywood industry in the South. It now employs more than 6,000 workers in three dozen plants and produces 2.7 billion square feet of plywood for new homes.

Some high-protein foods and mixtures developed by research are already helping stave off protein malnutrition among millions of people. These include CSM, a corn, soybean, and milk mixture; a similar mixture using wheat; and wheat fortified with the protein lysine. A promising new process has just been developed for making cottonseed flour that is 65 percent protein.

This, in brief, is our record of progress toward our major goals. Now let us take a quick glance at the future.

OUTLOOK FOR AMERICAN AGRICULTURE

Mr. Chairman, American agriculture today is better equipped than ever before to play its full role in the national economy. The progress of the past 7 years has led agriculture to a new plateau on which farm and rural people can begin to share more fully in the continued economic growth of the Nation.

I say this with full recognition of the disappointing drop in farm income last year. This was the result of record output both in the United States and the world as a whole. Most of the major grain-exporting nations, plus Europe, had superharvests, and this sent world prices plummeting.

Actually, only the previous elimination of surpluses and the existence of our farm commodity programs limited the drop in U.S. prices. Without these two factors farm prices would have been much lower.

AMERICAN AGRICULTURE'S HIGH PRODUCTIVITY

The most striking characteristic of U.S. agriculture is its amazing productivity. With only half as much labor, agriculture produces a good 50 percent more than it did 20 years ago.

This is a great economic bulwark for America and the free world. But it also keeps the farmer and rancher sitting on a powder keg. The U.S. farmer has the ability to overshoot his markets, year after year. This magic power is so great that the individual farmer, one in 3 million, cannot hold the genie in the bottle. No one farmer has a big enough thumb.

Fortunately, we have the basic machinery to meet both the challenge of supply and the challenge of increasing demand. This machinery is a wide range of programs woven tightly into a coordinated farm-and-food policy aimed at underpinning and strengthening America's family agriculture.

These programs—commodity, export, foreign aid, domestic food aid, resource development—interlock to form a total structure that is greater than the sum of its parts. They operate as a team. Each program has its own function, but they all mesh to enhance the final result.

AGRICULTURAL EXPORT PROGRAMS

Agricultural exports provide a good example. Last year we exported products equivalent to the harvest of 71 million acres. A vitally important factor in these exports is our commodity programs that keep us competitive in commercial world trade and through certificates and direct payments help make up the difference between world prices and parity to farmers.

Another part of our export program is food for freedom which moves about 4 percent of our production to developing countries, helping them over the worst of their existing food shortages and aiding them to build their economies so that they can eventually become dollar customers for our farm products.

CROP PRODUCTION

Nothing in this world is static. So we have a dynamic program which enables us to shift production to meet changing circumstances each

year and at the same time maintain farm income. Right now, for example, we are expanding cotton, rice, and soybean production while holding down wheat and feed grain production, all under the same basic legislation. In conjunction with other programs we are able to maintain balanced abundance while adjusting our resources to growing needs for conservation, outdoor recreation, wildlife, and natural beauty.

Another important tool is section 32. With section 32 and section 416 funds we will buy almost a half-billion dollars worth of food this year for distribution to children and needy people here at home—thus bolstering weak prices of overabundant crops and improving the diets of our people.

All these programs working as a team are helping to move our agriculture forward on the highway of progress.

But they are neither perfect, nor perfectly operated. We must improve them. We must correlate them more closely with the activities of individual farmers and farm organizations. This can be done—it is being done.

STRATEGIC COMMODITY RESERVE—A NATIONAL FOOD BANK

As the President has recommended, we need also to complete this basic machinery. In addition to the extension and improvement of Public Law 480 and the Food and Agriculture Act of 1965, some new tools would fill out the basic kit to enable agriculture to play its full economic role in the 1970's.

One very important addition to the program would be the creation of a strategic commodity reserve—a national food bank.

This isn't a new idea. The basic principle extends clear back to the ever-normal granary concept of the thirties.

Farmers are bearing too much of the cost of building reserves back to a safe level. Under present law, CCC has to dispose of its stocks as rapidly as possible, consistent with orderly marketing and the operation of the price support system. This obviously isn't compatible with the clear need, in today's uncertain world, of a reserve of key commodities.

What we're shooting for is a reserve in the hands of both farmers and government, isolated from the market. This national food bank would assure Americans of food in case of national or world emergency. Higher market prices for farmers are also implicit in the proposal.

FARMER BARGAINING POWER

Legislation is needed to help farmers increase their bargaining power for certain commodities.

About 60 cents out of every dollar of farm cash marketings comes from the sale of crops and livestock not covered by farm programs. In this "no program" area the farmer essentially must go it alone.

Our present programs now provide producers of basic products an opportunity to limit their production and market their products for a better price. As the President has urged we need to improve the legal climate for farmers not now covered by this basic commodity legislation to enable them to participate more fully in marketing their products through self-help collective action.

This would help farmers to move toward becoming pricemakers instead of merely price takers. I want to stress, however, that this is strictly an area for self-help by farmers. Such legislation would be enabling for those farmers who wanted to use it—it should not be forced on anyone.

Utopia for agriculture and for rural America—needless to say—is not just around the corner. Nevertheless, I am convinced that the progress of the past 7 years has laid the foundation for much greater advances in the years just ahead.

BUDGET FOR FISCAL YEAR 1969

Now I would like to turn briefly to our budget for 1969. I realize you have gone over it in summary and that you will be getting more details from the agency administrators as these hearings progress, but there are several points I especially want to call to your attention.

PUBLIC LAW 90-218

We are keenly aware of the great concern expressed both by the President and in the Congress over the Government's financial situation. This concern fostered many weeks of discussion, culminating in the passage of Public Law 90-218.

This law required that each agency in the executive branch limit its obligations for controllable programs in 1968 to an amount equal to those projected in the 1968 budget reduced by 2 percent of salaries and 10 percent of other purposes.

The reductions required of the Department of Agriculture totaled \$386 million.

Making these cuts was neither a pleasant nor an easy task.

I used all the administrative and professional resources available to me and we worked long and hard, day and night and on weekends.

The final decisions were mine. I tried to use the best judgment possible—taking into consideration both the merits of the program and the toughmindedness required to carry out the law.

It is easy to say that old programs must be discarded and that higher priority must be assigned to the new. But many studies have indicated that there are very few old programs that we can eliminate or curtail without some loss to the public.

The programs of the Department of Agriculture have been reviewed many times—within the Department, by the Bureau of the Budget, by the President, by this committee, and by the Congress.

I know that judgments on these matters differ—and these are honest differences of opinion. I know that cuts have been made in programs which have real merit, but there are many demands on the Federal Treasury today.

We are committed to the defense of Southeast Asia in Vietnam. We are faced with a potentially dangerous situation in Korea, and we remain the keystone in the defense of Europe. In short, we just cannot do everything we would like to do.

AUSTERITY OF THE FISCAL 1969 BUDGET

We have had to carry over into 1969 some of the reductions which were made in 1968. We have continued reductions in watershed pro-

grams, in flood prevention projects, in FHA and REA loan programs, and in other vitally important programs. In other instances, we have provided increases in 1969—primarily in the area of food for people. These increases are consistent with the apparent concern of the Congress as expressed by the specific earmarking of \$25 million of Office of Economic Opportunity funds to provide food and health services for the extremely poor.

I would be less than candid if I did not tell you that we could use more funds—for although we have made some solid progress in the past 7 years, we still have some difficult problems to solve. Farmers are still short of parity income. Children are still coming to school without a good breakfast. Rural poverty still blights this Nation.

Recognizing that we cannot do everything we would like to do, I believe that this budget represents a sound fiscal program. It will permit us to hold the gains of recent years and make further progress in the months ahead.

With this background, I shall turn now to a brief discussion of the 1969 budget.

COMMODITY CREDIT CORPORATION

We propose \$3.6 billion for restoration of capital impairment of the Commodity Credit Corporation. This is necessary to allow an adequate margin of available borrowing authority to carry out the Corporation's programs. The record 1967 crops of feed grains and wheat have increased demands on the CCC. Even with increased receipts from the sale of cotton inventory, the balance of available borrowing authority at the end of 1968 is estimated at about \$1.5 billion. We project a balance at the end of 1969 of about \$2 billion.

FOOD PROGRAMS

The full amount of the existing authorization—\$225 million—is proposed as a direct appropriation for 1969 for the food stamp program. In addition, legislation is being proposed to increase the authorization for fiscal year 1969 by \$20 million.

We estimate that at the end of fiscal 1968 the program will be operating in 1,239 areas with 2.7 million participants. The \$225 million will be required to finance this program level in 1969. With the additional \$20 million, the program could be extended to another 200,000 participants.

Even with the proposed expansion of the food stamp program, the direct distribution program will continue at about the same level as this year.

We must continue to press toward our goal of providing the opportunity of a good diet for all our people, and this is particularly true for the Nation's children.

To meet the nutritional needs of our children, we are requesting an increase for the school lunch program of \$26.6 million above the 1968 program level.

This increase will provide for the expansion of our regular lunch program; for additional special cash assistance to those children who cannot afford to pay the full price of a lunch; for a stepped-up, pilot-breakfast program; for improved food service facilities in our schools; and for other programs under the Child Nutrition Act.

We know that Federal assistance is badly needed by schools and students in depressed areas, and we believe that with this increase in the school lunch program, we can do a better job of helping some of the less-fortunate children of this country.

CROPLAND ADJUSTMENT PROGRAM

I strongly urge approval of our request to divert an additional 2 million acres under the cropland adjustment program. Many long-term benefits accrue from this program. Government costs are less than if the same acres are diverted under the annual programs.

Under the "Greenspan" provisions, we enter into agreements with State and local government agencies for the acquisition of cropland to be permanently converted to public benefit long-term conservation, recreational, and open-space uses. The cropland adjustment program emphasizes assistance to those farmers who, because of age, off-farm employment, and other personal reasons, decide to reduce their farming operations.

MEAT AND POULTRY INSPECTION

One of the significant accomplishments of the Congress last year was the passage of the Wholesome Meat Act. Funds must now be provided to implement the act. The budget includes an increase of \$22,825,000 for meat inspection, part of which will be requested as a supplemental in 1968.

With these funds, the Department can fully implement the act.

Systems for cooperative inspection of intrastate plants will be established in 38 States with Federal funds financing up to 50 percent of the cost. About \$15.2 million of the funds requested for 1969 will be paid to the States under this phase of the program.

A full range of technical assistance will be made available to States, including development of inspection standards, laboratory testing, and assistance in establishing State laws and regulations.

Through registration and recordkeeping requirements, surveillance will be maintained over persons and firms engaged in the movement of meat in interstate commerce.

Foreign plants will be reviewed to determine that they meet requirements equal to those demanded of domestic slaughter and processing plants.

Needs will be met for new and expanding plants shipping in interstate commerce. This includes over 1,300 establishments which will be coming under inspection to comply with the Wholesome Meat Act.

An increase of \$3.5 million is needed for mandatory poultry inspection. We estimate that 15 billion pounds of poultry and poultry products will require inspection in 1968—500 million pounds above the estimate a year ago. A further increase to 16.3 billion pounds is estimated for 1969.

FARMER COOPERATIVE SERVICE

I call your particular attention to the President's request for an additional \$485,000 for the Farmer Cooperative Service. Increasingly, farmers demand more muscle in the marketplace. They are gaining some of this muscle through their own, self-help cooperative efforts.

They turn increasingly to cooperatives, not only to get higher prices for their products but to stop the rising cost of farm supplies and services. For more than 40 years Congress has directed the Department of Agriculture to encourage these self-help efforts through technical help where it is needed and requested. This is the task of Farmer Cooperative Service. FCS needs these funds to help farmers build new and stronger cooperatives to meet the demands of an agriculture still in the throes of a structural and technological revolution.

FEDERAL EXTENSION SERVICE

Extension funds to be paid to the States are about the same as appropriated last year. However, under Public Law 90-218, \$3,385,000 was withheld during the current year. In 1969, we propose that this be allocated on the basis of special need rather than formula.

The funds will be used for expanding extension work with low-income people. Current extension programs are making a valuable contribution in helping farm and rural families overcome problems of poverty. The \$3,385,000 could extend this assistance to an additional 70,000 families, primarily through the use of nonprofessional aides trained by extension.

ECONOMIC RESEARCH SERVICE

In order to be of greater service to rural communities and small towns which are encountering serious economic problems, this budget provides for strengthening the Economic Research Service. A large part of the additional \$1,175,000 requested would be used to develop systematic measurements of community economic progress—rural economic indicators—serving the same purpose as the highly useful statistical series provided for agricultural commodities for many years.

Mr. Chairman, members of the committee, this concludes my statement. I thank you for your courtesy.

AGRICULTURAL POLICY GENERATES DIFFERENT VIEWPOINTS

Mr. WHITTEN. Mr. Secretary, we wish to compliment you on the thoroughness with which you have discussed the various programs that come under the surveillance and operation of the Department. Needless to say, we on this committee appreciate your complimentary references to our efforts and our desires and, in some cases, our successes.

We do appreciate that. Like you, we are deeply interested and want to try to make these programs and activities work out to the best advantage of all.

Certainly, from your statement, it is equally apparent that you have your heart in your job, and that you have tirelessly applied yourself to these many areas and to these many problems.

I have on occasions gotten telegrams from the heads of some farm organizations in which they said they were speaking for one million farmers on a certain matter. I have answered by saying that I did not know that anybody could speak for two farmers, much less a million farmers.

It does strike me that, in this area of agriculture, if you get a meeting together of more than three or four, you find differences of viewpoint. So when we raise some questions here, it is normal in agricultural circles for each one to have his own idea. Those of us on this committee have learned that we do not have our views accepted on all occasions. So I know that you will accept it in this way as we discuss this. We give you full credit for doing a fine job and working hard to help work out the proper solutions. We realize that you are dealing with a segment of the American people who are hard to satisfy, because it is mighty hard for them to agree on any procedure.

There are a number of things I am particularly gratified to see, some of which not only are in your statement, but in the President's farm message. The recognition which he gives to many of these matters certainly justifies us in making a fight for what we all term the basic essentials of our way of life.

AGRICULTURE—THE KEY TO A NATION'S STANDARD OF LIVING

I have said many times, and perhaps you have, too, that the standard of living of almost any nation always follows closely the amount of time that the people are required to put in providing the essentials—food, clothing, and shelter. The reverse of that is, the less time the people have to put in providing the basic necessities for themselves, the higher the standard of living.

In the United States only 6 percent of the people are on the farm and 94 percent are free to do other things. That, in my judgment, is the key to our high standard of living.

One thing I notice with regard to the President's message, and with regard to your own statement today, is the recognition that we cannot hope to meet the peak needs of the American people on the high-level basis that we have unless we have either carried over reserves or made our plans to grow more than might be just barely enough.

COMMODITY PROGRAMS AND SURPLUSES

I have here—I know I have called this to your attention in times past—a speech that I made in 1965 to the American Society of Agricultural Engineers at Cornell University, Ithica, N.Y. It is rather lengthy and I shall not burden you with it, because, in different words, you cover many of the same points in your own presentation.

I will read two paragraphs here that represented my view in 1965 and that represent my thinking at present:

With the fire which could upset the world already burning in Vietnam, is it not unsound for the U.S. Department of Agriculture to pay American farmers not to produce food and fiber, to hold U.S. food off world markets, to cut down U.S. acreage and thus not promote and increase farm production at a time when we need dollars badly? Is it not unsound to advocate programs which would tend to break up large economic farm operations into small and high cost ones? In view of present conditions, is it sound to cut down supplies so that prices can be forced at the marketplace? Is it helping the consumer to move toward that situation? What happens if we have a lean year? Why run the risk of setting off another depression by decreasing farm producing power? Can we claim we are interested in the underprivileged of the world when we refuse to use the unlimited authority under the Commodity Credit Corporation Act to sell abroad what we have and don't need, at competitive prices, as all other nations do?

Now, your statement today shows a recognition of the need to meet these problems. I would not say this is the first time you have done so, by any manner of means, but you did it rather thoroughly in the presentation which you have made here today.

I have said for years that I could not understand how, on the one hand, we can claim that we are interested in all of the people of the world who have very little income, while on the other hand, we have almost unlimited capacity to produce but we have not kept what we had and did not need on the counters of the world at competitive prices for these people. Periodically we have, as a national policy, failed to do that.

One of the things about serving here in Congress a long time is that when you look back you find that you do not have many new original ideas, that you have had them a long time. Sometimes when you look back you find you do not express them nearly as well now as you did when you started.

I have here before me a letter that I addressed to the former Secretary of Agriculture, Mr. Benson, on October 12, 1953, in which I made the same points that I make here today.

Also, I have a speech that I made to a national organization here in Washington on January 27, 1955. It appears on page A467 and the following pages of the Congressional Record of January 1955. I would just like to point out one paragraph of that statement here, and this, too, will be brief. I quote:

We now have authority to sell competitively on the world markets. I would point out that the Commodity Credit Corporation Charter Act, in Section 5F, authorizes the Corporation to export or cause to be exported or aid in the development of foreign markets for agricultural commodities. Under the Charter Act, these commodities may be commodities acquired under price support programs or specifically procured for export purposes.

Now, I mention that to raise this issue prior to the writing of this bill that the President has urged the legislative committees to start hearings on. As you proceed on your efforts to enable farmers to organize for the purpose of demanding a fair price, I wonder if you can find anything as good as that which we have had since 1935.

Under the 1935 act creating the Commodity Credit Corporation, a farmer can take his storable commodities and obtain loans from the Commodity Credit Corporation. In this way he can ride out temporary low prices and hold on until he might be able to get a fair price.

The advantage there is that you do not have to try to get agreement among all of these various farmers as to what they might do. Under the present law each farmer can decide for himself whether he wants to obtain that loan. Instead of trying to get them to agree on the mechanics of how to go about consolidating their bargaining power, you can promote it with the help of the Commodity Credit Corporation, and can bring this about.

Now, the other side of it is that if, after obtaining a loan from a Commodity Credit Corporation, they decide to surrender title to the Department, it provides a simple method by which you can carry over an adequate reserve.

SECTION 32 FUNDS

Now, as you have pointed out here in part of your statement, the other part of the existing program contemplates the use of Section 32 funds. The simple illustration is that, if there were six automobiles

that had to be sold but there were only five purchasers—"had" is the keyword—the sixth automobile for which there was no market would run the price of the other five right down to the bottom.

If, through the use of Section 32 funds, you buy that sixth automobile, you strengthen the price for all six and everybody gets a fair price. We might carry it further and say, if there were 100 cows that had to be sold and buyers for only 80, you would need to support the price for the other 20.

Section 32 is rather broad, and what it takes to make it work is nerve, plus adequate sums of money. And in the years I have spent on this committee, I have seen some occasions where, by moving fast, and offering to buy the extra commodities, if need be, the market was strengthened and the Government had to buy very little. But you cannot make that claim unless you have the money to back it up.

I think if you go back and see just how broad the original acts were, that our farm problems can be met under present programs, without stirring up this 94 percent of nonfarm people to the degree you would if you organize the 6 percent who are on the farm into a union type of operation.

BARGAINING POWER

Some time ago I wrote the Library of Congress—my colleagues have heard me mention this several times—requesting them to supply me with information as to what part of the retail price of clothing and food paid by the consumer could be attributed to the bargaining power of labor unions and their right to strike. Their reply took nine pages, but the answer was in the second sentence, in which they said they couldn't supply such an estimate.

So the consumers today are paying the increased price that is brought about by all of the laws affecting labor and all of the rights of labor and they do not complain about that.

And while we do not have any sum which we can match against the cost of farm supports, it stands to reason that the guarantees given to labor and industry cost the consumer several times as much as that which goes to the farmer.

FARM INCOME

The other comment that I would like to make is this. Dr. Wilcox was with us yesterday. He pointed out—and this is not any change in the facts but rather a change in the presentation—that the farmer's part of the consumer dollar which he gets at the farm, which is where he lets it go, is only 5 cents out of the dollar.

So you are dealing with the key, Mr. Secretary, the key to our Nation's prosperity. Yet we are so small in number numerically that it is hard to get politicians, magazine writers, newspapers, and others to give the same degree of attention to the needs of agriculture.

I am glad to see you again refer to the fact that agricultural production is not limited to the few who are engaged in it, but it also supports agri-business—that is, those for whom the agriculture provides the biggest market. And it also supports the high standard of living for those who benefit from the relatively low cost of agricultural commodities.

FAILURE TO SELL COMMODITIES ON WORLD MARKETS

I am not trying to match you word for word, but I do say that the first place to study, in my opinion, is the original act. The benefits of the original act, as I see it, were offset by the fact that certain farm organizations and certain other interests, for approximately 6 years, refused to support a policy to sell in world markets at competitive prices.

Now, they were led into that situation by international organizations, many of them American, which insisted that the United States hold its commodities that were surplus to domestic needs, but not surplus for world needs, off of the world market at competitive prices, so as to hold up the world price level. It seems obvious to me that no country can do that by itself. Then we stored these supplies in our warehouses, ignoring the need to sell them, and counted them to attempt to get rid of our American price support program. This is a matter of record, which we made in our hearings year after year.

USE OF SECTION 32 FUNDS

This letter which I wrote to the former Secretary in 1953 was written from my home town, where I had been called because of an emergency. That year we had a terrific drought so what did we do? Section 32 was used to buy these cattle when they came to market. We had a flooded market because of short feed supply. They used Section 32 in a way to encourage us to move more cattle into the overcrowded market to further suppress the price. In my judgment, and I think I was proved right, if the same money had been used to buy feed so they could keep their cows off the market, it would have helped. Instead they used Section 32 to buy them at the market, which pulled them right where we did not want them.

POWERS UNDER EXISTING LEGISLATION

So I feel that the reason for the breakdown in the original farm programs has been the failure to use the authority that existed properly. I hope that this thought will have your study as you get ready to make recommendations to the legislative committees on future farm legislation.

Now, in that connection, keep in mind the fact that the 94 percent not on farms do not understand this matter too well. And they understand it less and less because it is hard to get the press to carry the true story.

But that being true, I wonder if the public would not understand it much better, if we followed the old law and continued making loans available, where each individual can decide for himself what to do. Wouldn't it be better than trying to have a farm organization with power enough to make the consumer pay a reasonable price, with 6 percent trying to match swords with 94 percent.

It is a delicate sort of thing to figure out how farmers can get by with protecting themselves, without being accused of mistreating others.

And I have to say that is bad when we let labor organizations and other groups get to the point where they can control public utilities. They are about to get the power to stop the Government, if they see fit.

But with all of the dangers of giving that kind of power to organizations, it is probably even worse to give power to a group to stop your food supply. And I doubt if the American people are going to stand for stopping food.

But if we follow the mechanics of the old law, each individual can make his decision and then it is up to them to get together, to agree that they will use it.

SCHOOL LUNCH AUTHORIZATION/JURISDICTION OF AGRICULTURE
DEPARTMENT

Now, another thing, I notice you refer to school lunch in your statement. This bill yesterday that passed the House, when it first came up was referred to the Committee on Education and Labor. Was your Department consulted with regard to where that proposal would go?

Secretary FREEMAN. No, not to my knowledge.

Mr. WHITTEN. It was given to the Committee on Education and Labor and the Committee on Agriculture was bypassed.

Mr. Poage, chairman of the Committee on Agriculture, offered an amendment yesterday which was accepted and which would transfer the cost over to HEW.

This is something that has disturbed me frequently. One time I found out that the Senate had passed an antipollution bill, that virtually turned over the control of water resources to the Department of the Interior. And I could find nobody in the Department of Agriculture who knew the bill had been introduced, had been heard, and had passed.

Now, I was assured at that time that keeping up with these things would be done—and we must do it. Because the first thing we know, it will be like that action yesterday. We may have lost school lunch yesterday by the action of the House of Representatives. And this school lunch program is an important outlet for these surplus commodities that you purchase with Section 32 funds. What is your idea as to the results of this being transferred?

Secretary FREEMAN. Well, I really do not know, Mr. Chairman. I have found in the past, in the few instances when I dared to make recommendations as to which committees a bill should go to, that I was apt to do more harm than good. So I follow the old adage to kind of keep my nose in my own business, and my business is not to determine where a bill should be assigned by the Speaker of the House.

Mr. WHITTEN. The decisions are made by the Bureau of the Budget and, as a member of Cabinet, I think these decisions ought to be fought out before they reach this level.

Secretary FREEMAN. This particular one was not fought out, but a number of them are, Mr. Chairman.

MAKING CONSUMERS AWARE OF AGRICULTURE PROGRAMS

Mr. WHITTEN. You represent about 6 percent of the people directly. As I mentioned awhile ago, the former Secretary of Agriculture was closely identified as the secretary for the consumer. But the direct support you have ties back to the 6 percent on the farm.

Secretary FREEMAN. I agree with the thrust of your statement. I only wish that the consumers in the country did know the myriad programs of the department that serve them and that are important

to them, from the forestry service to some of our recreation programs, to our research programs and a host of others.

And I have done my level best to inform them, because I think we can build support from those consumers in the process.

But I find that I have not been as successful as I would like to be in that respect.

Mr. WHITTEN. Certainly, we on this committee have not been as successful as we would like to be either. So that is kind of a common failing despite our efforts.

JURISDICTION OF AGRICULTURAL LEGISLATION

But I come back to the mechanics of that antipollution bill.

Secretary FREEMAN. I don't remember that one.

Mr. WHITTEN. I called down there and we got busy and it finally got straightened out. But when I called, nobody down there knew it had been introduced or knew that it had been passed. We cleared up that one. But I was assured by Mr. Birkhead at that time that hereafter we would be sure to have a unit which studied this type of thing. There should be somebody down there whose job that is. We just cannot afford to slip up on that. You do not have time as an individual. Neither do we. But that is a dangerous situation to be allowed to continue.

May I say that this transfer of the school lunch over to HEW is wrong. If the consumer items are taken out of this bill, it will be a problem. I believe you said there are 47 congressional districts out of 435 that have as many as one-fifth of their people in agriculture. Now, that is not 47 out of 435 agricultural districts with a majority of farmers but only 47 that have as many as 20 percent.

Secretary FREEMAN. That is right.

Mr. WHITTEN. It means we need to be aware of these things as early as we can, because unless we catch on to them, we really will have a problem.

PESTICIDES AND THE COMMON MARKET

You mentioned earlier the pesticide problem. As you know, I was invited and did visit Vienna when they had the Sixth Congress on Plant Protection. Following that, I went to Brussels and visited with Mr. Mansholt of the Common Market. I also visited with representatives of various American organizations, with our own people in the agricultural attaché's office, and with our own Common Market people.

Germany had passed a law limiting the amount of pesticide residue. It became effective this past January 1, or was supposed to under the terms of the law. The Common Market countries in turn were expected to follow Germany's lead.

On the face of it, it looks like it would limit many of our exports, although some felt that there would not be any danger any place. I want to say I appreciate the Department getting into it and the work that has been done to try to reach some common understanding.

The danger, as we know, is not that they would use whatever rules are provided to protect health, but that this would be used as an excuse to fence out our commodities, in the event they wish to. You have seen that happen in many, many countries.

I believe it would be well at this point, since we have brought it up, to include in the record the report that was made when we came back. As you know, we went over there at the instance and with the approval of the Department.

So, without objection, we will include the report at this point in the record.

(The report follows:)

REPORT ON TRIP TO AUSTRIA AND BELGIUM, AUGUST 29-SEPTEMBER 1967

AGRICULTURAL EXPORTS ESSENTIAL TO AMERICAN ECONOMY

U.S. agricultural exports in 1966 totaled \$6.9 billion, an increase of 44 percent over the \$4.8 billion exported in 1960. Department of Agriculture estimates indicate that our agricultural exports will exceed \$7 billion in 1967 and may reach \$8 billion in 1968.

U.S. agricultural exports have grown to the point where 1 acre of cropland out of 4 in this country now produces for the export market. Our farmers are now exporting over one-half of their production of wheat, rice, hides and skins, and dried edible peas. Over one-third of their production of soybeans, hops, tallow, grain sorghum, nonfat dried milk, and prunes is shipped abroad. One-fourth of their production of tobacco and raisins, and one-fifth of their production of dried whole milk, cotton, and lemons is exported.

Agricultural exports for dollars have also increased in recent years. They rose from 3.3 billion in 1960, to \$5.3 billion in 1966, a gain of nearly 60 percent. They are expected to increase further in 1967 and 1968.

The impact of these large agricultural exports is felt both on farms and in cities. Hundreds of thousands of wage and salary earners make their living by backstopping U.S. agricultural production and export operations. Other millions are dependent on agriculture, the Nation's largest industry, for the purchase of the products of industry and labor.

Agriculture is also a major creator of foreign exchange, and our agricultural exports have made a major contribution to the international balance of payments of this country. From 1960 through 1966, some \$30.9 billion which accrued from agricultural exports was applied against the heavy drain on U.S. dollars. In calendar year 1966 alone, the favorable agricultural trade balance of 2.4 billion was two-thirds of the entire U.S. trade balance of \$3.6 billion.

The contribution of agriculture to our international trade balance has been so significant that the Secretary of the Treasury is reported to have made this statement recently: "I don't know what we would do today if the annual agricultural exports for dollars hadn't increased \$2.2 billion since 1960." Secretary Fowler went on to point out that we long since would have faced national economic crisis of grave proportions and the value of the dollar would have been seriously undermined were it not for the substantial flow of dollars into the Treasury from agricultural exports.

EUROPEAN COMMON MARKET

The European Common Market (EEC) is the world's largest importer of farm products. The six countries included—Germany, France, Italy, the Netherlands, Belgium, and Luxembourg—have been important trading partners of the United States through the years. In 1966 they imported a total of \$9.6 billion worth of agricultural commodities, \$1.6 billion of which (nearly 17 percent) came from the United States.

U.S. imports from the EEC countries have been below \$300 million per year, approximately one-fifth to one-sixth of U.S. exports to that area. This has given the United States a very favorable balance of trade with these countries.

Since its creation in 1958, the EEC has reduced internal tariffs by 75 percent. Despite this, however, U.S. exports to EEC countries have continued to increase. They have gone from \$1.1 billion in 1960 to \$1.5 billion in 1965. The \$1.6 billion of U.S. agricultural commodities imported in 1966 was nearly one-fourth of our total exports for that year.

EEC expects to attain full free trade among her member countries by July 1, 1968, with a single support price system and common protection against imports from outside areas. It is expected that this full trade integration, when attained,

will have some adverse effect on imports from the United States and other producer countries. The effect is likely to be most serious for American wheat, feed grains, and fruits and vegetables.

The increased internal production and unified protection from external production is the inevitable result of the economic unification of these six major countries. This is to be expected and must be accepted and dealt with on a fair and competitive basis. American agricultural interests can partially meet these increasing barriers to U.S. imports, however, by (1) skillful and effective negotiations with EEC officials on tariffs, levies, and other trade restrictions, (2) intensification of our market development programs which have been so successful in the past, (3) keeping U.S. commodities on Western European markets at competitive prices, and (4) maintaining an ample supply of high quality products for these markets.

STRINGENT PESTICIDE REGULATIONS

There have been recent indications that very stringent pesticide regulations are under consideration by EEC. This development poses a very serious threat to U.S. agricultural trade with Western Europe, since it involves unresolved scientific questions and public opinion, rather than regular commercial trade considerations.

The preliminary draft of regulations under consideration at present would establish pesticide residue tolerances at extremely low levels—far below tolerances established for agricultural production in the United States. If eventually adopted, such regulations could have a serious impact on agricultural trade with the United States and other countries. The effect would likely be most serious for the United States, since pesticides and agricultural chemicals are used as an integral part of our highly developed and mechanized agriculture, both as a result of major research advances and increasing labor shortages in this country.

The West German Government recently adopted a pesticide law which becomes effective on January 1, 1968. This law severely restricts the use of pesticides within Germany. It also establishes extremely low tolerances on agricultural imports and prohibits the use of the chlorinated hydrocarbons, particularly aldrin and dieldrin. This law is having a great deal of influence on policy discussion in other EEC countries and is being used as the model for regulations being considered by EEC itself.

The United Kingdom and the Netherlands are also studying this matter separately. The Codex Alimentarius Commission established several years ago by FAO and WHO to study international standards for food and food products is also developing recommendations which could result in very restrictive pesticide standards for international food shipments.

VISIT TO WESTERN EUROPE

During the past recess of Congress, an appropriations committee staff member and I visited several countries in Western Europe to look into U.S. trade relations with EEC countries, and particularly the pesticide developments outlined above.

In Vienna, Austria, we attended the VI International Congress of Plant Protection which was attended by some 1,500 agricultural scientists from every part of the world. I delivered an address on this occasion, pointing out the importance of maintaining a balanced approach to the pesticide problem and emphasizing the dangers inherent in using the threat of harm to public health as a basis for establishing trade barriers for competitive economic reasons.

In Brussels, Belgium, we met with our U.S. Agricultural Attachés and representatives of European and American trade groups. We also met with vice president Mansholt of EEC, our Ambassador to Belgium, our Special Ambassador to the EEC organization, and members of their staffs. The purpose of these meetings was to reemphasize the points made in my speech in Vienna and to stress the necessity for an international agreement on residue levels, type of tests, stage of testing, and similar factors of importance to all concerned.

Since returning to Washington, I have discussed these matters with the Secretary of Agriculture and members of his organization and have suggested that efforts be made immediately to establish a top-level international commission to study and establish reasonable international pesticide standards and tolerances. I have also urged the Secretary to assign a well-qualified and internationally recognized expert from his staff to work with those in Western Europe who are dealing with the technical aspects of this matter.

CONCLUSIONS

It is important to the American economy as well as to world trade generally that reasonable international pesticide standards and tolerances be established and used in international trade. The establishment of unrealistic standards, which could have the effect of excluding American agricultural products from Western European markets, would be a serious blow to all trade arrangements between these two natural trading partners.

Reasonable standards should be established, based on known facts and proven data as to possible harm to public health. Unreasonable standards, based on our recently developed ability to measure tolerances equivalent to parts per trillion, should not be used to obtain a competitive trade advantage or for any other reason. The danger inherent in using a public health issue as a basis for restricting trade is great. Once the public becomes alarmed, it is virtually impossible to change public opinion, certainly in a reasonable length of time. While trade restrictions based on pesticide tolerances could operate to the advantage of EEC countries under certain circumstances, they could also work to the disadvantage of these countries on those occasions where imports are needed to meet consumer needs.

While research may eventually develop nonchemical methods of insect and disease control, at the present time and in the foreseeable future pesticides and other agricultural chemicals are essential to the production of adequate supplies of high-quality food to meet the needs of the world's population. They will become increasingly essential as the population explosion accelerates.

Pesticides must be used properly and safely and must be governed by reasonable standards. They must be licensed and controlled in the public interest. At the same time, their value to mankind must be recognized and their use must be permitted within standards which allow minute residues based on safe tolerance levels.

The worst residue problem we have to face today is the residue of public opinion left by Rachel Carson's book, *Silent Spring*.

My recent book on this subject concludes as follows:

"To this end we need public understanding, that we may continue to add to the years of our lives, indeed that we may live."

Further, we need the understanding of public officials and policymakers in EEC that we may continue to trade with our long-time trading partners in Western Europe on a competitive commercial basis.

REDUCTIONS IN AGRICULTURAL PROGRAMS

Mr. WHITTEN. Mr. Secretary, I know you come before us to justify the budget as agreed to by the Budget Bureau, which is the arm of the President. As a result of being bound to that, you are not in a position to ask for increases beyond what is in the budget.

In looking over the budget, though, there are two or three things that bother me. The things that bother me more than anything else are those things that have to do with protecting our own country. You are familiar with my expression back through the years, that we have got to look after our own country, because all these older things depended on it. Watershed protection, flood prevention, and the agricultural conservation program are rather drastically reduced in the budget for the coming year.

In addition to that, we find reductions in the amount of rural electrification loans. While some of these are not reduced as compared with the funds available in 1968 following the congressional action in Public Law 90-218, they are reduced as against the general level at which we have kept them for a number of years.

I might say, too, for the record that I was the author of provisions on the House floor which would have limited spending to the 1967 level. This was not satisfactory to the Senate, nor to the administration. Faced with the flat statement that these programs would be cut

out by withholding funds, if we did not pass something, we were faced with having to pass Public Law 90-218.

That law was kind of under the shotgun—literally.

DEPARTMENT AND AGENCY REQUESTS FOR FISCAL 1969

What was the Department's request of the Bureau of the Budget with regard to each of the appropriations for the coming fiscal year?

If you do not have it at your fingertips, you might include it in the record.

Secretary FREEMAN. We have a table here that we will submit for the record, which includes the agency estimates, Department estimates and Budget estimates.

Mr. WHITTEN. Do department estimates mean departmental requests?

Mr. GRANT. To the Bureau of the Budget.

(The table referred to follows:)

AGENCY, DEPARTMENT, AND BUDGET ESTIMATES, 1969

[Note: Amounts in parentheses are not included in totals]

Agency or item	Agency estimates, 1969 ¹	Department estimates, 1969 ¹	Budget estimates, 1969
GENERAL ACTIVITIES			
Agricultural Research Service:			
Research:			
Direct appropriation.....	\$185,260,830	\$183,331,830	\$136,273,100
Transfer from sec. 32.....	15,000,000	15,000,000	15,000,000
Total, research.....	200,260,830	198,331,830	151,273,100
Plant and animal disease and pest control.....	100,999,900	100,673,900	88,647,500
Special foreign currency program.....	20,400,000	20,400,000	12,700,000
Foreign currency authorization program.....	(.....)	(.....)	(.....)
Total, Agricultural Research Service.....	321,660,730	319,405,730	252,620,600
Cooperative State Research Service:			
Payments to agricultural experiment stations.....	68,119,000	68,119,000	54,965,000
Grants for cooperative forestry research.....	5,485,000	5,485,000	3,485,000
Contracts and grants for scientific research.....	4,750,000	4,750,000	2,000,000
Grants for facilities.....	24,000,000	8,850,000	1,000,000
Federal administration.....	659,000	659,000	419,000
Penalty mail.....	310,000	310,000	310,000
Total, Cooperative State Research Service.....	103,323,000	88,173,000	62,179,000
Extension Service:			
Payments to States and Puerto Rico.....	110,293,500	107,707,200	81,917,500
Retirement and employees' compensation fund costs for extension agents.....	10,279,800	10,279,800	9,333,500
Penalty mail.....	3,500,000	3,500,000	3,500,000
Federal Extension Service.....	2,878,000	2,878,000	2,878,000
Total, Extension Service.....	126,951,300	124,365,000	97,629,000
Farmer Cooperative Service.....			
	2,027,000	2,027,000	1,848,000
Soil Conservation Service:			
Conservation operations.....	126,540,000	126,540,000	116,313,000
Watershed planning.....	7,843,000	7,843,000	6,224,000
Watershed protection.....	99,957,000	99,957,000	42,148,000
Flood prevention.....	28,180,000	28,180,000	12,395,000
Great Plains conservation program.....	18,675,000	18,675,000	13,414,000
Resource conservation and development.....	15,218,000	15,218,000	6,474,000
Total, Soil Conservation Service.....	296,413,000	296,413,000	196,968,000
Economic Research Service.....			
	20,039,000	20,039,000	13,964,000
Statistical Reporting Service.....			
	15,494,000	14,754,000	14,674,000
Consumer and Marketing Service:			
Consumer protective, marketing, and regulatory programs:			
Direct appropriation.....	127,447,130	127,447,130	119,846,000
Allotment from Commodity Credit Corporation.....	² (2,498,000)	² (2,498,000)	² (2,498,000)
Payments to States and possessions.....	2,000,000	2,000,000	1,750,000
Special milk program:			
Direct appropriation.....	107,000,000	104,000,000	104,000,000
Transfer from sec. 32.....			
Total, special milk program.....	107,000,000	104,000,000	104,000,000
School lunch program:			
Direct appropriation.....	246,225,000	218,475,000	184,443,000
Transfer from sec. 32.....	50,000,000	50,000,000	64,325,000
Total, school lunch program.....	296,225,000	268,475,000	248,768,000
Food stamp program:			
Direct appropriation.....	270,500,000	225,000,000	225,000,000
Transfer from sec. 32.....			
Total, food stamp program.....	270,500,000	225,000,000	225,000,000
Total, Consumer and Marketing Service.....	803,172,130	726,922,130	699,364,000
Foreign Agricultural Service:			
Salaries and expenses.....	26,716,000	26,716,000	22,414,500
Transfer from sec. 32.....	3,117,000	3,117,000	3,117,000
Allotment from Commodity Credit Corporation.....	³ (2,190,000)	³ (2,190,000)	³ (2,107,000)
Total, Foreign Agricultural Service.....	29,833,000	29,833,000	25,531,500

See footnotes at end of table.

AGENCY, DEPARTMENT, AND BUDGET ESTIMATES, 1969—Continued

[Note: Amounts in parentheses are not included in totals]

Agency or item	Agency estimates, 1969 †	Department estimates, 1969 †	Budget estimates, 1969
GENERAL ACTIVITIES—Continued			
International Agricultural Development Service.....	\$62,000	\$62,000	-----
Commodity Exchange Authority.....	1,593,000	1,588,000	\$1,584,000
Agricultural Stabilization and Conservation Service: Expenses, Agricultural Stabilization and Conservation Service:			
Direct appropriation.....	158,663,700	158,663,700	143,933,700
Transfers from Commodity Credit Corporation.....	(53,731,000)	(53,731,000)	(62,764,100)
Sugar Act program.....	85,000,000	85,000,000	82,300,000
Agricultural conservation program.....	220,000,000	220,000,000	195,500,000
Advance authorization.....	(220,000,000)	(220,000,000)	(100,000,000)
Cropland conversion program.....	7,000,000	7,000,000	-----
Cropland adjustment program.....	162,000,000	135,200,000	85,700,000
Advance authorization.....	(162,000,000)	(80,000,000)	(55,500,000)
Conservation reserve program.....	112,206,000	112,206,000	109,500,000
Emergency conservation measures.....	5,000,000	5,000,000	5,000,000
Total, Agricultural Stabilization and Conservation Service.....	749,869,700	723,069,700	621,933,700
Rural Community Development Service.....	469,000	469,000	469,000
Office of the Inspector General.....	13,800,000	13,800,000	12,867,000
Packers and Stockyards Administration.....	3,952,000	3,952,000	3,166,000
Office of the General Counsel.....	6,083,000	5,470,000	5,033,000
Office of Information.....	2,156,200	2,156,200	1,997,000
National Agricultural Library.....	5,353,000	5,353,000	3,419,000
Office of Management Services.....	3,142,000	3,081,000	2,910,000
General administration.....	4,871,000	4,775,000	4,664,000
Food production assistance.....	12,250,000	12,250,000	-----
Forest Service:			
Forest protection and utilization:			
Forest land management.....	242,497,000	241,502,000	189,175,000
Forest research.....	61,968,000	61,968,000	40,127,000
State and private forestry cooperation.....	22,626,000	22,626,000	19,847,000
Total, forest protection and utilization.....	327,091,000	326,096,000	249,149,000
Forest roads and trails.....	135,000,000	135,000,000	91,970,000
Acquisition of lands for national forests, special acts.....	80,000	80,000	80,000
Cooperative range improvements.....	700,000	700,000	700,000
Assistance to States for tree planting.....	1,200,000	1,200,000	1,000,000
Total, Forest Service.....	464,071,000	463,076,000	342,899,000
Total, general activities.....	2,986,585,060	2,861,033,760	2,365,719,800
Deduct sec. 32 funds included above.....	68,117,000	68,117,000	186,442,000
Deduct amount for Forest Service.....	464,071,000	463,076,000	342,899,000
Total, general activities as shown in subcommittee print.....	2,454,397,060	2,329,840,760	1,836,378,800
CREDIT AGENCIES			
Rural Electrification Administration:			
Loan authorizations:			
Rural electrification.....	(419,000,000)	(419,000,000)	(304,000,000)
Rural telephone.....	(200,000,000)	(200,000,000)	(120,000,000)
Total, (authorizations to borrow from Treasury).....	(619,000,000)	(619,000,000)	(424,000,000)
Salaries and expenses.....	12,987,000	12,987,000	12,937,000
Total, Rural Electrification Administration.....	12,987,000	12,987,000	12,937,000

See footnotes at end of table.

AGENCY, DEPARTMENT, AND BUDGET ESTIMATES, 1969—Continued

[Note: Amounts in parentheses are not included in totals]

Agency or item	Agency estimates, 1969 ¹	Department estimates, 1969 ¹	Budget estimates, 1969
CREDIT AGENCIES—Continued			
Farmers Home Administration:			
Direct loan account:			
Limitation on loans made from receipts deposited in loan account:			
Soil and water loans.....	(\$381,000,000)	(\$381,000,000)	(\$78,000,000)
Ownership loans.....	(10,000,000)	(10,000,000)	(5,000,000)
Operating loans.....	(400,000,000)	(400,000,000)	(250,000,000)
Soil Conservation Service loans:			
Watershed protection.....	(⁴)	(⁴)	(3,000,000)
Flood prevention.....	(⁵)	(⁵)	(400,000)
Resource conservation and development.....	(⁶)	(⁶)	(1,500,000)
Total, limitation on loans.....	(791,000,000)	(791,000,000)	(337,900,000)
Rural housing direct loan account.....	(30,000,000)	(30,000,000)	(30,000,000)
Participation sales authorization.....	(575,000,000)	(575,000,000)	(425,000,000)
Payment of sales insufficiencies.....			
Rural water and waste disposal grants.....	55,000,000	55,000,000	27,250,000
Rural housing grants.....	10,000,000	10,000,000	
Rural renewal.....	16,000,000	16,000,000	1,600,000
Rural housing for domestic farm labor.....	10,000,000	10,000,000	5,000,000
Salaries and expenses (appropriation).....	107,570,000	107,570,000	59,132,000
Transfer from the agricultural credit insurance fund.....	(2,250,000)	(2,250,000)	(2,250,000)
Transfer from loan accounts administered by Farmers Home Administration.....	(500,000)	(500,000)	(500,000)
Total, Farmers Home Administration:			
Direct appropriation.....	198,570,000	198,570,000	92,982,000
Loan authorizations.....	(821,000,000)	(821,000,000)	(367,900,000)
Total, credit agencies as shown in subcommittee print:			
Loan authorizations.....	(1,440,000,000)	(1,440,000,000)	(791,900,000)
Direct appropriation.....	211,557,000	211,557,000	105,919,000
CORPORATIONS			
Federal Crop Insurance Corporation:			
Administrative and operating expenses.....	7 12,000,000	12,000,000	12,000,000
Federal Crop Insurance Corporation fund (operating expenses payable from premium income).....	(.....)	(1,870,000)	(1,430,000)
Total, Federal Crop Insurance Corporation.....	7 12,000,000	12,000,000	12,000,000
Commodity Credit Corporation:			
Reimbursement for net realized losses.....	6,455,828,641	6,455,828,641	3,648,506,000
Limitation on administrative expenses.....	(32,136,000)	(32,136,000)	(31,500,000)
Short-term dollar credit program.....	518,400,000	518,400,000	
Total, Commodity Credit Corporation.....	6,974,228,641	6,974,228,641	3,648,506,000
Foreign Assistance Programs:			
Public Law 480:			
Sale of agricultural commodities for foreign currencies.....			361,537,000
Sale of agricultural commodities for dollars on credit terms.....	549,000,000	549,000,000	
Commodities disposed of for assistance to needy people abroad.....	573,000,000	573,000,000	556,606,000
Total, Public Law 480.....	1,122,000,000	1,122,000,000	918,143,000
Bartered material for supplemental stockpile.....			
Total, foreign assistance programs.....	1,122,000,000	1,122,000,000	918,143,000
Total, corporations.....	8,108,228,641	8,108,228,641	4,578,649,000
Total, above items (as shown in subcommittee print).....	10,774,182,701	10,649,626,401	6,520,946,800

¹ Adjusted to include pay costs pursuant to Public Law 90-206.² Includes \$210,000 of corporate funds. Balance is from "Limitation on administrative expenses."³ Includes \$100,000 of corporate funds. Balance is from "Limitation on administrative expenses."⁴ An estimate of \$9,000,000 for loans and related expense was included for "Watershed protection," Soil Conservation Service.⁵ An estimate of \$200,000 for loans and related expense was included for "Flood prevention," Soil Conservation Service.⁶ An estimate of \$2,870,000 for loans and related expense was included for "Resource conservation and development," Soil Conservation Service.⁷ In addition, the agency estimate provided for \$4,221,000 to be made available under proposed legislation from appropriations rather than premium income (FCIC fund).

NET FARM INCOME COMPARED TO INVESTMENT

Mr. WHITTEN. I notice in the President's message and in some of your statements reference to per farm income or per farmer income. You and I have discussed this many times in the past. With the constantly increasing size and investment in farms, and the constantly declining number of farmers, this figure while it is true on its face, does leave a different reaction than the facts of the situation, in my opinion.

Could you supply for the record the percentage of net income per farmer as against his investment? I would suppose we would want that on farms grossing less than \$10,000 and those grossing more than \$10,000. I believe you have been in there 7 years—we will let you go back, say, 10 years. That would give some degree of comparison.

Secretary FREEMAN. I would be happy to do that, Mr. Chairman. (Information referred to follows:)

REALIZED NET FARM INCOME AS A PERCENTAGE OF FARM OPERATORS EQUITY IN PRODUCTION ASSETS,
UNITED STATES, 1959 AND 1964-66

[In percent]

Year	Realized net farm income as percentage of operators equity in production assets	
	Farms with value of sales of \$10,000 or more	Farms with value of sales of less than \$10,000
1959	9.8	9.0
1964	11.7	7.4
1965	12.0	7.6
1966 ¹	12.9	8.2

¹ Preliminary.

Source: ERS, Mar. 12, 1968.

Secretary FREEMAN. May I say in this connection, I agree that the figure on per farm basis must be considered in terms of the change of number of farms. So what I usually do is to add to that the total net farm income, which would include all farms, and thus give a representative picture of both sides of the question.

Mr. WHITTEN. Your statement is factual. I did want to point out that that factor must be considered in dealing with it.

Secretary FREEMAN. You are perfectly right.

CONSUMER EXPENDITURES FOR FOOD

Mr. WHITTEN. We followed you in your statements about food costs to the consumer in this country. As I mentioned earlier, Dr. Wilcox pointed out how the farm producer got only 5 percent, on the average, out of each dollar spent for food by the consumer.

Could we have at this point some up-to-date figures as to what has been happening in certain other representative countries to the cost of food. We have been using some figures that are not as up-to-date as we would like.

(The information referred to follows:)

The data available for most other countries show food expenditures as a proportion of total private consumption expenditures rather than as a proportion of disposable income as is customary in the United States. Since disposable income is the sum of consumption expenditures and savings, these percentages are slightly higher than those computed on the basis of disposable income.

Expenditures for food as a proportion of private consumption expenditures are shown for a number of countries for recent years in the attached table.

TABLE 13.—EXPENDITURES FOR FOOD AS A PROPORTION OF PRIVATE CONSUMPTION EXPENDITURES, BY COUNTRIES, 1955-63¹

	[In percent]									
Country	1955	1956	1957	1958	1959	1960	1961	1962	1963	
North America:										
Canada.....	23.1	23.1	23.4	23.3	22.9	23.0	22.5	22.1	21.7	
United States ²	23.2	23.2	23.0	23.2	21.9	21.4	21.3	20.9	20.5	
Latin America:										
Dominican Republic.....	49.7	52.1	51.9	52.5	51.0					
Ecuador.....	48.3	49.0	45.6	44.8	44.3	43.9	44.1	44.0	44.2	
Honduras.....	49.9	45.0	44.0	43.2	43.6	43.7	43.8	42.6		
Jamaica.....	40.6	39.2	37.8	37.9	36.7	34.7	33.7			
Panama.....	42.1	39.7	39.3	38.3	38.6	35.5	39.5	36.6		
Peru.....	39.0	38.9	38.9	39.7	39.7					
Puerto Rico.....	33.0	31.6	31.1	30.3	29.5	28.8	27.4	27.5	27.2	
Trinidad and Tobago.....	37.5	38.0	37.1	37.3	36.8	35.4	36.4	36.6		
Western Europe:										
Austria.....	38.4	38.0	36.6	36.6	35.2	34.1	33.0	32.9	31.5	
Belgium.....	29.0	29.4	28.3	28.6	28.2	27.1	27.1	27.0	25.8	
Denmark.....	27.6	27.5	26.0	25.8	24.7	23.4	22.4	21.9	22.8	
Finland.....	37.7	38.7	40.2	41.0	39.3	38.7	37.0	36.3	37.0	
France ³	34.0	33.3	31.6	31.8	32.3	31.6	31.0	30.8	30.5	
Greece.....	48.9	46.6	45.7	45.9	45.9	45.1	42.9	43.8		
Ireland ²	38.6	37.9	38.0	38.1	38.1	36.8	35.9	35.1	33.7	
Italy.....	46.8	46.7	45.8	45.6	45.2	44.6	44.1	43.1	42.6	
Luxembourg.....	34.7	35.3	35.0	35.1	35.2	34.8	34.2			
Netherlands.....	33.7	33.3	32.7	32.7	32.4	31.0	31.0	30.7	30.3	
Norway.....	31.6	32.2	31.0	31.5	30.8	30.0	28.9	29.6	28.3	
Spain.....	34.3	35.8	34.9	33.7	35.4	37.5	36.9	36.6		
Sweden.....	30.0	30.3	28.8	28.5	27.6	27.6	26.8	27.3	27.0	
United Kingdom ²	31.5	31.5	31.1	30.1	29.6	28.6	28.2	27.9	27.2	
Eastern Europe:										
Yugoslavia.....	53.2	53.0	48.3	48.3	46.5	44.8	43.2	45.8	45.7	
U.S.S.R.....	50.1									
Africa:										
Ghana.....	48.8	51.1	50.0	52.1	50.2	47.3	48.3	51.6	53.6	
South Africa.....	30.4	30.8	30.5	29.8	29.8	29.5	29.5	28.5	27.4	
Asia:										
Ceylon ³	53.9	53.7	55.2	53.9	49.6	48.6	49.1	49.7	50.9	
China (Taiwan) ⁴	57.8	56.1	55.0	54.3	53.4	53.3	52.4	51.9	52.1	
Israel.....	34.4	34.4	33.7	33.8	33.2	32.8	31.9	31.1	30.3	
Japan ⁵	53.5	52.6	51.5	50.8	48.8	46.9	45.3	43.5	43.0	
Korea, Republic of.....	51.8	58.0	56.0	53.2	47.6	47.2	47.1	44.7	51.3	
Oceania: Australia ²	25.5	25.4	24.7	24.6	23.7	24.0	23.8	23.2	22.8	

¹ Total expenditures, defined as those of households and private nonprofit institutions, include expenditures of residents abroad. Food expenditures, excluding beverages unless otherwise indicated, include amounts purchased by nonresidents. As a proportion of disposable personal income, U.S. food expenditures in 1963 equaled 18.9 percent.

² Food includes nonalcoholic beverages.

³ Revised beginning 1959 to improve conceptual basis and achieve better coverage of economic activity; not comparable with earlier years.

⁴ Food includes all beverages.

⁵ Food data include beverages and tobacco.

United Nations, "Yearbook of National Accounts Statistics, 1964," except datum for U.S.S.R. from A. Bergson and S. Kuznets, "Economic Trends in the Soviet Union," Harvard University Press, 1963, p. 361.

FAIR SHARE OF WORLD MARKETS

Mr. WHITTEN. Some years ago, along with other members of the committee, we visited certain countries in Europe. We found that American farm commodities were highly desired. First, the quality was good. Secondly, American businesses are reliable and responsible; but what they complained about was the fact that sometimes we were competitive in the market and had adequate supplies and sometimes we did not have any.

We wrote a report in which we urged the Department to announce earlier what our share in world markets were, which is required with regard to one commodity and contemplated with regard to many others, and tell the world we are going to make them available at

competitive prices in season and out of season. We also proposed to tell the rest of the world, our competitors, so as not to break the price, that we would limit ourselves to our fair share of such world markets.

We have never gotten the Department or our Government to go along with that approach. I still think it is by far the best thing that we could do.

AGRICULTURE AND THE BALANCE OF PAYMENTS

Now, we have the serious problem about our dollar balances. If we had produced and had available for sale the cotton that Mr. Mahon and I were told we were going to export from 1966 through 1969, I believe from 17 million to 19 million bales, we would get something like \$563 million in hard dollars to help our dollar balance situation.

COTTON PRODUCTION

My reasoning, then, is borne out by the fact that the prices over here of cotton have shot way up as compared with the former world level. I would hope that the Department would study your old law and see if we could not work under that to the fullest extent possible.

I was one of those that opposed this single price on cotton. I did not think that it would increase domestic consumption, and I do not think it has.

I was of the opinion that the mills would just take the difference, which they have. In another year or so, labor will probably take it away from the mills. Everybody may not agree with my analysis of the situation.

But it has resulted, has it not, with your having problems at the Bureau of the Budget, getting as much cotton acreage as is necessary to retain our fair share of world markets. When you want to increase our production and our supply, you are faced with the difference between the support level and the payments you have to make, which, you will recall, was presented at one meeting where you and I were both present.

So it does have that defect, even if you might agree that it is sound in other areas.

Secretary FREEMAN. It has that problem, and we hope that production will be back in balance. Of course, the temporary high prices of cotton that were, as the chairman is well aware, chiefly the product of speculation in the market, have broken. I do not necessarily celebrate that fact, because it has caused losses to some who held their cotton. This was a world of free-market operations, and of speculation. Those prices have dropped some, and our indications at this point are that production will be at a level which will provide us with an adequate supply to be competitive in world markets.

Mr. WHITTEN. Mr. Secretary, I would have to differ with you. I said earlier that no two farmers would agree, and I guess no two folks who work with farmers, but do not farm, would agree.

In my opinion, a great part of that was just the fact that we had such a short supply of good cotton we could not meet our domestic demand, much less maintain our foreign markets.

Speculation gets into it when you have got a short situation, and everybody wants to get their hands on supplies. When they know it

is short, they start bidding on it, and sometimes they overplay their hand.

Secretary FREEMAN. That is what happened.

Mr. WHITTEN. What happened is they bid way up on good cotton, and there was not any cotton. So those who thought they would pay the price to make a profit had to turn back and use the sorry cotton you have had on hand for quite a long time.

We could argue this backward and forward. Suffice it to say, probably both factors are involved in this.

SPECIAL CHARGE FOR COTTON RESEARCH AND PROMOTION

What has been the result of this dollar per bale that was voted 2 years ago to be assessed on each bale of cotton for research and marketing? How much money have you collected and how has the money been spent?

Secretary FREEMAN. Well, I would like to submit the specific figures on that. I am waiting for a report in connection with it, but something in the neighborhood of \$8 million has been collected to date. It has been made available under the law, according to the procedures established.

One-third of the total 1968 budget of \$8 million was approved for use by the committee with the responsibility for handling it for research purposes and is being expended accordingly. The other two-thirds of the 1968 budget was approved for promotion and advertising, and is being used as a part of the integrated program. We have been watching it very carefully. We think it is being properly used and effectively spent. It is too early yet to make a judgment in connection with the results.

Mr. WHITTEN. Well, that was authorized by the legislative committee and by the Congress. I certainly hope it proves out.

However, as I recall, the expenditure of funds has to have your approval, Mr. Secretary.

Secretary FREEMAN. That is correct.

Mr. WHITTEN. I wish you would supply the committee with a detailed breakdown of the collections by States and the projects that have been approved.

Secretary FREEMAN. Yes, sir.

(Information referred to follows:)

Assessments collected under the cotton research and promotion program through Feb. 29, 1968, by States and the United States

[In thousands of dollars]

State:		State—Continued	
North Carolina-Virginia--	32. 9	Missouri-Illinois-----	50. 1
South Carolina-----	124. 1	Texas-----	2, 429. 6
Georgia-----	165. 5	Oklahoma-----	127. 3
Alabama-Florida-----	146. 3	New Mexico-----	108. 9
Mississippi-----	848. 8	Arizona-----	374. 9
Louisiana-----	342. 5	California-Nevada-----	939. 0
Arkansas-----	391. 2	United States-----	6, 219. 9
Tennessee-Kentucky-----	138. 8		

Research and promotion projects and supporting budgets for 1968

RESEARCH	
Cotton insects.....	\$300,000
Cotton diseases.....	225,000
Weeds.....	200,000
Yield and quality.....	235,000
Mechanization.....	125,000
Processing/handling/marketing.....	150,000
Mill processing/finishing.....	150,000
Consumer quality improvement.....	850,000
Product development.....	400,000
Cottonseed.....	10,000
Special projects.....	20,000
Total.....	<u>2,665,000</u>
PROMOTION	
National magazines.....	2,580,316
Magazine—Retailer projects.....	238,800
Newspaper cooperative advertising.....	1,261,144
Manufacturer—Retailer advertising.....	50,000
Trade advertising.....	197,023
TV cooperative campaign.....	90,000
TV fashion shows.....	35,000
TV movies.....	36,000
Chainstore and mail order.....	414,200
Fabric libraries for trade.....	26,250
Market—Press week projects.....	37,000
Fabric development.....	36,000
Retail sales training.....	20,000
Suppliers and industry.....	40,000
Cotton cushioning.....	30,000
Canvas awnings.....	25,000
Piece goods.....	45,500
Personnel, facilities, operation.....	170,400
Total.....	<u>5,332,633</u>
OTHER	
Administrative and program development.....	10,000
Meeting expenses for trustees and executive committee.....	26,000
Total.....	<u>36,000</u>
Grand total.....	<u>8,033,633</u>

SECRETARY FREEMAN'S TRIP TO MISSISSIPPI

Mr. WHITTEN. Mr. Secretary, I want to say at this point that I deeply appreciate your going to my immediate area when you visited my State last year. I have been fortunate in having several folks from your Office visit the six new counties that were added to my district about a year and three months ago, as well as certain other parts of my district.

I cannot claim any credit for the situation which I found in these six counties, because they were in the district of my colleague, Tom Abernethy, a good while and, before that, it was Mr. Rankin's district. But it is a fine section.

And in a nutshell, what the newspaper pointed out in these counties—that is Tishomingo, Itawamba, Lee, Pontotoc, and Alcorn Counties—is that in the last 30 years the number of farms have gone down probably 80 percent, but they have not lost any people. This means that

they have done a real good job of getting industry into the area on a coordinated basis.

They were highly pleased with your appearance and, as such things go, now they are most anxious for you to attend their next meeting.

The second day after they were put into my district, I was invited over to a meeting, which was already arranged, and they had some 850 people from all over the area who had paid \$10 each to attend the dinner. This is representative of the interest that this area has.

I do appreciate your seeing this area.

I think it would be helpful to you to see some other parts of my State. I hope that you will give consideration to that if it is possible to be in that area, as you have been invited.

Secretary FREEMAN. I had a delightful visit there, Mr. Chairman. If you recall, we discussed it prior to my going, and you recommended that there were some things to observe that were well worth seeing; and that proved to be most definitely the case. And I was very impressed with the work being done, centering in Tupelo, the multicounty area, which I thought was most effective and progressive; and I have had occasion since to refer to Tupelo as an example of what a really progressive and dynamic community can do to build a viable economy, including agriculture, along with other things.

So I am very grateful for the opportunity.

Mr. WHITTEN. Thank you, Mr. Secretary.

Again, may I say your statement is so very thorough this year that I do not care to ask further questions. You will agree that that is unusual.

Secretary FREEMAN. Yes, sir.

Mr. WHITTEN. Mr. Natcher.

Mr. NATCHER. Mr. Chairman, I want to join with you in thanking the Secretary for an excellent statement.

Mr. Secretary, I have served on this committee with my friend, Jamie Whitten, and the other members a number of years, and this is the best statement that you have made, and the best statement that has been made to our committee by any Secretary since I have been on the committee.

Secretary FREEMAN. Thank you very much.

FARMER BARGAINING POWER

Mr. NATCHER. Mr. Secretary, the President in his message to the Congress on agriculture, which, as you know, was sent up several days ago, pointed out the fact that the farmer does not have the bargaining power he needs. He still does not have the ability to price his products for a fair profit. And the President goes on to make several observations concerning the conditions now confronting American agriculture and the American farmer concerning the price he is receiving for his commodities.

This, to me, is the most important part of the President's message on agriculture.

In my section of the country, Mr. Secretary, as you know, we have had withholding actions from time to time insofar as the withholding of commodities and livestock from market.

But when you get right down to it, Mr. Secretary, you cannot blame them for trying.

TELLING THE FARMERS' STORY TO THE CONSUMER

Now I know that in the last few years we have talked quite a bit about the consumer. I was born and raised on a farm, but I am now in the consumer category, Mr. Secretary. I think one of the most important things that we ought to do, as far as the consumer is concerned is to start telling the consumer that the American farmer, too, must receive an adequate price for his commodities.

Instead of directing the criticism that we hear from time to time to the farmer, as a result of the price of food, I think that we should spend considerable time showing that the American farmer only receives a very small part of each dollar that is spent by the housewife to purchase food.

Now, I hope, Mr. Secretary, that the recommendations that will be made after the study in Congress and after the study has been completed by the committee, as the President points out, that something is done that is worthwhile concerning the marketing of our commodities. The American farmer must receive a better price for his produce.

I know you are well acquainted with this, and I hope that, as we go along, that we can help the farmer with some system that will see that he receives a better price for his commodities.

Do you have any suggestions, Mr. Secretary?

Secretary FREEMAN. Yes. I would just want to make this comment. I agree wholeheartedly with what you have said, and I think that is the key to the future, because 60 percent of the commodities do not have the benefit of any kind of farm support program. And to develop a system here which will give farmers legal protection and a right to come together on a self-help basis, and exercise a proportionate influence in relation to other segments of the economy is, I think, critical.

INFORMING THE CONSUMER

I also think that your point about informing the public is of very great importance.

I have been trying to do that. I think I have probably made 500 different speeches over the years in various forms, mostly in city forums, to try to accomplish that, in addition to radio and television coverage and the rest; and I think we have made some progress.

For example, when there was the so-called housewife boycott, it was striking to me and somewhat encouraging that we have made progress. Those ladies did not charge that farm prices were too high. Their charges were leveled against some of the promotion and marketing practices of the chains that they felt were wasteful.

Also there have been a number of polls around the country which have said that if increased food prices translated themselves into increased farm prices, why, then, the consumer would go along with that.

So we still have a long way to go, but I am hopeful that we will continue to make progress along those lines.

As a matter of fact, I have had some discussions with various farm organizations and commodity groups recently, wondering if they might not all join to help solve this problem. They will seldom agree on anything, as we know, but they might agree in joining together on a jointly planned and financed kind of information and public relations program that would be directed, on a sustained and competent professional basis, to tell this story in a myriad of ways.

And I rather suspect, if they were willing to do so, we might find other segments of the food industry would also join with them in telling the consumer agriculture's story.

So that the little quip that I mentioned before this meeting began—inasmuch as it seems apropos—I might even put it into the record, Congressman. It came from my hometown newspaper, and reads as follows:

It is entitled, "The Day Brightener." It says:

Dean Bunn has a friend whose wife came home from the supermarket not long ago with five longplaying records, a set of encyclopedias, a barbecue set, six pairs of nylons, three potted plants, and a 24-piece luncheon set. Now he knows why his grocery bills run \$105 a week!

Now, that story needs to be told in a thousand different ways, and it will go a long way, then, toward setting the stage, where the average citizen recognizes that he does not pay an exorbitant amount for food, that he has all kinds of laborsaving devices built into the food he does buy, and that he must realize that the failure to pay a fair price for food, the failure of the farmer to get a fair return for his investment in labor, is inevitably going to affect the output of that food and in the long run will adversely affect consumer prices.

And so I think there is much more we can do, and that everyone ought to join in doing it, and in the long run it is perhaps the most important single thing we can do.

Mr. NATCHER. I certainly agree with you on that, Mr. Secretary.

GOVERNMENT'S ROLE IN AGRICULTURE

A number of my friends, and a number of your friends, say from time to time that the Government should get out of agriculture—just turn and walk out. I have heard that now for several years. There is too much control. There is too much Federal Government in the field of agriculture.

Mr. Secretary, I am in favor of the Federal Government staying in agriculture, as long as it takes to see that the American farmer receives a fair share of our economy and of our income for his commodities.

I just do not agree with some of my good friends, now, Mr. Secretary, who complain about the American Government being in agriculture and say that it should completely get out.

I think it is critical today, and I think that unless the American farmer receives all the protection that is necessary, he is going to be in serious trouble. That is my feeling about it.

CONSERVATION OF LAND

One other observation I want to make to you, and I know that you and our friend, Donald Williams, and the members of his staff, are working on a conservation-of-land program.

Throughout my section of the State of Kentucky and throughout the section of the United States where I live, Mr. Secretary, a lot of our good land has gone and is going into airports, interstate highways, roads of every description, subdivisions, and all types of uses. This takes a lot of our good land out of production.

We do not have enough good land, in my opinion, in the United States today to assure us of an adequate food supply for our people unless we continue to have a strong Soil Conservation Service, fully funded. And at the same time the States, the counties, the cities, and the Federal Government are going to have to devise, as you have said before, Mr. Secretary, a system whereby we will set good farmland aside, and we are going to say to these people, that it may cost just a little bit more money down in Kentucky to go through this hillside with this road, but the future will hold that that expense is justified.

Now, we must devise a system—and it must be one that the States, the cities and the counties, and the people generally join in and help us to enforce—whereby we have a strong land control policy program for the future and not let all of this good land go into subdivisions, into airports, into roads, into all types of uses that completely remove it from agriculture. We must preserve and keep as much of our good land as possible for agriculture.

I know that this is a system that you have inaugurated since you have been Secretary of Agriculture, and I know that your Soil Conservation Service is working on it.

Mr. Secretary, it is an important matter; a lot more important than the average person knows.

Secretary FREEMAN. I think that is a very wise and perceptive statement.

I would add that not only is it important to save agricultural land, but it is also a policy much more consistent with intelligent land use that results in an environment where people can enjoy some open spaces, where you can have some advantages of exposure to beauty, and where crowding people on flat land, because it is cheaper and quicker is discouraged. Rather, what is needed are carefully planned developments on a long-term, larger basis which can preserve that land and leave those open spaces for just the value that people gain in having something to look at—other than another house or another highway.

And I think this is of tremendous importance. And when we approach it on a total basis, that is where it should be done. Roads should not be up the middle of the valley; they should be built at the edge of the valley or hillside, for no other reason than just esthetics.

SAVING HISTORICAL LANDMARKS

Mr. NATCHER. Mr. Secretary, do you agree with me that if it costs more now to build a particular road, the saving in the future will be greater if we conserve as much good farmland as possible?

Secretary FREEMAN. It will be very much greater. If you will pardon a personal example, I was in my own hometown just the other day. When I was Governor, they were proposing to build a highway right through the midst of a fort, Fort Snelling. It was an important historical landmark and, also, open-space area.

And I protested this, for a lot of reasons, and had a real tough fight. I got them to move that road over alongside the river. Before they got through, it cost very little more, because it solved some other problem. Today it is really a lovely road. The highway is along the river, you have a beautiful vista; and the area through that fort—and Congressman Langen will remember this—was saved. Otherwise it would have been dissected, with the loss of an important historical monument. Today, everybody is real happy.

We cannot let the engineers and the slide rule govern everything—following the premise that the shortest distance between two points is a straight line.

Sometimes going a little bit around is more of a straight line, when you take everything into consideration.

Mr. NATCHER. I want you to know I agree with that, Mr. Secretary. Thank you very much.

Mr. WHITTEN. Mr. Morris.

FARM MANAGEMENT

Mr. MORRIS. Mr. Secretary, I appreciate your statement.

Last year I asked you, and you did put in the record, the agencies dealing with farm management problems coming under your jurisdiction. I am convinced that management is one of the greatest tools that a farmer has. We have made tremendous advances in research, in technology, and we have made very little advance in farm management, it seems to me.

I wonder, could you furnish for the record, an updating of that management report and what, if any, new techniques have been worked out within the agencies on farm management practices?

Secretary FREEMAN. We will certainly do that. I quite agree that this is an element that is growing increasingly more important.

(The following was submitted:)

FARM MANAGEMENT EXTENSION PROGRAMS AND AREAS OF CURRENT EMPHASIS

As management has become more and more the key factor to successful farming, the Extension Service has shifted more of its program emphasis to farm management and related economic considerations. The farm manager has a growing challenge to effectively consider and integrate many things in his decision-making. He is faced with a growing flood of new production technology, changing market prices and marketing systems, considerations of Government programs, foreign trade developments, pressures to increase farm size and total capital investments, labor management, various kinds of leasing or contractual arrangements with farm service and/or marketing organizations, etc. He must consider a growing mountain of information from many sources and use his natural management ability and management tools that are at his command in an attempt to achieve an optimum result in terms of the interests of his family and community.

Thus, Extension is directing more of its programs to the development and implementation of improved management technology in farming. This is being done in much the same manner as Extension programs in the past have helped to achieve adoption of improved production technology. Following are current areas of emphasis and attention in Extension farm management programs:

1. Principles of management and economics, principles of decisionmaking, and management skills are being integrated into all Extension programs with farmers. In addition, these subjects are receiving concentrated emphasis in specifically designed programs. Farm management workshops or schools for farmers are increasing in numbers and are enthusiastically received.

2. Electronic data processing technology is being widely utilized in the development and implementation of new management tools for farmers. The most significant innovation in Extension farm management programs is the launching of work concerned with adaptation of computer technology to farming. Excellent results are being obtained in utilizing EDP technology in farm record-keeping and business analysis, and there appears to be tremendous potential for further development of management tools in this regard. Also, the technology of EDP is being utilized in developing decisionmaking applications which will assist in making farm adjustments and in determining the most profitable system of organizing farm enterprises.

3. Economic analysis of farm production technology and practices is a rapidly growing component of programs with farmers. In addition to farm management specialists the Extension production specialists and county agents are directing more attention to the dissemination of information which will help farmers analyze the economics of any given item of new production technology which they are considering.

4. The economics of a total system of producing and marketing a commodity is receiving greater attention in Extension programs. Farmers are increasingly faced with the situation where the use of a given production practice, or use of an item of machinery, or fulfilling a given marketing requirement necessitates the adoption of a complete system for producing or marketing a commodity. Thus, it has become more important that Extension help farmers compare the cost and returns of a given system for producing a commodity versus other alternative systems which may be open to him.

5. Information and analysis of Government farm policies and alternatives under Government farm programs continues to be an important consideration of extension educational work with farmers. Decisions related to this area of concern are growing relatively more important in view of the national policy of striving for adequate farm supplies at reasonable prices. These decisions are becoming more complicated as production technology, the economic environment, and the individual characteristics of farms become more complex.

6. Business analysis and farm recordkeeping are strongly emphasized in Extension farm management programs. The need for adequate and correct farm records and business analysis increases as the farm business becomes more similar to nonfarm businesses in manner of operation. In addition to direct teaching efforts with farmers Extension has a growing program with agribusiness organizations that provide services to farmers in keeping farm records and management analysis.

7. Financial management and tax management are receiving greater attention in farm management programs. Farmers have growing problems in this area due to the larger capital investment required and the steadily growing amounts of funds coming in and going out in the yearly operation of a farm business. Special techniques have been developed for giving assistance to farmers in projecting and analyzing cash flows of funds and in the use of this information with lending agencies.

8. Adjustments in farm operations to achieve a more viable unit receive constant attention in Extension farm management programs. Farmers are assisted in analyzing alternative adjustments such as increasing the size of an enterprise, deleting an enterprise, or a change in the overall organization of farm enterprises. Farmers are provided tools for making this type of analysis and provided data for use in this analysis. Particular attention has been given in recent years to refinement of budgeting techniques and analytical tools for use by farmers. For example: a recently revised publication entitled "Budget Procedures for Analyzing Farm Adjustments" by the Northeast Farm Management Extension Committee provides the latest thinking for simplified and effective procedures to enable a farmer with pencil and paper to analyze almost any type of contemplated farm adjustment.

9. Information and analysis of management implications of farm price prospects, international trade considerations, and other economic conditions relevant to farming is receiving increasing attention in Extension farm management programs.

10. Contractual arrangements and the factors to be considered in contracting for the buying of farm supplies and in the marketing of farm products are an increasing segment of farm management subject matter. Also, new forms of leasing for land, machinery, labor and other services are receiving greater attention. This is a most important area of concern since the nature and direction of these types of contractual arrangements will have most important impacts on the

family farm structure and on the place of the family farm in the evolving system of agricultural production and marketing.

Mr. MORRIS. Farmers seem to hold, and ranchers, too, to the old theory that the best way of doing business is on a plank they pick up around a corral and figure something out, and then, after they figure it out, they throw it away. Modern businesses cannot operate that way in these times. And I am very interested in that program, and I want to commend you on your comprehensive statement. I think it is excellent.

I have not been on the committee as long as my colleagues, but I think that the statement was very comprehensive.

Secretary FREEMAN. Thank you, sir.

Mr. MORRIS. Thank you, Mr. Chairman.

Mr. WHITTEN. Mr. Langen.

NEED TO INFORM THE PUBLIC

Mr. LANGEN. I think the field has been pretty well covered in the discussion by the Secretary, the Chairman and the other members of the committee.

I cannot help but be reminded of what has already been referred to, the sad story of how difficult it is to get this story to the public, meaning not only farm people, but certainly the general consuming public. While your statement presents a picture of substantial accomplishment and substantial endeavor to a difficult and intricate problem, the fact still remains that some folks are not too happy with the present economic conditions, as I think all of us here understand.

AGRICULTURE: AMERICA'S LARGEST INDUSTRY

One thing attracted my attention the other day, and it probably offers a little ray of hope and another means of approach to better public understanding. There was an article that appeared in a recent issue of the U.S. News & World Report, which seldom pays any specific attention to such things as an agricultural problem. But in this instance they did, and I thought they stated it rather well. They pointed to agriculture as being the largest industry in the United States, and proceeded to point out why.

I assume you have had occasion to review it prior to this. They did make note of the fact that agriculture was the largest employer in the country, and that it was the largest purchaser of equipment; and its total assets, I believe, of \$281 billion, as Mr. Wilcox identified them for us the other day, are the greatest investment of any industry.

AGRICULTURAL SALES IN RELATION TO TOTAL INVESTMENT

At the same time, when it came to sales, there was a substantial drop, and I noted that the sales in agriculture, in relation to total assets, were about 17 percent, whereas, the average for the next 11 largest industrial endeavors in the country was about 107 percent. This indicates the relationship of investment to sales, which kind of tells the story of the farm problem.

That relationship of the net income, whether it is expressed in terms of per farm or per capita or as gross, is still small in relationship to investment.

Of course, investment has grown so tremendously these last years, because of the increased cost of farming, and whether it is the price of a cultivator, a combine, or whatever equipment is necessary, it becomes a part of that investment.

RETURN ON INVESTMENT

In connection with that, we then get back to the chief concern, and that is; namely, an improved economic return for that huge investment and endeavor.

In your well-documented statement, I could not help but note, the great contribution that agriculture and farmers are making to the economic well-being of the country in several respects.

I suppose, the mere fact that 5 cents out of the dollar is all that goes directly to the farmer for the price of food is significant. And the contribution agriculture makes to such a difficult matter as the balance-of-payments contribution that you referred to. These are real contributions on the part of agriculture to the entire citizenship.

It seems to me that that kind of contribution is not properly economically rewarded.

How do we achieve it? I am sure that is the concern of the Secretary as well as the committee. The committee here does not deal directly with the policy and program aspect, other than in supplying the funds. And so I suppose that it is a logical question to raise: To what degree does the present budget, as presented us, offer some hope for the improvement of the agricultural economy?

And if I may make one further reference, I did note that there was some concern being expressed for the 60 percent of the agricultural sales not covered by price support programs.

At the same time, back out there on the farm I think we find as many complaints in the category of the 40 percent that are covered by price-support programs. If my mail is indicative, it seems like the complaints are as voluminous there as they are in the other categories, which leaves us right where we started.

In fact the parity ratios are in many instances lower in the price-supported commodities than in those that are not.

1969 BUDGET

Now then, with regard to the question: Does this budget offer any hope for improvement?

Secretary FREEMAN. Yes, I think this budget, if the Congress approves it, will provide the funding for the programs that will make it possible for us to continue to make adjustments to improve our position.

I concur in your observation that farm income does lag behind that in other segments of our economy; that farmers are in a cost-price squeeze; that the development of new technology has been costly; and it has been very frustrating and extraordinarily difficult to move farm prices up enough to close that gap—although the statement points out we have made some progress in that connection.

I think it is equally important that we are learning better how to use the tools we have. I thought the chairman's point in the opening of these hearings, that there should be a bolder and more

courageous use of the Government's bargaining power, under Section 32 specifically, is well made.

SELF-COORDINATION AND COOPERATION

We have done a lot of work last year to coordinate our efforts more effectively with the farm commodity groups.

For example, this morning the legislative committee of the American National Cattlemen called on me. We had a long conference. They are engaged in a self-help private effort in their organizations to try and influence ranchers and cattle producers to adjust their supply in relation to the projected demand. This is not in any way a Government program.

We have cooperated with them, and they came in to express their appreciation of this improvement.

For example, when they launched this program, they called on us, and we proceeded, within days, to bring together data and some publications that showed that a farmer was losing money when he marketed overweight cattle. This was just economic foolishness.

They reported to me that they thought they were making some progress, and that despite all the wet corn that there were not as many cattle going to market and not as many being produced as would have been the case without this program.

I cite this as an example of an improved relationship of going both ways.

FORECASTING PRODUCTION AND DEMAND

Also, as the chairman said, if we can do a better job of forecasting, we can move more quickly to purchase during those periods when you get a temporary bunching up. We see that same use of bargaining power, if you want to use that phrase today, in grain. I have been urging farmers for the last 6 months to hold wheat and to hold feed grains. They can get a loan.

We have extended resale, and we have given a great deal more holding power. If the farmers will hold and will work together to do that, then we are not so much at the mercy of the trade when harvesting time and marketing time comes and goes.

We have got to improve that. We have got to have a better liaison so we can have a joint relationship.

These programs do all tie together; we can accomplish dual purposes; and we have not done that as skillfully as we might have in the past.

I think we are learning, and I think farmers in farm organizations and commodity groups are learning. If we can continue to sharpen the tools we have, I am firmly convinced, personally, that we have the basic answers. If we can operate the basic programs that we now have and move land in and out of productions on the basis of needs, and as there are changes in production levels, given the irascibility of the weather, and the fact that we have increased agricultural exports, which, in a sense, makes us more dependent on production in other countries.

Mr. WHITTEN. Mr. Michel.

MEAT INSPECTION

Mr. MICHEL. Mr. Secretary, I, too, want to commend you for a very comprehensive statement covering a lot of ground. I guess we can disagree with some of your conclusions; but, nevertheless, I think on the whole it is a very good statement for the record.

I am given a lot of flak at home from some of my farmers about the amendments to the Meat Inspection Act, and particularly with respect to the individual farmer who wants to do his own butchering or have the locker plant do his butchering for him.

Has the Department been getting a lot of complaints from the farm organizations on that score?

Secretary FREEMAN. Not a one that has reached my desk.

Mr. MICHEL. I do not know if they are anticipating something that they have real fear of, or what. Now, apparently our State agriculture department out there has already come up with the implementation of administrative rules, which would practically foreclose a farmer from having one of these locker plants do his butchering for him.

Secretary FREEMAN. To be perfectly frank with you, I had forgotten, I am of a mind that there is a size exemption on this for a certain kind of domestic small locker plant operation to be used, rather than that widely sold to resulting consumers. There is, I think, an exemption.

Let me check that and give you a statement on it.

(The following statement was submitted by the Department:)

A farmer who slaughters his own livestock and/or prepares meat food products from such carcasses exclusively for use by him, members of his household, nonpaying guests, or his employees is clearly exempt from inspection requirements.

If the farmer has livestock slaughtered and prepared by a custom slaughter with only intrastate movement involved—there is no Federal jurisdiction involved, State authority governs.

Custom slaughter for a farmer involving the interstate movement of the animal and interstate transportation of the carcasses, parts or products for exclusive household use by the farmer is exempt from Federal meat inspection requirements: Provided, such custom slaughterer is not also engaged in the business of buying or selling meats commercially.

Mr. MICHEL. A few of those locker plant managers have been in touch with me on the telephone, and I told them, too, that their fears may be somewhat ill founded, because many of them were under the impression that they are going to have to have a big capital outlay because the door—their locker doors—are not x number of feet and inches, as prescribed by the Federal Government as against something that is just a few inches under the standard, or something of that nature.

Secretary FREEMAN. We are very definitely applying what we call a rule of commonsense, rule of reasonableness, in making this adjustment.

So what might be required of a large plant using a heavy volume, requiring standardization over a long period of time, will not necessarily apply to this kind of a small operation.

STATE COOPERATION UNDER THE WHOLESOME MEAT ACT OF 1967

Mr. MICHEL. Now, the States, of course, would still be free to be more stringent in their own rules and regulations than the Federal Government, would they not?

Secretary FREEMAN. Yes. We hold them to a minimum standard.

Mr. MICHEL. So, in some cases, the problem may very well lie with the State department of agriculture rather than here?

Secretary FREEMAN. Yes. We have signed an agreement with the State of Illinois, the first one, which looks to the cooperative relationship; and, when the details have been worked out, will involve taking over the administration on a cost-sharing formula between the Federal Government and Illinois, with the State actually carrying out the inspection themselves.

COLLECTIVE BARGAINING FOR FARMERS

Mr. MICHEL. What position does the administration have or do you have on this collective-bargaining proposal?

Secretary FREEMAN. Well, I think the President's message made it clear, and I have stated on repeated occasions that I think there should be the development of certain procedures, which would require legislation, so that commodity groups and farmers can come together and develop a system whereby they can be, by agreeing to certain conditions and volumes of marketing, strong enough to bargain with the processors and handlers.

Now, we have not—and I have not—reached a conclusion as precisely how this can best be done. There is a bill pending in the Senate, as you know, introduced by Senator Mondale. It suggests two important courses of action: One, to establish kind of a farm board, comparable perhaps to the Labor Relations Board; the other, to substantially amend the Farm Marketing Act of 1937, expanding the function of our marketing order program. I will be testifying when they have completed their hearings, and will be prepared then to make some recommendations.

I expect to be reasonably specific about this question at that time.

COLLECTIVE BARGAINING AND SPECIALTY CROPS

Mr. MICHEL. Except for the National Farmers Organization (NFO), I sense that in my area those who would be most interested in this at the very outset would be the pumpkin growers, or tomato, rather than the grain and hog producers.

Do you suspect that this thing, if it gets started and if it is enacted into law, would have a transition period, first a kind of pilot operation with certain crops, and then broadened and expanded?

Secretary FREEMAN. I think your estimate of the situation is right. It will most certainly begin with specialty crops where there are a limited number of producers marketing in a limited area.

Whether it will be successful enough to expand to our major commodities remains to be seen.

I hesitate to even make an estimate on that, but I frankly do not foresee this in the area of the major commodities, particularly grain and the storables, for some time to come.

SYSTEMATIC MARKETING CONCEPTS

Mr. MICHEL. I was really kind of surprised that a group of Farm Bureau people were down to see me, and they were talking along this line, and even to the extent of collectively bargaining to market their hogs, but in a different fashion than an outright withholding, like the NFO; and resorting to the weekly market.

I do not know what advantage they get from that, but apparently some of them are already entering into agreements. For example, a packing plant and a guarantee of so many hogs in any given period of time apparently is a mutually satisfactory arrangement.

Secretary FREEMAN. This is responsive to the line of questioning that Congressman Langen was making just before the quorum call. In a sense, I was talking about new techniques that would make it possible to strengthen farm income. This is one of them.

Now, our studies show that there are some important savings to be had if there can be a more effective timing of marketing, and more effective coordination in the movement of supply from farm to consumer.

This is especially true in hogs and to some degree in cattle. The estimate is that as much as 20 percent could be saved if systematic supply could be arranged—so that the processor and packer could schedule his operations in the same way.

And a lot of farmer organizations have been working on this, and the Farm Bureau, the NFO, and other farm organizations are working on this type of arrangement. It is an example where consumer and farmer alike can benefit from a more efficient process.

PARITY

Mr. MICHEL. In your statement you painted a pretty glowing picture of the farm situation, except for the decline of prices this past year, but in spite of the billions that we spend on farm payments, why, Mr. Secretary, is the parity, both actual and adjusted, at its lowest level since the 1930's?

Secretary FREEMAN. Well, there are lots of reasons in connection with parity. Frankly, parity, by itself, is not a very good measure of farmers' well-being. It is a measure but not a very good one. You will find net farm income in parity percentages skewed both ways in different years.

For example, the 1959 parity was 82. Net farm income, as I recall, was about \$11 billion.

In 1965 parity was also 82, while net farm income was \$14 billion, or \$3 billion more.

Frankly, parity in terms of price parity just is not a very meaningful figure any longer.

Mr. MICHEL. Should we do away with it?

Secretary FREEMAN. Well, I do not think we could do away with it if we wanted to, but I do think that it has some dangers for the farmer, because it is not realistic. Often there is a tendency to stay with it when it is misleading, and too much emphasis is placed on it. People tend to get where they do not pay any attention to the numbers, because they think they are phony.

I think—if I may use a modern political term—I think price parity has a credibility gap.

Mr. MICHEL. I must confess I felt that for some time, too, but, nevertheless, it is used.

GENERAL FARM CONDITIONS

From a political partisan point of view, from our side now, it could be used to some advantage, but I am not altogether enthused and/or even enamored with an arbitrary figure, and I think the best measure is to go directly to the farmers and say, "How are things going?"

And today, I am sorry to say, my letters keep reflecting just all kinds of disturbing influence, because of increasing prices for everything they have got to buy, and a decline in the prices their commodities are bringing.

Secretary FREEMAN. Well, Illinois and Indiana, in particular, were rather hard hit last year. You had a lot of rather wet corn, and some of it still was in the field. Wet corn is expensive to dry, and with wet corn, it is priced low. And as you know, the cost has continued to climb, and it is a very legitimate gripe.

MOVEMENT OF GRAIN BINS

Mr. MICHEL. Last fall when we were having this big corn harvest, there were some of the bins that normally were used for storage out in our area that were being taken up and shipped out here to the east coast some place. We got some of them stopped in time so that the farmers in the local area there could avail themselves of that storage space, because there was no place to put it. Do you know offhand what those bins were being used for?

Secretary FREEMAN. Yes, I do.

Mr. MICHEL. Here on the east coast?

Secretary FREEMAN. It was, if I may follow the same phraseology of our effort, to give the farmer bargaining power in places where they do not have it, because they had no storage.

In many places in the Northeast there simply was not any storage. This was true some places in the South; so we moved, I think it was around 6,000 of the Government bins and sold them to farmers where they were needed—where farmers were being forced now to market at very low prices, so they would have a place to store and could get a loan. A loan is useless if there is no place to store the grain. But there was no intention to weaken or to make storage inadequate.

Mr. MICHEL. Do we have a figure of what it cost the Department this past year to move those bins?

Secretary FREEMAN. I do not have it in my head, but I would be happy to supply it for the record.

(Information referred to follows:)

Bins were dismantled by ASCS and shipped to other States for sale to farmers. The total cost to the farmers purchasing the bins on an unerected basis is about \$3,175,000. This amount includes approximately \$1,997,000 which repaid the cost to the Department for dismantling the bins, new hardware required, freight costs, and costs of sale to farmers.

GRAIN STORAGE CAPACITY

Mr. MICHEL. What is the normal storage capacity of the commercial elevators in this country?

Secretary FREEMAN. You mean the total storage?

Mr. MICHEL. Yes.

Secretary FREEMAN. I will have to get that.

Mr. MICHEL. I would like to have that put in the record.

(Information referred to follows:)

It is estimated that storage capacity of commercial grain warehouses in this country total 5.5 billion bushels.

Secretary FREEMAN. We have had storage space running out our ears, you know, for the last 3 or 4 years because of the heavy holdings. We are holding at this time more wheat, more feed grains and more soy beans than we have for at least 10 years.

Mr. MICHEL. Now?

Secretary FREEMAN. Right now.

So storage is being used more now, but we were, at one time, if I remember correctly, using well less than 50 percent of the available storage in the country.

PARTICIPATION CERTIFICATES

Mr. MICHEL. Is there going to be any sale of participation certificates for agriculture this year?

Mr. GRANT. Yes.

Mr. MICHEL. To what extent?

Mr. GRANT. The budget proposes new sales authorization of \$425 million. The act for 1968 authorized \$750 million. We are actually going to sell only \$675 million, so there will be a total of \$75 million carried forward. Actual sales in 1969 will be \$500 million.

Mr. MICHEL. I recall your discussion of that.

In the Comptroller General's report, on page 213, I noted the departmental regulations permit certain wheat processors to purchase certificates for less than the actual number of bushels of wheat processed. It appears that the proceeds from the sale of certificates would have been increased by about \$5.4 million during 1964 and 1965 marketing years if processors had been required to purchase certificates equal to the number of bushels of wheat actually processed.

Who would these certain wheat processors be? Is my information faulty?

Secretary FREEMAN. I do not know. I have not heard this before.

Mr. GRANT. You refer to a certain report; I am not familiar with it.

Mr. MICHEL. The Comptroller General's report, on page 213.

(Following is a statement by the Department on this report:)

The report referred to is House Document No. 224, the 1967 Annual Report of the Comptroller General of the United States. The particular matter concerned is GAO Report No. 159909 dated November 7, 1966, and subsequent actions taken by the Department.

The report in question reviewed 59 wheat processing mills over an 8-month period and applied the estimates obtained to 295 other processors over 2 marketing years to arrive at the \$5.4 million figure for all 354 processors.

The wheat marketing certificate program became effectively July 1, 1964. At that time, we did not have information from processors' production records of actual extraction experiences so that when the regulations initially were issued,

the conversion factor was based on the 73-percent national average as determined by the Bureau of the Census.

The regulations provide two bases for reporting certificate liability. First, there is the weight-of-wheat method under which the mill reports on the actual weight of wheat used in processing food products. Second, the conversion factor basis in which case the processor determines the bushels processed by multiplying the quantity of food products produced by a standard conversion factor. Processors, of course, elect to report on the basis which is most advantageous to them. One might compare this election to that which is provided in filing income tax returns; i.e., either on a joint or individual basis, or to take either the standard deduction or to itemize deductions. The processors involved are those who elected to report on the conversion factor basis. They numbered 354 out of 667 registered under the program at that time.

When the GAO draft report was received in January 1966, we immediately reviewed all data then available to us, which at that time consisted of the processor's registration form, and we determined that the weighted average extraction of all mills then reporting on a conversion basis was 72.5 percent. Accordingly, the regulations were amended July 1, 1966, to reflect a conversion factor of 2.300 bushels based on the 72.5-percent extraction.

Following this, we made a complete survey of all the conversion mills and determined that the actual weighted average extraction was 72 percent or 2.315 bushels per 100 pounds of flour. The regulations were amended to reflect the 72-percent extraction effective July 1, 1967.

We cannot dispute that there were losses in proceeds during the first 2 marketing years. This results from the fact that we had no knowledge as to which mills would elect to report on the conversion basis and which mills would report on the weight-of-wheat basis. By providing the two different methods of reporting, the mills which had an actual extraction experience of over 73 percent elected to report on the weight-of-wheat basis. This, of course, meant that the average extraction of the mills reporting on the conversion factor basis were less than 73 percent. Thus, by using the standard 73 extraction rate, many processors reported and purchased certificates for less wheat than they actually used. Additionally, we did not have actual extraction rates for the individual mills. When these data could be obtained and analyzed, appropriate amendments to the program regulations were made.

CROP INSURANCE AUDIT REPORT

Mr. MICHEL. One other question having to do with a finding in that report on the Federal Crop Insurance Corporation. They noted a net loss of \$6.8 million for insurance operations for the fiscal year 1966, and the report expresses a belief that the FCIC should consider taking measures such as increasing premium rates, reducing operating administrative expenses, requesting increase to appropriations, to cover a larger share for all the expenses.

The question is: Why more consideration is not given to those first two recommendations, rather than just increased appropriations?

I probably should address this to the insurance people.

Secretary FREEMAN. They will be here, but we have been trying to expand this program. Congress has been going along with a limited number of counties every year, about 100 counties, if you recall. The last year or 2 we have had quite a number of natural disasters, a number of floods and some drought, and the result has been that the payments have shot up rather rapidly. We had heavy cotton losses last year also.

We have been, because of tight budgeting, using some funds from premiums rather than appropriating all of the administrative costs.

I think this is something that I would appreciate your examining very carefully when the people come up here. I think the premiums are probably at a level where, if they are much higher, the program

will not be effective. You will want to examine that. I think that good management is being followed and the use of modern techniques, and I am sure you will want to examine that.

We have looked at it very carefully. It is just a case of trying to expand a program, maintain premiums low enough to help the farmers to make the program grow, and to provide the service the programs are designed to provide. You cannot do this just funding the whole thing from your premiums; it just will not work.

RESTORATION OF COMMODITY CREDIT CORPORATION LOSSES

Mr. MICHEL. Why have you asked for \$3.6 billion restoration in CCC. Other than the fact that that is what is required to balance the books, do you anticipate you are really going to need that much flexibility there?

Secretary FREEMAN. We have not wanted to have to go for a supplemental. You will, I am sure, examine that estimate in connection with the restoration. It is short of full restoration. This is an amount which recognizes that we are all in on a very tight budget, but it is estimated as adequate so that we will not have to go for a supplemental. It recognizes, too, that with a big harvest and with a lot more grain going under loan, we are having a higher level of cost in these programs right now.

It may turn out that if prices move up, grain will move out from loan; it may straighten out very quickly. It may go back into resale now, because of this price problem.

So, really, what we have done is put as little in as we have to and yet be sure we are going to have enough, in light of all the circumstances.

RESERVES OF STOCKS

Mr. MICHEL. You made a point or two in the earlier part of your statement, that since 1960 or 1961, whatever year you used, our reserves or those surplus stocks that we have, have been worked down to practically nothing in several areas.

Do you really feel that with this tremendous crop year this past year that we are going to need all that flexibility in CCC we can possibly get hold of, to keep from running out of money?

Secretary FREEMAN. We are going to need more, you see. We got down to a pretty tight level. We were down to about 37 million tons of feed grains.

Now, that was safe enough, but it was getting down pretty tight. One of the reasons why we cut back the 1967 feed grain program is that had we had a modest 1967 crop year and without any improvement around the world, carryover stocks would have been approximately 25 million tons. For wheat we are down to about 425 million bushels. That is squeezing it pretty tight.

SECURITY RESERVES PROPOSAL

When you get down that low, you want to move it up. I am not talking about Government stock; I am talking about carryover which includes grain in private hands. When we have a big crop, we want to relieve that, and we want to take some off the market. That is going

to cost us some money under loan or resale. If we have a tighter crop and consumption goes up and export is strengthened, we can move some out again. That is one of the reasons why the security reserve proposal is important, because, if we had a security reserve with *x* amount in the Commodity Credit Corporation hands, and the power to buy, I would not have made the second increase in the wheat acreage allotment that I made in 1966, and we would not have skimmed down the Federal grain program quite as much. I could have administered those more aggressively, so that supply and demand would have been tighter, and you could have had a better price. But the stocks got down so low that I was really seriously concerned about running out, or getting down to a perilously low level.

So we turned it up again. Stocks have not gotten up to anything like a surplus; that is, when you have more than you need in carryover. We do not have any surplus; but we are now, as a practical matter, building up the carryover to a little higher level.

This is the way the system should work. For example, we could have a carryover in wheat of approximately 550 million bushels, then we could move it down to close to 400 million, then we could get a big crop and we would move it back up again.

To have that flexibility means that we can protect consumers, can guarantee supply, can meet foreign needs, can assure our foreign markets that we have adequate supply, and at the same time can tighten down production and supply and demand a fair price.

It is not easy to do, and we cannot do this with geometrical precision, but we are learning to do it better, and that is the whole essence of the program.

Now, we are on one of the upswings, when we are building up wheat stocks a bit.

CCC OWNED COMMODITIES

Mr. MICHEL. You made a point in your statement there of CCC owning roughly \$7 billion worth of commodities.

Secretary FREEMAN. At one point, about \$6 billion.

Mr. MICHEL. And now that is down—

Secretary FREEMAN. Below \$1 billion.

Mr. MICHEL. That CCC actually owns; but that does not necessarily reflect or indicate that you have \$6 billion more of flexibility in CCC's operations, does it?

Secretary FREEMAN. No. You see, we moved that out for sale, and of course we got paid for it, and it went back into the books and it was used, and you made the appropriate adjustments. Our picture of expenditures would be much higher this year if we had not been selling a lot of cotton.

In just a little over a year, we actually sold the cotton stocks of about 6 or 7 million bales. There has been a change in the stock position on cotton from a year ago of \$6,314,000 bales.

That has meant considerable incoming receipts, which go out on loan, and the loans are redeemed, or we take it over, and then we sell. That is the reason, as you well know, if you take a look at CCC figures, you have to look at them over a period of 2 or 3 years, because we are always in a state of flux, and no single year may be meaningful unless you dig below the surface and see exactly what your actual figures were rather than estimated figures.

ITEMS COVERED BY BORROWING AUTHORITY IN USE

Mr. MICHEL. What can we use in a very simple term when we are selling this point on the floor of the House? Here is a corporation that is capitalized at \$14.5 billion. What are the increments that make up that \$14.5 billion? At one time we would say the CCC owns \$7 billion worth of commodities, and then we go from there, and we need several billion for taking over and selling.

How can we, as of today, say what that \$14.5 billion of capitalization represents?

Secretary FREEMAN. We have a list of items covered by the statutory borrowing authority. It indicates what we have in price support in inventories and loans, and our total investment which in this case is about \$3.5 billion as of December 31, 1967. And then we have some on realized losses that have not been restored, and that totals almost \$9 billion. It goes on to these different things.

Why do we not put this in the record?

Mr. MICHEL. Could we put that table in the record right at this point, with your permission, Mr. Chairman?

Mr. WHITTEN. Absolutely.

(The tables follow:)

Status of statutory borrowing authority as of Dec. 31, 1967

	<i>Millions</i>
Statutory borrowing authority-----	\$14,500.0
Summary of borrowing authority in use:	
Borrowings from U.S. Treasury-----	9,771.8
Obligations to redeem certificates of interest in loan pools:	
Certificates of interest \$1,736.7 and accrued interest \$20.7----	1,757.4
Total borrowing authority in use-----	11,529.2
Net statutory borrowing authority available-----	2,970.8
Analysis of borrowing authority in use:	
Investment in price support:	
Outstanding loans-----	2,355.3
Inventories-----	997.0
Total investment in price support-----	3,352.3
Unreimbursed realized losses:	
Fiscal year 1961-----	1,057.0
Fiscal year 1966-----	1,585.1
Fiscal year 1967-----	3,813.6
Subtotal, prior fiscal years-----	6,455.7
Fiscal year 1968-----	2,299.3
Total, unreimbursed realized losses-----	8,755.0
Investment in special activities (recoverable program costs not covered by appropriations to date):	
Military housing (Public Law 480)-----	50.0
Military housing (barter and exchange)-----	32.0
National Wool Act-----	1.3
Total investment in special activities-----	83.3
Investment in other activities:	
Cash-----	.2
Accounts and notes receivable-----	402.9
Fixed assets (net)-----	29.6
Loan to Secretary of Agriculture-----	30.0
Storage facility and equipment loans-----	60.8
Wheat marketing certificates-----	231.5
Other assets-----	103.7
Total investment in other activities-----	858.7
Total investment in price support, unreimbursed realized losses, special and other activities-----	13,049.3
Less: Financing other than by use of borrowing authority:	
Capital stock-----	100.0
Special activities:	
Advanced from funds appropriated for conservation programs, Sugar Act, and other programs-----	211.5
Amounts for Deposit to the U.S. Treasury-----	1.1
Balance of appropriations to reimburse costs of special activities-----	931.2
Subtotal-----	1,143.8
Other trust and deposit liabilities-----	118.9
Other Liabilities-----	157.4
Total financing other than by use of borrowing authority-----	1,520.1
Total borrowing authority in use-----	11,529.2

STATUS OF BORROWING AUTHORITY AT END OF FISCAL YEARS 1967, 1968, AND 1969

[In millions of dollars]

	1967 actual	1968 estimate	1969 estimate
Use of borrowing authority:			
Investment in price support:			
Loans.....	1,503.1	2,043.0	1,873.1
Inventory.....	1,858.4	974.1	991.8
Total investment.....	3,361.5	3,017.1	2,864.9
Unreimbursed losses:			
1961.....	1,057.0	1,057.0	1,057.0
1966.....	2,984.9	1,585.2	-----
1967.....	3,813.6	3,813.6	1,750.3
1968.....	-----	3,465.3	3,465.3
1969.....	-----	-----	3,440.7
Total losses.....	7,855.5	9,921.1	9,713.3
Total above items.....	11,217.0	12,938.2	12,578.2
Capital stock.....	-100.0	-100.0	-100.0
Other (net).....	21.6	116.0	58.4
Total in use.....	11,138.6	12,954.2	12,536.6
Borrowing authority.....	14,500.0	14,500.0	14,500.0
Balance available.....	3,361.4	1,545.8	1,963.4

PERSONNEL POSITIONS IN THE DEPARTMENT OF AGRICULTURE

Mr. MICHEL. How many new positions is the Department asking for?

Secretary FREEMAN. Under all appropriations to the Department, including permanent appropriations, we are asking for an increase of 960 man-years of employment. This is a net change which results primarily from increases needed to meet the substantial upswing in meat and poultry inspection work, including the new Wholesome Meat Act, and for staffing the new and expanded research laboratories that have been authorized, partially offset by a reduction under forest roads and trails.

Mr. MICHEL. How does this fit in with the President's request to keep employment levels down?

Secretary FREEMAN. We are maintaining a continuous review of our employment to fill only those positions that are absolutely essential to getting the job done, but it is just not possible to administer a new program of the magnitude of the Wholesome Meat Act, for example, without additional manpower.

OVERSEAS EMPLOYMENT

Mr. MICHEL. Will you be cutting back on overseas employees due to the President's request for a cutback on overseas spending?

Secretary FREEMAN. This is undergoing very thorough review at the present time. We are working with representatives of the State Department and the Bureau of the Budget on this. I anticipate there will be some reduction but I am not able to give you any definite number at this time.

Mr. MICHEL. How many employees do you have outside the United States?

Secretary FREEMAN. I will submit a listing for the record.

(The information follows:)

*Paid employees in foreign countries, excluding territories and possessions as of
Dec. 31, 1967*

<i>Agencies</i>	
Farmer Cooperative Service.....	6
Farmers Home Administration.....	22
Forest Service.....	7
Soil Conservation Service.....	40
Foreign Agricultural Service.....	314
International Agricultural Development Service.....	7
Agricultural Stabilization and Conservation Service.....	5
Agricultural Research Service.....	389
Cooperative State Research Service.....	2
Federal Extension Service.....	54
Consumer and Marketing Service.....	5
Economic Research Service.....	15
Statistical Reporting Service.....	7
Total	873

SUPPLEMENTAL APPROPRIATIONS

Mr. MICHEL. Are you going to be asking for a supplemental appropriation?

Secretary FREEMAN. It is estimated that we will need some supplemental funds in 1968 for the increased meat and poultry inspection work. Supplemental funds will also be needed to meet the emergency forest fire fighting costs. There will also be a small supplemental for carrying out the amendment to the Commodity Exchange Act recently enacted by the Congress. The salary and postage increases resulting from enactment of Public Law 90-206 will cost the Department about \$33 million in 1968. These costs are being met by absorbing them where we can and by the proposed use of 1968 funds that were reserved pursuant to Public Law 90-218. No supplemental appropriations will be required for these purposes, although congressional action will be needed to use the funds in reserve.

Mr. MICHEL. How much of an increase in farm income in 1967 over 1966 was due to increased livestock prices?

Secretary FREEMAN. Total cash receipts from farm marketings are estimated at \$42,471 million in 1967. This is about 2 percent lower than in 1966.

Cash receipts from marketings of livestock and products are estimated at \$24,161 million, nearly 3 percent below 1966. In 1967 prices received by farmers for livestock and products averaged 5½ percent below 1966. However, part of the decline in prices received for livestock was offset by an increase in the volume of livestock and products marketed.

Cash receipts from marketings of crops estimated at \$18,310 million were down only fractionally from 1966. The lower level of prices received for crops was largely offset by an increased volume of marketings.

CASH PAYMENTS TO FARMERS

Mr. MICHEL. Could you please bring up to date the table you put in the record last year showing the direct cash payments to farmers.

Secretary FREEMAN. Yes.

(Information requested follows:)

PAYMENTS TO FARMERS IN THE CONTINENTAL UNITED STATES, 1950-67

[In millions of dollars]

Year	Conservation program	Sugar Act	Wool program	Soil bank program	Feed grain program	Wheat program	Cotton	Total ¹
1950	246	37						283
1951	246	40						286
1952	242	33						275
1953	181	32						213
1954	217	40						257
1955	188	41						229
1956	220	37	54	243				554
1957	230	32	53	700				1,016
1958	214	44	14	815				1,089
1959	228	44	82	323				682
1960	217	50	51	370				693
1961	230	45	56	334	772	42		1,484
1962	224	54	54	304	841	253		1,736
1963	222	57	37	² 304	843	215		1,686
1964	227	67	25	199	1,163	³ 438	39	2,169
1965	215	64	18	160	1,391	³ 525	70	2,452
1966	220	60	34	145	1,293	³ 679	773	⁴ 3,266
1967 ⁵	226	62	29	129	865	³ 731	932	⁴ 3,071

¹ Includes Great Plains conservation payments since 1958: \$1,000,000 in 1958, \$5,000,000 in 1959, \$6,000,000 in 1960, 1961, 1962, \$8,000,000 in 1963, \$9,000,000 in 1964, 1965, \$11,000,000 in 1966, and \$12,000,000 in 1967.

² Includes \$6,000,000 under land-use adjustment program. Later years include cropland conversion and Appalachia programs.

³ Includes mainly the value of marketing certificates.

⁴ Includes \$51,000,000 under cropland adjustment program in 1966, and \$85,000,000 in 1967.

⁵ Preliminary.

Note: Details may not add to totals due to rounding. Does not include payments to farmers in Alaska, Hawaii, Puerto Rico, and Virgin Islands. Wool program does not include deductions for wool promotion program.

Source: Economic Research Service, USDA, Mar. 11, 1968.

FARM CREDIT

Mr. MICHEL. Mr. Secretary, last year you said that the Department was giving a lot of thought to adjusting our credit systems in order to maintain the family sized farm. Could you tell us if any decisions or recommendations have been made?

Secretary FREEMAN. Our action here has been along two lines. First, finance specialists in the Economic Research Service have started special studies to determine the capital needs of our farm families in today's high capital farming and to determine better ways to make the needed credit available.

Also, we have expanded both the direct lending and the loan insurance programs of FHA. We now have over \$1.1 billion of farm ownership loans outstanding which have been insured by FHA so farmers can get money from other lenders. This is more than double the insured loan level of 5 years ago. We have also been able to expand operating loans slightly and have stepped up substantially the amount of money outstanding via economic opportunity loans. About 60 percent of all economic opportunity loans go directly to farmers.

MINIMUM WAGE

Mr. MICHEL. Can you give us any further information on how the minimum wage has affected the farm community?

Secretary FREEMAN. From the standpoint of farms covered, the minimum wage provisions of the Fair Labor Standards Act has had very little effect. Only 29,000 farms or about 1 percent of the 3.1 million farms in 1967 were covered under the act. About 1.7 million farms

employed no hired workers. Of the remaining 1.4 million employing one or more hired workers, only 29,000 were covered. That is, they had used 500 or more man-days of hired farm labor in the peak 1966 quarter.

We estimate that about 159,000 hired workers employed on the Nation's covered farms received an average hourly increase in wages of about 12 percent. About three-fourths of these were in the South where farm wages were lowest and consequently the increase higher, about 20 percent.

A Department survey in May of 1967 found about 384,000 or 35 percent of the 1.1 million farmworkers employed at that time on the covered farms. Over half of these farms, employing more than 60 percent of the workers, were paying not less than the \$1.15 per hour required by the second increment of the minimum wage which became effective on February 1, 1968. We estimate, therefore, that wage increases in 1968 were required for about 30 percent of covered workers.

Farm employment in the United States continued the rapid and long-run declining trend between the 1965 and 1967 surveys, dropping by 31 percent on the smaller and noncovered farms and 11 percent on covered farms. A comparison of the South and West indicates some differences however. Employment on the covered, labor-intensive farms of the West increased by 55 percent and declined by 32 percent on the noncovered farms. While in the South, employment on both covered and noncovered farms dropped by about 37 percent. Some of this decline on covered farms in the South was probably due to enactment of the minimum wage law. However, mechanization, the major labor reducing factor, was progressing rapidly in the South; and the acreage of cotton, the major employing crop, was reduced by about 33 percent during the period.

The increase of about 12 percent in the wage bill of covered farms has, of course, caused some increase in their production expenses. Nationally, however, the farm wage bill remained about the same as before enactment of the minimum wage, about 7 percent of total farm production expenses.

FARM PRICES DURING TIME OF WAR

Mr. MICHEL. The history of farm prices has been that they are high during time of war. Why is that not the case today with the war in Vietnam?

Secretary FREEMAN. The major reason why prices of farm products are no higher than they are is large supplies of farm products both here and abroad. Domestic demand for farm products has been and continues to be strong. But large supplies of most farm products have tended to depress prices of these products despite strong domestic demand.

Military actions in Vietnam have had no direct influence on world production of farm products with the exception of rice. In fact, 1967 was a year of record output for world agriculture.

MEAT IMPORTS

Mr. MICHEL. Are you confident that meat imports will meet the standards required for domestic meat?

Secretary FREEMAN. Yes. We have a three-way check on the wholesomeness of meat imports. First, the product is inspected by inspectors of the producing country using standards equal to ours. Second, U.S. inspection personnel visit the plant to check on the quality of the foreign inspection program, and third, we examine the product at the point of entry into the United States.

LEVEL OF MEAT INSPECTION IN OTHER COUNTRIES

Mr. MICHEL. How do our meat inspection regulations compare to countries around the world?

Secretary FREEMAN. Judging from what our inspection personnel have seen in their reviews of foreign inspection programs, our regulations are the most effective in protecting public health of any in the world. This has been recognized by other countries. While some of them may prohibit the entry of certain U.S. products because of animal disease conditions in this country, or because of special requirements in their laws, there is no country that prohibits entry of U.S. meat products on the grounds that our regulations and inspection program are inadequate. Also, some countries operate inspection programs solely for exported products. These programs employ standards that are the same as those in this country.

COMMODITY DISTRIBUTION PROGRAM ELIGIBILITY REQUIREMENTS

Mr. MICHEL. In the Comptroller General's report of 1967 they state that they estimated that of the 55,160 families participating in the commodity distribution program under the Consumer and Marketing Service in three counties in one State between 14,400 and 26,800 families did not meet program eligibility requirements.

Have you done anything to correct this particular situation? Have you done anything to see if this is happening all over the country?

Secretary FREEMAN. Yes, but I would like to give you a detailed statement for the record.

(The statement follows:)

We have taken the following actions on the Comptroller's report:

1. During February and March 1966, personnel of the Consumer and Marketing Service working with State and city officials performed a "crash" recertification of the Philadelphia caseload. Approximately 25 percent of the reported 50,000 households taking part in February failed to show up for reexamination and were removed from the eligibility rolls. Others were found to be ineligible based on reinterviews. This operation resulted in a total reduction of some 15,000 households. (The food stamp program replaced the commodity distribution program in Philadelphia County in May 1966.)

2. The State of Pennsylvania performed similar recertifications (in conjunction with the local certifying officials) in Northampton and Northumberland, and several other counties. The State also established a required system of reporting by all counties in their recertification efforts. (Northumberland County converted to the food stamp program on January 3, 1967.)

Reexamination of the caseload in Northampton County showed the following: Prior to reexamination, the caseload stood at 4,045 persons. Again it should be noted that 1,550 people failed to appear for reexamination and so were removed from the rolls of eligible recipients. An additional 243 people were declared ineligible based on a personal interview. The caseload following recertification efforts was 2,252 eligible people.

3. All names provided by GAO have been investigated and those households found to be ineligible by State and county officials were dropped from the rolls.

4. The State has adopted a new report form which shows the results of its continuing recertification activities in every county in Pennsylvania.

5. Pennsylvania has held two training workshops for their field staff, at which certification activities were emphasized. Consumer food programs' district people participated in both of these sessions.

On a nationwide basis we have taken the following actions:

1. The Consumer and Marketing Service's people conducted a full discussion of program weaknesses (as reported by the Comptroller General) during a series of summer district conferences which included all participating State agencies. They also sent to all district offices, to be shared with State agencies, an earlier cost study made in Philadelphia which shows clearly that good certification can save the counties operating funds.

2. We are continuing our efforts to convince all States that certification responsibilities should be assigned to qualified public assistance social workers.

3. The quality and depth of field review work by State employees in some States needs improvement, and this subject was emphasized at the summer district conferences with all States. Consumer and Marketing Service's district offices have increased the frequency of their field review workshop activities to assist the States in properly training their field staffs.

AGRICULTURAL EXPORTS

Mr. MICHEL. Both you and the President have stated that our total agricultural exports climbed from \$4.5 billion in fiscal year 1960 to \$6.8 billion in fiscal year 1967. However, for the full year of 1967 the figures indicate a decrease of almost half a billion from 1966—a decrease of 7.2 percent.

Now, whether you use calendar years or fiscal years figures, it appears clear that our exports have decreased substantially. How do you explain that?

Secretary FREEMAN. The problem you point to traces directly to the very heavy concentration of our agricultural exports in the last half of 1966. That period, of course, covers parts of calendar year 1966 and fiscal year 1967.

In that period our exports totaled \$3,583 million. This was the highest annual rate in history—an annual rate of \$7.2 billion. This heavy concentration meant a 1966 calendar year total of \$6.9 billion, by all odds the largest on record. It meant a 1967 fiscal year total of \$6.8 billion, also a record for any fiscal year. The heavy concentration of shipments could, as a result, greatly expand exports for a short reporting period.

In several instances special circumstances boosted exports in the last half of 1966. For example, wheat exports were stimulated by reduced production in a number of major importing countries. Reduced stocks of cotton in several of the leading importing countries aided our cotton exports, while tobacco benefited from improved quality and increased U.S. supplies available for export.

The heavy concentration of our exports in July-December 1966 tends to smooth out when we summarize on the basis of a 2-year period. For example, for the 2 calendar years 1966 and 1967 our exports averaged \$6.6 billion as compared with \$6.7 billion for the 2 fiscal years 1965-66 and 1966-67. The 2-year fiscal year average is only slightly higher (2 percent) than the 2-year calendar year average.

Whether we choose to summarize on a calendar or a fiscal year basis, U.S. agricultural exports for the 2 most recent years are the highest in history.

KENNEDY ROUND NEGOTIATIONS

Mr. MICHEL. Could you give us your views regarding the outcome of the Kennedy round? Were you pleased or displeased? Did we get any concessions from the Common Market countries?

Secretary FREEMAN. We did not achieve all that we had hoped in the Kennedy round. However, considering the problems encountered, our negotiators emerged with far better results than many of us thought possible at this time last year.

Concessions won at Geneva will mean expanded foreign markets in the years ahead for many of our farm products, including such important dollars earners as fruits and vegetables, oilseeds, tobacco, variety meats, and tallow. On these products with an export value of over \$700 million, 1964 basis, the United States received duty cuts averaging more than 40 percent.

The Kennedy round also is giving us a new grains arrangement which will provide additional price insurance to U.S. wheat producers. This arrangement contains significant food aid provisions, completely unprecedented in any multilateral accord of which I am aware. Apart from their intrinsic humanitarian worth, and this in itself is adequate justification for them, these provisions should open new commercial outlets for wheat and to some extent, feed grains.

Concessions received from the EEC were generally disappointing, as the Community was unable (unwilling) to liberalize access for products subject to the variable levy system. These include feed grains, rice, and poultry. We did, however, get concessions on a number of other products which should improve the competitive position of these products in the Community market. These concessions covered \$260 million in U.S. trade and included variety meats, dried peas and beans, tallow, tobacco, cigarettes, canned poultry, and fresh grapefruit.

Mr. MICHEL. That is all.

Mr. WHITTEN. Mr. Langen.

FARM CREDIT

Mr. LANGEN. Mr. Secretary, I will renew my inquiry in another field. Let me explore the matter of credit just a moment. In the budget that is before us, as I understand it, it provides for approximately the same level of credit as a year ago in the farm operating loans categories.

Secretary FREEMAN. That is correct.

Mr. LANGEN. Now, indications are that the demand for credit is growing continuously. I should be frank to say that I have some reservations with just how much credit the present income level can stand, but, by the same token, there are farm operations that are completely dependent upon credit. And so it raises the question of whether or not the budget request is sufficient to meet the credit demands that are there, in your estimation.

FARM OPERATING LOANS

Secretary FREEMAN. No. I am sure the demands for farm operating loans will be in excess of the level that we have asked for, and I wish that were not the case.

There is no provision in the President's message to provide for additional credit in a manner which would make it available to small farmers in such a way that it is not charged as an expenditure item.

I might say at this point that I think it is very questionable book-keeping to charge off as an expenditure loans like farm operating loans—with the excellent repayment record on FHA. I think the chairman has made this point a number of times.

I think they ought to be taken out of the budget as an expenditure altogether, because their repayment record is such that this is an asset, not an expenditure, but so far the powers that be have not been willing to do that.

FARM INDEBTEDNESS AND INTEREST PAYMENTS

Mr. LANGEN. In the figures presented to us the other day, reference is made to the total indebtedness and the interest payments that accrue from the total indebtedness and it is well documented in the sense that it pictures the total interest payments as related to the percentage of realized gross income; I wonder if you could supply for the record one other set of figures to go with this?

These figures show that in 1957, as an example, the interest payments amounted to 2.9 percent of the realized gross income, and in 1967 it was 5.6 percent; but I would be interested in knowing the relationship of the interest to net income as well, but more important, the change in the interest rates, because these are the two factors that govern it: one, a larger indebtedness; and two, a higher interest rate.

And so obviously both factors are involved, and I would just like to see the relationship of the two.

Secretary FREEMAN. We will be happy to present that for the record.

(Information referred to follows:)

FARM INDEBTEDNESS AND INTEREST PAID, UNITED STATES,¹ 1957, 1960, 1963, AND 1967

[Dollar amounts in millions]

Year	Average debt ²	Interest rate ³ (percent)	Interest paid	Percent of 1957			Realized net income	Interest as percent of realized net income
				Debt	Interest rate	Interest paid		
1957.....	\$17,985	5.45	\$981	100	100	100	\$10,707	9.2
1960.....	23,690	5.71	1,352	132	105	138	11,673	11.6
1963.....	31,245	5.73	1,789	174	105	182	12,493	14.3
1967 ⁴	44,708	6.10	2,726	249	112	278	14,491	18.8

¹ 48 States.

² Includes farm mortgage debt and short-term farm business debt; includes consumer debt.

³ Average interest rate derived by dividing interest paid by average debt.

⁴ Preliminary.

Source: ERS, Mar. 12, 1968.

Mr. LANGEN. And in connection with that, I have another question, and I will explore it further with FHA when they appear before the committee. The total indebtedness now has reached about \$49.9 billion, which is a substantial figure, higher than the total Federal budget was

in 1951. I do not know whether the Department keeps records to this degree, but if you do I would like to know what percentage of the farms are involved in this total indebtedness. I think it is kind of pertinent. There may be some out of that picture entirely, so that when we make a comparison of the total debt to the total net income, for instance, or total gross income, it probably should be related to an income commensurate with the number of farms that are involved.

Secretary FREEMAN. Well, how would you like that submitted? In the amount of debt, if we can get it, according to the size of farms, based on the gross income groups, \$10,000 and less and \$10,000 to \$20,000, and \$20,000 and more? Is that what you have in mind?

Mr. LANGEN. This would be well. If I can state what seems to be a simple example: If you could provide a total number of farms on which these mortgages apply, and then divide that into categories, saying those below \$10,000, those above \$10,000.

Secretary FREEMAN. All right. We will submit that.
(Information referred to follows:)

INDEBTED AND DEBT-FREE FARM OPERATORS, 1961

Borrowing and credit are used more frequently by operators of higher income commercial farms than by operators of smaller commercial farms or of noncommercial farms. In 1961 (the latest year for which such figures are available) about three-fourths of the farm operators of farms with gross sales of farm products of \$10,000 or more were indebted. This compares with 58 percent for farm operators on smaller commercial farms, and 46 percent for noncommercial operators (table attached). Of the total mortgage and nonmortgage debt of farm operators, almost two-thirds was held by operators on commercial farms with \$10,000 or more of gross sales.

PERCENT OF THE NUMBER OF FARM OPERATORS WITH DEBTS, BY GROSS VALUE OF SALES OF FARM PRODUCTS,
JAN. 1, 1961¹

Sales class	Percent of farm operators—	
	With debt	Without debt
Commercial farms with gross annual sales of \$10,000 or more	74	26
Commercial farms with gross annual sales of less than \$10,000	58	42
Noncommercial farms	46	54
All farms	58	42

¹ Data are from the 1960 census sample survey of agriculture.

FARM DEBT IN FUTURE YEARS

Secretary FREEMAN. Might I say in this connection, because there is a great deal of confusion about debt, and I would like to say for the record that in my judgment the volume of debt that farmers are going to operate with will continue to grow rather rapidly, because we are living in a debt economy. Most businesses operate under considerable debt, and it is just commonsense that if you can make more with money by borrowing it and can pay a certain interest and come out making something of it, why, it is good business to do it.

And so I think that is going to continue. It is interesting to make the comparison that liabilities as a percentage of assets in agriculture are about 16.9 percent. In manufacturing, they are 41.2 percent. And therefore, I believe this represents a changing picture.

Another important development is the growing emphasis on farm management that Congressman Morris mentioned a bit ago. During the period from 1960, debt has grown from \$26.2 to \$49.9 billion, as you pointed out.

During that same period, total assets have climbed from \$203.9 to \$281.2 billion, which I think in part makes the point.

I think we are going to see, as I say, more and more debt, just as a tool of management.

Mr. LANGEN. I should agree with that, and, as I say, I think it is an essential part of the operation. By the same token, I guess it is true with any business, there is a point beyond which credit does not become a good investment any more. A comparison is with industry, I think is a rightful comparison I do not think we can forget that in relating debt to assets, the point that I mentioned earlier, taken from the article in the U.S. News & World Report, is that the sales in agriculture, related to assets, are an entirely different picture from the sales in other industries, 17 percent as compared to 107 percent; and so obviously any operating moneys that would be borrowed would be dependent upon the sales and the income.

Because assets themselves, unless they produce income, do not have the ability of paying off the debt, unless you dispose of the assets.

Secretary FREEMAN. That is correct.

Mr. LANGEN. So there has to be a comparison of that kind made, and that is not to say that your statement is incorrect, or it is not to say, either, that there cannot be difficulties in the matter of excess indebtedness.

Secretary FREEMAN. You make a very proper point. I quite agree that this is a matter of some special concern in agriculture, because a substantial part of this asset improvement picture is a result of increased land prices in values.

And here again, if we have a sharp drop in farm income, we will see a sharp drop in land-value assets, and this could create very serious problems for agriculture and the economy.

So it is a matter of considerable concern. If the economy continues strong, why, I think it presents no problem, because there has been a substantial increase in assets.

On the other hand, if there is a downturn, because so much of this depends on land, it could be very serious.

AVAILABLE CREDIT

Mr. LANGEN. To make the point a little more specific: One of the reasons why I register this concern is the high operating expense, which is terrific, and when calamity strikes, whether it be hail or wind or fire or something else, it is real difficult to run into another year, having had the loss. Oftentimes someone who is in need of the credit finds himself in an economic position where it is very difficult to make a loan under any circumstance, because of a calamity over which he had no control.

As an example, I think it is permissible for me to make this reference. A mink farmer just about a week ago called me about a problem that he had, where he had sustained a substantial loss because of losing a substantial number of kits by a sonic boom. Obviously, he had no control over this. Now his problem is to stay in business.

Well, this can happen in any one of the categories, a hailstorm on a wheat farm or a fire on a dairy farm. A calamity can put them in a position where they are almost forced to go out of business.

For that reason, it concerns me that there is credit available maybe over a longer period of time. They need a longer period of time to get on their feet. You hate to see a good operation go out of business due to a cause over which the operator had no control.

I have heard it said many times by farm people that one of the real dangers is a bad crop, whether it be drought or flood or hail or something else, and being able to survive that year. Having been through it myself a couple of times, I know exactly what they are talking about.

STRATEGIC RESERVES AND FOOD BANK

I just will pursue one other point very briefly, with regard to strategic reserve and the food bank.

Is there an estimated cost budgeted for that?

Secretary FREEMAN. Yes. The cost in relation to it is a little hard to define with precision, because you have to make an estimate as to the alternatives—whether it was going to go under loan anyway, or whether you are going to be purchasing. The difference, really, in the cost would be the amount of money you would need to put it under loan, and presumably to acquire it on default, or the difference in price you would then pay if you bought it outright at somewhat a higher price in order to maintain a stronger market. It is estimated in the case of wheat, for example, we would be authorized to buy at least 15 percent above the loan rate.

If you take that figure and assume that we move in to purchase at \$1.40 a bushel, and that would mean then you would apply 15 cents a bushel difference to, let us say, 200 million bushels, this would be one cost projection that is about the most meaningful.

Mr. LANGEN. I appreciate that. A couple of points with regard to it that concern me, that I think could serve the Department and agriculture well. I am well aware of the complexities and, if I may say, the controversy that goes with it.

It seems to me that there is an area of operation with regard to any reserve, held for emergency purposes, which is to make sure that we do not ever either legislate or regulate ourselves into a shortage, because it would be sheer folly to do so.

You made an excellent point in the stability that it offers—if we have got to have controlled acres in not having to expand those acres to make sure that we do not run into a shortage. I can see, from the Secretary's standpoint, what an assurance this would be if you knew you had something to rely on in the event of a bad crop.

By the same token, with regard to the cost, we hear so often about the great amount of money that is handed out to agriculture. There is a desire to hold it down to the minimum and with the strategic reserve it would seem to me that this has some possibilities, providing sales were made at a level high enough, because any turnover then would bring back more money than was put into it when bought at a lower level.

I think we have had some experiences with this. As an example, the surpluses accumulated before World War II were moved during World War II, after prices got up. I believe, if my memory serves

me right, they showed a profit, and picked up some of the administrative expenses in connection with it.

Secretary FREEMAN. We showed a very handsome profit, as a matter of fact.

Mr. LANGEN. And so I see a possibility of operating a reserve or a food bank program without any great cost, which to me would seem to be a pretty desirable factor if it could be accomplished.

Secretary FREEMAN. I think it would be accomplished. I think there would be a one-shot expenditure, let us say, to acquire this. It would be the difference between the loan rate and the price at which you bought. There would clearly be some very definite limitations on the authority to sell, based upon what the market price might be.

I think the bill currently pending in the Senate, the Monroney bill, would provide that in the case of feed grains or wheat, the sale price would be parity price less the certificate or the support payment. I believe most of the farm organizations have agreed this would be a fair level at which resale would take place. And if that agreement holds—and this has been the most controversial part of this whole matter, and there has been a tendency to play a little politics with it, and to demand, on the one hand, that the reserves could not be sold until they got up to 100 percent of parity, this is not very realistic. You would not pass a bill that way, because obviously that would mean that the resale price would have to go up so high that in light of payments already having been made, the nonfarm people would not tolerate it. But with the standard that I have mentioned, which I believe is workable, why, you are absolutely right, that if you sold at such a level then you would be selling for more than you paid.

To that extent, that would decrease the costs that were incurred.

INCLUSION OF BARLEY IN THE FEED GRAINS PROGRAM

Mr. LANGEN. One other subject comes to my mind. A lot of demand is coming from up in our country for the inclusion of barley in the feed grains program. They are a little disturbed that barley is not getting the attention in connection with feed grains that it should. Do you have a good answer for that?

Secretary FREEMAN. I think so. The law is quite specific that the barley should not be included in the program, unless barley is definitely in surplus supply. This was installed there in particular by the beer people, who want that malting barley, and they got that in there; and the result is that the current supply situation is such that there is not a surplus of barley. And under the law, we just do not have any alternative than to exclude barley from the program.

However, the barley producer can interchange his acres and produce wheat if he wishes. He has that option; but under the law, as I read it now, he just does not have the option of bringing barley under the current program.

Mr. LANGEN. This is one, I guess, of the great disappointments to producers in general.

Secretary FREEMAN. May I go off the record?

(Discussion off the record.)

Mr. LANGEN. I guess the point I was going to make is this. What disturbs the producers is that: There are no surpluses now, and so

consequently it has to be left out of the program. That immediately causes them to raise the question: "Well, if there are not any surpluses, how come the price is what it is?" And the price of barley at the moment is not good.

Secretary FREEMAN. No, it is not good. And I do not know why it is not in light of that, really; except that there is so much other feed grain around that this has had that effect on barley. Because every record we have indicates that barley is not in long supply—that the actual supply of barley is fairly tight.

If that were not the case, and if we could make the point, I would like nothing better than to put barley under the program. But we have not felt we could.

Mr. LANGEN. That is all.

Mr. WHITTEN. There are a few things that I would like to ask you at this point, Mr. Secretary. May I again say that you have made a very fine presentation.

CCC HOLDINGS AND DOMESTIC NEEDS

In connection with the reference to the U.S. News & World Report, March 11 issue, I might say I am glad to see a publication of this stature and wide distribution give attention to this problem. I think it reflects at least some progress in what you and members of the committee and many, many others in the country have been trying to get over.

There are two or three things here that I think we should have in the record.

First, I think that you should put in, in addition to what information is already in the record, the total holdings of the Commodity Credit Corporation and private industry by commodity, showing how much of a supply this is and how long the supply on hand would last as applied to domestic needs.

(Information referred to follows:)

STOCKS OF COMMODITIES AND MONTHS' DOMESTIC SUPPLY

[In millions]

Commodity and unit of measure	Stocks as of Jan. 1, 1968					Needed for domestic use 1967-68 ¹	Domestic supply (CCC) (months)	Total domestic supply (months)
	CCC holdings			"Free" (private)	Total			
	Loans	Inventory	Total					
Corn.....bushels..	417.9	138.0	555.9	3,659.1	4,215.0	3,940.0	1.7	12.8
Grain sorghum.....do.....	66.9	192.7	259.6	473.9	733.5	571.0	5.5	15.4
Barley.....do.....	38.5	5.7	44.2	258.4	302.6	338.0	1.6	10.7
Oats.....do.....	55.9	45.1	101.0	546.4	647.4	781.0	1.6	9.9
Total feed grains...tons...	15.4	10.1	25.5	130.7	156.2	147.0	2.1	12.8
Rye.....bushels...	1.5	6.7	8.2	19.5	27.7	26.0	3.8	12.8
Wheat.....do.....	252.5	112.9	365.4	842.8	1,208.2	681.0	6.4	21.3
Rice (rough) hundredweight...	12.7	.1	12.8	50.4	63.2	33.7	4.6	22.5
Cotton, upland.....bales...	.5	1.1	1.6	² 11.2	² 12.8	9.0	2.1	17.1
Soybeans.....bushels...	181.3	7.5	188.8	593.4	782.2	644.3	3.5	14.6
Edible vegetable oil pounds.....		4.5	4.5	1,117.5	1,122.0	5,900.0		2.3
Beans, dry edible hundredweight..	.5	.3	.8	9.7	110.5	14.9	.6	8.5

¹ Estimated.

² Census figure, does not include approximately 1,000,000 bales of unreported cotton on farms, at gins, at dockside, and in transit.

WORLD COTTON MARKET

Mr. WHITTEN. I also would like to mention for the record here, a matter that has been mentioned earlier by me and by others. On December 31, 1967, CCC owned approximately 1.1 million bales of cotton and had about 0.7 million bales of loan cotton on hand. The Cotton Situation for January 1968 makes the following statement:

U.S. cotton exports have been at low levels during recent months. Shipments during August-November 1967 amounted to about 1.1 million bales, down from 1.5 million bales for the same months of 1966.

Of the 1.1 million bales shipped through November, about 43 percent stapled under 1 inch, compared with 36 percent for the same period last season.

This is in line with what we both know, but I would like at this point to ask you to put in the record the determination by the Department of our fair share of world markets, which the law requires you to do annually. Do that for the last 8 or 10 years, and show what our actual exports were for each of those years. I think they will demonstrate that we got caught short, insofar as having supplies on hand.

(Information referred to follows:)

A comparison of actual exports and "fair historical share of the world market for U.S. cotton" as determined by the Department expressed in millions of running bales is as follows:

Marketing year beginning Aug. 1	Initially determined fair share	Actual exports	Deficit or excess
1957-58.....		(not available)	
1958-59.....		do	
1959-60.....		do	
1960-61.....	6.5	6.6	+0.1
1961-62.....	15.5	4.9	-6.6
1962-63.....	25.0	3.4	-21.6
1963-64.....	35.0	5.7	-29.3
1964-65.....	5.0	4.1	-0.9
1965-66.....	5.0	2.9	-2.1
1966-67.....	5.5	4.7	-0.8

¹ Reduced to 5,000,000 later in season.

² Reduced to 3,500,000 later in season.

³ Increased to 5,700,000 later in season.

U.S. SHARE OF WORLD EXPORT MARKET FOR EACH OF THE PAST 10 YEARS

[Thousands of bales]

Year beginning Aug. 1	Total U.S. supply ¹	U.S. exports ²	All countries ²	U.S. percent of total
1958.....	20,298	2,895	13,534	21.4
1959.....	23,570	7,392	17,472	42.3
1960.....	22,102	6,858	17,049	40.2
1961.....	21,828	5,056	15,540	32.5
1962.....	22,858	3,429	15,905	21.6
1963.....	26,650	5,775	17,957	32.2
1964.....	27,744	4,195	16,823	24.9
1965.....	29,259	3,035	16,867	18.0
1966.....	26,826	4,832	17,800	27.1
1967 ³	20,285	4,200	17,454	24.1

¹ Running bales except "net imports" which are in bales of 500 pounds, gross weight.

² 500 pound gross weight bales.

³ Estimated.

SALES MANAGER FOR CCC

Mr. WHITTEN. I did not want to get credit for being political in this, but I discussed the various letters and references in connection with the 1955, 1956, and 1957 years, which was the period when we were holding back all our commodities from world trade to cut back acreage over here, until this committee broke them loose. In the opinion of many people, this holding back broke the then existing farm program.

At that time, in an effort to get support in the Congress and with the public, this committee insisted that we create the position of sales manager for the Commodity Credit Corporation. At that time they had about \$7 billion worth of commodities, which they had authority to sell in world trade at any price they could get, but they would not use it. We set up that sales manager position and asked that it report directly to the Congress.

I do not think the sales manager position ever contributed as much as we felt it should, because there have been too many layers of supervision over him. He did not have enough latitude to do what might have been necessary.

Now, with the present farm program, it is up to you to estimate what supply will be needed to have adequate reserves and to meet demand at reasonable prices, to retain our foreign markets, to secure these dollars from abroad, so as to protect our dollar balances. All of those are so essential, if we are going to have the kind of program that you have been describing all afternoon. I think that it is just unpardonable not to have a full-time manager of this Corporation who devotes all of his attention to it.

Of course, this is subject to your overall supervision and subject to your approval in its final determination. We formerly have called it sales manager, because at that time you had so much on hand and what we needed to do was to sell. Now, in my opinion, we have reached the point where we need what might be better termed a manager, with full time given to it.

All of the officials of the Department have full-time jobs, and certainly, following you and seeing where you are, here today and there tomorrow, in an effort to get over to the American people their interest in agriculture, it certainly follows that you need the most qualified and able man in the United States to fill this role as an assistant to you.

What is the situation in that regard?

Secretary FREEMAN. Well, the situation, Mr. Chairman, is that we agree with your observation and plan to follow your recommendation, and will be designating very shortly a thoroughly experienced and highly competent manager, to use those words, to bring full-time concentrated, day-to-day operating attention to the areas to which you very properly expressed concern.

Mr. WHITTEN. Well, now, may I repeat again, we are not trying to have somebody replace you. But you need somebody who can fill in, who can make up for the fact that you have not got time for everything.

CUTBACK IN WATERSHED PROGRAMS

One other thing: I hope you will review these areas where we have watersheds, where the people have committed themselves, relying on the Government to do its part in its watershed projects. Also, one other thing is this Market News Service.

Secretary FREEMAN. Very good, sir.

AVERAGE AGE OF FARMERS

Mr. WHITTEN. What is the average age of farmers, based on the latest information available to the Department?

Secretary FREEMAN. We will submit that for the record, Mr. Chairman.

(The information requested follows:)

Average age of farm operators by States, 1964

State	All farm operators	State—Continued	All farm operators
United States	51.3	Nevada	49.8
Alabama	52.3	New Hampshire	53.0
Arizona	50.3	New Jersey	52.6
Arkansas	51.9	New Mexico	51.7
California	51.9	New York	51.2
Colorado	49.7	North Carolina	50.9
Connecticut	53.2	North Dakota	48.1
Delaware	51.3	Ohio	51.3
Florida	53.6	Oklahoma	51.7
Georgia	52.3	Oregon	51.5
Idaho	49.9	Pennsylvania	50.9
Illinois	50.1	Rhode Island	52.4
Indiana	50.9	South Carolina	51.9
Iowa	48.5	South Dakota	48.6
Kansas	51.3	Tennessee	52.6
Kentucky	51.9	Texas	53.3
Louisiana	52.1	Utah	51.3
Maine	52.4	Vermont	50.8
Maryland	51.8	Virginia	53.8
Massachusetts	53.6	Washington	50.9
Michigan	50.7	West Virginia	55.0
Minnesota	48.9	Wisconsin	49.7
Mississippi	52.8	Wyoming	50.3
Missouri	52.5	Alaska	46.6
Montana	49.7	Hawaii	51.0
Nebraska	49.2		

SOURCE: 1964 Census of Agriculture, Statistics by Subjects—Chapter 5. Characteristics of Farm Operators and Persons Living on Farms.

PROGRAMS OF BENEFIT TO FARMERS AND GENERAL PUBLIC

Mr. WHITTEN. Mr. Secretary, will you insert in the record at this point a table reflecting expenditures and man-years, showing programs which are primarily for the farmer and those which provide benefits to all of us as consumers and the public at large. I believe you have furnished similar information in past years.

Secretary FREEMAN. Yes, sir.
(The information follows:)

BUDGET EXPENDITURES AND MAN-YEARS OF EMPLOYMENT, FISCAL YEARS 1967, AND ESTIMATED 1968 AND 1969

	1967		1968 estimated		1969 estimated	
	Expenditures (millions)	Man-years ¹	Expenditures (millions)	Man-years ¹	Expenditures (millions)	Man-year ¹
Programs which clearly provide benefits to consumers, businessmen, and the general public:						
Programs having foreign relations and defense aspects:						
Sales of agricultural commodities for foreign currencies and for dollars on credit terms (title I, Public Law 480).....	\$1,070	336	\$890	379	\$1,002	351
Commodities and other costs in connection with donations abroad (title II, Public Law 480).....	381		425		442	
Transfer of bartered materials to supplemental stockpile.....	24	7	24	6		5
Donations of dairy products to armed services and others.....			1		1	
Other.....	-2	1	-1		-2	
Total.....	1,473	344	1,339	385	1,443	356
Food distribution programs (domestic):						
Commodities distributed to the needy and others.....	282	292	424	345	448	375
Food stamp program.....	114	547	178	907	238	1,523
School lunch program.....	208	146	220	188	246	232
Special milk program.....	96	57	102	65	102	65
Total.....	700	1,042	924	1,505	1,034	2,195
REA and FHA repayable loans:						
REA loans.....	412		471		550	
Repayments of principal and interest.....	-274		-296		-301	
FHA loans.....	-15		-103		-7	
Salaries and expenses for loan programs.....	69	8,010	78	8,592	77	8,627
Total.....	192	8,010	150	8,592	319	8,627
Long-range programs for the improvement of agricultural and natural resources:						
Forestry.....	198	30,971	217	31,108	185	30,351
Agricultural and forestry research.....	247	12,934	263	13,536	281	13,952
Plant and animal disease and pest control.....	77	5,959	87	6,273	89	6,352
Soil and water resource protection and development:						
Agricultural conservation program.....	257	371	257	369	244	369
All other.....	255	17,567	277	18,026	275	17,407
Cooperative agricultural extension work.....	92	265	90	312	97	329
Inspection of commodities and other marketing services.....	85	11,785	100	12,582	111	13,730
Other.....	81	6,628	97	6,891	99	7,234
Total.....	1,292	86,480	1,388	89,097	1,381	89,724
Total.....	3,657	95,876	3,801	99,579	4,177	100,902

See footnotes at end of table, p. 396.

BUDGET EXPENDITURES AND MAN-YEARS OF EMPLOYMENT, FISCAL YEARS 1967, AND ESTIMATED 1968
AND 1969—Continued

	1967		1968 estimated		1969 estimated	
	Expenditures (millions)	Man-years ¹	Expenditures (millions)	Man-years ¹	Expenditures (millions)	Man-years ¹
Other programs which are predominantly for stabilization of farm income, but which also benefit others:						
CCC price-support and related programs:						
CCC loan, purchase, export, and related programs	-\$1,317		-\$240		-\$485	
Storage, handling, and transportation expenses	261		121		139	
Interest expense, net	302		304		276	
Acreage diversion payments:						
Feed grains	542		634		790	
Wheat	27					
Cotton	303		254		115	
Price-support payments:						
Feed grains	799		326		625	
Cotton	489		611		640	
Wheat certificate program	276		346		360	
Cotton equalization payments	20					
National Wool Act program	33		61		60	
Total	1,735		2,417		2,520	
Cropland adjustment program, adjustment payments						
Conservation reserve program	44		80		82	
Federal crop insurance program, net	141		123		110	
Sugar Act program	-6		15		1	
Salaries and expenses for above programs	82	\$5,603	86		87	
	175		183	\$5,637	190	\$5,509
Total	2,171	5,603	2,904	5,637	2,990	5,509
Grand total	5,828	2 101,479	6,705	2 105,216	7,167	2 106,411

¹ As financed from all sources of funds including appropriations, advances, and reimbursements, trust funds, corporate and revolving funds, and allocations from other departments and agencies.

² Excludes employees of State extension services, committeemen and employees of ASCS county committees, and employees of other non-Federal agencies receiving department funds, since they are not Federal employees.

INSPECTION OF DEALERS IN LABORATORY ANIMALS

MR. WHITEN. Mr. Secretary, last year we provided \$300,000 relating to the act calling for inspection of dealers in laboratory animals and the registration of research facilities which use such animals. What have you done about this matter?

SECRETARY FREEMAN. I will furnish a statement for the record on this program.

(The information follows:)

The regulations and standards in support of Public Law 89-544 were published in the Federal Register on February 24, 1967, and became effective on that date. The act required compliance by dealers 90 days later and research facilities 6 months after the February 24 date. As a result, most of the registration and enforcement activity has been done during this fiscal year.

All known dealers (182) have been inspected at least once and some more often; 15 dealers have gone out of business primarily because of failure to meet standards; 532 research facilities have been registered. This involves 1,500 inspection sites, since a site is a building housing animals.

More than half of the 532 research facilities have been inspected at least once. Extension of time to achieve compliance has been requested by 15 of the research facilities.

All complaints received have been investigated through inspection of premises.

There have been limited contacts with auction and trade day markets and interstate enforcement actions.

Apparent violations have been investigated and 18 cases developed for prosecution.

These activities have involved the full time of three veterinarians and four supporting personnel at headquarters and the part-time services of 73 veterinarians, 41 livestock inspectors, and 10 clerks in the field.

NEEDED PROGRAM ACTIVITIES

The goals for enforcement of Public Law 89-544 are as follows :

- (1) Monthly inspection of research facilities.
- (2) Twice-a-month inspection of dealers.
- (3) Investigations of alleged violations and development of cases for prosecution.
- (4) Ample time and personnel to search for additional dealers and research facilities.
- (5) Ample time and personnel to maintain surveillance of all auction markets and trade-day activities.
- (6) Surveillance over interstate movement of lab animals.
- (7) Training of inspection personnel.

For 1968, \$300,000 was appropriated for this program. In addition, we were authorized to operate at a level not exceeding \$1.2 million by using existing personnel as far as possible. During the period March through June, this activity is projected an annual rate of \$600,000. This will permit the accomplishment of part of the above needed activities as follows :

- (1) Inspection of research facilities every 2 months.
- (2) Monthly inspection of dealers.
- (3) Investigations of alleged violations and case development.
- (4), (5), and (6) As much of these items will be accomplished as is possible after the needs of items (1), (2), and (3) are met.
- (7) Formal training will not be possible.

AGRICULTURAL STUDENTS

Mr. WHITTEN. In last year's hearings and in our report, we commented on the number of agricultural students in our colleges. Will you please bring this information up to date for the record?

Secretary FREEMAN. Yes, Mr. Chairman.

(The following information was submitted :)

The total number of students enrolled in the fall of 1967 in agriculture and related curriculums at land-grant colleges continued to increase. However, as a percentage of total students enrolled at the land-grant colleges (1.2 million), the percent enrolled in agriculture and related subjects (45.3 thousand) was only 3.8 percent. This compares with 3.9 percent in 1965 and 12.4 percent in 1951. (Source: Proceedings of the Association of State Universities and Land Grant Colleges.)

Mr. WHITTEN. Again, Mr. Secretary, we wish to thank you. It is evident from your statement and from your answers that you are a sincere and devoted man to the job that you have. You bring to us a whole lot of knowledge.

Secretary FREEMAN. Thank you, sir.

Mr. WHITTEN. We congratulate you.

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